



STATE OF ILLINOIS
COMPTROLLER
JUDY BAAR TOPINKA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013

ILLINOIS

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STATE OF ILLINOIS

Comprehensive Annual Financial Report ~ 2013 ~

For Fiscal Year Ended June 30, 2013

Comptroller Judy Baar Topinka

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Introductory Section

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STATE OF ILLINOIS
COMPTROLLER

JUDY BAAR TOPINKA

February 28, 2014

To the Citizens of the State of Illinois,
Honorable Pat Quinn, 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, 2013. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2013, 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 Management's Discussion and Analysis (MD&A), which begins on page 16 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 the MD&A. 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, legislative, and judicial 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 State Construction Account, the Unemployment Compensation Trust Fund, the Water Revolving Fund, and the Prepaid Tuition 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 position, 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. Combination of funds is necessary due to the existence of approximately 800 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 is 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 and that selected agencies employ 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 in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. His unmodified 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 and 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. Per the 2010 census, Illinois is the 5th largest state in population with approximately 12.8 million residents.

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 9.

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 three 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 21 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 encumbered as of June 30 and received prior to August 31 are reported within the existing fund balance classifications at June 30 and not as liabilities or expenditures. Public Act 97-0691 extended the lapse period to December 31 for fiscal year 2013 and future fiscal years for medical assistance payments of the Department of Healthcare and Family Services.

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, 2013, increased from June 30, 2012. The fund balance in the State's General Fund increased by \$1.744 billion on a GAAP basis, from a deficit of \$9.078 billion, as restated, to a deficit of \$7.334 billion. On the *budgetary basis*, there was a \$3.988 billion fund deficit at June 30, 2013, compared to a \$4.984 billion fund deficit at June 30, 2012, resulting in a \$996 million decrease in the budgetary deficit.

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 5.772 million nonfarm payroll jobs and an unemployment rate of 9.1% in fiscal year 2013.

MAJOR INITIATIVES

The following initiatives were among those instituted in Illinois state government in recent years to address issues affecting the State's revenues, cash management, and expenditures.

Revenues Initiative

Effective for calendar year 2011, the legislature voted to raise the individual income tax rate from 3% to 5% and the corporate income tax rate from 4.8% to 7%. For individual income taxes, the 5% rate will remain in place until 2015, when it will drop to 3.75% and then fall to 3.25% in 2025. The 7% corporate rate will remain in place until 2015 as well, when it will drop to 5.25% and then to 4.8% in 2025.

American Recovery and Reinvestment Act

On February 17, 2009, the American Recovery and Reinvestment Act (“ARRA”) was signed into law by President Obama. ARRA’s objective was to create and preserve jobs, to promote economic activity and invest in long-term growth, and to foster unprecedented levels of accountability and transparency in government spending by providing tax cuts and benefits for working families and businesses; increasing federal funding for education, health care, and entitlement programs; providing funding for federal contracts, grants, and loans; and requiring recipients of ARRA funding to report quarterly on the use of funds received. The State received \$303.4 million of ARRA monies in fiscal year 2013 into funds in the State Treasury. In addition to the ARRA monies received into funds in the State Treasury, \$1.016 billion was received by the Unemployment Compensation Trust Fund, a fund held outside of the State Treasury.

Pensions

On December 5th, 2013, the Governor signed into law Public Act 98-0599, which provides for significant pension reform to the General Assembly Retirement System, State Employees’ Retirement System, Teachers’ Retirement System and State Universities Retirement System. The most significant changes include a reduction of the automatic annual increase, capping pensionable earnings of employees and delaying the retirement age for members. The State will also be required to make additional contributions that will aid in reducing the unfunded liability.

Other Postemployment Benefits

The State Employees Group Insurance Act of 1971 (“Act”) authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Effective July 1, 2012, Public Act 97-0695 altered the contributions paid by the State, annuitants, survivors, and retired employees for postemployment benefits. The Act requires the Director of Central Management Services, on an annual basis, to determine the amount the State should contribute toward the basic program of health benefits, with the remainder of the cost coverage being the responsibility of the annuitant, survivor, or retired employee.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The fiscal year 2013 CAFR reveals continuing underlying financial weaknesses which significantly impact the State's overall fiscal health in regards to deferred liabilities, ongoing operational concerns related to cash management and long-term concerns related to pension and other postemployment obligations.

Deferred Liabilities

Section 25 of the State Finance Act permits the payment of selected prior year expenses, primarily Medicaid, in the current fiscal year. The section was originally created to address billing and adjudication issues connected with such expenditures. Over the past two decades, however, it has become a common practice to defer liabilities utilizing Section 25 effectively reducing the appropriation levels needed to fund certain programs within any given fiscal year and pushing expenditures into the next fiscal year. The State ended fiscal year 2013 with \$2.353 billion in such costs.

Cash Management

Cash flow continues to be an issue as Illinois has had a running General Revenue Fund deficit defined as bills on hand exceeding available cash, with few exceptions, since November of 2000. Cash management practices are greatly affected by the aforementioned budgetary practices in relation to deferred liabilities which place additional pressure in the first and second quarters of the year to pay those expenses. Additionally, the majority of the State's tax collections are received in the second half of the fiscal year with large income tax collections arriving in the spring of each year which further contributes to the payment delays seen within the fiscal year.

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 was set at five percent of General Fund's revenues in any given year. As of June 30, 2013, the balance in the Budget Stabilization Fund was \$275.7 million.

Pension Obligations

Legislation enacted in 1995 set a long-term funded ratio (assets to actuarial accrued liabilities) target for the State's five retirement systems at 90% and established a plan for contributions in order for the State to reach this target by fiscal year 2045. For fiscal year 2006 through fiscal year 2007, the relevant State statutes were amended to allow for significantly lower State contribution levels to the retirement systems with levels increasing in fiscal years 2008, 2009, and 2010 before returning to the mandated levels of the 1995 law for fiscal year 2011. Additionally, in fiscal year 2004, 2010, and 2011, general obligation pension bonds were issued in the amounts of \$10.0 billion, \$3.5 billion and \$3.7 billion, respectively. As of June 30, 2013, the five State-funded retirement systems were at a 39.3% funded ratio using a five year "smoothing" valuation of assets with \$100.501 billion in unfunded liability.

Other Postemployment Obligations

For fiscal year 2013, the State performed an actuarial valuation of the health, dental, vision, and life insurance benefits promised to retirees. The valuation reported a \$34.488 billion actuarial

liability with no assets currently set aside to fund the liability as the State uses a “pay-as-you go” method to make payments for retirees’ benefits. Valuations are performed biennially.

Debt Management

Public Act 93-0839 known as the Debt Responsibility Act, effective July 30, 2004, placed 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.

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, 2012, which was the twenty-ninth 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,

Judy Baar Topinka
Comptroller

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Government Finance Officers Association

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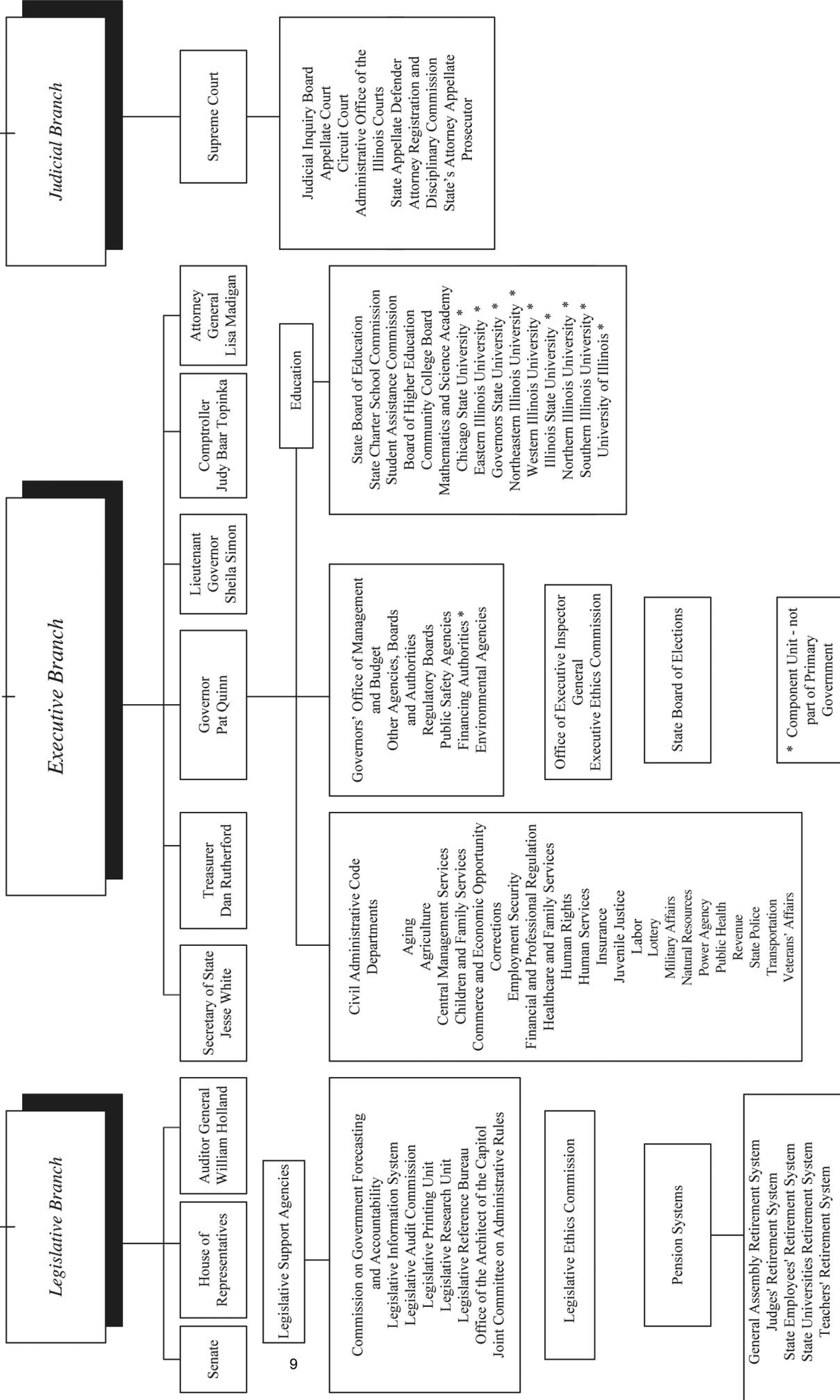
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

State of Illinois

Organizational Chart
June 30, 2013



* Component Unit - not part of Primary Government

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Financial Section

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT AUDITORS' REPORT

Honorable Michael J. Madigan, Speaker of the House
Honorable John J. Cullerton, President of the Senate
Members of the General Assembly
Honorable Patrick Quinn, Governor
Honorable Judy Baar Topinka, Comptroller

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the State of Illinois' basic financial statements as listed in the Table of Contents for Section II of the Illinois Comprehensive Annual Financial Report.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain university related organizations, which represent 10%, 20%, 7%, and 4%, respectively, of the total assets, total net position, total revenues, and total expenses of the aggregate discretely presented component unit amounts. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these university related organizations, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INTERNET ADDRESS: AUDITOR@MAIL.STATE.IL.US

RECYCLED PAPER • SOYBEAN INKS

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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 for the State of Illinois, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the financial statements have been restated as of July 1, 2012 for a prior year error, reclassification of governmental fund balances and the implementation of GASB Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. Our opinion is not modified with respect to this matter.

The deficit for net position of governmental activities in fiscal year 2013 continued to increase by \$1,248,647,000 from \$46,585,459,000 at June 30, 2012 to \$47,834,106,000 at June 30, 2013. This deficit, which is presented on an accrual basis, is the excess of total liabilities over total assets and represents a deferral of current and prior year costs to future periods. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and Schedules of Funding Progress – Pension Plans and Other Postemployment Benefit Plans on pages 16-31, 160-164 and 165-166 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries

of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

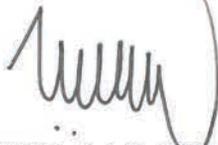
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois' basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2014 on our consideration of the State of Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois' internal control over financial reporting and compliance.



WILLIAM G. HOLLAND
Auditor General
State of Illinois



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

Springfield, IL
February 28, 2014

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, 2013. 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 Position 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting.

The Statement of Net Position (page 33) presents net position as the difference between the State's non-fiduciary assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Over time, increases and decreases in net position measure whether the State's financial position is improving or deteriorating.

The Statement of Activities (pages 34 and 35) presents all of the State's non-fiduciary revenues and expenses with the difference showing how the State's net position changed during the current fiscal year. All changes in net position 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 10 authorities, 9 universities, and 2 other organizations that are reported as discretely presented component units of the State.

Included within the basic financial statements are two schedules (pages 37 and 39) 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 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 some of the differences in modified accrual and 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, installment purchases agreements, compensated absences, certificates of participation, net pension obligations, net other postemployment benefit obligations, and 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 51 of this report.

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

The fund financial statements begin on page 36 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 nonmajor funds is presented beginning on page 172. 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 Position and Changes in Fiduciary Net Position beginning on page 44. These funds, which include pension (and other employee benefit) trust, 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 and other postemployment benefit plans.

Other Supplementary Information

Other supplementary information includes two components: 1) combining financial schedules for the General Fund, nonmajor governmental funds, proprietary and fiduciary funds and nonmajor 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 nonmajor funds column in the fund financial statements.

FINANCIAL ANALYSIS OF THE STATE

The State’s combined net position decreased \$49 million or 0.11% during the current fiscal year. The net position of the State’s governmental activities decreased \$1.249 billion or 2.7% and the net position of the State’s business-type activities increased \$1.200 billion or 65.4%. The following condensed financial information was derived from the government-wide Statement of Net Position and reflects the State’s financial position as of June 30, 2013 and 2012:

Net Position as of June 30 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other non-current assets	\$ 22,489	\$ 20,077	\$ 7,613	\$ 6,422	\$ 30,102	\$ 26,499
Capital assets	21,072	20,859	6	5	21,078	20,864
Deferred outflows of derivative instruments	124	179	-	-	124	179
Total assets and deferred outflow of resources	43,685	41,115	7,619	6,427	51,304	47,542
Liabilities:						
Other liabilities	21,674	20,575	916	2,090	22,590	22,665
Long-term liabilities	69,845	67,125	3,668	2,502	73,513	69,627
Total liabilities	91,519	87,700	4,584	4,592	96,103	92,292
Net position:						
Invested in capital assets	14,847	14,990	6	5	14,853	14,995
Restricted	3,753	3,569	4,296	2,253	8,049	5,822
Unrestricted	(66,434)	(65,144)	(1,267)	(423)	(67,701)	(65,567)
Total net position	\$ (47,834)	\$ (46,585)	\$ 3,035	\$ 1,835	\$ (44,799)	\$ (44,750)

Note: Prior year amounts have been restated for activities as described in Note 2 to the financial statements.

The State's largest asset is its capital assets (\$21.078 billion) consisting of land, buildings, equipment, infrastructure, and other items with estimated useful lives of greater than one year. The largest portion of the State's long-term liabilities are its net pension obligation (\$27.904 billion) and bonds payable obligation (\$33.607 billion), including deferred amounts on refundings and unamortized premiums and discounts. The largest component of the State's net position reflects the State's investment in capital assets, less any related debt that was recorded to acquire or construct the assets. The restricted net position balance consists of resources subject to external restrictions or enabling legislation as to their use. The remaining portion, unrestricted net position, is the net position available to be used at the State's discretion or need to be replenished by revenues in future periods.

The State's assets increased \$3.762 billion from \$47.542 billion at June 30, 2012, to \$51.304 billion at June 30, 2013, due mainly to \$2.079 billion more in securities lending collateral balances, \$400 million more in cash held at the State Treasurer, \$281 million more in taxes receivables, and \$214 million more in capital assets. The State's increase in liabilities of \$3.811 billion from \$92.292 billion at June 30, 2012, to \$96.103 billion at June 30, 2013, resulted mainly from increases in the State's net pension obligation of \$1.720 billion and net other postemployment benefit obligation of \$1.753 billion.

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

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

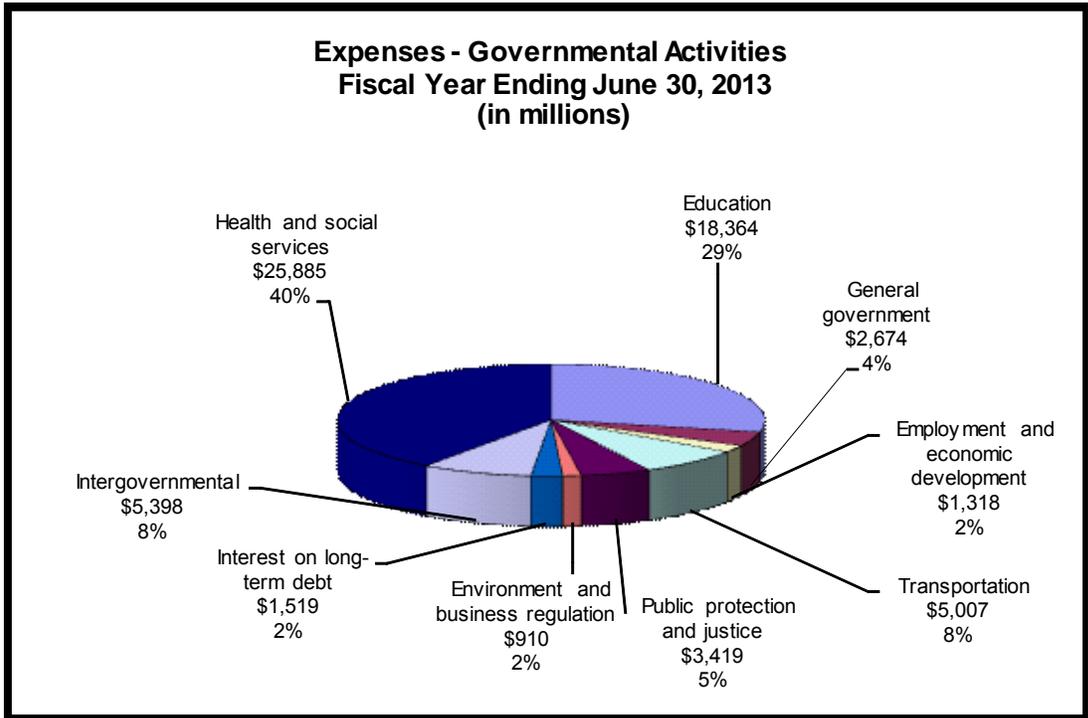
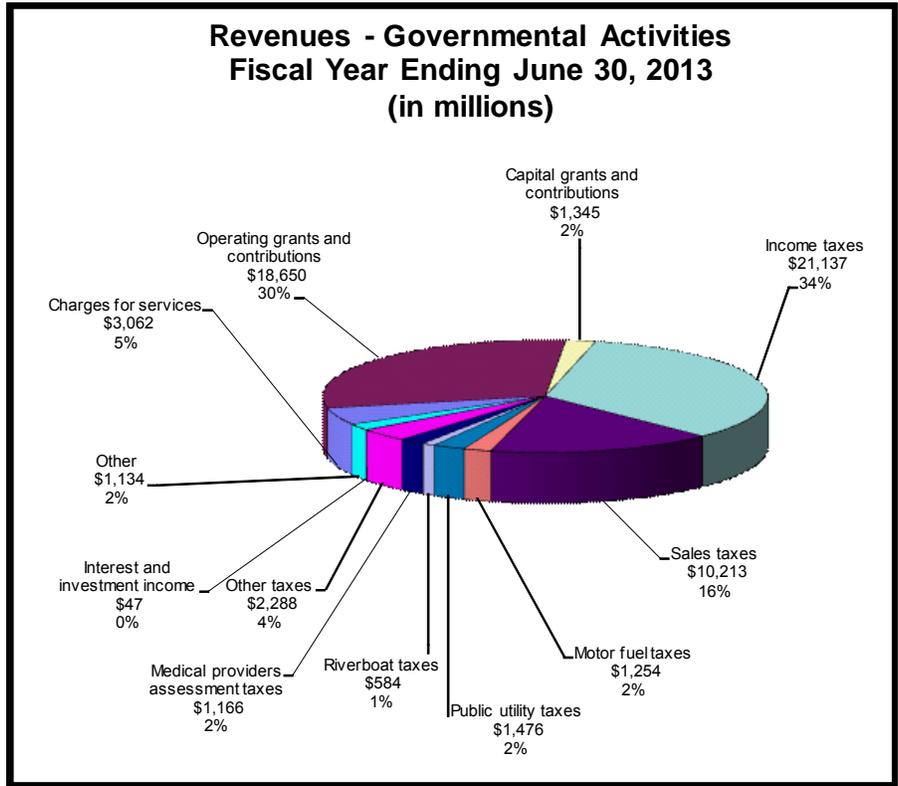
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2012 to 2013
Revenues							
Program revenues							
Charges for services	\$ 3,062	\$ 2,983	\$ 6,446	\$ 6,159	\$ 9,508	\$ 9,142	4.0%
Operating grants and contributions	18,650	18,379	1,725	2,891	20,375	21,270	(4.2%)
Capital grants and contributions	1,345	1,555	-	-	1,345	1,555	(13.5%)
General revenues							
Income taxes	21,137	19,585	-	-	21,137	19,585	7.9%
Sales taxes	10,213	9,800	-	-	10,213	9,800	4.2%
Motor fuel taxes	1,254	1,269	-	-	1,254	1,269	(1.2%)
Public utility taxes	1,476	1,488	-	-	1,476	1,488	(0.8%)
Riverboat taxes	584	495	-	-	584	495	18.0%
Medical providers assessment taxes	1,166	964	-	-	1,166	964	21.0%
Other taxes	2,288	2,341	-	-	2,288	2,341	(2.3%)
Interest and investment earnings	47	54	7	40	54	94	(42.6%)
Other revenue	1,134	1,029	-	-	1,134	1,029	10.2%
Total revenues	62,356	59,942	8,178	9,090	70,534	69,032	2.2%
Expenses							
Health and social services	25,885	26,022	-	-	25,885	26,022	(0.5%)
Education	18,364	17,703	-	-	18,364	17,703	3.7%
General government	2,674	2,576	-	-	2,674	2,576	3.8%
Employment and economic development	1,318	1,332	-	-	1,318	1,332	(1.1%)
Transportation	5,007	4,471	-	-	5,007	4,471	12.0%
Public protection and justice	3,419	3,621	-	-	3,419	3,621	(5.6%)
Environment and business regulation	910	1,033	-	-	910	1,033	(11.9%)
Unemployment compensation fund	-	-	3,590	5,088	3,590	5,088	(29.4%)
Water revolving fund	-	-	46	85	46	85	(45.9%)
Prepaid tuition programs	-	-	95	194	95	194	(51.0%)
Designated account purchase program fund	-	-	33	42	33	42	(21.4%)
Lottery	-	-	2,097	1,941	2,097	1,941	8.0%
Federal student loans	-	-	177	189	177	189	(6.3%)
Other business-type activities	-	-	116	176	116	176	(34.1%)
Intergovernmental	5,398	5,330	-	-	5,398	5,330	1.3%
Interest	1,519	1,608	-	-	1,519	1,608	(5.5%)
Total expenses	64,494	63,696	6,154	7,715	70,648	71,411	(1.1%)
Excess (deficiency) before transfers and special item	(2,138)	(3,754)	2,024	1,375	(114)	(2,379)	95.2%
Special item - gain on sale of Thomson Prison	65	-	-	-	65	-	100.0%
Transfers	824	778	(824)	(778)	-	-	0.0%
Increase (Decrease) in net position	(1,249)	(2,976)	1,200	597	(49)	(2,379)	97.9%
Net position - beginning, as restated	(46,585)	(43,609)	1,835	1,238	(44,750)	(42,371)	(5.6%)
Net position - ending	<u>\$ (47,834)</u>	<u>\$ (46,585)</u>	<u>\$ 3,035</u>	<u>\$ 1,835</u>	<u>\$ (44,799)</u>	<u>\$ (44,750)</u>	<u>(0.1%)</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 Healthcare and Family Services, 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 and the Department of Employment Security.
- *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 \$2.414 billion (4.0%) during fiscal year 2013 with the largest revenue increase consisting of \$1.552 billion in income taxes.

The State's governmental activities expenses increased \$798 million (1.3%) during fiscal year 2013, due mostly to an increase in education expenses of \$661 million.

Business-type Activities:

Net position of business-type activities increased \$1.200 billion during the fiscal year 2013. This increase was attributed mainly to a \$1.057 billion increase in net position of the Unemployment Compensation Trust Fund, which had a decrease in unemployment benefit expenses of \$1.481 billion.

FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS

General Fund

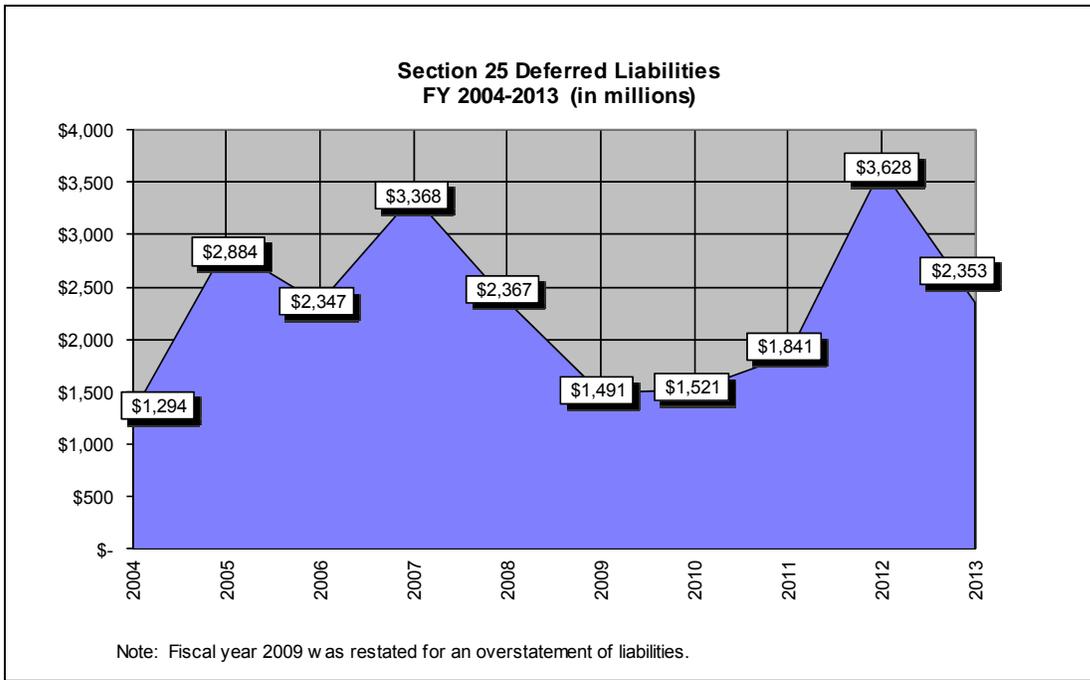
The General Fund accounts for resources obtained and used for those services traditionally provided by the State which are not accounted for in another fund. Accordingly, the majority of the State's tax revenues and program support expenses are accounted for in the General Fund. For financial reporting purposes, the General Fund consists of several accounts of the State which are described on page 169. For budgetary purposes the General Funds consist of the General Revenue, Common School-Special, Education Assistance, and Common School Accounts.

The State's General Funds' budgetary fund balance ended fiscal year 2013 with a deficit for the twelfth consecutive year. At June 30, 2013, the General Funds' budgetary fund balance was a deficit of \$3.988 billion compared to a \$4.984 billion deficit recorded at June 30, 2012. The original budget projected a \$4.979 billion deficit at the end of the fiscal year. The final budget projected a \$6.767 billion deficit.

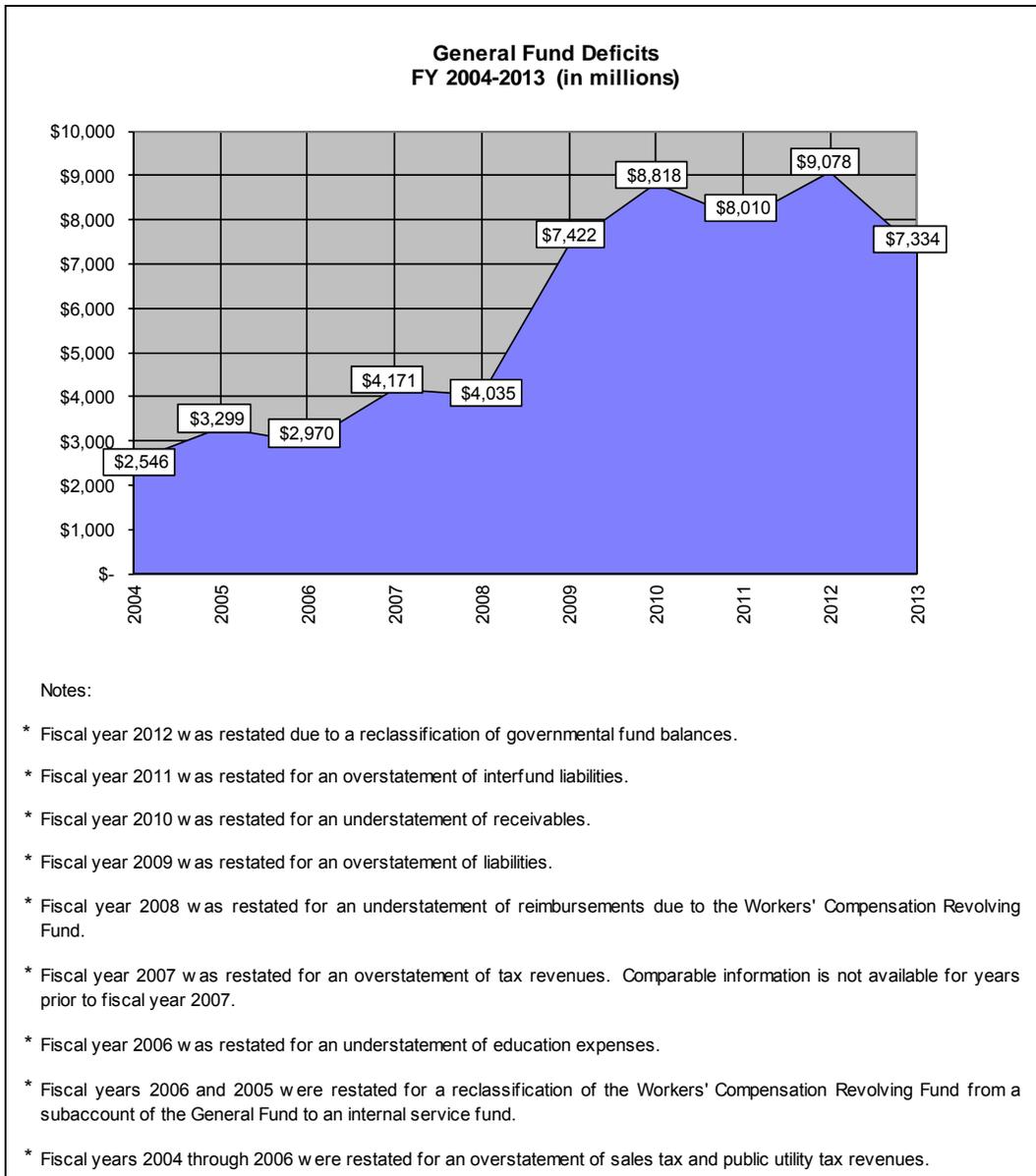
The majority of the \$2.779 billion increase in the General Funds' budgetary balance between the final budget and the actual results was due to \$2.260 billion more in actual revenues than budgeted revenues and \$519 million less in actual expenditures than budgeted expenditures. Actual income tax revenues and federal government revenues were \$1.891 billion and \$245 million more than budgeted, respectively. Health and social services expenditures were \$434 million less than budgeted.

The General Fund’s assets at June 30, 2013, were \$10.136 billion, which is an increase of \$1.437 billion from the June 30, 2012, balance of \$8.699 billion. Securities lending collateral balances increased \$1.157 billion and cash equity with the State Treasurer increased \$467 million from June 30, 2012, respectively, offset by a decrease in intergovernmental receivables of \$322 million.

The General Fund’s liabilities at June 30, 2013, were \$17.470 billion, which is a decrease of \$362 million from the June 30, 2012, balance of \$17.832 billion. Cash flow problems caused the State to hold over \$3.941 billion in payments in the General Fund, which are included in the liabilities reported at June 30, 2013. Another factor that determines a significant portion of the General Fund liabilities is 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. These statutory deferrals allow expenses incurred during one fiscal year to be paid for from the subsequent fiscal year’s budget in limited situations. Section 25 deferrals decreased \$1.275 billion from \$3.628 billion at June 30, 2012 to \$2.353 billion at June 30, 2013.



During fiscal year 2013, the General Fund’s fund deficit decreased from \$9.078 billion to \$7.334 billion, a \$1.744 billion decrease. The current year decrease in the fund deficit was driven by a \$3.304 billion increase in revenues, partially offset by a \$489 million increase in expenditures, in comparison to fiscal year 2012. Fiscal year 2012 had an increase in fund deficit of \$1.123 billion.



During fiscal year 2013, General Fund revenues increased \$3.304 billion to \$40.628 billion. An increase in income taxes of \$1.251 billion was the largest increase in revenues. The increase was the result of the legislative vote to increase individual and corporate income tax rates effective January 1, 2011. Federal government revenues also increased \$1.166 billion, mostly due to an increase in federal financial participation funds. General Fund expenditures increased \$489 million to \$37.662 billion in fiscal year 2013 due mainly to increased spending on education programs of \$1.255 billion, partially offset by decreased spending on health and social services programs of \$568 million.

Road Fund

The Road Fund incurred a \$19 million decrease in fund balance in the current year and has a \$646 million fund balance. Revenues decreased \$223 million to \$2.635 billion in fiscal year 2013, due

mostly to a decrease in federal government revenue of \$217 million, as compared to fiscal year 2012.

State Construction Account

The State Construction Account’s fund balance remained relatively unchanged from fiscal year 2012, with a fund balance of \$237 million. Revenues from licenses and fees increased from \$465 million in fiscal year 2012 to \$487 million in fiscal year 2013. Transportation expenditures increased by \$176 million, offset by a decrease in capital outlay expenditures of \$132 million in fiscal year 2013 compared to fiscal year 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2013, the State had \$21.078 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		Business-type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Land and land improvements	\$ 3,157	\$ 3,023	\$ -	\$ -	\$ 3,157	\$ 3,023
Site improvements	305	326	-	-	305	326
Buildings and building improvements	1,948	2,094	1	1	1,949	2,095
Equipment	240	240	2	2	242	242
Intangible assets	261	182	3	2	264	184
Infrastructure	14,998	14,884	-	-	14,998	14,884
Other	39	38	-	-	39	38
Subtotal	20,948	20,787	6	5	20,954	20,792
Construction in progress	124	72	-	-	124	72
Total	\$ 21,072	\$ 20,859	\$ 6	\$ 5	\$ 21,078	\$ 20,864

Infrastructure assets consist of 71% of the State’s net capital assets and comprise \$1.235 billion of the \$1.651 billion (75%) of the current year additions to capital assets of governmental activities. 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 92.

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.

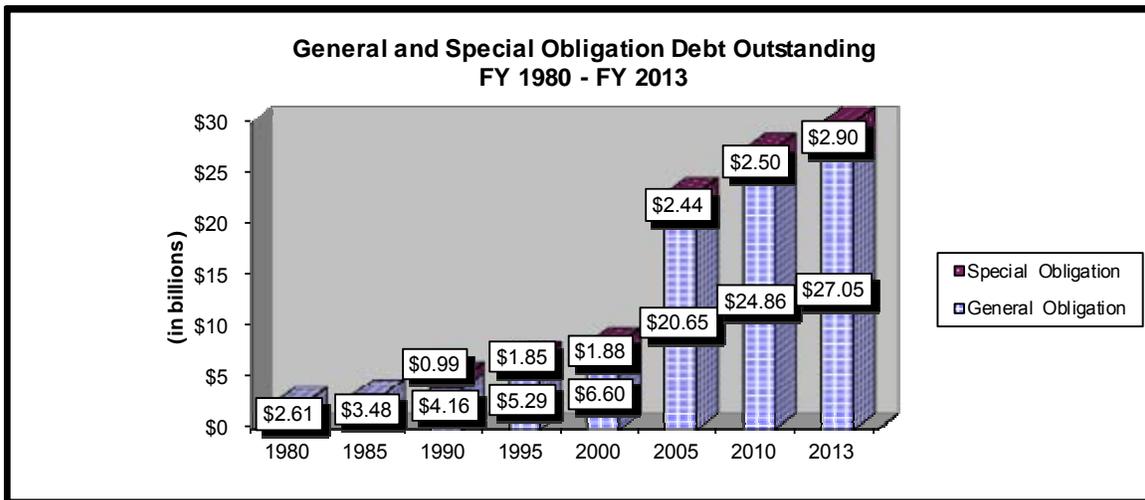
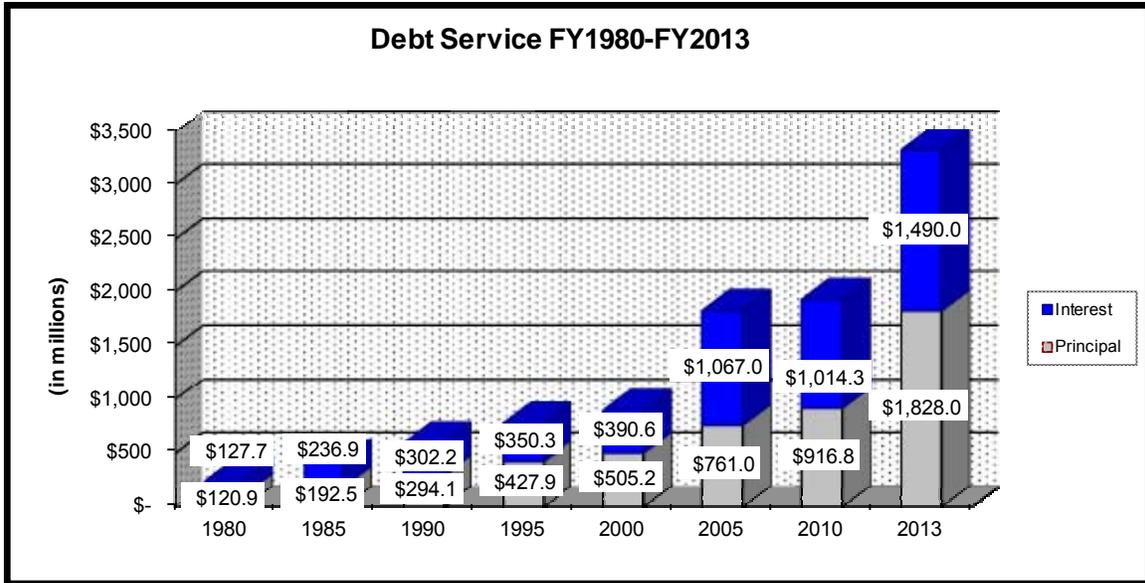
Special obligation bonds are also considered direct debt of the State but are not backed by the full faith and credit of the State. Rather, special obligation bonds are supported and repaid only by a dedicated State revenue source. Revenue bonds are not backed by the full faith and credit of the State but are backed by a specific revenue stream. Some revenue bonds can be considered moral obligation debt which means that if 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 102.

Outstanding Bonded Debt as of June 30 (in millions of dollars)						
Primary Government	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the State)	\$ 27,055	\$ 27,793	\$ -	\$ -	\$27,055	\$ 27,793
Special obligation bonds (backed by specific fee revenue)	2,896	2,852	-	-	2,896	2,852
Revenue bonds (backed by specific tax and fee revenue)	1,380	1,444	1,650 *	535	3,030	1,979
	<u>\$ 31,331</u>	<u>\$ 32,089</u>	<u>\$ 1,650</u>	<u>\$ 535</u>	<u>\$32,981</u>	<u>\$ 32,624</u>

* Revenue bonds were issued in fiscal year 2013 by the Department of Employment Security's Master Bond Fund.

As shown above, Illinois had outstanding general and special obligation bonds at June 30, 2013 totaling \$29.951 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 and to fund a portion of the State's unfunded portion of prior year's retirement liabilities. The outstanding amounts of \$9.600 billion, \$1.386 billion and \$3.700 billion for pension purposes, issued in 2003, 2010, and 2011 respectively, are included in the outstanding general obligation bonds as of June 30, 2013.

General obligation bonds aggregating \$850 million were issued during fiscal year 2013 at interest rates ranging from 1.10% to 5.52%. In addition, special obligation bonds aggregating \$904 million were issued during fiscal year 2013 at interest rates ranging from 0.75% to 5.00%. Debt service principal of \$1.828 billion and interest costs of \$1.490 billion were paid and charged, respectively, in fiscal year 2013. 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 \$3.030 billion of revenue bonds and \$10.875 billion of non-pension long-term obligations outstanding as of June 30, 2013.

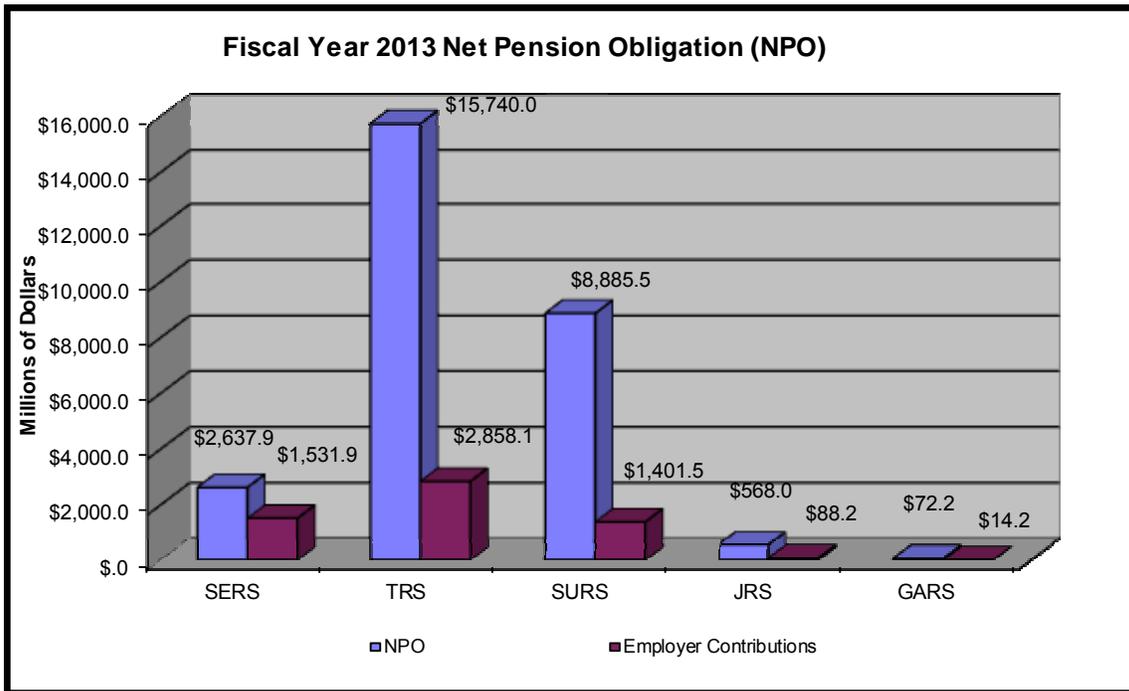
The State's general obligation bond ratings were A3 with a Negative Outlook by Moody's Investor Services, A- with a Negative Outlook by Standard and Poor's, and A- with a Negative Outlook by Fitch Ratings as of June 30, 2013. These ratings were downgraded from A2 with a Stable Outlook by Moody's, A+ with a Negative Outlook by Standard and Poor's, and A with a Stable Outlook by Fitch Ratings at June 30, 2012. In addition, since June 30, 2013, the Standard and Poor's rating has been upgraded to A- with a developing outlook.

The State's special obligation—Build Illinois Bonds – ratings were A3 with a Negative Outlook from Moody's Investor Services, AAA with a Stable Outlook from Standard and Poor's, and AA+ with a Stable Outlook from Fitch Ratings as of June 30, 2013.

Retirement Systems

Besides general and special obligation bond indebtedness, the State’s largest liability is its net pension obligation. During fiscal year 2013, this obligation increased \$1.720 billion from \$26.184 billion at June 30, 2012, to \$27.904 billion at June 30, 2013. Of the \$1.720 billion increase, \$1.098 billion occurred at Teachers’ Retirement System where the annual pension cost (“APC”) was calculated to be \$3.956 billion and employer contributions were \$2.858 billion. In addition, at State Universities Retirement System the APC was calculated to be \$1.725 billion and employer contributions were \$1.401 billion while at State Employees Retirement System the APC was calculated to be \$1.782 billion and employer contributions were \$1.532 billion.

During fiscal year 2013, all of the State systems were substantially 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.” For fiscal years 2006 and 2007, however, the law was amended allowing for decreased contributions to the systems of only \$938.4 million and \$1,374.7 million, respectively, and requiring equal annual increments from fiscal year 2008 to 2010 (the end of the 15 year phase-in) so that by fiscal year 2011, the State would be contributing at the rate otherwise required by State law. 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 30-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.



On December 5th, 2013, the Governor signed into law Public Act 98-0599, which provides for significant pension reform to the General Assembly Retirement System, State Employees' Retirement System, Teachers' Retirement System and State Universities Retirement System. The most significant changes include a reduction of the automatic annual increase, capping pensionable earnings of Tier I employees and delaying the retirement age for members under age 46. The State will also be required to make additional contributions with the intent to eliminate the unfunded actuarial accrued liability by 2045 and facilitate the long-term stabilization of the systems' finances. Subsequently, several lawsuits were filed to challenge the constitutionality of Public Act 98-0599.

ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2013

Illinois continued to suffer from the effects of the intense recession during fiscal year 2013. Each of the measures of Illinois economic activity remained weak during the fiscal year. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.772 million workers in fiscal year 2013, an increase of 62,000 jobs or 1.1% above 2012 employment and 273,000 jobs or 4.5% below peak employment of 6.045 million jobs in fiscal year 2001. A second Illinois employment estimate, obtained through household surveys, also showed an increase in Illinois employment. According to these surveys, an average of 5.997 million Illinoisans were employed in fiscal year 2013, up 27,000 or 0.5% from the prior year employment level.

The average Illinois unemployment rate decreased from 9.7% and 9.4% in fiscal years 2011 and 2012, respectively, to 9.1% in fiscal year 2013. The decreased average unemployment rate was caused by the increase in employment levels and the drop in the average number of unemployed which decreased from 619,000 during fiscal year 2012 to 599,000 for fiscal year 2013.

The shift in Illinois employment from the manufacturing to the service sectors continued in fiscal year 2013. Average fiscal year 2013 manufacturing employment of 582,800 jobs was down 323,800 jobs or 35.7% from the cyclical peak manufacturing employment of 906,600 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 1.4% in fiscal year 2013 as nominal personal income rose 3.1% and the consumer price index was up 1.7%. State personal income adjusted for inflation had shown an increase in 2011 of 2.5% and an increase of 1.1% in 2012.

Outlook

In the current national recession, the State has shown an inability to generate sufficient cash from its current revenue structure to pay operating expenditures on a timely basis. The State's two largest revenue sources, income tax and sales tax, are especially susceptible to major downturns in the economy.

Budgetary challenges and economic uncertainties along with the accumulated deficit in the General Fund, continued growth in unfunded actuarial postemployment benefit costs, and the recent ratings downgrades on debt issuances of the State may impact the State's ability to access credit markets to pay operational expenditures more timely and may increase interest costs of those borrowings.

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 position for the year ended June 30, 2013. 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.

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State of Illinois

Statement of Net Position

June 30, 2013 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash equity with State Treasurer	\$ 8,587,866	\$ 447,765	\$ 9,035,631	\$ 639,452
Cash and cash equivalents	300,753	187,206	487,959	1,601,452
Deposits held by federal government		1,104,400	1,104,400	
Securities lending collateral of State Treasurer	6,122,164	213,242	6,335,406	13,549
Investments	35,650	1,427,061	1,462,711	1,997,437
Securities lending collateral				25,545
Receivables, net:				
Taxes	1,935,360	693,459	2,628,819	
Intergovernmental	3,283,719	90,872	3,374,591	153,103
Other	547,122	411,728	958,850	525,887
Internal balances	40,813	(40,813)	-	
Due from fiduciary funds	63,321	180	63,501	
Due from component units	473,445	474	473,919	74,758
Due from primary government				759,966
Inventories	105,571		105,571	48,146
Prepaid expenses	7,460	84	7,544	41,537
Unamortized bond issuance costs	103,302	8,275	111,577	49,838
Loans and notes receivable, net	72,515	2,185,446	2,257,961	1,719,139
Restricted assets:				
Cash equity with State Treasurer	285,663		285,663	173,245
Cash and cash equivalents	166,505	21,927	188,432	622,381
Investments	59,457		59,457	3,140,339
Intergovernmental receivables	2,688		2,688	
Other receivables	255,511	13,841	269,352	100,224
Due from component units	510		510	
Loans and notes receivable, net		847,918	847,918	50,624
Other assets	23,869		23,869	5,693
Derivative instrument				113
Other assets	16,605		16,605	54,127
Capital assets not being depreciated	3,497,432	431	3,497,863	1,365,630
Capital assets being depreciated, net	17,574,604	5,209	17,579,813	10,113,224
Total assets	43,561,905	7,618,705	51,180,610	23,275,409
Deferred outflows of resources - accumulated decrease in fair value of derivatives	123,549		123,549	334,759
Total assets and deferred outflows of resources	43,685,454	7,618,705	51,304,159	23,610,168
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	7,984,762	404,753	8,389,515	941,909
Intergovernmental payables	4,912,663	15,990	4,928,653	3,822
Due to fiduciary funds	868,580		868,580	
Due to component units	738,352	21,591	759,943	74,758
Due to primary government				474,429
Unearned revenue	924,690	19,307	943,997	461,989
Obligations under security lending of State Treasurer	6,122,164	213,242	6,335,406	13,549
Securities lending collateral				25,545
Assets held for others				233,210
Short-term notes payable		240,607	240,607	3,437
Derivative instrument	123,549		123,549	338,505
Other liabilities				40,542
Long-term obligations:				
Due within one year	2,330,378	412,812	2,743,190	597,120
Due subsequent to one year	67,514,422	3,255,572	70,769,994	8,396,730
Total liabilities	91,519,560	4,583,874	96,103,434	11,605,545
Deferred inflows of resources - accumulated increase in fair value of derivatives				113
Total liabilities and deferred inflows of resources	91,519,560	4,583,874	96,103,434	11,605,658
NET POSITION				
Net investment in capital assets	14,846,836	5,628	14,852,464	4,963,015
Restricted for:				
Debt service	2,892,033	4,622	2,896,655	362,939
Capital projects	385		385	107,503
Repayment of loan from component unit		205,019	205,019	
Unemployment compensation benefits		1,933,527	1,933,527	
Municipal lending		2,112,251	2,112,251	
Education	3,503	40,289	43,792	
Employment and economic development	131,609		131,609	
Health and social services	144,918		144,918	
Public protection and justice	68,977		68,977	
Environment and business regulation	205,640		205,640	
Transportation	46,201		46,201	
Other purposes	217,062		217,062	
Funds held as permanent investments:				
Nonexpendable purposes	39,314		39,314	1,289,664
Expendable purposes	3,361		3,361	2,445,737
Unrestricted	(66,433,945)	(1,266,505)	(67,700,450)	2,835,652
Total net position	\$ (47,834,106)	\$ 3,034,831	\$ (44,799,275)	\$ 12,004,510

State of Illinois

Statement of Activities

For the Year Ended June 30, 2013 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Health and social services	\$25,885,439	\$ 298,154	\$ 14,746,112	
Education	18,363,509	8,378	2,279,146	
General government	2,673,451	2,177,257	139,654	\$ 22,615
Employment and economic development	1,318,453	18,468	736,176	
Transportation	5,007,079	45,358	356,888	1,321,429
Public protection and justice	3,418,968	125,859	272,000	
Environment and business regulation	910,189	388,894	120,213	750
Intergovernmental-revenue sharing	5,397,613			
Interest	1,518,871			
Total governmental activities	<u>64,493,572</u>	<u>3,062,368</u>	<u>18,650,189</u>	<u>1,344,794</u>
Business-type activities				
Unemployment compensation trust	3,589,646	3,209,935	1,441,046	
Water revolving	45,579	43,516	112,558	
Prepaid tuition program	94,691	126,025		
Lottery	2,097,604	2,902,357		
Designated account purchase program	32,847	29,858		
Federal student loans	177,412	29,797	171,387	
Other	116,282	104,022		
Total business-type activities	<u>6,154,061</u>	<u>6,445,510</u>	<u>1,724,991</u>	
Total primary government	<u><u>\$70,647,633</u></u>	<u><u>\$9,507,878</u></u>	<u><u>\$ 20,375,180</u></u>	<u><u>\$ 1,344,794</u></u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 416,928	\$ 107,539	\$ 346,556	\$ 180
Toll Highway Authority	790,221	969,832		
Other Authorities	278,199	150,710	3,189	4,014
Universities				
Illinois State University	541,154	273,075	46,488	454
Northern Illinois University	628,131	278,481	94,126	1,006
Southern Illinois University	1,172,634	523,193	95,348	1,208
University of Illinois	5,279,493	2,584,633	1,055,957	128,461
Other Universities	<u>1,022,055</u>	<u>400,019</u>	<u>96,778</u>	<u>1,947</u>
Total component units	<u><u>\$10,128,815</u></u>	<u><u>\$5,287,482</u></u>	<u><u>\$ 1,738,442</u></u>	<u><u>\$ 137,270</u></u>
General revenues				
Taxes:				
Income taxes				
Sales taxes				
Motor fuel taxes				
Public utility taxes				
Riverboat taxes				
Medical providers assessment taxes				
Other taxes				
Interest and investment income				
Other revenues				
Payments from the State of Illinois				
Additions to permanent endowments				
Special item - gain on sale of Thomson Prison				
Transfers				
Total general revenues, payments from the State of Illinois, additions to permanent funds and transfers				
Change in net position				
Net position, July 1, 2012, as restated				
Net position, June 30, 2013				

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

Net (Expense) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (10,841,173)		\$ (10,841,173)	
(16,075,985)		(16,075,985)	
(333,925)		(333,925)	
(563,809)		(563,809)	
(3,283,404)		(3,283,404)	
(3,021,109)		(3,021,109)	
(400,332)		(400,332)	
(5,397,613)		(5,397,613)	
(1,518,871)		(1,518,871)	
<u>(41,436,221)</u>			
	\$ 1,061,335	1,061,335	
	110,495	110,495	
	31,334	31,334	
	804,753	804,753	
	(2,989)	(2,989)	
	23,772	23,772	
	(12,260)	(12,260)	
	<u>2,016,440</u>		
		<u>(39,419,781)</u>	
			\$ 37,347
			179,611
			(120,286)
			(221,137)
			(254,518)
			(552,885)
			(1,510,442)
			<u>(523,311)</u>
			<u>(2,965,621)</u>
21,137,249		21,137,249	
10,213,130		10,213,130	
1,253,806		1,253,806	
1,475,677		1,475,677	
583,699		583,699	
1,165,644		1,165,644	
2,288,341		2,288,341	
46,900	7,413	54,313	300,592
1,134,424		1,134,424	459,275
			3,254,887
			139,159
64,598		64,598	
<u>824,106</u>	<u>(824,106)</u>	<u>-</u>	
<u>40,187,574</u>	<u>(816,693)</u>	<u>39,370,881</u>	<u>4,153,913</u>
(1,248,647)	1,199,747	(48,900)	1,188,292
(46,585,459)	1,835,084	(44,750,375)	10,816,218
<u>\$ (47,834,106)</u>	<u>\$ 3,034,831</u>	<u>\$ (44,799,275)</u>	<u>\$ 12,004,510</u>

State of Illinois

Balance Sheet -
Governmental Funds

June 30, 2013 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash equity with State Treasurer	\$ 2,082,950	\$ 880,301	\$ 275,952	\$ 5,450,603	\$ 8,689,806
Cash and cash equivalents	17,509			322,060	339,569
Securities lending collateral of State Treasurer	3,899,500	596,227	133,800	1,293,947	5,923,474
Investments				95,107	95,107
Receivables, net:					
Taxes	1,519,596			415,764	1,935,360
Intergovernmental	1,912,008	209,313		1,125,928	3,247,249
Other	307,275	20,127	1,990	443,201	772,593
Due from other funds	310,093	57,762	37,985	1,686,640	2,092,480
Due from component units	39,566	59,857		344,229	443,652
Inventories	27,465	54,896		14,536	96,897
Loans and notes receivable, net	4,930			67,585	72,515
Other assets	15,000			25,474	40,474
Total assets	\$ 10,135,892	\$ 1,878,483	\$ 449,727	\$ 11,285,074	\$ 23,749,176
LIABILITIES					
Accounts payable and accrued liabilities	\$ 4,558,756	\$ 210,640	\$ 70,438	\$ 695,739	\$ 5,535,573
Intergovernmental payables	2,879,027	68,413	1,531	1,957,456	4,906,427
Due to other funds	3,484,290	197,692	148	1,698,287	5,380,417
Due to component units	554,675	120,245	1,286	60,230	736,436
Unavailable revenue	1,485,990	28,739		733,620	2,248,349
Unearned revenue	607,972	10,613	5,585	307,660	931,830
Obligations under security lending of State Treasurer	3,899,500	596,227	133,800	1,293,947	5,923,474
Matured portion of long-term liabilities	159	207			366
Total liabilities	17,470,369	1,232,776	212,788	6,746,939	25,662,872
FUND BALANCES (DEFICITS)					
Nonspendable - long-term portion of loans and notes receivable	4,930				4,930
Nonspendable - inventories	27,465	54,896		14,536	96,897
Nonspendable - endowments and similar funds				39,314	39,314
Restricted	65,729			3,327,288	3,393,017
Committed	739,161	590,811	236,939	2,580,688	4,147,599
Assigned				9,265	9,265
Unassigned	(8,171,762)			(1,432,956)	(9,604,718)
Total fund balances (deficits)	(7,334,477)	645,707	236,939	4,538,135	(1,913,696)
Total liabilities and fund balances (deficits)	\$ 10,135,892	\$ 1,878,483	\$ 449,727	\$ 11,285,074	\$ 23,749,176

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 Position
June 30, 2013
(Expressed in Thousands)

Total fund balances-governmental funds \$ (1,913,696)

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

Capital assets used in governmental activities, not including amounts included as assets in internal service funds of \$301,751, are not financial resources and therefore are not reported in the funds. 20,770,285

Prepaid expenses for governmental activities are current uses of financial resources for funds. 7,427

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 Position. 103,302

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 Position. 109,719

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 Position. 500,849

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. 2,248,349

Some receivables do not meet the criteria for reporting under the modified accrual basis of accounting and are not reported in the fund level statements. 11,637

Some unearned revenue reported in the fund level statements is recognized as revenue in the governmental activities and is excluded as liabilities in the Statement of Net Position. 8,774

Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities, not including amounts included as liabilities in internal service funds of \$610,815, consist of:

Net pension obligation	\$ (27,903,769)	
Net other postemployment benefit obligation	(9,053,038)	
General obligation bonds	(27,054,828)	
Special obligation bonds	(2,896,234)	
Revenue bonds	(1,380,535)	
Unamortized premiums	(564,956)	
Unamortized discounts	1,685	
Compensated absences	(405,105)	
Certificates of participation	(30,155)	
Pollution remediation obligation	(37,300)	
Auto liability	(11,172)	
Capital leases	(6,776)	
Installment purchases	(1,155)	
Accrued interest	(337,414)	
	(69,680,752)	(69,680,752)

Net position of governmental activities \$ (47,834,106)

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, 2013 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Income taxes	\$ 18,630,555			\$ 2,463,877	\$ 21,094,432
Sales taxes	7,228,319			2,990,070	10,218,389
Motor fuel taxes		\$ 288,644	\$ 201,516	764,100	1,254,260
Public utility taxes	1,113,380			349,928	1,463,308
Riverboat taxes				583,699	583,699
Medical providers assessment taxes	1,149,310				1,149,310
Other taxes	2,050,721			255,534	2,306,255
Federal government	8,632,936	1,397,561		9,554,359	19,584,856
Licenses and fees	581,451	843,721	486,812	579,818	2,491,802
Interest and other investment income	15,385	3,446	611	25,640	45,082
Other	1,226,171	101,836	11	932,219	2,260,237
Total revenues	40,628,228	2,635,208	688,950	18,499,244	62,451,630
EXPENDITURES					
Current:					
Health and social services	19,164,413			6,239,449	25,403,862
Education	13,316,937			2,873,394	16,190,331
General government	1,852,774			390,762	2,243,536
Employment and economic development	155,052			1,136,782	1,291,834
Transportation	538,037	1,903,372	175,560	1,079,677	3,696,646
Public protection and justice	2,418,847			518,448	2,937,295
Environment and business regulation	155,660			652,597	808,257
Debt service:					
Principal	1,738	303		1,897,663	1,899,704
Interest	970	162		1,569,609	1,570,741
Capital outlays	57,849	385,942	516,418	640,216	1,600,425
Intergovernmental				5,397,613	5,397,613
Total expenditures	37,662,277	2,289,779	691,978	22,396,210	63,040,244
Excess (deficiency) of revenues over (under) expenditures	2,965,951	345,429	(3,028)	(3,896,966)	(588,614)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued				1,150,000	1,150,000
Premiums on general and special obligation bonds issued				41,540	41,540
Special obligation refunding bonds issued				604,110	604,110
Premiums on special obligation refunding bonds issued				85,084	85,084
Transfers-in	1,674,986	4,133	2,427	4,376,225	6,057,771
Transfers-out	(2,898,444)	(366,030)		(1,968,704)	(5,233,178)
Capital lease financing	521	329		156	1,006
Payment to refunded bond escrow agent				(686,236)	(686,236)
Net other sources (uses) of financial resources	(1,222,937)	(361,568)	2,427	3,602,175	2,020,097
SPECIAL ITEM					
Proceeds from sale of Thomson Prison				165,001	165,001
Net change in fund balances	1,743,014	(16,139)	(601)	(129,790)	1,596,484
Fund balances (deficits), July 1, 2012, as restated	(9,078,171)	664,754	237,540	4,669,029	(3,506,848)
Increase (decrease) for changes in inventories	680	(2,908)		(1,104)	(3,332)
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (7,334,477)	\$ 645,707	\$ 236,939	\$ 4,538,135	\$ (1,913,696)

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, 2013
(Expressed in Thousands)

Net change in fund balances	\$ 1,596,484
Change in inventories	<u>(3,332)</u>
	1,593,152

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

Prepaid expenses are recorded as uses of current financial resources in governmental funds but do not affect the expenses reported on the Statement of Activities. Prepaid expenses decreased by this amount during the year.	(2,165)
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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 year, these amounts are:	
Capital outlays	\$ 1,600,425
Depreciation expense	<u>(1,294,203)</u>
Excess of capital outlays over depreciation expense	306,222

Revenues for capital assets acquired through noncash transactions are not recorded in governmental funds. However, in the Statement of Activities, program revenues are recorded for donated capital assets in this amount.	21,689
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Gains and losses from capital assets no longer in use are not recorded in governmental funds but are reported as other revenues and expenses in the Statement of Activities. In the current year, these transactions include a special item related to the sale of the Thomson Prison and other losses on capital assets scrapped, damaged or stolen.	(121,363)
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The amount of net revenue for internal service funds below includes contributions of capital assets from governmental activities that does not affect the net position of governmental activities.	(23,137)
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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.	29,206
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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.	(336,693)
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Some revenues are not recognized in the governmental funds as they relate to receivables that do not meet the criteria for reporting under the modified accrual basis of accounting.	(1,397)
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Some unearned revenue reported in the governmental funds is recognized as revenue in the governmental activities.	(4,101)
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The incurrence of long-term debt provides current financial resources to governmental funds while the repayment of the long-term debt is recorded as uses of current financial resources in governmental funds. Neither transaction has an affect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings of debt when the long-term debt is issued whereas these amounts are deferred and amortized in the Statement of Activities.	
Bond proceeds, including premiums of \$126,624	(1,194,498)
Bond issuance costs deferred	8,338
Bond principal retirements	1,891,405
Deferred loss on current year refundings of debt	25,444
Accrued interest paid to refunding agent	(46,631)
Amortization of bond premiums	104,286
Amortization of bond discounts	(123)
Amortization of bond issuance costs	(15,619)
Amortization of deferred loss on refundings of debt	(18,751)
Capital lease and installment purchase agreement proceeds	(1,006)
Capital lease and installment purchase principal retirements	2,289
Certificates of participation principal retirements	<u>6,010</u>
Net decrease in change in fund balance of governmental funds from long-term debt transactions	761,144

Some expenses reported in the Statement of Activities do not require the use of current financial resources and are therefore 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 Position and are therefore not reported as expenses in the Statement of Activities.	
Increase in net pension obligation	(1,720,084)
Increase in net other postemployment benefits obligation	(1,752,959)
Decrease in compensated absences obligation	12,277
Interest accreted on capital appreciation debt	(19,680)
Increase in auto liability obligation	(835)
Decrease in pollution remediation obligations	500
Decrease in accrued interest on obligations	9,340
Decrease in other obligations	<u>237</u>
Net increase in expenses for net increase in long-term liabilities not reported in governmental funds	(3,471,204)

Change in net position of governmental activities	<u>\$ (1,248,647)</u>
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The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Statement of Net Position -
Proprietary Funds

June 30, 2013 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Total	
ASSETS						
Cash equity with State Treasurer		\$ 206,935	\$ 6,524	\$ 234,306	\$ 447,765	\$ 183,723
Cash and cash equivalents	\$ 102,505	50,950	474	33,277	187,206	127,689
Deposits held by federal government	1,104,400				1,104,400	
Securities lending collateral of State Treasurer		139,181		74,061	213,242	198,690
Investments			139,643	80,198	219,841	
Receivables, net:						
Taxes	693,459				693,459	
Intergovernmental	63,280	254		27,338	90,872	27,521
Other	224,394	8,435	32,359	87,124	352,312	30,040
Due from other funds	7,192			8,127	15,319	2,561,556
Due from component units	229	241		4	474	30,303
Loans and notes receivable, net		129,508			129,508	
Restricted assets:						
Cash and cash equivalents				21,927	21,927	
Other receivables, net		1,334		12,507	13,841	
Loans and notes receivable, net		23,269		90,192	113,461	
Unamortized bond issuance costs	1,429	66		273	1,768	
Inventories						8,674
Prepaid expenses				84	84	33
Total current assets	2,196,888	560,173	179,000	669,418	3,605,479	3,168,229
Investments			931,453	275,767	1,207,220	
Other receivables, net			59,416		59,416	
Loans and notes receivable, net		2,055,938			2,055,938	
Restricted loans and notes receivable, net		180,417		554,040	734,457	
Unamortized bond issuance costs	3,007	195		3,305	6,507	
Capital assets not being depreciated				431	431	87,055
Capital assets being depreciated, net		83		5,126	5,209	214,696
Total noncurrent assets	3,007	2,236,633	990,869	838,669	4,069,178	301,751
Total assets	2,199,895	2,796,806	1,169,869	1,508,087	7,674,657	3,469,980
LIABILITIES						
Accounts payable and accrued liabilities	166,827	25	1,083	236,818	404,753	2,111,775
Intergovernmental payables	4,441	144		11,405	15,990	6,236
Due to other funds	3,236	110	304	52,302	55,952	38,065
Due to component units		21,545	46		21,591	1,916
Unearned revenue				19,307	19,307	1,634
Obligations under securities lending of State Treasurer		139,181		74,061	213,242	198,690
Short-term notes payable				240,607	240,607	
Current portion of long-term obligations	197,309	52	160,592	54,859	412,812	145,886
Total current liabilities	371,813	161,057	162,025	689,359	1,384,254	2,504,202
Noncurrent portion of long-term obligations	1,190,409	1,571	1,396,897	666,695	3,255,572	464,929
Total liabilities	1,562,222	162,628	1,558,922	1,356,054	4,639,826	2,969,131
NET POSITION						
Net investment in capital assets		83		5,545	5,628	282,844
Net position restricted for:						
Debt service				4,622	4,622	4,127
Repayment of loan from component unit		205,019			205,019	
Unemployment compensation benefits	1,933,527				1,933,527	
Municipal lending		2,112,251			2,112,251	
Education				40,289	40,289	
Unrestricted	(1,295,854)	316,825	(389,053)	101,577	(1,266,505)	213,878
Total net position	\$ 637,673	\$ 2,634,178	\$ (389,053)	\$ 152,033	\$ 3,034,831	\$ 500,849

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 Position - Proprietary Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES						
Charges for sales and services			\$ 824	\$ 2,966,342	\$ 2,967,166	\$ 3,232,311
Interest income pledged as revenue bond security				29,858	29,858	
Interest and other investment income	\$ 12	\$ 43,516	91,584	2	135,114	
Participant contributions			33,617		33,617	
Employer contributions	3,209,923				3,209,923	
Federal government	1,440,204				1,440,204	29,867
Other				69,782	69,782	23
Total operating revenues	4,650,139	43,516	126,025	3,065,984	7,885,664	3,262,201
OPERATING EXPENSES						
Cost of sales and services				364,527	364,527	535,910
Benefit payments and refunds	3,560,948			38,105	3,599,053	2,368,605
Prizes and claims				1,743,685	1,743,685	
Interest	2,351			4,907	7,258	192,664
General and administrative		20,534	6,037	207,668	234,239	156,043
Depreciation		26		831	857	22,414
Other		22,391	88,654	41,036	152,081	15,479
Total operating expenses	3,563,299	42,951	94,691	2,400,759	6,101,700	3,291,115
Operating income (loss)	1,086,840	565	31,334	665,225	1,783,964	(28,914)
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	15,419	787		(8,793)	7,413	725
Interest expense	(26,347)	(2,128)		(14,347)	(42,822)	(2,015)
Federal government	842	112,558		171,387	284,787	36,271
Other revenues				50	50	770
Other expenses		(500)		(9,039)	(9,539)	(297)
Income (loss) before transfers	1,076,754	111,282	31,334	804,483	2,023,853	6,540
Contributions of capital assets				16	16	23,137
Transfers-in		22,839		33,622	56,461	
Transfers-out	(19,910)			(860,673)	(880,583)	(471)
Change in net position	1,056,844	134,121	31,334	(22,552)	1,199,747	29,206
Net position, July 1, 2012	(419,171)	2,500,057	(420,387)	174,585	1,835,084	471,643
NET POSITION, JUNE 30, 2013	\$ 637,673	\$ 2,634,178	\$ (389,053)	\$ 152,033	\$ 3,034,831	\$ 500,849

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, 2013 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services			\$ 824	\$ 227,446	\$ 228,270	\$ 170,157
Cash received from lottery sales				2,829,114	2,829,114	
Cash received from transactions with other funds						2,485,885
Cash payments to suppliers for goods and services		\$ (5,392)	(4,315)	(201,069)	(210,776)	(2,440,102)
Cash payments to employees for services		(14,841)	(2,076)	(72,129)	(89,046)	(140,791)
Cash payments for lottery prizes				(1,728,259)	(1,728,259)	
Cash payments for commissions and bonuses				(163,966)	(163,966)	
Cash receipts from unemployment taxes	\$ 3,177,936				3,177,936	
Cash receipts from federal unemployment grants	1,451,215				1,451,215	
Cash payments for unemployment benefits	(3,687,718)				(3,687,718)	
Cash receipts from prepaid tuition contract sales			47,266		47,266	
Cash payments for tuition			(103,725)		(103,725)	
Cash payments for tuition contract refunds			(18,046)		(18,046)	
Cash receipts from student loan principal				118,492	118,492	
Cash receipts from student loan interest				20,113	20,113	
Cash receipts from sale of student loans				49,566	49,566	
Cash payments for student loans issued				(2,791)	(2,791)	
Cash payments for expenses related to sale of student loans				(320)	(320)	
Cash payments for workers' compensation						(96,519)
Cash receipts from other operating activities				9,850	9,850	75,624
Cash payments for other operating activities				(289,393)	(289,393)	
Net cash provided (used) by operating activities	941,433	(20,233)	(80,072)	796,654	1,637,782	54,254
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from borrowings, net of bond issuance costs	1,715,303				1,715,303	
Principal paid on revenue bonds and other borrowings	(1,436,453)	(27,618)		(127,712)	(1,591,783)	
Interest paid on revenue bonds and other borrowings	(105,974)	(2,050)		(7,446)	(115,470)	(849)
Principal paid on early extinguishment of debt				(59,950)	(59,950)	
Grants received		132,691		175,161	307,852	37,130
Grants paid				(7,863)	(7,863)	
Transfers-in from other funds		17,860		32,642	50,502	10,000
Transfers-out to other funds	(18,032)			(833,850)	(851,882)	(668)
Federal recovery funds	842				842	
Reimbursement for arbitrage		(500)			(500)	
Net cash provided (used) by noncapital financing activities	155,686	120,383		(829,018)	(552,949)	45,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets		(53)		(2,994)	(3,047)	(29,272)
Principal paid on capital debt						(4,928)
Interest paid on capital debt						(1,249)
Net cash used by capital and related financing activities		(53)		(2,994)	(3,047)	(35,449)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities			(313,174)	(81,646)	(394,820)	
Proceeds from sales and maturities of investment securities			369,292	122,366	491,658	
Cash paid to investment managers			(1,355)		(1,355)	
Cash paid for long-term annuity prizes payable				(58,048)	(58,048)	
Loan disbursements		(318,122)			(318,122)	
Loan repayments		234,545			234,545	
Interest and dividends on investments	15,431	48,861	24,890	1,851	91,033	705
Net cash provided (used) by investing activities	15,431	(34,716)	79,653	(15,477)	44,891	705
Net increase (decrease) in cash and cash equivalents	1,112,550	65,381	(419)	(50,835)	1,126,677	65,123
Cash and cash equivalents, July 1, 2012	94,355	192,504	7,417	340,345	634,621	246,289
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 1,206,905	\$ 257,885	\$ 6,998	\$ 289,510	\$ 1,761,298	\$ 311,412
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Total cash and cash equivalents per Statement of Net Position	\$ 102,505	\$ 50,950	\$ 474	\$ 33,277	\$ 187,206	\$ 127,689
Add: cash equity with State Treasurer		206,935	6,524	234,306	447,765	183,723
Add: deposits held by federal government	1,104,400				1,104,400	
Add: restricted cash equivalents				21,927	21,927	
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 1,206,905	\$ 257,885	\$ 6,998	\$ 289,510	\$ 1,761,298	\$ 311,412

State of Illinois

Statement of Cash Flows -
Proprietary Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ 1,086,840	\$ 565	\$ 31,334	\$ 665,225	\$ 1,783,964	\$ (28,914)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		26		831	857	22,414
Provision for uncollectible accounts	(35,647)	22,391		33,343	20,087	1,657
Amortization				2,016	2,016	
In-kind contribution of services		190			190	
Interest and investment income	(12)	(43,516)	(87,237)	(12)	(130,777)	
Interest expense	2,351			4,907	7,258	
Miscellaneous income						637
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(147,373)		13,353	(77,882)	(211,902)	5,719
(Increase) decrease in intergovernmental receivables	32,219			20	32,239	(4,722)
(Increase) decrease in due from other funds	6,942			447	7,389	(584,487)
(Increase) decrease in due from component units	10			4	14	3,371
(Increase) decrease in loans and notes receivable				153,207	153,207	
(Increase) decrease in inventory						(115)
(Increase) decrease in prepaid expenses				8	8	10
Increase (decrease) in accounts payable and accrued liabilities	(1,922)	(15)	(266)	18,395	16,192	622,459
Increase (decrease) in intergovernmental payables	(1,947)	107		1,593	(247)	(10,932)
Increase (decrease) in due to other funds	(28)	13	111	(980)	(884)	10,697
Increase (decrease) in due to component units		(27)	(134)	(7,061)	(7,222)	954
Increase (decrease) in unearned revenue				(13,177)	(13,177)	321
Increase (decrease) in other liabilities		33	(37,233)	(349)	(37,549)	15,185
Increase (decrease) in long-term annuity prizes payable				16,119	16,119	
Total adjustments	(145,407)	(20,798)	(111,406)	131,429	(146,182)	83,168
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 941,433	\$ (20,233)	\$ (80,072)	\$ 796,654	\$ 1,637,782	\$ 54,254
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (Loss) on disposal of capital assets				\$ (2)	\$ (2)	\$ (297)
Transfer of assets from (to) other state funds						23,137
Increase (decrease) in fair value of investments				(24,035)	(24,035)	
Interest accreted on investments				14,342	14,342	
Interest accreted on long-term annuity prizes payable				(14,342)	(14,342)	

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

State of Illinois

Statement of Fiduciary Net Position -
Fiduciary Funds

June 30, 2013 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund Public Treasurers' External Investment Pool	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash equity with State Treasurer	\$ 242,938		\$ 1,240	\$ 446,611
Cash and cash equivalents	774,728	\$ 2,958,437	488,747	27,721
Securities lending collateral of State Treasurer	252,110		844	161,709
Investments:				
Equities	30,508,800		3,338,126	
Fixed income	10,764,439	1,092,754	1,705,188	
Private equity	4,687,147			
Real estate	5,079,084			
Other	7,820,584		5	956,246
Equity in Illinois State Board of Investments	12,838,214			
Securities lending collateral	2,483,179			
Receivables, net:				
Taxes				221,088
Members	92,427			
Employers	20,489			
Investment income	137,541	1,403	8,648	
Intergovernmental	5,880			563
Pending investment sales	4,339,500			
Other	23,672			229,872
Due from other funds	121			
Due from primary government funds	809,845			58,735
Prepaid expenses	2,227			
Loans and notes receivable, net	22,050		56	
Other assets				159
Capital assets not being depreciated	1,741			
Capital assets being depreciated, net	11,637			
Total assets	80,918,353	4,052,594	5,542,854	\$ 2,102,704
LIABILITIES				
Accounts payable and accrued liabilities	354,595	151	2,307	\$ 45,787
Intergovernmental payables	5			689,563
Due to other funds	121			
Due to primary government funds	63,321	180		
Due to component units				69
Obligations under securities lending of State Treasurer	252,110		844	161,709
Security lending collateral	2,483,056			
Payable to brokers for unsettled trades	4,946,241			
Depository and other liabilities			7,202	1,205,576
Long-term obligations:				
Due within one year	66			
Due subsequent to one year	4,360			
Total liabilities	8,103,875	331	10,353	\$ 2,102,704
NET POSITION				
Net position held in trust for:				
Pension and other employee benefits	72,814,478			
Pool participants		4,052,263		
Other purposes			5,532,501	
Total net position	\$ 72,814,478	\$ 4,052,263	\$ 5,532,501	

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

State of Illinois

**Statement of Changes in Fiduciary Net Position -
Fiduciary Funds**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund Public Treasurers' External Investment Pool	Private-Purpose Trust Funds
ADDITIONS			
Deposits/Contributions:			
Employer	\$ 384,268		
State	5,763,869		
Participants			\$ 2,140,710
Members:			
Employees	1,753,132		
Retirees	190,986		
Federal Medicare Part D	26,280		
Other contributions	8,281		12
Total contributions	8,126,816		2,140,722
Investment income:			
Interest and other investment income	1,865,225	\$ 6,517	57,142
Increase (decrease) in fair value of investments	6,864,641		496,787
Reimbursements of expenses			
not separable from investment income	2,291		
Less investment expense	(368,000)	(3,244)	
Net investment income	8,364,157	3,273	553,929
Capital share and individual account transactions:			
Shares sold		6,925,889	
Reinvested distributions		3,273	
Shares redeemed		(6,976,612)	
Net capital share and individual account transactions		(47,450)	
Total additions	16,490,973	(44,177)	2,694,651
DEDUCTIONS			
Benefit payments	9,535,197		
Refunds	216,150		
Payments in accordance with trust agreements			1,684,951
Distribution to pool investors		3,273	
Depreciation	1,719		
General and administrative	79,371		18,031
Other	162		10
Total deductions	9,832,599	3,273	1,702,992
Change in fiduciary net position held in trust for:			
Pension and other employee benefits	6,658,374		
Pool participants		(47,450)	
Individuals, organizations, and other governments			991,659
Net Position, July 1, 2012	66,156,104	4,099,713	4,540,842
Net Position, June 30, 2013	\$ 72,814,478	\$ 4,052,263	\$ 5,532,501

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

State of Illinois

Statement of Net Position -
Component Units

June 30, 2013 (Expressed in Thousands)

	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Other Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
Cash equity with State Treasurer	\$ 5,357	\$ 634,095					
Cash and cash equivalents	362,047	35,277	\$ 165,166	\$ 56,921	\$ 20,953	\$ 135,279	\$ 593,090
Securities lending collateral of State Treasurer	1,357		12,192				
Investments	194,837		484	156,068	211,801	133,635	1,285,109
Securities lending collateral							25,545
Receivables, net:							
Intergovernmental		15,320					128,726
Other	11,535	6,673	4,222	13,379	37,728	56,916	348,925
Due from component units			74,310	15	100	215	76
Due from primary government	1,270	115,864	40,767	26,166	28,606	72,204	418,091
Inventories				2,721	3,320	7,619	29,400
Prepaid expenses		9,823	268	1,375	166	481	27,399
Unamortized bond issuance costs	10,855	14,538	846	2,214	2,360	4,153	8,787
Loans and notes receivable, net	1,597,792		9,780	8,836	8,679	18,387	61,776
Restricted assets:							
Cash equity with State Treasurer		155,399	17,846				
Cash and cash equivalents		302,399	16,584	14,545	32,170	44,340	156,341
Investments	555,116	72,000	99,993	75,723	27,015	171,778	2,034,260
Other receivables, net	96,971	51	1,310				
Loans and notes receivable, net			50,624				
Other assets							
Derivative instrument - asset	113						
Other assets	28,541			1,417	52	15,559	5,087
Capital assets not being depreciated	2,600	460,732	43,556	54,074	57,336	176,198	367,129
Capital assets being depreciated, net	29,093	4,697,674	18,295	411,531	432,117	669,862	3,141,999
Total assets	2,897,484	6,519,845	556,243	824,985	862,403	1,506,626	8,631,740
Deferred outflows of resources	2,485	308,755					23,519
Total assets and deferred outflows of resources	2,899,969	6,828,600	556,243	824,985	862,403	1,506,626	8,655,259
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES							
Accounts payable and accrued liabilities	70,206	238,550	10,849	23,714	59,642	60,314	415,331
Intergovernmental payables							
Due to component units			30,816	48	14,662	95	29,086
Due to primary government	324,334	59,561	19,653	1	292	271	70,147
Unearned revenue	10,998	180,300	22,611	7,155	19,873	38,415	159,661
Obligations under securities lending collateral of State Treasurer	1,357		12,192				
Securities lending collateral							25,545
Assets held for others	164,524			6,978		21,013	34,825
Short-term notes payable			59				3,378
Derivative instrument - liability	2,485	308,755					27,265
Other liabilities			34,731				
Long-term obligations:							
Due within one year	122,518	198,715	22,849	6,705	8,975	36,500	177,125
Due subsequent to one year	1,325,071	3,786,617	202,978	147,564	374,709	349,483	1,842,822
Total liabilities	2,021,493	4,772,498	356,738	192,165	478,153	506,091	2,785,185
Deferred inflows of resources		113					
Total liabilities and deferred inflows of resources	2,021,606	4,772,498	356,738	192,165	478,153	506,091	2,785,185
NET POSITION							
Net investment in capital assets	(6,599)	1,196,676	29,356	341,954	175,746	537,717	2,071,028
Restricted for:							
Debt service		291,539	3,722			17,546	44,611
Capital projects			44			88,105	19,649
Nonexpendable purposes				76,403	55,073	102,724	978,472
Other expendable purposes	767,082	66	82,894	36,545	20,101	87,896	1,402,484
Unrestricted	117,880	567,821	83,489	177,918	133,330	166,547	1,353,830
Total net position	\$ 878,363	\$ 2,056,102	\$ 199,505	\$ 632,820	\$ 384,250	\$ 1,000,535	\$ 5,870,074

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

Other Universities		Total
	\$	639,452
\$ 232,719		1,601,452
		13,549
15,503		1,997,437
		25,545
9,057		153,103
46,509		525,887
42		74,758
56,998		759,966
5,086		48,146
2,025		41,537
6,085		49,838
13,889		1,719,139
		173,245
56,002		622,381
104,454		3,140,339
1,892		100,224
		50,624
5,693		5,693
		113
3,471		54,127
204,005		1,365,630
712,653		10,113,224
1,476,083		23,275,409
		334,759
1,476,083		23,610,168
63,303		941,909
3,822		3,822
51		74,758
170		474,429
22,976		461,989
		13,549
		25,545
5,870		233,210
		3,437
		338,505
5,811		40,542
23,733		597,120
367,486		8,396,730
493,222		11,605,545
		113
493,222		11,605,658
617,137		4,963,015
5,521		362,939
(295)		107,503
76,992		1,289,664
48,669		2,445,737
234,837		2,835,652
\$ 982,861	\$	12,004,510

State of Illinois

Statement of Activities -

Component Units

For the Year Ended June 30, 2013 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Authorities:					
Illinois Housing Development Authority	\$ 416,928	\$ 107,539	\$ 346,556	\$ 180	\$ 37,347
Illinois State Toll Highway Authority	790,221	969,832			179,611
Other authorities	278,199	150,710	3,189	4,014	(120,286)
Universities:					
Illinois State University	541,154	273,075	46,488	454	(221,137)
Northern Illinois University	628,131	278,481	94,126	1,006	(254,518)
Southern Illinois University	1,172,634	523,193	95,348	1,208	(552,885)
University of Illinois	5,279,493	2,584,633	1,055,957	128,461	(1,510,442)
Other universities	1,022,055	400,019	96,778	1,947	(523,311)
Total	<u>\$ 10,128,815</u>	<u>\$ 5,287,482</u>	<u>\$ 1,738,442</u>	<u>\$ 137,270</u>	<u>\$ (2,965,621)</u>

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

State appropriations	General revenues		Additions to permanent endowments	Total general revenues and additions to permanent endowments	Change in net position	Net position, July 1, 2012, as restated	Net position, June 30, 2013
	Interest and investment income	Other					
	\$ 8,291			\$ 8,291	\$ 45,638	\$ 832,725	\$ 878,363
	1,389	\$ 24,352		25,741	205,352	1,850,750	2,056,102
\$ 24,743	4,998	103,619		133,360	13,074	186,431	199,505
206,166	9,605	48,003	\$ 3,258	267,032	45,895	586,925	632,820
238,365	7,289	5,636	3,372	254,662	144	384,106	384,250
513,264	18,576	76,765	2,159	610,764	57,879	942,656	1,000,535
1,782,945	239,213	139,040	126,287	2,287,485	777,043	5,093,031	5,870,074
489,404	11,231	61,860	4,083	566,578	43,267	939,594	982,861
<u>\$ 3,254,887</u>	<u>\$ 300,592</u>	<u>\$ 459,275</u>	<u>\$ 139,159</u>	<u>\$ 4,153,913</u>	<u>\$ 1,188,292</u>	<u>\$ 10,816,218</u>	<u>\$ 12,004,510</u>

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STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2013

I **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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”).

A. *Financial Reporting Entity*

The State of Illinois is a “primary government” whose financial statements consist of the primary government and organizations for which the primary government is financially accountable. 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 (1) the State’s governing body appoints a majority of an organization’s governing board and either (a) the State can impose its will upon the organization or (b) there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the State, or (2) the organization has fiscal dependency 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-four 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. 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. *Teachers' 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 even though most covered employees are not State employees. The State of Illinois is legally mandated to make contributions to SURS.

Blended Component Unit

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

1. *Railsplitter Tobacco Settlement Authority ("RTSA")*. The RTSA was established in July 2010 as a special purpose corporation to sell revenue bonds, repayment of which is supported solely by future tobacco settlement revenues ("TSRs"). The State relinquished rights to \$4.1 billion of TSRs to RTSA in exchange for a significant portion of the revenue bond proceeds and a residual certificate representing the State's ownership in excess TSRs to be received by RTSA during the term of the Sales Agreement. (Administrative Office: James R. Thompson Center, 100 W. Randolph St., Chicago, Illinois 60601.)

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 a voting majority of their governing bodies appointed by the State.

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 is not sufficient IHDA monies available to pay principal and interest. (Administrative Offices: 401 North Michigan Avenue, Suite 700, 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.)
3. *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: 320 West Washington, Suite 700, Springfield, Illinois 62701.)

4. *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 #202, East St. Louis, Illinois 62201.)
5. *Illinois Finance Authority (“Authority”)*. The Authority was created to foster economic development to the public and private institutions that create and retain jobs and improve the quality of life in Illinois by providing access to capital. 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: 180 North Stetson, Suite 2555, Chicago, Illinois 60601.)
6. *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: 2100 W. Harrison Street, Chicago, Illinois 60612.)
7. *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 Drive, Collinsville, Illinois 62234.)
8. *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: 633 LaSalle Street, Suite 401, Ottawa, Illinois 61350.)
9. *Boards of Trustees of Chicago State University (“CSU”), Eastern Illinois University (“EIU”), Governors State University (“GSU”), Northeastern Illinois University (“NEIU”), Western Illinois University (“WIU”), Illinois State University (“ISU”), Northern Illinois University (“NIU”), 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, 600 Lincoln Avenue, Charleston, Illinois 61920
 - GSU, 1 University Parkway, University Park, Illinois 60484
 - NEIU, 5500 North St. Louis Avenue, Chicago, Illinois 60625
 - WIU, 1 University Circle, Macomb, Illinois 61455
 - ISU, Hovey Hall, Normal, Illinois 61790
 - NIU, 300 Altgeld Hall, DeKalb, Illinois 60115
 - SIU, 1400 Douglas Drive, Carbondale, Illinois 62901
 - U of I, 111 East Green, Champaign, Illinois 61820.)

The following component units 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, Two Rialto Square, Joliet, Illinois 60432.)
2. *Western Illinois Economic Development Authority ("Authority")*. The Authority promotes economic development within the counties of Adams, Brown, Cass, Fulton, Hancock, Henderson, Mason, McDonough, Morgan, Pike, Schuyler, Scott, and Warren 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: 510 North Pearl Street, Suite 300, Macomb, Illinois 61455.)
3. *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: 622 19th Street, Moline, Illinois 61265.)
4. *Southeastern Illinois Economic Development Authority ("Authority")*. The Authority promotes economic development in Fayette, Cumberland, Clark, Effingham, Jasper, Crawford, Marion, Clay, Richland, Lawrence, Jefferson, Wayne, Edwards, Wabash, Hamilton, and White counties and Irvington Township in Washington County. 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: 200 Potomac Boulevard, Mt. Vernon, Illinois 62864.)

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 position on December 31, 2012 was \$114.972 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 2012 of \$186 thousand. 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 and Jointly Governed Organizations

The State's officials are responsible for appointing the majority of the members of the boards of various related organizations, but the State's accountability for these organizations does not extend beyond making the appointments.

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.

B. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about 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 Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories:

- **Invested in capital assets component of net position** consists of capital assets, net of accumulated depreciation reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted component of net position** results when constraints placed on the use of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.
- **Unrestricted component of net position** consists of the portion of net position which does not meet the definition of the two preceding categories. The unrestricted component of net position often has constraints 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 in fund financial statements is on the 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 accounted for in another fund. These services include, among others, employment and economic development, 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, transfers from the Motor Fuel Tax Fund, and various license and fee charges.

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.

Prepaid Tuition – This fund accounts for the net position held by *College Illinois!*, the Illinois prepaid tuition program. The program provides Illinois families with an affordable tax-advantaged method to pay for college.

Additionally, the State reports the following fund types:

Governmental Fund Types:

Special Revenue – These funds account for and report resources obtained from specific revenue sources that are legally restricted, committed or assigned to expenditures for specified purposes. Special revenue 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 and report governmental resources obtained and restricted, committed or assigned to pay interest and principal on general long-term debt (other than capital leases, installment purchases, workers' compensation, and unfunded retirement benefit costs).

Capital Projects – These funds account for and report resources obtained and restricted, committed or assigned to 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 – These funds account for and report 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, professional services, workers' compensation claims, medical and dental benefits for State employees, and other services 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, the State's Deferred Compensation Plan Fund, and the health insurance postemployment benefit plans for community colleges and for local school districts, excluding Chicago, administered by the State.

Investment Trust – The Public Treasurer's External Investment Pool Fund accounts for the external portion of the investment pool sponsored by the State.

Private-Purpose Trust – These funds account for resources legally held in trust for use by individuals in the State’s qualified tuition program under Section 529 of the Internal Revenue Code and other amounts held for 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 collections of child support payments, sales and telecommunications taxes assessed by local governments but collected by the State, and other 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 units’ 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, the Illinois State Toll Highway Authority, Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois.

C. 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 collected 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 and installment purchases 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 income. The tax

revenues are recorded by the State as taxpayers earn income (individual income tax, corporate income tax, and other taxes), as sales are made (sales taxes, public utility taxes, motor fuel taxes, and other taxes), or as the taxable event occurs (other taxes) net of estimated overpayments and amounts not expected to be collected. All other revenue sources including fines, penalties, licenses, and other miscellaneous revenues are considered to be measurable and available only when cash is received.

D. Eliminations

Eliminations have been made in the government-wide statement of net position 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 position, 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 position 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.

E. 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.

F. Investments

Investments are reported at fair value. Generally, the 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 which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

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 14.

G. Inventories and Prepaid Expenditures

Inventory is generally reported on the financial statements at moving-average cost. For governmental funds, the State recognizes the costs of material inventories as expenditures when purchased. The inventory amounts reported in the governmental funds do not reflect current appropriable resources, and therefore, the State reports an equivalent portion as nonspendable fund balance.

For governmental funds, prepaid expenditures are recognized when paid.

H. Interfund Transactions

The State has the following types of interfund transactions:

Interfund Loans – amounts provided with a requirement for repayment, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

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 position.

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

Transfers - flows of assets (such as cash or goods) 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.

I. Capital Assets

Capital assets, which include property, plant, equipment, intangible items 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:

Table 1-1 (amounts expressed in thousands)

Capital Asset Category	Capitalization Threshold
Infrastructure	\$ 250
Land	100
Land Improvements	25
Site Improvements	25
Buildings	100
Building Improvements	25
Equipment	5
Works of Art and Historical Treasures	5
Intangible assets - internally generated	1,000
Intangible assets - non-internally generated	25

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 estimated useful 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:

Table 1-2

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
Intangible assets - internally generated	3-25
Intangible assets - non-internally generated	3-25

The State and the University of Illinois, a major 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.

J. 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 community colleges 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 thirty-two 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 is recorded as an expense in the government-wide statement of activities and is comprised of the State's annual required contribution ("ARC"), which equals normal cost plus interest on unfunded prior service costs and amortization of prior service costs over thirty 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.

K. 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 position at their accreted value.

L. 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 the liability has 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 amount for compensated absences. However, they may have adopted different compensated absences policies. These policies can be obtained from their separately issued financial statements.

M. 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 expenditures.

N. 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.

O. Pollution Remediation Obligations

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

P. Net Position/Fund Balances

The difference between fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is “Net Position” on government-wide, proprietary fund, and fiduciary fund financial statements. The difference between assets and liabilities is “Fund Balance” on governmental fund financial statements.

The following classifications of fund balances for governmental funds comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form such as inventories or are contractually required to be maintained intact.

Restricted – includes amounts restricted for specific purposes, that is, containing constraints placed on the use of the resources either by an external party such as creditors, grantors, contributors or laws or regulations of other governments or by imposition of law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State’s highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the State removes or changes the specified use by taking the same type of action it employed to previously commit the amounts. The uses of these funds are established by bills passed by the legislature and approved by the Governor of the State of Illinois.

Assigned – amounts constrained by the State’s intent to be used for specific purposes, which don’t meet the restricted or committed criteria. Intent can be expressed by the Illinois State Legislature whom the State has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – includes the residual fund balance (deficit) which has not been restricted, committed or assigned to specific purposes within the general fund and deficit fund balances of other governmental funds.

The State utilizes encumbrance accounting to identify governmental fund obligations. Unexpended appropriations at June 30th are available for subsequent expenditure to the extent that encumbrances for the purchase of equipment and commodities have been incurred at June 30th, provided the expenditure is presented for payment during the succeeding two months.

The State has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the policy is to use committed resources first, then assigned. Unassigned amounts are only used after the other resources have been used.

Q. Endowments

For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted by the State of Illinois, permits the State and its component units to appropriate an amount of realized and unrealized endowment appreciation as determined to be prudent. The State and its component units’ policy is to retain the realized and unrealized appreciation within the endowment after spending rule distributions. Amounts available for expenditure are reported as restricted fund balances in governmental fund financial statements and as expendable restricted net position held as permanent investments on government-wide, proprietary fund, and fiduciary fund financial statements.

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

S. New Accounting Pronouncements

Effective for the year ending June 30, 2013, the State adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which improves financial reporting by addressing issues related to service concession arrangements which are a type of public-private or public-public partnership. A service concession arrangement is a contractual agreement between a transferor, a government, and an operator, a governmental or non-governmental entity, whereby a government transfers to another entity the right and related obligation to provide public services through the use of government-owned infrastructure or other public asset in exchange for significant consideration from that entity and the operator collects and is compensated by fees from third parties. As of June 30, 2013, the State does not have any material contractual agreements qualifying as service concession arrangements; thus, the implementation of this statement had no impact on the State's financial statements.

Effective for the year ending June 30, 2013, the State adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as though they are a part of the primary government using the blending method. Additionally, the statement clarifies the reporting of equity interests in legally separate organizations. The implementation of the provisions of this statement resulted in the restatement of the State's nonmajor component unit financial statements (see Note 2).

Effective for the year ending June 30, 2013, the State adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the objective of which is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain Financial Accounting Standards Board ("FASB") Statements and the American Institute of Certified Public Accountants' ("AICPA") pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of the provisions of this Statement had no impact on the State's financial statements.

Effective for the year ending June 30, 2013, the State adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was established to standardize the financial statement presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. Additionally, the statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities. The implementation of the provisions of this statement resulted in changes to the presentation of deferred outflows of resources, deferred inflows of resources, net position on the government-wide financial statements, and related disclosures; however, the implementation had no financial impact on the State's net position or results of operations.

T. Future Adoption of GASB Statements

Effective for the year ending June 30, 2014, the State will adopt GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expense or expenditure) or inflows of resources (revenue), certain items

that were previously reported as assets and liabilities. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2014, the State will adopt GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, which for defined benefit pension plans, establishes standards of financial reporting for separately issued financial reports and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan about which information is required to be presented. The statement also provides the note disclosure requirements for defined contribution pension plans administered through trusts which meet criteria identified within the statement. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2015, the State will adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which was established to set standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses and expenditures. The statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2015, the State will adopt GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, which establishes standards related to government combinations and disposals of government operations, including combinations in which no consideration is provided, such as government mergers and transfers of operations, and combinations in which consideration is provided, such as disposal of government operations. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2014, the State will adopt GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, the objective of which is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The statement requires a government that extends a nonexchange financial guarantee to recognize a liability when it is more likely than not that the government will be required to make a payment on the guarantee. Additionally, the statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2015, the State will adopt GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, which addresses an issue regarding the application of the transition provisions of GASB Statement No. 68. The statement clarifies the accounting for contributions to a defined benefit pension plan after the measurement date of a government's beginning net pension liability. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

2 FUND BALANCE / NET POSITION

A. Classification of Fund Balances

Fund Balance classifications comprise a hierarchy based primarily on the extent to which the State is bound to observe constraints imposed upon the use of resources reported in governmental funds. The specific purposes of the governmental funds fund balances at June 30, 2013 are as follows:

Table 2-1 (amounts expressed in thousands)

Fund Balances	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Long-Term Portion of Loans and Notes Receivable	\$ 4,930	\$ -	\$ -	\$ -	\$ 4,930
Inventories	27,465	54,896	-	14,536	96,897
Endowments and Similar Funds	-	-	-	39,314	39,314
Total Nonspendable	32,395	54,896	-	53,850	141,141
Restricted For:					
Debt Service	-	-	-	2,751,158	2,751,158
Unclaimed Property	-	-	-	55,358	55,358
Health and Social Services	47,937	-	-	53,909	101,846
Education	-	-	-	1,737	1,737
General Government	5	-	-	115,119	115,124
Employment and Economic Development	-	-	-	92,616	92,616
Transportation	45	-	-	46,541	46,586
Public Protection and Justice	17,742	-	-	49,580	67,322
Environment and Business Regulation	-	-	-	161,270	161,270
Total Restricted	65,729	-	-	3,327,288	3,393,017
Committed For:					
Capital Projects - Transportation Construction/ Maintenance	-	-	-	151,353	151,353
Capital Projects - Other	-	-	-	493,679	493,679
Drug Rebate	336,463	-	-	-	336,463
Affordable Housing	-	-	-	380,549	380,549
State Universities Pension	-	-	-	84,302	84,302
School Infrastructure	128,009	-	-	-	128,009
Low Income Energy Assistance	-	-	-	125,922	125,922
Downstate Public Transportation	-	-	-	139,347	139,347
Health and Social Services	122,018	-	-	173,053	295,071
Education	-	-	-	20,921	20,921
General Government	81,083	-	-	241,845	322,928
Employment and Economic Development	17,512	-	-	126,713	144,225
Transportation	27,384	590,811	236,939	84,376	939,510
Public Protection and Justice	764	-	-	168,362	169,126
Environment and Business Regulation	25,928	-	-	390,266	416,194
Total Committed	739,161	590,811	236,939	2,580,688	4,147,599
Assigned For:					
Health and Social Services	-	-	-	2,204	2,204
Education	-	-	-	3,176	3,176
General Government	-	-	-	986	986
Employment and Economic Development	-	-	-	807	807
Environment and Business Regulation	-	-	-	2,092	2,092
Total Assigned	-	-	-	9,265	9,265
Unassigned	(8,171,762)	-	-	(1,432,956)	(9,604,718)
	\$ (7,334,477)	\$ 645,707	\$ 236,939	\$ 4,538,135	\$ (1,913,696)

B. Restatements

As shown in Table 2-2, the financial statements have been restated as of July 1, 2012, due to the following:

- Overstatement of amounts due from local governments
- Reclassification of governmental fund balances
- Implementation of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34.*

Table 2-2 (amounts expressed in thousands)

	Governmental Activities				Component Units	
	Governmental Funds			Governmental Activities	Component Units	
	General Fund	Road Fund	Nonmajor Governmental Funds		Other Authorities	Component Units
Fund Balance/Net Position, June 30, 2012, as previously reported	\$ (9,132,979)	\$ 676,253	\$ 4,723,837	\$ (46,573,960)	\$ 206,768	\$ 10,836,555
Corrections of Prior Errors						
Net overstatement of amounts due from local governments	-	(11,499)	-	(11,499)	-	-
Reclassification of Governmental Fund Balances	54,808	-	(54,808)	-	-	-
Implementation of New Accounting Standards						
Implementation of GASB Statement No. 61	-	-	-	-	(20,337)	(20,337)
Fund Balance/Net Position, June 30, 2012, as restated	<u>\$ (9,078,171)</u>	<u>\$ 664,754</u>	<u>\$ 4,669,029</u>	<u>\$ (46,585,459)</u>	<u>\$ 186,431</u>	<u>\$ 10,816,218</u>

Additionally, nonmajor governmental funds include a net reclassification of fund balance as of July 1, 2012 resulting in an increase for nonmajor permanent trust funds and a decrease for nonmajor special revenue funds in the amount of \$24.895 million.

C. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$8.049 billion of restricted net position, of which \$4.978 billion 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, 2013, consisted of the following:

Table 3-1 (amounts expressed in thousands)

Investment Type	Fair Value
Repurchase agreements	\$ 1,868,668
U.S. Treasury obligations	6,048,017
U.S. Agency obligations	1,570,577
Commercial paper	1,382,416
Corporate debt securities	25,000
Money market mutual funds	397,594
Private equity	40,813
Equity in Public Treasurers' Investment Pool	1,135,531
Equity in other investment pools	282
Securities lending collateral invested in repurchase agreements	6,763,624
Total fair value	\$ 19,232,522

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”), Teachers’ 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 have published investment policies incorporating these guidelines. Primary government investments held outside of the State Treasury at June 30, 2013, except for investments held by ISBI, TRS, and SURS, consisted of the following:

Table 3-2 (amounts expressed in thousands)

Investment Type	Fair Value
Repurchase agreements	\$ 12,701
Negotiable certificates of deposit	1,776
U.S. Treasury obligations	1,104,055
U.S. Agency obligations	127,185
Municipal debt	156,026
Annuities	1,301
Corporate debt securities	88,171
Debt mutual funds	1,830,107
Equity in Public Treasurers' Investment Pool	4,283,407
Equity in Illinois State Board of Investments	28,243
Equity in other investment pools	4,539
Government notes - non U.S.	429
Foreign equity security	91,328
Money market mutual funds	950,840
Equity securities	275,286
Equity mutual funds	4,719,297
Blended mutual funds	627,358
Guaranteed investment contracts	879,683
Bond trust funds	165,337
Equity trust funds	465,422
Other	425,707
Total fair value	\$ 16,238,198

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, Judges’ Retirement System of Illinois, and State Employees’ Retirement System of Illinois. Additionally, ISBI reports one agency fund, the Illinois Power Agency Trust Fund. 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 member systems equity is approximately \$4.915 million less than the deposits and investments of the ISBI, due to net liabilities of the ISBI.

Investments held by ISBI at June 30, 2013, consisted of the following:

Table 3-3 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury obligations	\$ 381,381
U.S. Agency obligations	506,019
Corporate obligations	736,052
Common stock and equity funds	4,101,919
Foreign debt obligations	353,172
Foreign equity securities	2,143,947
Foreign preferred stock	482
Commingled funds	317,408
Hedge funds	1,166,602
Real estate	1,294,601
Private equity	643,776
Money market instruments	237,650
Infrastructure funds	550,739
Bank loans	416,649
Forward foreign currency contracts	(413)
Total Investments	<u>\$ 12,849,984</u>

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of 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. Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities 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 by the State Treasury was \$102.784 million and \$100.452 million at June 30, 2013, respectively.

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 \$206.415 million and \$207.329 million at June 30, 2013, respectively. Of the total bank balance of these cash deposits at June 30, 2013, \$900 thousand was uninsured with collateral held by the pledging financial institution in the State's name, \$4.744 million was uninsured with collateral held by the pledging financial institution but not in the State's name, and \$4.500 million was uncollateralized.

ISBI's policy outlines the control procedures used to monitor custodial credit risk for deposits. These deposits are under the custody of State Street Bank and Trust. State Street Bank and Trust has an 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, 2013, was \$21.388 million and \$21.542 million, respectively.

TRS's foreign currency held by investment managers at June 30, 2013 totaled \$114.364 million, all of which was uninsured and uncollateralized.

SURS's cash held in its investment related bank account in excess of \$250,000 is uninsured and uncollateralized. SURS has a deposit policy for custodial credit risk which outlines due diligence and monitoring procedures. Deposits are under the custody of Northern Trust Company which has an AA- Long-term Deposit/Debt rating by Standard and Poor's and an Aa3 rating by Moody's. At June 30, 2013, the carrying amount was \$403.860 million and the bank balance was \$411.351 million, of which \$8.680 million was uninsured and uncollateralized.

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, 2013:

Table 3-4 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Aaa</u>	<u>A1</u>	<u>P-1</u>	<u>Not Rated</u>	<u>Total</u>
Repurchase agreements	\$ -	\$ -	\$ 1,868,668	\$ -	\$ 1,868,668
U.S. Agency obligations	1,345,325	-	225,252	-	1,570,577
Commercial paper	-	-	1,382,416	-	1,382,416
Corporate debt securities	-	10,000	-	15,000	25,000
Money market mutual funds	397,594	-	-	-	397,594
Equity in Public Treasurers' Investment Pool	-	-	-	1,135,531 **	1,135,531
Equity in other investment pools	-	-	-	282	282
Securities lending collateral:					
Invested in repurchase agreements	-	-	-	6,763,624 *	6,763,624
Total subject to credit risk	\$ 1,742,919	\$ 10,000	\$ 3,476,336	\$ 7,914,437	13,143,692
U.S. Treasury obligations					6,048,017
Total fixed income securities					\$ 19,191,709

* The breakdown of Moody's credit ratings of the collateral for securities lending collateral invested in repurchase agreements was as follows: 11.80% Aaa, 2.14% Aa, 6.13% A, 3.10% Baa, 0.16% Ba, 0.25% B, 0.04% Caa, 4.21% P-1, 5.65% P-2, 0.30% P-3, 66.22% Not Rated.

** 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, 2013:

Table 3-5 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Aaa</u>	<u>Aa</u>	<u>A</u>	<u>Baa</u>	<u>Ba</u>	<u>B</u>	<u>Not Rated*</u>	<u>Total</u>
Negotiable certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,776	\$ 1,776
U.S. Agency obligations	98,750	358	170	-	-	-	27,907	127,185
Municipal debt	39,375	101,361	8,852	-	-	-	6,438	156,026
Corporate debt securities	14,193	7,121	17,661	30,057	11,125	251	7,763	88,171
Government notes - non U.S.	429	-	-	-	-	-	-	429
Mutual funds	24	-	-	-	-	-	1,830,083	1,830,107
Equity in Public Treasurers' Investment Pool	-	-	-	-	-	-	4,283,407	4,283,407
Equity in other investment pools	-	-	-	-	-	-	4,539	4,539
Money market mutual funds	332,144	-	-	-	-	-	618,696	950,840
Bond trust funds	-	66,291	-	-	-	-	99,046	165,337
Total subject to credit risk	\$ 484,915	\$ 175,131	\$ 26,683	\$ 30,057	\$ 11,125	\$ 251	\$ 6,879,655	7,607,817
U.S. Treasury obligations								1,104,055
Repurchase agreements backed by U.S. Treasury obligations								12,701
Total fixed income securities								\$ 8,724,573

* All of the Equity in Public Treasurers' Investment Pool amounts were rated AAA by Standard and Poor's.
\$479.633 million of money market mutual funds were 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, 2013:

Table 3-6 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Money Market Instruments	Total
Aaa	\$ 913	\$ 76,120	\$ 493,158	\$ -	\$ 570,191
Aa	15,817	97,450	5,091	-	118,358
A	124,162	17,887	-	-	142,049
Baa	138,174	30,157	-	-	168,331
Ba	148,515	-	-	-	148,515
B	272,755	-	-	-	272,755
Caa	16,998	-	-	-	16,998
Not rated	18,718	131,558	7,770	237,650	395,696
Total subject to credit risk	\$ 736,052	\$ 353,172	\$ 506,019	\$ 237,650	\$ 1,832,893

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2013:

Table 3-7 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Municipal Obligations	Commingled Funds	Total
Aaa	\$ 254,862	\$ 310,838	\$ 1,219,951	\$ 3,806	\$ -	\$ 1,789,457
Aa	95,651	313,183	54,757	22,741	-	486,332
A	271,388	94,956	-	32,229	95,078	493,651
Baa	857,800	219,315	-	-	322,336	1,399,451
Ba	421,946	153,934	-	-	490,450	1,066,330
B	346,775	10,125	-	-	170,671	527,571
Caa	77,807	129	-	-	-	77,936
Ca	13,539	-	-	-	-	13,539
C	2,460	-	-	-	-	2,460
Not rated	55,751	141,403	6,104	-	279,278	482,536
Total subject to credit risk	\$ 2,397,979	\$ 1,243,883	\$ 1,280,812	\$ 58,776	\$ 1,357,813	6,339,263
U.S. Treasury obligations						533,170
Total fixed income securities						\$ 6,872,433

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2013:

Table 3-8 (amounts expressed in thousands)

Quality Rating	Corporate Debt Securities	Foreign Debt Securities	U.S. Agency Obligations	Municipal Obligations	Total
AAA	\$ 113,163	\$ 31,248	\$ 36,896	\$ 1,921	\$ 183,228
AA	112,367	13,108	1,123,762	21,819	1,271,056
A	245,555	43,304	256	16,274	305,389
BBB	283,785	13,086	20	141	297,032
BB	72,813	2,107	-	-	74,920
B	21,537	-	-	2,038	23,575
CCC	31,522	-	-	-	31,522
CC	4,297	-	-	-	4,297
D	3,632	-	-	-	3,632
Not rated	192,778	28,674	-	295	221,747
Total subject to credit risk	\$ 1,081,449	\$ 131,527	\$ 1,160,934	\$ 42,488	2,416,398
U.S. Treasury obligations					1,466,987
U.S. Agency obligations explicitly guaranteed by U.S. government					24,074
Less cash equivalents					(160,739)
Total fixed income securities					\$ 3,746,720

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 five years with the majority required to be in authorized investments with less than one-year maturity. In addition, no more than 10% of the investment portfolio shall be allocated to investments with a 2 to 4 year maturity band and no more than 10% of the investment portfolio shall be allocated to investments with a 4 to 5 year maturity band. 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 debt securities held by the State Treasurer in the State Treasury at June 30, 2013:

Table 3-9 (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	\$ 1,868,668	\$ 1,868,668	\$ -	\$ -	\$ -
U.S. Treasury obligations	6,048,017	6,048,017	-	-	-
U.S. Agency obligations	1,570,577	225,252	1,345,325	-	-
Commercial paper	1,382,416	1,382,416	-	-	-
Corporate debt securities	25,000	15,000	10,000	-	-
Money market mutual funds	397,594	397,594	-	-	-
Equity in Public Treasurers' Investment Pool	1,135,531	1,135,531	-	-	-
Equity in other investment pools	282	-	12	250	20
Securities lending collateral: Invested in repurchase agreements	6,763,624	6,763,624	-	-	-
Total fixed income investments	\$ 19,191,709	\$17,836,102	\$ 1,355,337	\$ 250	\$ 20

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, 2013. 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 3-10 (amounts expressed in thousands)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Repurchase agreements	\$ 12,701	0.003
Negotiable certificates of deposit	1,776	1.052
U.S. Treasury obligations	1,104,055	4.826
U.S. Agency obligations	127,185	7.885
Municipal debt	156,026	10.324
Corporate debt securities	88,171	10.785
Government notes - non U.S.	429	3.630
Mutual funds	1,830,107	4.505
Equity in Public Treasurers' Investment Pool	4,283,407	0.111
Equity in other investment pools	4,539	0.036
Money market mutual funds	950,840	0.121
Bond trust funds	165,337	7.853
Total fixed income investments	\$8,724,573	

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

Barclay's Capital Intermediate U.S. Government/Credit Bond Index. At June 30, 2013, the effective duration of the Barclay's Capital Intermediate U.S. Government/Credit Bond Index was 5.5 years. At the same point in time, the effective duration of the ISBI debt security portfolio was 4.8 years. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2013:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Effective Weighted Duration (Years)
Government and agency obligations:		
U.S. Treasury obligations	\$ 381,381	5.8
U.S. Agency obligations	<u>506,019</u>	2.9
	\$ 887,400	
Corporate obligations:		
Bank and finance	166,391	5.4
Collateralized mortgage obligations	913	1.8
Industrials	409,132	4.8
Other	<u>159,616</u>	4.9
	736,052	
Foreign obligations:		
Foreign debt obligations	<u>353,172</u>	5.8
Total subject to interest rate risk	<u>\$ 1,976,624</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, 2013:

Table 3-12 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10 to 20 Years	More Than 20 Years	Other
U.S. Treasury obligations	\$ 533,170	\$ 30,802	\$ 146,972	\$ 285,259	\$ 22,051	\$ 48,086	\$ -
U.S. Agency obligations	1,280,812	185,612	161,704	301,193	261,688	370,615	-
Municipal obligations	58,776	129	898	1,484	23,425	32,840	-
Corporate debt securities	2,397,979	189,268	601,225	844,633	133,256	629,597	-
Foreign debt securities	1,243,883	185,395	411,308	318,639	200,132	128,409	-
Commingled funds	1,357,813	-	16,332	1,184,793	-	-	156,688 *
Derivatives	(9,416)	(4,174)	(6,464)	(4,535)	(183)	5,940	-
Total subject to interest rate risk	6,863,017	<u>\$ 587,032</u>	<u>\$ 1,331,975</u>	<u>\$ 2,931,466</u>	<u>\$ 640,369</u>	<u>\$ 1,215,487</u>	<u>\$ 156,688</u>
Less derivatives	<u>9,416</u>						
Total fixed income securities	<u>\$ 6,872,433</u>						

* Maturity date is not available or applicable.

SURS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. SURS has not adopted a formal policy specific to interest rate risk. The following table summarizes the time segmented distribution of the debt securities held by SURS at June 30, 2013:

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>10 to 20 Years</u>	<u>More Than 20 Years</u>
U.S. Treasury and Agency obligations	\$2,651,995	\$ 428,921	\$ 638,405	\$ 589,112	\$ 296,270	\$ 699,287
Municipal obligations	42,488	684	4,984	7,649	10,414	18,757
Corporate debt securities	1,081,449	110,740	296,852	324,609	40,872	308,376
Foreign debt securities	131,527	1,888	55,217	38,962	13,695	21,765
Derivatives - swaps	12,399	3,427	(2,874)	(251)	1,846	10,251
Total subject to interest rate risk	3,919,858	<u>\$ 545,660</u>	<u>\$ 992,584</u>	<u>\$ 960,081</u>	<u>\$ 363,097</u>	<u>\$ 1,058,436</u>
Less derivatives - swaps	(12,399)					
Less cash equivalents	(160,739)					
Total fixed income securities	<u>\$3,746,720</u>					

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 Treasury by the Prepaid Tuition Fund, a major enterprise 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 15% of its total investment portfolio.

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, 2013:

Table 3-14 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>	<u>Foreign Equity Securities</u>
Australian Dollar	\$ -	\$ 1,769
Brazilian Real	-	539
British Pound Sterling	-	20,595
Canadian Dollar	5	1,298
Czech Koruna	-	302
Danish Krone	-	1,650
Euro	48	32,176
Hong Kong Dollar	77	5,179
Indian Rupees	31	-
Indonesian Rupiah	-	495
Japanese Yen	20	10,541
Malaysian Ringgit	-	1,757
Mexican Peso	78	-
New Israeli Shekel	-	880
New Zealand Dollar	-	357
Norwegian Krone	-	649
Singapore Dollar	-	2,418
Swedish Krona	-	2,539
Swiss Franc	-	7,855
Thai Bhat	-	329
Total deposits and investments subject to foreign currency risk	<u>\$ 259</u>	<u>\$ 91,328</u>

Pensions:

The ISBI, TRS, and SURS do not have formal foreign currency 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. SURS'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, 2013:

Table 3-15 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Equity Securities and Foreign Preferred Stock</u>	<u>Foreign Debt Obligations</u>	<u>Foreign FX Forwards</u>	<u>Foreign Rights</u>	<u>Foreign Options</u>
Australian Dollar	\$ 84,940	\$ 17,798	\$ 7	\$ 2	\$ -
Brazilian Real	35,504	-	7	-	-
British Pound Sterling	423,003	23,464	(99)	-	2,108
Canadian Dollar	128,661	22,048	(43)	-	397
Danish Krone	34,412	4,926	10	-	-
Euro	531,593	124,285	96	18	2,063
Hong Kong Dollar	145,894	1,991	-	-	-
Japanese Yen	273,784	65,746	(534)	-	-
Mexican Peso	22,585	15,855	14	-	-
Norwegian Krone	27,606	7,138	48	-	-
Singapore Dollar	33,908	4,792	(25)	-	-
South African Rand	23,846	5,047	12	-	-
South Korean Won	84,876	18,591	(31)	-	-
Swedish Krona	32,302	9,448	17	-	-
Swiss Franc	218,885	8,539	72	-	-
Other currencies	42,630	23,504	36	-	-
Total investments subject to foreign currency risk	<u>\$ 2,144,429</u>	<u>\$ 353,172</u>	<u>\$ (413)</u>	<u>\$ 20</u>	<u>\$ 4,568</u>

In addition, certain investments held in infrastructure funds trade in a reported currency of Euro based dollars valued at \$56.701 million at June 30, 2013.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2013:

Table 3-16 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Currency</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Foreign Derivative Obligations</u>	<u>Total</u>
Australian Dollar	\$ 12,802	\$ 308,055	\$ 48,655	\$ (5,245)	\$ 364,267
Brazilian Real	1,620	180,065	92,716	(5,495)	268,906
British Pound Sterling	12,029	1,339,557	197,762	(242)	1,549,106
Canadian Dollar	8,884	408,607	116,962	-	534,453
Euro	25,030	1,388,211	231,778	449	1,645,468
Hong Kong Dollar	7,131	512,676	-	-	519,807
Indian Rupee	421	97,643	-	-	98,064
Indonesian Rupiah	2,303	79,435	28,323	-	110,061
Japanese Yen	13,686	1,100,098	4,022	101	1,117,907
Mexican Peso	8,917	59,863	89,100	(44)	157,836
New Taiwan Dollar	1,382	202,451	-	-	203,833
Singapore Dollar	817	162,803	22,684	-	186,304
South Korean Won	1,941	240,437	70,550	-	312,928
Swedish Krona	2,178	135,482	33,085	-	170,745
Swiss Franc	1,514	504,814	-	-	506,328
Thai Baht	13	99,540	10,310	-	109,863
Other currencies	13,696	526,689	297,936	-	838,321
Total deposits and investments subject to foreign currency risk	<u>\$ 114,364</u>	<u>\$ 7,346,426</u>	<u>\$ 1,243,883</u>	<u>\$ (10,476)</u>	<u>\$ 8,694,197</u>

In addition, TRS has foreign currency investments in private equity with fair values totaling \$236.968 million (payable in Euros) and \$21.739 million (payable in Canadian dollars) and real estate with fair values totaling \$86.937 million (payable in Euros) and \$9.484 million (payable in British Pound Sterling).

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by SURS as of June 30, 2013:

Table 3-17 (amounts expressed in thousands)

Currency Denomination	Foreign Equity Securities	Foreign Debt Obligations	Foreign Currency and Pending Currency Transactions	Net Foreign Currency Forward Contracts	Other Foreign Derivative Obligations	Total
Australian Dollar	\$ 69,894	\$ 6,753	\$ (12,526)	\$ (1)	\$ -	\$ 64,120
British Pound Sterling	287,806	19,385	(20,416)	(7)	400	287,168
Canadian Dollar	62,984	12,692	(13,750)	-	1,767	63,693
Euro	429,329	38,937	(31,909)	(277)	18,667	454,747
Hong Kong Dollar	87,894	-	192	-	-	88,086
Japanese Yen	267,933	8,848	(955)	66	72	275,964
Singapore Dollar	41,823	8,102	13	1	-	49,939
Swiss Franc	124,118	-	136	-	-	124,254
Other currencies	184,421	15,954	5,494	(39)	(3,223)	202,607
Total investments subject to foreign currency risk	<u>\$ 1,556,202</u>	<u>\$ 110,671</u>	<u>\$ (73,721)</u>	<u>\$ (257)</u>	<u>\$ 17,683</u>	<u>\$ 1,610,578</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 3-18 (amounts expressed in thousands)

Investment Type	Rating Standard & Poor's/Moody's	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Agency obligations	AA/Aaa	\$ 692,257	\$ 415,307	\$ 4,716	\$ -	\$ 272,234
Money market fund - sweep account	AA/Aaa	233,555	233,555	-	-	-
Total subject to credit risk		925,812	648,862	4,716	-	272,234
U.S. Treasury obligations		57,383	43,045	6,113	7,122	1,103
Repurchase agreements backed by U.S. Government obligations		33,224	32,911	300	-	13
Total subject to interest rate risk		<u>\$ 1,016,419</u>	<u>\$ 724,818</u>	<u>\$ 11,129</u>	<u>\$ 7,122</u>	<u>\$ 273,350</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.

Concentration of Credit Risk: IHDA places no limit on the amount that may be invested in any one issuer. More than 5 percent of IHDA's investments are in Federal Home Loan Bank (\$254.472 million), Federal National Mortgage Association (\$154.209 million), and Federal Home Loan Mortgage Corporation (\$67.02 million).

ILLINOIS STATE TOLL HIGHWAY AUTHORITY (“THA”)

Investments

Table 3-19 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poors/Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Agency obligations	AA/Aaa	\$ 72,000	\$ 72,000
Money market mutual funds	AAA/Aaa	302,399	302,399
Total subject to credit risk and interest rate risk		374,399	<u>\$ 374,399</u>
Less cash equivalents		(302,399)	
Total investments		<u>\$ 72,000</u>	

Interest Rate Risk: As a means of limiting its exposure to fair value losses from rising interest rates, THA’s investment policy requires the majority of THA investments to be less than one year maturity with no investment exceeding a ten-year maturity.

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

ILLINOIS STATE UNIVERSITY (“ISU”)

Investments

Table 3-20 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Moody's/ Standard & Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 6 Years</u>
U.S. Agency obligations	Aaa/AA	\$ 99,865	\$ 12,151	\$ 87,714
Illinois Public Treasurers' Investment Pool	Not Rated/AAA	31,361	31,361	-
Money market mutual funds	Not rated	13,726	13,726	-
Total subject to credit risk		144,952	57,238	87,714
U.S. Treasury obligations		36,268	5,039	31,229
Total subject to interest rate risk		181,220	<u>\$ 62,277</u>	<u>\$ 118,943</u>
Less cash equivalents		(45,087)		
Total investments of the University		136,133		
Investments of component units		95,660		
Total investments		<u>\$ 231,793</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 Farm Credit Bank (\$28.504 million) and Federal Home Loan Bank (\$66.198 million).

NORTHERN ILLINOIS UNIVERSITY ("NIU")

Investments

Table 3-21 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	AA	\$ 100,592	\$ 21,037	\$ 79,555
Money market mutual funds	AAA	26,967	26,967	-
Illinois Public Treasurers' Investment Pool	AAA	36,241	36,241	-
Total subject to credit risk		163,800	84,245	79,555
U.S. Treasury obligations		24,487	6,502	17,985
Total subject to interest rate risk		188,287	\$ 90,747	\$ 97,540
Less cash equivalents		(29,967)		
Total investments of the University		158,320		
Investments of component units		80,496		
Total investments		\$ 238,816		

Interest Rate Risk: NIU does not have a formal policy for interest rate risk.

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

Concentration of Credit Risk: More than 5 percent of NIU's investments are in Federal Farm Credit Bank (\$30.111 million), Federal Home Loan Bank (\$13.938 million), Federal Home Loan Mortgage Corporation (\$28.476 million), and Federal National Mortgage Association (\$28.067 million).

SOUTHERN ILLINOIS UNIVERSITY ("SIU")

Investments

Table 3-22 (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	\$ 59,774	\$ -	\$ 46,195	\$ 13,579
Equity in Public Treasurers' Investment Pool	AAA	110,544	110,544	-	-
Total subject to credit risk		170,318	110,544	46,195	13,579
U.S. Treasury obligations		59,735	24,317	26,964	8,454
Total subject to interest rate risk		230,053	\$ 134,861	\$ 73,159	\$ 22,033
Common stock		44			
Less cash equivalents		(110,544)			
Total investments of the University		119,553			
Investments of component units		185,861			
Total investments		\$ 305,414			

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 a minimum of \$40 million held in cash equivalents and \$65 to \$115 million held in the intermediate-term portfolio. However, circumstances may occur that cause the allocations to temporarily fall outside the prescribed ranges.

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.

UNIVERSITY OF ILLINOIS ("U of I")

Deposits

Custodial Credit Risk: The carrying amount and bank balance of the U of I's deposits totaled \$10.846 million and \$32.582 million, respectively. The total bank balance of these deposits at June 30, 2013 was covered by federal depository insurance or by collateral held by an agent in the University's name.

Investments

Interest Rate Risk: The U of I employs multiple investment managers, of which each has specific maturity assignments 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 the Barclay's Capital 1-3 year Government Bond Index, the Barclay's Capital 1-3 year Government Credit Bond Index and the Barclay's Capital 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 U of I's investments and maturities at June 30, 2013 are illustrated below:

Table 3-23 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's				Less Than BB or Not Rated
		AAA	AA	A	BBB	
U.S. Treasury obligations	\$ 291,725	\$ 422	\$ 184,516	\$ -	\$ -	\$ -
U.S. Agency obligations	184,938	-	5,999	6,923	-	-
Commercial paper	12,922	-	-	-	-	-
Corporate bonds	495,442	12,366	119,763	259,681	100,367	582
Bond mutual funds	83,031	-	42,832	40,199	-	-
Money market mutual funds	739,588	737,544	2,044	-	-	-
Illinois Public Treasurers' Investment Pool	5,263	5,263	-	-	-	-
Non government mortgage-backed securities	65,844	37,110	5,425	4,742	1,942	1,636
Other asset-backed securities	171,336	151,581	15,540	49	-	885
Government bonds - non U.S.	41,950	15,590	19,393	5,722	884	-
Repurchase agreements	316	-	-	-	-	-
Total subject to credit risk	1,800,630	\$ 959,876	\$ 395,512	\$ 317,316	\$ 103,193	\$ 3,103
U.S. Treasury obligations	291,725					
Total fixed income securities	\$ 2,092,355					

At June 30, 2013, the U of I's operating funds pool portfolio had an effective duration of 1.4 years.

Credit Risk: The 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, 2013, the U of I debt securities and quality ratings are as shown in the charts below:

Table 3-24 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's					Less Than BB or Not Rated
		AAA	AA	A	BBB	BB	
U.S. Agency obligations	\$ 184,938	\$ 422	\$ 184,516	\$ -	\$ -	\$ -	\$ -
Commercial paper	12,922	-	5,999	6,923	-	-	-
Corporate bonds	495,442	12,366	119,763	259,681	100,367	582	2,683
Bond mutual funds	83,031	-	42,832	40,199	-	-	-
Money market mutual funds	739,588	737,544	2,044	-	-	-	-
Illinois Public Treasurers' Investment Pool	5,263	5,263	-	-	-	-	-
Non government mortgage-backed securities	65,844	37,110	5,425	4,742	1,942	1,636	14,989
Other asset-backed securities	171,336	151,581	15,540	49	-	885	3,281
Government bonds - non U.S.	41,950	15,590	19,393	5,722	884	-	361
Repurchase agreements	316	-	-	-	-	-	316
Total subject to credit risk	1,800,630	\$ 959,876	\$ 395,512	\$ 317,316	\$ 103,193	\$ 3,103	\$ 21,630
U.S. Treasury obligations	291,725						
Total fixed income securities	\$ 2,092,355						

SECURITIES LENDING TRANSACTIONS

The investment policies of certain State agencies and component units, principally the State Treasurer, ISBI, TRS, SURS, and the U of I, 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 100% 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. 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 approximately 1 to 27 days. Cash collateral is generally invested in the lending agents' short-term investment pools, which at year-end had weighted average maturities of approximately 13 to 88 days. The relationship between the maturities of the investment pools and the agencies' loans is affected by the maturities of the securities loans made by other entities that use the agents' pools, which the agencies 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, 2013.

State Agency/Component Unit	Fair Value	Collateral Value
State Treasurer	\$6,763,624	\$6,742,892
Illinois State Board of Investments	238,383	245,132
Teachers' Retirement System	1,781,797	1,836,179
State Universities Retirement System	628,700	646,900
University of Illinois	24,978	25,545

4 TAXES RECEIVABLE

Taxes receivable for the primary government at June 30, 2013 are as follows:

Table 4-1 (amounts expressed in thousands)

	Governmental Activities			Business-type Activities	
	General Fund	Nonmajor Funds	Total	Unemployment Compensation Trust Fund	Fiduciary Funds
Income tax	\$ 1,185,543	\$ 145,387	\$ 1,330,930	\$ -	\$ -
Less allowance	(508,601)	(79,819)	(588,420)	-	-
Net income tax	676,942	65,568	742,510	-	-
Sales tax	675,819	235,769	911,588	-	-
Less allowance	(241,632)	(76,657)	(318,289)	-	-
Net sales tax	434,187	159,112	593,299	-	-
Motor fuel tax	-	155,133	155,133	-	-
Less allowance	-	(37,797)	(37,797)	-	-
Net motor fuel tax	-	117,336	117,336	-	-
Public utility tax	16,655	15,142	31,797	-	-
Less allowance	(5,274)	(835)	(6,109)	-	-
Net public utility tax	11,381	14,307	25,688	-	-
Riverboat tax	-	7,308	7,308	-	-
Less allowance	-	-	-	-	-
Net riverboat tax	-	7,308	7,308	-	-
Medical providers assessment tax	35,281	-	35,281	-	-
Less allowance	(1,466)	-	(1,466)	-	-
Net medical providers assessment tax	33,815	-	33,815	-	-
Other tax	376,355	53,290	429,645	-	-
Less allowance	(13,084)	(1,157)	(14,241)	-	-
Net other tax	363,271	52,133	415,404	-	-
Unemployment compensation tax	-	-	-	896,892	-
Less allowance	-	-	-	(203,433)	-
Net unemployment compensation tax	-	-	-	693,459	-
Taxes assessed by other governments	-	-	-	-	221,088
Total taxes receivable, net	\$ 1,519,596	\$ 415,764	\$ 1,935,360	\$ 693,459	\$ 221,088

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2013 consisted of the following:

Table 5-1 (amounts expressed in thousands)

Due From	Due To											Total
	General Fund	Road Fund	State Construction Account	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds		
General Fund	\$ -	\$ 1,108	\$ -	\$ 196,868	\$ -	\$ 66	\$ -	\$ 44,530	\$ 4,210	\$ 63,311	\$ 310,093	
Road Fund	26	-	-	57,736	-	-	-	-	-	-	57,762	
State Construction Account	-	2,188	-	35,797	-	-	-	-	-	-	37,985	
Nonmajor Governmental Funds	442,610	2,502	148	1,237,853	3,236	-	-	1	290	-	1,686,640	
Unemployment Compensation Trust Fund	-	-	-	7,192	-	-	-	-	-	-	7,192	
Nonmajor Enterprise Funds	-	-	-	382	-	-	304	7,094	167	180	8,127	
Internal Service Funds	2,204,940	191,894	-	130,868	-	44	-	677	33,123	10	2,561,556	
Fiduciary Funds	836,714	-	-	31,591	-	-	-	-	275	121	868,701	
Total	\$ 3,484,290	\$ 197,692	\$ 148	\$ 1,698,287	\$ 3,236	\$ 110	\$ 304	\$ 52,302	\$ 38,065	\$ 63,622	\$ 5,538,056	

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. Because of resource constraints in the current fiscal year, the payment time of transactions from the General Revenue Account of the General Fund was significantly slower than in previous fiscal years.

Interfund balances include \$1.003 billion of deferred expense related to a payment of approximately \$1.350 billion from the Railsplitter Tobacco Settlement Authority, a blended component unit, to the Tobacco Settlement Recovery Fund, a nonmajor governmental fund. This expense will be amortized over the life of the related bonds, as summarized in Note 11. All other interfund balances are expected to be repaid within one year.

Interfund transfers activity at June 30, 2013 consisted of the following:

Table 5-2 (amounts expressed in thousands)

Transfers-In	Transfers-Out						Total
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 855,125	\$ -	\$ 819,390	\$ 471	\$ 1,674,986
Road Fund	-	-	4,133	-	-	-	4,133
State Construction Account	-	-	2,427	-	-	-	2,427
Nonmajor Governmental Funds	2,898,444	366,030	1,084,180	19,910	7,661	-	4,376,225
Water Revolving Fund	-	-	22,839	-	-	-	22,839
Nonmajor Enterprise Funds	-	-	-	-	33,622	-	33,622
Total	\$ 2,898,444	\$ 366,030	\$ 1,968,704	\$ 19,910	\$ 860,673	\$ 471	\$ 6,114,232

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.

INTERENTITY

The due from amounts for the State of Illinois from its component units, as of June 30, 2013, consisted of the following:

Table 5-3 (amounts expressed in thousands)

Due To	Due From								Total
	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	
General Fund	\$ 171	\$ -	\$ -	\$ 1	\$ 92	\$ 271	\$ 38,902	\$ 129	\$ 39,566
Road Fund	-	59,561	-	-	-	-	296	-	59,857
Nonmajor Governmental Funds	324,163	-	19,408	-	1	-	647	10	344,229
Unemployment Compensation Trust Fund	-	-	-	-	14	-	184	31	229
Water Revolving Fund	-	-	241	-	-	-	-	-	241
Nonmajor Enterprise Funds	-	-	4	-	-	-	-	-	4
Internal Service Funds	-	-	-	-	185	-	30,118	-	30,303
Total	\$ 324,334	\$ 59,561	* \$ 19,653	\$ 1	\$ 292	\$ 271	\$ 70,147	\$ 170	\$ 474,429

* The amounts due to the Illinois State Toll Highway Authority at December 31, 2012, its fiscal year-end, were \$59,561.

The due to amounts for the State of Illinois to its component units, as of June 30, 2013, consisted of the following:

Due From	Due To								
	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	Total
General Fund	\$ -	\$ 9	\$ 19,199	\$ 22,623	\$ 26,813	\$ 67,300	\$ 374,543	\$ 44,188	\$ 554,675
Road Fund	-	115,864	-	-	59	347	3,970	5	120,245
State Construction Account	-	-	-	-	-	-	1,286	-	1,286
Nonmajor Governmental Funds	1,270	6	-	1,802	1,713	4,539	38,123	12,777	60,230
Water Revolving Fund	-	-	21,519	-	-	-	26	-	21,545
Prepaid Tuition Fund	-	-	-	-	-	18	-	28	46
Internal Service Funds	-	11	-	1,741	21	-	143	-	1,916
Fiduciary Funds	-	20	49	-	-	-	-	-	69
Total	\$ 1,270	\$115,910	* \$ 40,767	\$ 26,166	\$ 28,606	\$ 72,204	\$ 418,091	\$ 56,998	\$ 760,012

* The amounts due from the Illinois State Toll Highway Authority at December 31, 2012, its fiscal year-end, were \$115.864.

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, 2013, consisted of the following:

Table 6-1 (amounts expressed in thousands)

	Primary Government						
	Governmental Activities			Business-type Activities			
	General Fund	Nonmajor Governmental Funds	Total	Water Revolving Fund	Nonmajor Enterprise Funds	Total	Fiduciary Funds
Student loan program	\$ 28,570	\$ 1,652	\$ 30,222	\$ -	\$ 694,695	\$ 694,695	\$ 86
Deferred compensation loan program	-	-	-	-	-	-	22,050
Business loan program	-	500	500	-	-	-	-
Local government infrastructure	-	-	-	2,389,132	-	2,389,132	-
Port district construction	14,968	313	15,281	-	-	-	-
Other	555	65,566	66,121	-	-	-	-
	<u>44,093</u>	<u>68,031</u>	<u>112,124</u>	<u>2,389,132</u>	<u>694,695</u>	<u>3,083,827</u>	<u>22,136</u>
Less: Allowance for uncollectible accounts	39,163	446	39,609	-	50,463	50,463	30
Total	<u>4,930</u>	<u>67,585</u>	<u>72,515</u>	<u>2,389,132</u>	<u>644,232</u>	<u>3,033,364</u>	<u>22,106</u>
Less: Amounts representing restricted assets	-	-	-	203,686	644,232	847,918	-
Loans and notes receivable, net	<u>\$ 4,930</u>	<u>\$ 67,585</u>	<u>\$ 72,515</u>	<u>\$ 2,185,446</u>	<u>\$ -</u>	<u>\$ 2,185,446</u>	<u>\$22,106</u>

Table 6-2 (amounts expressed in thousands)

	Major Component Units				
	Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Mortgage loan program	\$ 1,669,582	\$ -	\$ -	\$ -	\$ -
Student loan program	-	9,791	8,753	19,140	64,673
Other	-	-	-	46	59
	<u>1,669,582</u>	<u>9,791</u>	<u>8,753</u>	<u>19,186</u>	<u>64,732</u>
Less: Allowance for uncollectible accounts	71,790	955	74	799	2,956
Loans and notes receivable, net	<u>\$ 1,597,792</u>	<u>\$ 8,836</u>	<u>\$ 8,679</u>	<u>\$ 18,387</u>	<u>\$ 61,776</u>

7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

Table 7-1 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Governmental activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 3,023,212	\$ 141,656	\$ 7,983	\$ -	\$ 3,156,885
Intangible assets	109,919	68,023	-	-	177,942
Historical treasures and works of art	38,454	8	-	236	38,698
Construction in progress	71,552	113,864	3,973	(57,536)	123,907
Total capital assets not being depreciated	<u>3,243,137</u>	<u>323,551</u>	<u>11,956</u>	<u>(57,300)</u>	<u>3,497,432</u>
Capital assets being depreciated:					
Infrastructure	25,836,582	1,234,503	749,219	-	26,321,866
Site improvements	790,287	1,418	344	(20,149)	771,212
Buildings and building improvements	4,469,332	3,494	116,808	75,713	4,431,731
Equipment	1,118,494	67,788	56,062	(6,622)	1,123,598
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	89,885	20,639	559	-	109,965
Total capital assets being depreciated	<u>32,305,680</u>	<u>1,327,842</u>	<u>922,992</u>	<u>48,942</u>	<u>32,759,472</u>
Less accumulated depreciation for:					
Infrastructure	10,953,248	1,119,460	749,219	-	11,323,489
Site improvements	463,642	21,471	56	(18,387)	466,670
Buildings and building improvements	2,375,039	103,863	15,697	20,167	2,483,372
Equipment	879,009	62,495	47,755	(10,122)	883,627
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	17,841	9,328	559	-	26,610
Total accumulated depreciation	<u>14,689,879</u>	<u>1,316,617</u>	<u>813,286</u>	<u>(8,342)</u>	<u>15,184,868</u>
Total capital assets being depreciated, net	<u>17,615,801</u>	<u>11,225</u>	<u>109,706</u>	<u>57,284</u>	<u>17,574,604</u>
Governmental activities capital assets, net	<u>\$ 20,858,938</u>	<u>\$ 334,776</u>	<u>\$ 121,662</u>	<u>\$ (16)</u>	<u>\$ 21,072,036</u>
Depreciation expense for governmental activities was charged to functions as follows:					
Health and social services					\$ 30,054
Education					4,219
General government					18,906
Employment and economic development					10,101
Transportation					1,149,278
Public protection and justice					56,828
Environmental and business regulation					24,817
Internal service funds					<u>22,414</u>
Total					<u>\$ 1,316,617</u>

Table 7-2 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Business-type activities					
Water Revolving Fund:					
Capital assets being depreciated:					
Equipment	\$ 414	\$ 53	\$ 43	\$ -	\$ 424
Total capital assets being depreciated	414	53	43	-	424
Less accumulated depreciation for:					
Equipment	358	26	43	-	341
Total accumulated depreciation	358	26	43	-	341
Total capital assets being depreciated, net	56	27	-	-	83
Water Revolving Fund capital assets, net	56	27	-	-	83
Nonmajor enterprise funds:					
Capital assets not being depreciated:					
Land and land improvements	190	-	190	-	-
Construction in progress	-	299	-	-	299
Intangible assets	286	132	-	(286)	132
Total capital assets not being depreciated	476	431	190	(286)	431
Capital assets being depreciated:					
Buildings and building improvements	1,714	726	1,282	-	1,158
Equipment	7,738	805	1,115	16	7,444
Intangible assets	1,441	1,032	-	286	2,759
Total capital assets being depreciated	10,893	2,563	2,397	302	11,361
Less accumulated depreciation for:					
Buildings and building improvements	690	39	456	-	273
Equipment	5,990	582	892	-	5,680
Intangible assets	72	210	-	-	282
Total accumulated depreciation	6,752	831	1,348	-	6,235
Total capital assets being depreciated, net	4,141	1,732	1,049	302	5,126
Nonmajor enterprise funds capital assets, net	4,617	2,163	1,239	16	5,557
Total Business-type activities					
Capital assets not being depreciated	476	431	190	(286)	431
Capital assets being depreciated, net	4,197	1,759	1,049	302	5,209
Business-type activities capital assets, net	\$ 4,673	\$ 2,190	\$ 1,239	\$ 16	\$ 5,640
Depreciation expense for business-type activities was charged to functions as follows:					
Water revolving					\$ 26
Lottery					99
Other					732
Total					<u>\$ 857</u>

Table 7-3 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Fiduciary Funds					
Capital assets not being depreciated:					
Land and land improvements	\$ 1,721	\$ -	\$ -	\$ 17	\$ 1,738
Intangible assets	3	-	-	-	3
Total capital assets not being depreciated	1,724	-	-	17	1,741
Capital assets being depreciated:					
Site improvements	1,089	-	-	-	1,089
Buildings and building improvements	17,607	454	-	(17)	18,044
Equipment	20,881	1,283	1,368	-	20,796
Intangible assets	1,057	517	-	-	1,574
Total capital assets being depreciated	40,634	2,254	1,368	(17)	41,503
Less accumulated depreciation for:					
Site improvements	385	71	-	-	456
Buildings and building improvements	9,644	661	-	-	10,305
Equipment	19,177	796	1,367	-	18,606
Intangible assets	307	192	-	-	499
Total accumulated depreciation	29,513	1,720	1,367	-	29,866
Total capital assets being depreciated, net	11,121	534	1	(17)	11,637
Fiduciary funds capital assets, net	\$ 12,845	\$ 534	\$ 1	\$ -	\$ 13,378

Table 7-4 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units					
Illinois Housing Development Authority:					
Capital assets not being depreciated:					
Land and land improvements	\$ 2,600	\$ -	\$ -	\$ -	\$ 2,600
Total capital assets not being depreciated	2,600	-	-	-	2,600
Capital assets being depreciated:					
Buildings and building improvements	45,114	649	-	-	45,763
Equipment	393	284	39	-	638
Intangible assets	1,595	361	-	-	1,956
Total capital assets being depreciated	47,102	1,294	39	-	48,357
Less accumulated depreciation for:					
Buildings and building improvements	15,084	2,368	-	-	17,452
Equipment	180	79	30	-	229
Intangible assets	1,490	93	-	-	1,583
Total accumulated depreciation	16,754	2,540	30	-	19,264
Total capital assets being depreciated, net	30,348	(1,246)	9	-	29,093
Capital assets, net	\$ 32,948	\$ (1,246)	\$ 9	\$ -	\$ 31,693
Illinois State Toll Highway Authority:					
Capital assets not being depreciated:					
Land and land improvements	\$ 315,129	\$ 12,848	\$ -	\$ -	\$ 327,977
Construction in progress	75,878	313,330	-	(256,453)	132,755
Total capital assets not being depreciated	391,007	326,178	-	(256,453)	460,732
Capital assets being depreciated:					
Infrastructure	6,878,142	21,479	99,711	256,453	7,056,363
Buildings and building improvements	52,066	1,959	-	-	54,025
Equipment	209,018	10,145	2,329	-	216,834
Total capital assets being depreciated	7,139,226	33,583	102,040	256,453	7,327,222
Less accumulated depreciation for:					
Infrastructure	2,254,820	298,754	99,711	-	2,453,863
Buildings and building improvements	37,308	1,826	-	-	39,134
Equipment	125,856	12,574	1,879	-	136,551
Total accumulated depreciation	2,417,984	313,154	101,590	-	2,629,548
Total capital assets being depreciated, net	4,721,242	(279,571)	450	256,453	4,697,674
Capital assets, net	\$ 5,112,249	\$ 46,607	\$ 450	\$ -	\$ 5,158,406

Table 7-4 (continued)					
(amounts expressed in thousands)					
	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units, continued					
Illinois State University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 15,469	\$ -	\$ -	\$ -	\$ 15,469
Construction in progress	44,835	31,718	-	(37,948)	38,605
Total capital assets not being depreciated	60,304	31,718	-	(37,948)	54,074
Capital assets being depreciated:					
Infrastructure	12,683	-	-	-	12,683
Site improvements	35,759	8	-	1,955	37,722
Buildings and building improvements	520,100	1,337	-	35,993	557,430
Equipment	174,825	7,425	2,346	-	179,904
Total capital assets being depreciated	743,367	8,770	2,346	37,948	787,739
Less accumulated depreciation for:					
Infrastructure	6,694	308	-	-	7,002
Site improvements	12,330	1,197	-	-	13,527
Buildings and building improvements	205,527	11,990	-	-	217,517
Equipment	130,274	10,174	2,286	-	138,162
Total accumulated depreciation	354,825	23,669	2,286	-	376,208
Total capital assets being depreciated, net	388,542	(14,899)	60	37,948	411,531
Capital assets, net	\$ 448,846	\$ 16,819	\$ 60	\$ -	\$ 465,605
Northern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 23,110	\$ -	\$ -	\$ -	\$ 23,110
Historic treasures and works of art	332	-	332	-	-
Construction in progress	141,912	56,406	4,226	(159,866)	34,226
Total capital assets not being depreciated	165,354	56,406	4,558	(159,866)	57,336
Capital assets being depreciated:					
Site improvements	69,691	-	-	2,662	72,353
Buildings and building improvements	503,295	-	-	157,204	660,499
Equipment	184,703	5,896	6,534	-	184,065
Intangible assets	3,820	-	-	-	3,820
Total capital assets being depreciated	761,509	5,896	6,534	159,866	920,737
Less accumulated depreciation for:					
Site improvements	39,620	2,620	-	-	42,240
Buildings and building improvements	262,547	15,448	-	-	277,995
Equipment	162,701	6,738	4,874	-	164,565
Intangible assets	3,056	764	-	-	3,820
Total accumulated depreciation	467,924	25,570	4,874	-	488,620
Total capital assets being depreciated, net	293,585	(19,674)	1,660	159,866	432,117
Capital assets, net	\$ 458,939	\$ 36,732	\$ 6,218	\$ -	\$ 489,453

Table 7-4 (continued)					
(amounts expressed in thousands)					
	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units, continued					
Southern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 21,927	\$ 443	\$ 97	\$ -	\$ 22,273
Historic treasures and works of art	11,481	42	-	-	11,523
Construction in progress	143,987	83,064	737	(83,912)	142,402
Total capital assets not being depreciated	177,395	83,549	834	(83,912)	176,198
Capital assets being depreciated:					
Infrastructure	8,608	-	-	-	8,608
Site improvements	64,848	1,272	36	2,457	68,541
Buildings and building improvements	1,003,891	2,324	-	77,252	1,083,467
Equipment	345,730	13,656	6,025	4,203	357,564
Intangible assets	7,341	-	-	-	7,341
Total capital assets being depreciated	1,430,418	17,252	6,061	83,912	1,525,521
Less accumulated depreciation for:					
Infrastructure	8,608	-	-	-	8,608
Site improvements	38,927	2,844	36	-	41,735
Buildings and building improvements	471,650	27,134	-	-	498,784
Equipment	290,561	18,111	5,503	-	303,169
Intangible assets	2,589	774	-	-	3,363
Total accumulated depreciation	812,335	48,863	5,539	-	855,659
Total capital assets being depreciated, net	618,083	(31,611)	522	83,912	669,862
Capital assets, net	\$ 795,478	\$ 51,938	\$ 1,356	\$ -	\$ 846,060
University of Illinois:					
Capital assets not being depreciated:					
Land and land improvements	\$ 136,223	\$ 606	\$ -	\$ 509	\$ 137,338
Intangible assets	130	-	-	-	130
Historic treasures and works of art	21,320	490	1	-	21,809
Construction in progress	168,383	257,455	-	(217,986)	207,852
Total capital assets not being depreciated	326,056	258,551	1	(217,477)	367,129
Capital assets being depreciated:					
Site improvements	678,452	-	-	3,458	681,910
Buildings and building improvements	3,689,524	209	2,610	33,385	3,720,508
Equipment	1,582,510	86,439	55,479	176,702	1,790,172
Intangible assets	171,109	28	-	3,059	174,196
Total capital assets being depreciated	6,121,595	86,676	58,089	216,604	6,366,786
Less accumulated depreciation for:					
Site improvements	349,672	23,049	-	-	372,721
Buildings and building improvements	1,327,434	91,526	2,003	(873)	1,416,084
Equipment	1,227,056	101,689	51,304	-	1,277,441
Intangible assets	142,178	16,363	-	-	158,541
Total accumulated depreciation	3,046,340	232,627	53,307	(873)	3,224,787
Total capital assets being depreciated, net	3,075,255	(145,951)	4,782	217,477	3,141,999
Capital assets, net	\$ 3,401,311	\$ 112,600	\$ 4,783	\$ -	\$ 3,509,128

8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for governmental activities for the year ended June 30, 2013 are summarized below:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	\$ 27,792,980	\$ 867,228 *	\$ (1,605,380)	\$ 27,054,828	\$ 1,723,642 ^
Special obligation bonds (note 10)	2,851,752	906,562 **	(862,080)	2,896,234	236,140
Revenue bonds (note 11)	1,444,085	-	(63,550)	1,380,535	70,860
Deferred amount on refundings:					
General obligation bonds (note 9)	(91,138)	-	16,053	(75,085)	14,115
Special obligation bonds (note 10)	(11,888)	(25,444)	2,698	(34,634)	6,118
Unamortized premiums:					
General obligation bonds (note 9)	441,946	40,046	(61,412)	420,580	56,981
Special obligation bonds (note 10)	94,663	86,578	(42,496)	138,745	21,249
Revenue bonds (note 11)	6,009	-	(378)	5,631	-
Unamortized (discounts):					
General obligation bonds (note 9)	(1,808)	-	123	(1,685)	-
Total bonds payable	<u>32,526,601</u>	<u>1,874,970</u>	<u>(2,616,422)</u>	<u>31,785,149</u>	<u>2,129,105</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	7,648	1,029	(1,859)	6,818	1,895
Installment purchases (note 13C)	3,412	-	(2,257)	1,155	347
Certificates of participation (note 13B)	58,190	-	(9,170)	49,020	7,755
Workers compensation (note 19)	563,880	141,170	(125,884)	579,166	141,188
Auto liability (note 19)	13,555	4,221	(6,238)	11,538	4,157
Pollution remediation obligation (note 13D)	37,800	-	(500)	37,300	1,800
Compensated absences (note 1L)	430,225	345,891	(358,269)	417,847	44,131
Net pension obligation (note 16)	26,183,685	1,720,084	-	27,903,769	-
Net other postemployment benefits obligation (note 17)	7,300,079	1,752,959	-	9,053,038	-
Other obligations (note 13G)	237	-	(237)	-	-
Total other long-term obligations	<u>34,598,711</u>	<u>3,965,354</u>	<u>(504,414)</u>	<u>38,059,651</u>	<u>201,273</u>
Total Governmental Activities	<u>\$ 67,125,312</u>	<u>\$ 5,840,324</u>	<u>\$ (3,120,836)</u>	<u>\$ 69,844,800</u>	<u>\$ 2,330,378</u>

* Includes \$17,228 of interest accreted on capital appreciation debt.
** Includes \$2,452 of interest accreted on capital appreciation debt.
^ \$408 of interest will be accreted on capital appreciation debt in the next year.

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 charges from the Workers' Compensation Revolving Fund, an internal service fund, to the applicable fund that would have paid 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.

Net other postemployment benefit obligation – by the applicable funds that accounted for the salaries and wages of the related employees who are members of the State's group insurance programs. In addition, appropriations from the General Fund are used to liquidate amounts for employees of the State's university component units.

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

Changes in long-term obligations for business-type activities for the year ended June 30, 2013 are summarized below:

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Primary Government					
Business-type Activities					
<i>Unemployment Compensation Trust Fund:</i>					
Bonds payable:					
Revenue bonds (note 11)	\$ -	\$ 1,469,940	\$ (203,055)	\$ 1,266,885	\$ 160,790
Unamortized premiums (note 11)	-	156,992	(36,159)	120,833	36,519
Total Unemployment Compensation Trust Fund	-	1,626,932	(239,214)	1,387,718	197,309
<i>Water Revolving Fund:</i>					
Other long-term obligations:					
Compensated absences (note 1L)	1,590	761	(728)	1,623	52
Total Water Revolving Fund	1,590	761	(728)	1,623	52
<i>Prepaid Tuition Fund:</i>					
Tuition and related accretion payable (note 13F)	1,594,657	84,604	(121,772)	1,557,489	160,592
Compensated absences (note 1L)	65	-	(65)	-	-
Total Prepaid Tuition Fund	1,594,722	84,604	(121,837)	1,557,489	160,592
<i>Nonmajor Enterprise Funds:</i>					
Bonds payable:					
Revenue bonds (note 11)	535,148	-	(152,312)	382,836	-
Deferred amount on refundings (note 11)	62,589	-	(4,418)	58,171	4,418
Unamortized (discounts) (note 11)	(7,033)	-	359	(6,674)	(208)
Total bonds payable	590,704	-	(156,371)	434,333	4,210
Other long-term obligations:					
Lottery prize awards (note 13E)	300,719	30,461	(58,097)	273,083	47,917
Compensated absences (note 1L)	6,069	3,356	(3,362)	6,063	582
Other obligations (note 13G)	8,418	708	(1,051)	8,075	2,150
Total other long-term obligations	315,206	34,525	(62,510)	287,221	50,649
Total Nonmajor Enterprise Funds	905,910	34,525	(218,881)	721,554	54,859
Total Business-type Activities	\$ 2,502,222	\$ 1,746,822	\$ (580,660)	\$ 3,668,384	\$ 412,812

Changes in long-term obligations for fiduciary funds for the year ended June 30, 2013 are summarized below:

Table 8-3 (amounts expressed in thousands)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Fiduciary Funds					
Capital lease obligations (note 13A)	\$ 15	\$ -	\$ (13)	\$ 2	\$ 2
Compensated absences (note 1L)	4,060	2,284	(1,920)	4,424	64
Total Fiduciary Funds	\$ 4,075	\$ 2,284	\$ (1,933)	\$ 4,426	\$ 66

Changes in long-term obligations for component units for the year ended June 30, 2013 are summarized below:

Table 8-4 (amounts expressed in thousands)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Major Component Units					
Illinois Housing Development Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,472,271	\$ 274,245	\$ (349,020)	\$ 1,397,496	\$ 104,208
Notes payable (note 12)	27,670	18,057	(9,066)	36,661	3,886
Deferred amount on refundings (note 11)	(4,445)	-	1,510	(2,935)	(1,510)
Unamortized premiums (note 11)	2,134	-	(325)	1,809	325
Unamortized (discounts) (note 11)	(1,093)	-	21	(1,072)	(21)
Total bonds and notes payable	<u>1,496,537</u>	<u>292,302</u>	<u>(356,880)</u>	<u>1,431,959</u>	<u>106,888</u>
Other long-term obligations:					
Compensated absences (note 1L)	693	1,640	(1,588)	745	745
Other obligations (note 13G)	14,885	-	-	14,885	14,885
Total other long-term obligations	<u>15,578</u>	<u>1,640</u>	<u>(1,588)</u>	<u>15,630</u>	<u>15,630</u>
Total Illinois Housing Development Authority	<u>\$ 1,512,115</u>	<u>\$ 293,942</u>	<u>\$ (358,468)</u>	<u>\$ 1,447,589</u>	<u>\$ 122,518</u>
Illinois State Toll Highway Authority:					
Bonds payable:					
Revenue bonds (note 11)	\$ 4,016,765	\$ -	\$ (53,040)	\$ 3,963,725	\$ 179,465
Deferred amount on refundings (note 11)	(53,893)	-	4,458	(49,435)	(4,458)
Unamortized premiums (note 11)	61,428	-	(6,422)	55,006	5,685
Unamortized (discounts) (note 11)	(7,944)	-	378	(7,566)	(378)
Total bonds payable	<u>4,016,356</u>	<u>-</u>	<u>(54,626)</u>	<u>3,961,730</u>	<u>180,314</u>
Other long-term obligations:					
Accrued self-insurance (note 19)	13,378	6,270	(6,045)	13,603	13,603
Compensated absences (note 1L)	9,981	5,192	(5,361)	9,812	4,611
Other obligations (note 13G)	218	-	(31)	187	187
Total other long-term obligations	<u>23,577</u>	<u>11,462</u>	<u>(11,437)</u>	<u>23,602</u>	<u>18,401</u>
Total Illinois State Toll Highway Authority	<u>\$ 4,039,933</u>	<u>\$ 11,462</u>	<u>\$ (66,063)</u>	<u>\$ 3,985,332</u>	<u>\$ 198,715</u>
Illinois State University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 114,187	\$ 635	\$ (14,590)	\$ 100,232	\$ 2,699 [^]
Unamortized premiums (note 11)	666	-	(144)	522	28
Unamortized (discounts) (note 11)	(726)	-	47	(679)	(38)
Total bonds payable	<u>114,127</u>	<u>635</u>	<u>(14,687)</u>	<u>100,075</u>	<u>2,689</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	1,953	-	(468)	1,485	482
Certificates of participation (note 13B)	34,350	-	(1,515)	32,835	1,555
Unamortized premiums (note 13B)	58	-	(3)	55	3
Unamortized (discounts) (note 13B)	(74)	-	5	(69)	(5)
Installment purchase obligations (note 13C)	3,053	-	(74)	2,979	79
Compensated absences (note 1L)	17,262	1,785	(2,358)	16,689	1,880
Other obligations (note 13G)	225	2	(7)	220	22
Total other long-term obligations	<u>56,827</u>	<u>1,787</u>	<u>(4,420)</u>	<u>54,194</u>	<u>4,016</u>
Total Illinois State University	<u>\$ 170,954</u>	<u>\$ 2,422</u>	<u>\$ (19,107)</u>	<u>\$ 154,269</u>	<u>\$ 6,705</u>

[^] \$56 of interest will be accreted on capital appreciation debt in the next year.

Table 8-4 (continued)
(amounts expressed in thousands)

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Amounts Due Within One Year
Major Component Units, continued					
Northern Illinois University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 203,655	\$ 794	\$ (6,295)	\$ 198,154	\$ 3,729
Deferred amount on refundings (note 11)	(1,129)	-	66	(1,063)	(66)
Total bonds payable	<u>202,526</u>	<u>794</u>	<u>(6,229)</u>	<u>197,091</u>	<u>3,663</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	133,332	1,345	(514)	134,163	742
Certificates of participation (note 13B)	3,320	-	(465)	2,855	485
Compensated absences (note 1L)	18,646	1,733	(1,827)	18,552	1,827
Other obligations (note 13G)	33,480	-	(2,457)	31,023	2,258
Total other long-term obligations	<u>188,778</u>	<u>3,078</u>	<u>(5,263)</u>	<u>186,593</u>	<u>5,312</u>
Total Northern Illinois University	<u>\$ 391,304</u>	<u>\$ 3,872</u>	<u>\$ (11,492)</u>	<u>\$ 383,684</u>	<u>\$ 8,975</u>
Southern Illinois University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 295,625	\$ 48,866	\$ (57,570)	\$ 286,921	\$ 17,471 [^]
Deferred amount on refundings (note 11)	(1,193)	(2,216)	174	(3,235)	(221)
Unamortized premiums (note 11)	5,409	6,246	(1,380)	10,275	573
Total bonds payable	<u>299,841</u>	<u>52,896</u>	<u>(58,776)</u>	<u>293,961</u>	<u>17,823</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	1,257	747	(412)	1,592	385
Certificates of participation (note 13B)	17,940	-	(2,190)	15,750	1,760
Unamortized (discounts) (note 13B)	(54)	-	5	(49)	(4)
Accrued self-insurance (note 19)	22,261	10,660	(9,214)	23,707	11,337
Compensated absences (note 1L)	47,567	2,828	(3,228)	47,167	4,675
Other obligations (note 13G)	3,916	397	(458)	3,855	524
Total other long-term obligations	<u>92,887</u>	<u>14,632</u>	<u>(15,497)</u>	<u>92,022</u>	<u>18,677</u>
Total Southern Illinois University	<u>\$ 392,728</u>	<u>\$ 67,528</u>	<u>\$ (74,273)</u>	<u>\$ 385,983</u>	<u>\$ 36,500</u>
University of Illinois:					
Bonds payable:					
Revenue bonds (note 11)	\$ 1,120,432	\$ 221,499	\$ (260,275)	\$ 1,081,656	\$ 45,281 [^]
Deferred amount on refundings (note 11)	(20,461)	(21,324)	3,599	(38,186)	(2,789)
Unamortized premiums (note 11)	34,819	36,359	(11,566)	59,612	3,059
Total bonds payable	<u>1,134,790</u>	<u>236,534</u>	<u>(268,242)</u>	<u>1,103,082</u>	<u>45,551</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	7,519	7,376	(4,222)	10,673	4,287
Certificates of participation (note 13B)	439,795	-	(41,380)	398,415	32,690
Deferred amount on refundings (note 13B)	(5,979)	-	650	(5,329)	(651)
Unamortized premiums (note 13B)	10,313	-	(1,736)	8,577	1,368
Accrued self-insurance (note 19)	245,710	27,827	(41,215)	232,322	60,751
Compensated absences (note 1L)	202,454	20,858	(21,777)	201,535	25,553
Other obligations (note 13G)	72,068	7,550	(8,946)	70,672	7,576
Total other long-term obligations	<u>971,880</u>	<u>63,611</u>	<u>(118,626)</u>	<u>916,865</u>	<u>131,574</u>
Total University of Illinois	<u>\$ 2,106,670</u>	<u>\$ 300,145</u>	<u>\$ (386,868)</u>	<u>\$ 2,019,947</u>	<u>\$ 177,125</u>

[^] \$334 of interest will be accreted on capital appreciation debt in the next year.

^{^^} \$849 of interest will be accreted on capital appreciation debt in the next year.

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9 GENERAL OBLIGATION BONDS

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2013 are as follows:

Table 9-1 (amounts expressed in thousands)

Governmental Activities								
		Original Issue	Final	Interest Rate	Anti-	Capital	Coal	
		Amount	Maturity	Ranges	Pollution	Development	Development	Pension
Multiple Purpose Series:								
October	1992	\$ 249,991	8/1/2013	Accreted*	\$ 342	\$ 16,593	\$ 271	\$ -
October	1993	169,399	8/1/2015	Accreted*	2,629	10,350	155	-
October	1994	209,816	8/1/2016	Accreted*	3,600	28,776	1,046	-
November	1997	168,330	8/1/2019	Accreted*	-	79,060	-	-
November	1998	122,334	8/1/2020	Accreted*	-	37,960	-	-
October	2000	101,855	8/1/2022	Accreted*	-	21,168	-	-
April	2001	112,810	4/1/2016	5.375%	-	-	-	-
May	2001	300,000	5/1/2026	5.5%	-	24,167	500	-
August	2001	375,000	8/1/2026	5.5%	1,705	18,759	853	-
November	2001	375,000	11/1/2026	6.0%	1,413	16,847	-	-
December	2001	318,775	10/1/2014	5.375%	-	-	-	-
August	2002	564,900	8/1/2019	5.5%	-	-	-	-
October	2002	395,000	10/1/2027	4.75%	-	12,152	-	-
October	2002	62,079	8/1/2024	Accreted*	2,125	6,408	850	-
June	2003	460,000	6/1/2028	4.25% to 5.0%	3,198	33,045	-	-
June	2003	10,000,000	6/1/2033	3.95% to 5.1%	-	-	-	9,600,000
A-October	2003	363,000	10/1/2020	5.0% to 5.25%	1,779	9,313	-	-
B-October	2003	40,170	10/1/2021	Variable**	-	-	-	-
B-October	2003	559,830	10/1/2033	Variable**	18,990	104,965	-	-
A-March	2004	484,400	3/1/2034	5.0%	10,128	98,529	-	-
B-March	2004	344,775	3/1/2014	5.0%	-	-	-	-
September	2004	285,000	9/1/2029	4.5% to 5.0%	-	25,584	-	-
November	2004	275,000	11/1/2029	5.0%	3,200	75,280	-	-
April	2005	315,000	4/1/2030	5.0%	-	57,800	-	-
September	2005	300,000	9/1/2030	4.0% to 5.0%	-	71,559	-	-
January	2006	325,000	1/1/2031	5.0% to 5.50%	-	84,960	2,160	-
June	2006	274,950	1/1/2021	5.0%	-	-	-	-
A-June	2006	285,000	6/1/2031	5.0%	-	134,640	2,715	-
April	2007	150,000	4/1/2032	4.5% to 5.0%	-	72,200	-	-
A-June	2007	108,000	6/1/2025	5.0% to 5.50%	-	28,345	-	-
B-June	2007	329,000	1/1/2021	4.25% to 5.25%	-	-	-	-
April	2008	125,000	4/1/2033	4.0% to 5.0%	-	80,000	-	-
April	2009	150,000	4/1/2034	3.0% to 5.25%	-	56,028	4,200	-
A-September	2009	400,000	9/1/2034	3.5% to 5.0%	2,078	22,859	16,625	-
January	2010	3,466,000	1/1/2015	4.071% to 4.421%	-	-	-	1,386,400
B.A.B. ^	2010-1	1,000,000	2/1/2035	3.636% to 6.63%	-	327,976	-	-
February	2010	1,501,300	1/1/2025	3.0% to 5.0%	-	-	-	-
B.A.B. ^	2010-2	300,000	3/1/2035	4.0% to 6.9%	-	-	-	-
March	2010	56,000	3/1/2035	4.0% to 6.9%	-	-	-	-
B.A.B. ^	2010-3	700,000	4/1/2035	4.062% to 6.725%	-	-	-	-
February	2011	3,700,000	3/1/2019	4.026% to 5.877%	-	-	-	3,700,000
B.A.B. ^	2010-4	300,000	7/1/2035	3.4% to 7.1%	8,740	-	-	-
B.A.B. ^	2010-5	900,000	7/1/2035	4.01% to 7.35%	26,220	-	-	-
A-January	2012	525,000	1/1/2037	4.0% to 5.0%	-	94,560	1,440	-
B-January	2012	275,000	1/1/2037	2.0% to 5.75%	48,000	3,840	20,160	-
March	2012	575,000	3/1/2037	4.0% to 5.0%	-	144,000	-	-
May	2012	1,797,740	8/1/2025	1.6% to 5.0%	-	-	-	-
September	2012	50,000	9/1/2022	3.0% to 4.00%	-	50,000	-	-
A-April	2013	450,000	4/1/2038	2.0% to 5.0%	-	64,500	-	-
B-April	2013	350,000	4/1/2038	1.1% to 5.52%	-	27,638	-	-
Total		\$ 35,045,454			134,147	1,939,861	50,975	14,686,400
Authorized but Unissued					\$ 112,054	\$ 1,542,136	\$ 564,394	\$ 396,348
^ Bonds issued under the American Recovery and Reinvestment Act of 2009 commonly referred to as "Build America Bonds." (B.A.B.) * Accreted bonds are shown at their accreted values as of 6/30/13. Imputed interest rates on these capital appreciation bonds range from 3.97% to 6.35%. ** See Note 14--Derivatives for details on the variable rate bonds.								

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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 have been 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. Bond offerings generally provide a call option for 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.

Bond issues 2010-1, 2010-2, 2010-3, 2010-4 and 2010-5 were issued as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the "ARRA"). The State has authorized the issuance of Build America Bonds pursuant to Public Act 96-828. Pursuant to the ARRA, the State expects to receive a cash subsidy payment from the United States Treasury on or about each interest payment date (the "Subsidy Payments"). The Subsidy Payments do not constitute the full faith and credit guarantee of the United States Government, but is required to be paid by the United States Treasury under the ARRA. Any cash subsidy payments received by the State will be deposited into the State Treasury. Such payments are not pledged to secure repayment of the Bonds. The holders of the Bonds are not entitled to a tax credit as a result of the ownership of the Bonds.

Changes in general obligation bonds during the year ended June 30, 2013, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2013 are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 1,724,050	\$ 1,369,222	\$ 3,093,272
2015	1,921,625	1,302,098	3,223,723
2016	1,517,750	1,218,882	2,736,632
2017	1,808,945	1,148,211	2,957,156
2018	1,799,640	1,058,577	2,858,217
2019-2023	5,611,450	4,160,378	9,771,828
2024-2028	5,381,060	2,815,213	8,196,273
2029-2033	6,532,005	1,276,263	7,808,268
2034-2038	807,275	89,071	896,346
	<u>27,103,800</u>	<u>\$ 14,437,915</u>	<u>\$ 41,541,715</u>
Less: Unaccreted appreciation	(48,972)		
	<u>27,054,828</u>		
Deferred amount on refundings	(75,085)		
Unamortized premiums	420,580		
Unamortized (discounts)	(1,685)		
Total	<u>\$ 27,398,638</u>		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2013 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 has pledged the following portions of the State's tax revenues, net of related expenses, to annually repay the debt service requirements of the remaining principal and interest at June 30, 2013 of \$3.9 billion in special obligation bonds related to the Build Illinois Program:

Table 10-1 (amounts expressed in thousands)		
	Annual Revenue Amount	Total Revenue for Source
4.44% of general sales tax revenues plus \$37.8 million	\$ 474,092	\$ 10,218,389
50% of hotel operators tax	112,496	227,928
\$5 million of vehicle use tax	5,000	32,606
Total	<u>\$ 591,588</u>	<u>\$ 10,478,923</u>
Principal and interest requirements	\$ 341,897	
Percentage to principal and interest requirements	<u>173%</u>	

The annual revenue amounts are generally consistent year to year with increases or decreases related to economic conditions in the State. Additional issuances of bonds for the Build Illinois Program cannot be undertaken if the debt service exceeds 5% of the State’s total sales tax revenues.

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.

The State originally pledged a portion of the State’s horse racing privilege tax to repay the principal and interest at June 30, 2013 of \$105 million in special obligation bonds related to the State’s Metropolitan Civic Center Support Program. Upon the abolishment of the horse racing privilege tax, the State annually uses amounts from the General Revenue Account, a sub-account of the General Fund, to pay the debt service of the special obligation bonds related to the State’s Metropolitan Civic Center Support Program.

Effective July 30, 2004, special obligation bonds are to be redeemed over a period not to exceed 25 years. Previously, bonds have been issued which mature in varying amounts over periods not exceeding 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, 2013, are as follows:

Table 10-2 (amounts expressed in thousands)						
Governmental Activities						
	Original Issue Amount	Final Maturity	Interest Rate Ranges	Build Illinois		
				Public Infrastructure	Business Development	Education
Series 1990 B	\$ 4,601	12/15/2019	Accreted*	\$ -	\$ -	\$ -
Series L	52,001	6/15/2015	Accreted*	18,792	889	2,200
Series 1991	74,895	12/15/2020	6.25%	-	-	-
Series P	100,000	6/15/2022	6.5%	10,778	-	3,123
Series 1998	37,590	12/15/2015	5.0%	-	-	-
Series 2000	50,280	12/15/2015	5.375% to 5.5%	-	-	-
Series of September 2001	110,450	6/15/2020	5.375%	-	-	-
Series of April 2002	150,000	6/15/2027	6.0%	44,334	7,000	16,333
Series of May 2002	50,310	6/15/2014	5.5%	-	-	-
Second Series of May 2002	94,815	6/15/2020	5.5% to 5.75%	-	-	-
Series of November 2002	182,225	6/15/2022	5.25%	7,391	838	1,677
Series of March 2004	200,000	6/15/2028	5.0%	7,514	1,187	6,328
Series of February 2005	75,000	6/15/2029	4.25% to 5.0%	9,063	10,000	5,625
Series of June 2005	125,000	6/15/2030	5.0% to 5.25%	15,866	-	2,329
Series of March 2006	65,000	6/15/2026	4.375% to 5.0%	13,663	1,518	6,832
Series of June 2006	150,000	6/15/2031	4.5% to 5.0%	35,955	-	15,410
Series of July 2007	50,000	6/15/2027	5.0%	10,098	-	3,594
Series of December 2009-A	154,920	6/15/2034	3.5% to 5.0%	90,930	-	43,313
Series of December 2009-B	375,000	6/15/2034	2.5% to 5.25%	199,972	-	85,589
Series of June 2010	455,080	6/15/2021	3.0% to 5.0%	-	-	-
Series of October 2011	300,000	6/15/2036	3.0% to 5.0%	116,101	1,458	169,941
Series of May 2012	425,040	6/15/2036	0.808% to 4.080%	69,692	84,349	207,978
Series of May 2013	300,000	6/15/2037	0.75% to 3.88%	100,000	50,000	140,000
Series of June 2013	604,110	6/15/2026	2.0% to 5.0%	-	-	-
Total	\$ 4,186,317			\$ 750,149	\$ 157,239	\$ 710,272
Authorized but Unissued				\$ 256,538	\$ 208,662	\$ 288,819
* Accreted bonds are shown at their accreted values as of 6/30/13. Imputed interest rates on these capital appreciation bonds range from 7.0% to 7.5%.						

Table 10-2 (amounts expressed in thousands)
(continued)

Environment	Refunding	Civic Centers			Principal Outstanding June 30, 2013	Amount Related to Capital Assets
		Civic Centers	Libraries	Refunding		
\$ -	\$ -	\$ 24,799	\$ -	\$ -	\$ 24,799	\$ -
119	-	-	-	-	22,000	3,072
-	-	30,413	4,687	-	35,100	-
259	-	-	-	-	14,160	4,577
-	-	-	-	10,390	10,390	-
-	-	-	-	12,590	12,590	-
-	29,245	-	-	-	29,245	795
2,333	-	-	-	-	70,000	4,195
-	28,930	-	-	-	28,930	10,705
-	94,815	-	-	-	94,815	35,086
279	-	-	-	-	10,185	661
791	-	-	-	-	15,820	1,096
312	-	-	-	-	25,000	4,215
-	-	-	-	-	18,195	10,590
2,657	-	-	-	-	24,670	8,932
-	-	-	-	-	51,365	18,991
3,423	-	-	-	-	17,115	1,484
1,312	-	-	-	-	135,555	-
6,224	-	-	-	-	291,785	1,523
-	365,575	-	-	-	365,575	34,265
-	-	-	-	-	287,500	662
45,311	-	-	-	-	407,330	304
10,000	-	-	-	-	300,000	-
-	604,110	-	-	-	604,110	120,368
<u>\$ 73,020</u>	<u>\$ 1,122,675</u>	<u>\$ 55,212</u>	<u>\$ 4,687</u>	<u>\$ 22,980</u>	2,896,234	261,521
<u>\$ 10,783</u>	<u>Unlimited</u>	<u>\$ 154,986</u>	<u>\$ 5,313</u>	<u>Unlimited</u>		
					Deferred amount on refundings	(34,634)
					Unamortized premiums	138,745
					Total	\$ 3,000,345
						\$ 276,157

Changes in special obligation bonds during the year ended June 30, 2013, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2013, are as follows:

Table 10-3 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	\$ 236,140	\$ 126,068	\$ 362,208
2015	235,660	116,774	352,434
2016	229,700	106,408	336,108
2017	215,730	97,116	312,846
2018	201,240	88,022	289,262
2019-2023	760,395	324,193	1,084,588
2024-2028	525,205	178,149	703,354
2029-2033	340,095	80,071	420,166
2034-2038	162,710	13,687	176,397
	2,906,875	\$ 1,130,488	\$ 4,037,363
Less: Unaccreted appreciation	(10,641)		
	2,896,234		
Deferred amount on refundings	(34,634)		
Unamortized premiums	138,745		
Total	\$ 3,000,345		

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, 2013 (except for the Illinois State Toll Highway Authority, which is as of December 31, 2012), net of unamortized discounts, unamortized deferred amount on bond refunding, 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
Primary Government			
Governmental Activities			
Blended component unit:			
Railsplitter Tobacco Settlement Authority	\$ 1,386,166	3.000% to 6.250%	2028
Business-type Activities			
Major enterprise fund:			
Illinois Department of Employment Security	1,387,718	2.000% to 5.000%	2020
Nonmajor enterprise fund:			
Illinois Designated Account Purchase Program	434,333	1.176% to 1.326%	2045
Major Component Units			
Illinois Housing Development Authority	1,395,298	0.070% to 25.000%	2051
Illinois State Toll Highway Authority	3,961,730	3.500% to 6.184%	2034
Illinois State University	100,075	1.300% to 5.000%	2033
Northern Illinois University	197,091	3.000% to 8.150%	2041
Southern Illinois University	293,961	1.000% to 6.200%	2036
University of Illinois	1,103,082	0.060% to 12.000%	2041

Changes in revenue bonds during the year ended June 30, 2013 are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2013, are as follows:

Table 11-2 (amounts expressed in thousands)

Primary Government						
Year Ending June 30	Governmental Activities		Business-type Activities			
	Railsplitter Tobacco		Illinois Department of		Illinois Designated	
	Settlement Authority		Employment Security		Account Purchase Program	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 70,860	\$ 74,938	\$ 160,790	\$ 61,311	\$ -	\$ 4,844
2015	76,820	71,869	168,320	53,353	-	4,844
2016	80,655	68,028	176,690	44,952	-	4,844
2017	84,700	64,184	185,635	36,127	-	4,844
2018	89,040	59,949	194,845	26,802	-	4,844
2019-2023	513,000	226,095	380,605	23,717	228,836	20,630
2024-2028	465,460	77,729	-	-	-	9,052
2029-2033	-	-	-	-	-	9,052
2034-2038	-	-	-	-	-	9,052
2039-2043	-	-	-	-	-	9,052
2044-2048	-	-	-	-	154,000	1,931
	<u>1,380,535</u>	<u>\$ 642,792</u>	<u>1,266,885</u>	<u>\$ 246,262</u>	<u>382,836</u>	<u>\$ 82,989</u>
Deferred amount on refundings	-	-	-	-	58,171	-
Unamortized premiums	5,631	-	120,833	-	-	-
Unamortized (discounts)	-	-	-	-	(6,674)	-
Total	<u>\$ 1,386,166</u>		<u>\$ 1,387,718</u>		<u>\$ 434,333</u>	

Table 11-3 (amounts expressed in thousands)

Major Component Units						
Year Ending June 30	Illinois Housing		Illinois State Toll		Illinois	
	Development Authority		Highway Authority		State University	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 104,208	\$ 53,629	\$ 56,365	\$ 191,961	\$ 2,755	\$ 3,720
2015	41,800	55,832	92,855	187,983	7,160	3,684
2016	43,732	55,863	97,795	182,912	7,195	3,644
2017	43,387	55,632	102,910	177,931	3,950	3,599
2018	44,538	55,267	107,850	172,962	4,070	3,464
2019-2023	215,092	244,977	702,415	772,392	22,815	14,835
2024-2028	217,433	185,259	1,015,795	573,198	28,050	9,599
2029-2033	249,748	125,695	995,285	355,863	25,685	2,996
2034-2038	247,192	63,225	792,455	64,239	-	-
2039-2043	151,335	22,209	-	-	-	-
2044-2048	33,265	4,212	-	-	-	-
2049-2053	5,770	335	-	-	-	-
	<u>1,397,500</u>	<u>\$ 922,135</u>	<u>3,963,725</u>	<u>\$ 2,679,441</u>	<u>101,680</u>	<u>\$ 45,541</u>
Less: Unaccreted appreciation	(4)	-	-	-	(1,448)	-
	<u>1,397,496</u>		<u>3,963,725</u>		<u>100,232</u>	
Deferred amount on refundings	(2,935)	-	(49,435)	-	-	-
Unamortized premiums	1,809	-	55,006	-	522	-
Unamortized (discounts)	(1,072)	-	(7,566)	-	(679)	-
Total	<u>\$ 1,395,298</u>		<u>\$ 3,961,730</u>		<u>\$ 100,075</u>	

Table 11-3 (amounts expressed in thousands)
(continued)

Major Component Units, continued

Year Ending June 30	Northern		Southern		University of Illinois	
	Illinois University		Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 3,729	\$ 13,300	\$ 17,805	\$ 10,495	\$ 46,130	\$ 43,363
2015	3,890	13,300	18,645	10,068	46,870	43,323
2016	3,900	13,295	19,070	9,591	48,565	42,113
2017	3,905	13,288	18,235	9,054	50,600	40,743
2018	4,065	13,129	20,030	8,590	52,520	39,324
2019-2023	23,620	62,339	90,520	34,033	290,650	170,275
2024-2028	30,400	55,562	82,530	19,997	243,535	114,331
2029-2033	39,205	44,699	38,735	7,704	222,605	61,889
2034-2038	50,440	27,417	15,810	1,395	117,585	15,347
2039-2043	36,150	5,916	-	-	12,770	1,364
	199,304	\$ 262,245	321,380	\$ 110,927	1,131,830	\$ 572,072
Less: Unaccrued appreciation	(1,150)		(34,459)		(50,174)	
	198,154		286,921		1,081,656	
Deferred amount on refundings	(1,063)		(3,235)		(38,186)	
Unamortized premiums	-		10,275		59,612	
Total	\$ 197,091		\$ 293,961		\$ 1,103,082	

All but \$316 thousand of the \$1.395 billion of outstanding Illinois Housing Development Authority (“IHDA”) revenue bonds 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 IHDA bonds are debt of various entities and are guaranteed from pledged revenues of the properties and assets within its issuance resolutions. Furthermore, a portion of the IHDA bonds are additionally secured by a form of credit enhancement such as a municipal bond insurance policy or a direct pay letter of credit on its payment of principal and interest.

Revenue bond principal and interest debt service requirements as of December 31, 2012 for Illinois State Toll Highway Authority (“THA”) were prepared assuming THA will renew the Standby Bond Purchase Agreement for its Series 1998B Variable Rate Bond prior to its expiration on December 27, 2013. The Series 1998B Bonds were initially issued in a weekly mode and were in a weekly mode during all of calendar year 2012. While in the weekly mode, the Series 1998B Bonds are subject to demand for purchase from bondholders. In the event THA is unable to renew or replace its Standby Bond Purchase Agreement, the bonds will be subject to mandatory tender and repayment in accordance with the terms of the agreement. The outstanding principal of \$123.100 million has been classified as a current liability on the balance sheet due to the potential expiration on December 27, 2013. The scheduled 1998 Series B principal payments are \$53.900 million on January 1, 2016 and \$69.200 million on January 1, 2017 with a final maturity date of January 1, 2017.

A. ***Railsplitter Tobacco Settlement Authority (“RTSA”)***

The RTSA was created on July 1, 2010 under the Railsplitter Tobacco Settlement Authority Act (30 ILCS 171). RTSA issued \$1.503 billion of Tobacco Settlement Revenue Bonds, Series 2010 (“the bonds”) on December 8, 2010. The bonds were issued as fixed interest rate, fixed scheduled amortization, serial and term bonds with maturities ranging from 2012 through 2028. The fixed interest rates range from 3.0% through 6.25%. Proceeds of the bonds were used to pay issuance costs and to provide an approximate \$1.350 billion payment to the State in exchange for rights to 100 percent of the State’s future Tobacco Settlement Revenues (TSRs) through the final maturity date of the bonds in 2028. The \$1.350 billion payment was used by the State to pay outstanding obligations of the General Revenue Fund. The bond proceeds have been deferred

and will be recognized as an expense ratably over the life of the bonds. As of June 30, 2013, the deferred amount is \$1.003 billion.

The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement, adjusted for historical trends, is estimated to be \$4.125 billion. The RTSA has pledged the future TSRs, net of specified operating expenditures, to repay the bonds. Annual principal and interest on the bonds are expected to require on average, less than 60% of the net TSRs. The total principal and interest remaining to be paid on the bonds is approximately \$2.023 billion. The total principal and interest paid for the current year and total TSRs received were \$141.030 million and \$273.496 million, respectively.

As part of the consideration for the sale to the RTSA by the State of the pledged settlement payments, the RTSA issued a residual certificate to the State. In accordance with the provisions of the trust indenture, upon payment in full of the deposits required by the trust indenture, the remaining balance of pledged revenues shall be transferred to the State as owner of the residual certificate. Residuals are expected to be approximately \$1.784 billion. During the year ended June 30, 2013, \$131.187 million of residual revenues was paid to the State and \$59.128 million was recorded as a liability to the State at year-end.

B. Demand and Variable Rate Bonds

Primary Government

Illinois Designated Account Purchase Program (“IDAPP”)

IDAPP’s \$434.333 million of outstanding revenue bonds at June 30, 2013 are variable rate bonds that have their interest rates reset quarterly. The actual interest rates for these LIBOR Floating Rate Notes were used in calculating the future interest payments.

Major Component Units

Illinois Housing Development Authority (“IHDA”)

Included within the IHDA’s outstanding revenue bonds are \$46.675 million of Homeowner Mortgage Revenue Bonds Series 2004A3, 2004C3, and 2005A3 and \$54.400 million of Housing Bonds Series 2004B, 2008A, 2008B, and 2008C which are variable rate demand bonds. Interest rates on these bonds are determined weekly at a rate established by the remarketing agent on each rate determination date. In addition, \$13.750 million of Homeowner Mortgage Revenue Bonds Series 2001F and 2002B are also variable rate, but not demand bonds. Interest rates on these bonds are based on a floating rate determined on a monthly basis and paid either monthly or semi-annually. On the variable rate demand bonds, IHDA has agreements with liquidity providers to purchase any bonds tendered for purchase in accordance with the indentures. For additional security, IHDA has entered into risk management agreements to hedge against interest rate risks on one series of bonds and wrapped credit enhancements on three series of bonds (see Note 14—Derivatives).

Illinois State Toll Highway Authority (“THA”)

As of December 31, 2012, the THA had outstanding variable rate demand bonds in the amount of \$123.100 million of Series 1998B bonds, \$700.000 million of Series 2007 A-1 and A-2 bonds, and \$478.900 million of Series 2008 A-1 and A-2 bonds. These bonds have final maturities in

2017, 2030 and 2031, respectively, and bear interest rates that are reset weekly by remarketing agents at rates not to exceed 25%, 15% and 12%, respectively. These bonds are subject to tender for purchase by bondholders at a price equal to the principal plus accrued interest, upon a minimum seven days' notice from the bondholder to the remarketing agent. The THA has agreements with liquidity providers to purchase any bonds so tendered for purchase that fail to be remarketed and to hold such bonds until either remarketed or paid by THA per the terms of the liquidity agreements. For the Series 1998B and Series 2008 A-1 and A-2 bonds, financial guarantee insurance policies obtained by THA guarantee the payment of principal and interest on the scheduled bond interest payment and maturity dates and on certain payment dates specified in the liquidity agreements. The THA has an obligation to reimburse the insurer for any such payments made.

University of Illinois (“U of I”)

The U of I had outstanding variable rate demand bonds in the amount of \$16.200 million for the Series 1997B bonds and \$108.120 million for the three Series 2008 bonds. These bonds have final maturities in 2026, 2038, 2026, and 2022, respectively, and bear interest rates as determined by the remarketing agents on each rate determination date not to exceed 12% on all of the bond series. 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 U of I has agreements with liquidity or credit 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 U of I has obtained a letter of credit or relies on its own credit to guarantee the payment of principal and interest on the scheduled maturity dates. The U of I has an obligation to reimburse the letter of credit issuer for any such payments made.

Derivatives

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

C. Build America Bonds

The THA, Northern Illinois University (“NIU”) and Southern Illinois University (“SIU”) have issued Build America Bonds under the American Recovery and Reinvestment Act of 2009 (the “ARRA”). Pursuant to the ARRA, THA, NIU, and SIU expect to receive cash subsidy payments from the United States Treasury on or about each interest payment date (the “Subsidy Payments”). These Subsidy Payments do not constitute the full faith and credit guarantee of the United States Government, but are required to be paid by the United States Treasury under the ARRA. Such payments are not pledged to secure payment of the Bonds. The holders of the Bonds are not entitled to a tax credit as a result of the ownership of the Bonds.

D. 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, 2013, 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	\$ 24,504,363	2052
Illinois Housing Development Authority	365,540	2048
Southwestern Illinois Development Authority	689,312	2042
Upper Illinois River Valley Development Authority	103,577	2045
Will-Kankakee Regional Development Authority	27,820	2042
Illinois Medical District Commission	38,440	2031
Quad Cities Regional Economic Development Authority	81,747	2041
Southeastern Illinois Economic Development Authority	8,917	2031
Western Illinois Economic Development Authority	18,850	2037
Total	\$ 25,838,566	

12 NOTES PAYABLE/SHORT-TERM BORROWINGS

A. Notes Payable

The State’s major component units have obtained notes payable, normally secured by specific revenue sources, to provide financing. Outstanding notes payable at June 30, 2013 were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Maturity Date
Major Component Units			
Illinois Housing Development Authority	\$ 36,661	0.15% to 2.70%	2027

Changes in notes payable during the year ended June 30, 2013 are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2013, are as follows:

Year Ending June 30	Illinois Housing Development Authority	
	Principal	Interest
	2014	\$ 3,886
2015	142	1,209
2016	146	1,206
2017	154	1,205
2018	161	1,203
2019-2023	23,585	5,115
2024-2028	8,587	609
	<u>\$ 36,661</u>	<u>\$ 11,758</u>

B. Short-Term Borrowings

Primary Government – Business-type Activities

Pursuant to the provisions of Title XII of the federal code, the Illinois Department of Employment Security (“IDES”) received advances from the Federal Government to the State’s account within the Unemployment Compensation Trust Fund (“UCTF”). The UCTF account, from which funds are drawn by IDES to pay unemployment benefits to claimants, was depleted in July 2009 due to extended high unemployment rates during the course of the recent national recession and tax revenues that have not yet matched the increased level of unemployment benefit claims. This led IDES to borrow from the Federal Government to fulfill its mandate to pay benefits required by law. The total outstanding advances from the Federal Government and the interest on these loans of \$48.391 million were repaid on July 31, 2012 with proceeds from revenue bonds issued on July 31, 2012.

The Illinois Designated Account Purchase Program (“IDAPP”) has a short-term revolving credit line agreement. The revolving credit line was used to purchase eligible student loans (guaranteed or insured or an eligible loan under the Higher Education Act). The credit line expired on September 8, 2008, resulting, by terms of the Indenture, in the commencement of the Liquidation Period. On July 27, 2010, the final maturity date under the credit line agreement, the credit line agreement became payable and due. Due in part to conditions currently existing in the credit markets, IDAPP has been unable to refinance this debt and is currently in payment default under the credit line agreement. In addition, IDAPP is in breach of the coverage condition ratio defined in the indenture. The breaches qualify as an Event of Termination under which the lender would be eligible for remedies under the indenture. The lender has not exercised its remedies to date. Conversations are ongoing with the lender to resolve the issues discussed. As of June 30, 2013, the \$240.607 million outstanding under this line is shown as current for fiscal year 2013.

Under terms of the agreement, all revenues generated by the underlying student loan portfolio are transferred to a trust. The trust then pays all expenses related to the debt service and student loan servicing costs (capped at 65 basis points of the outstanding average balance of the portfolio). During fiscal year 2013, \$31.295 million of principal and \$7.613 million of interest was collected, all of which was transferred to the trust. During the same period, the trust paid \$1.664 million for interest expense and other professional fees and \$1.914 million for servicing fees.

Major Component Units

University of Illinois (“U of I”)

The U of I Foundation has a \$15 million unsecured line of credit to a bank, due February 2015, with a negotiated interest rate in irregular intervals (1.048% at June 30, 2013). The line of credit is to be used to purchase property that is to be held for the U of I. As of June 30, 2013, \$3.378 million outstanding under this line is shown as current for fiscal year 2013.

Changes in short-term borrowing during the year ended June 30, 2013 are as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Primary Government				
Business-type Activities				
Unemployment Compensation Trust Fund	\$ 1,138,264	\$ 95,134	\$ (1,233,398)	\$ -
Nonmajor enterprise funds	275,957	-	(35,350)	240,607
Total Business-type Activities	\$ 1,414,221	\$ 95,134	\$ (1,268,748)	\$ 240,607
Major Component Units				
University of Illinois	\$ 4,084	\$ -	\$ (706)	\$ 3,378

13 OTHER LONG-TERM OBLIGATIONS

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

Primary Government		Reference	Governmental Activities	Business-type Activities		Fiduciary Funds
				Prepaid Tuition Fund	Nonmajor Enterprise Funds	
Description						
Capital lease obligations	(A)	\$	6,818	\$	-	\$ 2
Certificates of participation	(B)		49,020		-	-
Installment purchase obligations	(C)		1,155		-	-
Pollution remediation obligations	(D)		37,300		-	-
Obligations to Lottery Prize Winners	(E)		-		273,083	-
Prepaid Tuition Fund obligations	(F)		-	1,557,489	-	-
Other obligations	(G)		-		8,075	-
Total Other Long-Term Obligations		\$	94,293	\$	1,557,489	\$ 281,158

Major Component Units		Illinois Housing Development Authority	Illinois State Toll Highway Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Description	Reference						
Capital lease obligations	(A)	\$ -	\$ -	\$ 1,485	\$ 134,163	\$ 1,592	\$ 10,673
Certificates of participation	(B)	-	-	32,821	2,855	15,701	401,663
Installment purchase obligations	(C)	-	-	2,979	-	-	-
Other obligations	(G)	14,885	187	220	31,023	3,855	70,672
Total Other Long-Term Obligations		\$ 14,885	\$ 187	\$ 37,505	\$ 168,041	\$ 21,148	\$ 483,008

A. Lease Commitments

The State has entered into various capital 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. Information regarding operating leases is included in Note 20.

At June 30, 2013, assets capitalized under capitalized leases are as follows:

Primary Government		Governmental Activities	Fiduciary Funds
Buildings and building improvements		\$ 8,944	\$ -
Equipment		5,364	36
		14,308	36
Less: Accumulated depreciation		8,810	16
		\$ 5,498	\$ 20

Table 13-4 (amounts expressed in thousands)

Major Component Units	Illinois	Northern	Southern	University
	State University	Illinois University	Illinois University	of Illinois
Land and land improvements	\$ -	\$ 5,996	\$ 288	\$ -
Buildings and building improvements	1,087	147,527	-	1,057
Equipment	941	1,521	1,944	17,106
	<u>2,028</u>	<u>155,044</u>	<u>2,232</u>	<u>18,163</u>
Less: Accumulated depreciation	613	11,449	548	10,738
	<u>\$ 1,415</u>	<u>\$ 143,595</u>	<u>\$ 1,684</u>	<u>\$ 7,425</u>

Future minimum commitments for non-cancelable capital leases as of June 30, 2013 are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Capitalized Leases			
	Governmental Activities		Fiduciary Funds	
	Principal	Interest	Principal	Interest
2014	\$ 1,895	\$ 673	\$ 2	\$ -
2015	1,715	427	-	-
2016	1,317	239	-	-
2017	955	128	-	-
2018	936	46	-	-
Total minimum lease payments	<u>\$ 6,818</u>	<u>\$ 1,513</u>	<u>\$ 2</u>	<u>\$ -</u>

Table 13-6 (amounts expressed in thousands)

Year Ending June 30	Major Component Units							
	Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 482	\$ 39	\$ 742	\$ 8,847	\$ 385	\$ 37	\$ 4,287	\$ 260
2015	494	27	1,596	8,810	341	27	2,001	131
2016	509	14	1,777	8,761	319	19	1,862	81
2017	-	-	2,433	9,172	271	11	1,520	41
2018	-	-	2,765	9,049	276	5	1,003	14
2019-2023	-	-	12,859	40,860	-	-	-	-
2024-2028	-	-	13,987	36,705	-	-	-	-
2029-2033	-	-	22,605	30,771	-	-	-	-
2034-2038	-	-	31,500	21,881	-	-	-	-
2039-2043	-	-	43,899	9,459	-	-	-	-
Total minimum lease payments	<u>\$ 1,485</u>	<u>\$ 80</u>	<u>\$ 134,163</u>	<u>\$ 184,315</u>	<u>\$ 1,592</u>	<u>\$ 99</u>	<u>\$ 10,673</u>	<u>\$ 527</u>

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, 2013 was \$13.8 million.

Certain major component units have also issued Certificates representing the right to receive a proportionate share of lease-purchase or installment payments. All of these Certificates issued by major component units are considered State-issued. The outstanding balance of these Certificates as of June 30, 2013 was \$453.0 million, which includes unamortized premiums of \$8.6 million, unamortized discounts of \$118 thousand and deferred amounts on refunding of \$5.3 million 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, 2013 was \$35.2 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, 2013 are as follows:

Primary Government Governmental Activities						
Year Ending June 30	Certificates of Participation					
	State-Issued		Non-State-Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 2,440	\$ 765	\$ 5,315	\$ 1,917	\$ 7,755	\$ 2,682
2015	2,590	613	5,615	1,600	8,205	2,213
2016	2,750	451	5,940	1,261	8,690	1,712
2017	2,915	278	6,305	896	9,220	1,174
2018	3,140	95	6,675	511	9,815	606
2019-2023	-	-	5,335	317	5,335	317
	<u>\$ 13,835</u>	<u>\$ 2,202</u>	<u>\$ 35,185</u>	<u>\$ 6,502</u>	<u>\$ 49,020</u>	<u>\$ 8,704</u>

Table 13-8 (amounts expressed in thousands)

Year Ending June 30	Major Component Units							
	Certificates of Participation							
	Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,555	\$ 1,443	\$ 485	\$ 141	\$ 1,760	\$ 734	\$ 32,690	\$ 17,716
2015	1,620	1,386	515	114	1,195	661	34,270	16,159
2016	1,675	1,324	550	85	1,070	610	30,425	14,657
2017	1,730	1,257	1,305	35	1,125	564	31,400	13,241
2018	1,805	1,187	-	-	1,170	513	32,830	11,802
2019-2023	10,230	4,768	-	-	6,710	1,697	151,045	37,199
2024-2028	11,625	2,292	-	-	2,720	136	85,755	10,467
2029-2033	2,595	356	-	-	-	-	-	-
	<u>32,835</u>	<u>\$ 14,013</u>	<u>2,855</u>	<u>\$ 375</u>	<u>15,750</u>	<u>\$ 4,915</u>	<u>398,415</u>	<u>\$ 121,241</u>
Deferred amount on refundings	-	-	-	-	-	-	(5,329)	-
Unamortized premiums	55	-	-	-	-	-	8,577	-
Unamortized (discounts)	(69)	-	-	-	(49)	-	-	-
	<u>\$ 32,821</u>		<u>\$ 2,855</u>		<u>\$ 15,701</u>		<u>\$ 401,663</u>	

C. 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, 2013 are as follows:

Table 13-9 (amounts expressed in thousands)

Primary Government			
Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2014	\$ 347	\$ 104	\$ 451
2015	366	67	433
2016	406	27	433
2017	36	-	36
	<u>\$ 1,155</u>	<u>\$ 198</u>	<u>\$ 1,353</u>

Table 13-10 (amounts expressed in thousands)

Major Component Unit			
Year Ending June 30	Illinois State University		
	Principal	Interest	Total
2014	\$ 79	\$ 191	\$ 270
2015	84	186	270
2016	89	180	269
2017	95	175	270
2018	102	168	270
2019-2023	2,530	14	2,544
	<u>\$ 2,979</u>	<u>\$ 914</u>	<u>\$ 3,893</u>

D. Pollution Remediation Obligations

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 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 currently estimated the clean-up to the site and adjacent property to cost approximately \$70 million. The State has estimated its portion of the liability for the clean-up to be \$35 million.

The Illinois Department of Transportation has recorded building demolition, pollution remediation obligations for investigations, remediation of contaminated soils and installation of groundwater monitoring wells, and treatment and removal of copper slag with a balance at June 30, 2013, of \$2.3 million.

E. 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 Lottery, may contract to invest in securities, which provide payments corresponding to its obligation to these winners. The present value of these liabilities owed to prize winners, approximating \$482 thousand, have been reported in the financial statements of the State Lottery Fund, a nonmajor 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 separate and apart from all public money of 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. The fair value of the investments held totaled \$313 million at June 30, 2013, with interest rates ranging from 1.8% to 9.4%. The present value of these liabilities owed to prize winners, approximating \$273.083 million, have been reported in the financial statements of the State Lottery Fund, a nonmajor enterprise fund.

Future commitments of prizes payable as of June 30, 2013 are as follows:

Primary Government Business-type Activities		State Lottery Fund
Year Ending June 30		Amount
2014		\$ 48,200
2015		37,542
2016		32,603
2017		24,903
2018		17,516
2019-2037		209,553
		370,317
Less: Present value adjustments		(97,234)
Present value of future prizes		\$ 273,083

F. Prepaid Tuition Fund Obligations

Tuition payable in the Illinois Prepaid Tuition Fund, a major enterprise fund, as of June 30, 2013, represents net principal payments received for contracts held by the fund in the amount of \$1,557.489 million, of which \$160.592 million is considered current. Included in the tuition payable is an amount for accretion, which 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. It is calculated on an annual basis on the balance in the tuition payable account.

G. 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 no arbitrage rebate liability as of June 30, 2013, as the profits earned on the bonds were at a lesser rate than the interest paid to bond holders.

Primary Government - Business-type Activities

Other nonmajor enterprise funds presented other obligations in the amount of \$8.075 million. These obligations, consisting mostly of future workers' compensation benefit payments for self-insured companies, are expected to be paid with current resources of the reporting fund.

Major Component Units

Major component units presented other miscellaneous obligations in the amount of \$120.8 million. These obligations will be liquidated from resources of the reporting major component unit.

14 DERIVATIVES**Hedging Derivatives - 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 through 2020 ("2003A bonds") and \$600 million variable rate demand 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 (the "Liquidity Provider") for the principal amount, paying 0.32% of the notional value of the outstanding 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. All are considered to be cash flow hedges. 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 Bond Act, 30 ILCS 330/9 *et seq.* 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 were designed to be substantially similar. Further, the critical terms of the 2003B bonds and Agreements are consistent, essentially resulting in a net synthetic fixed rate obligation.

Details of the Agreements are summarized below:

Table 14-1 (amounts expressed in thousands)

Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (2)(3)	Change in Fair Value (4)	Swap Termination Date	Counterparty Credit Rating (5)
Primary Government								
Governmental Activities								
Interest Rate Swap Contracts								
Series 2003B	\$ 384,000	10/03	3.890%	67% of 1 mo. LIBOR ^{^^}	\$ (79,452)		10/33	A/A2/A+
General Obligation Bonds	54,000	10/03	3.890%	when 1 mo. LIBOR	(11,684)		10/33	A-/Baa1/BBB+
	54,000	10/03	3.890%	is ≥ 2.5%, or	(10,896)		10/33	A/A3/A
	54,000	10/03	3.890%	SIFMA [^] , when 1 mo.	(10,835)		10/33	A-/Baa2/A
	54,000	10/03	3.890%	LIBOR is < 2.5%	(10,682)		10/33	A+/Aa3/A+
	<u>\$ 600,000</u>				<u>\$ (123,549)</u>	<u>\$ 55,391</u>		

[^] Securities Industry and Financial Market Association
^{^^} London Interbank Offered Rate
(1) All bond issues are tax-exempt debt instruments.
(2) Includes accrued interest.
(3) The fair value is classified as a derivative instrument liability on the Statement of Net Position.
(4) The change in fair value is classified as a deferred outflow of resources on the Statement of Net Position.
(5) Credit rating companies: Standard and Poor's (S&P)/Moody's Investors Services/Fitch Rating Services

Mark-to-Market valuations shown above are received by the State from each of the counterparties. Each firm has its own proprietary method of deriving valuations and there are no guarantees that actual trades could be completed at such values. At the end of the fiscal year, the variable rate received by the State was the SIFMA rate (0.08% was in effect on June 30, 2013) as the LIBOR rate was below 2.5%.

During all of fiscal year 2013, the floating rate received was SIFMA. 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. Further, the frequency of rate resets of the 2003B bonds and the Agreements are identical.

The fair value balance of the derivatives and related changes during the fiscal year are shown on the Government-wide Statement of Net Position under derivative instrument liabilities and deferred outflows, respectively.

Risks

Credit risk

As of June 30, 2013, the State was not exposed to credit risk because the swap agreements had a negative fair value. If interest rates change and the fair value of the swaps become positive, the State would be exposed to credit risk. If the State wished to exit from the Agreements, the counterparties may not have the resources to pay that positive value to the State. If the credit ratings of the liquidity provider deteriorate, the amount of floating 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. This payment will result in the projected savings of the synthetic rate structure not being realized. 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 and a greater than expected savings. During fiscal year 2013, the State experienced higher rates of interest on the 2003B bonds relative to the floating rates under the Agreements due to the credit ratings of the Liquidity Provider. Current credit ratings of the Liquidity Provider are BBB+/F2 by Fitch Ratings, Baa3/P-3 by Moody's and BBB/A-2 by Standard and Poor's.

Interest rate risk

During fiscal year 2013, declining interest rates adversely affected the fair value of the Agreements.

Basis risk

Since the floating index under the Agreement is based on LIBOR (when LIBOR is greater than 2.5%), 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 SIFMA) 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.

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 negative. 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, 2013).

Rollover risk

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

As of June 30, 2013, 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:

Year Ending June 30	Governmental Activities			Total
	Principal	Interest	Interest Rate Swaps, Net	
2014	\$ -	\$ 12,000	\$ 22,860	\$ 34,860
2015	-	12,000	22,860	34,860
2016	-	12,000	22,860	34,860
2017	-	12,000	22,860	34,860
2018	-	12,000	22,860	34,860
2019-2023	178,300	55,591	105,901	339,792
2024-2028	183,600	32,702	62,297	278,599
2029-2033	190,200	10,138	19,313	219,651
2034-2035	47,900	479	912	49,291
Total	\$ 600,000	\$ 158,910	\$ 302,723	\$ 1,061,633

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

Investment Derivatives - Pensions

Certain State agencies, principally the Illinois State Board of Investment (“ISBI”), the Teachers’ Retirement System (“TRS”), and the State Universities Retirement System (“SURS”), invest in derivative securities. These derivative securities have been authorized by the policies of the applicable State agencies and the Illinois Compiled Statutes. ISBI, TRS, and SURS invest in the following types of derivatives: foreign currency forward contracts, rights, warrants, financial futures, financial options, swaps, and swaptions.

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 agreements 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. Investment managers use these contracts primarily to hedge the currency exposure of the agencies’ investments.

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. Investment managers use financial futures to improve yield, adjust the duration of the fixed income portfolio, circumvent changes in interest rates, or to replicate an index. Futures contracts are standardized and traded on organized exchanges, thereby minimizing the agencies’ credit risk. The net change in the futures contracts value is settled daily with the exchanges. Because of daily settlement, the futures contracts have no fair value. As the market value of the futures contract varies from the original contract price, a gain or loss is paid to or received from the clearinghouse.

Financial options are used by investment managers in an attempt to add value to the portfolio or protect a position in the portfolio. 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, the

agencies 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. As a purchaser of financial options, the agencies 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. 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.

Swaps are agreements to exchange future cash flows. The agencies utilize the following types of swaps:

- a) Credit default swaps are financial instruments used to replicate the effect of investing in debt obligations of corporate bond issuers as a means to manage bond exposure, effectively buying or selling insurance protection in case of default. Credit default swaps may be specific to an individual security or to a specific market sector (index swaps).
- b) Interest rate swaps are agreements between parties to exchange a set of cash flow streams over a period of time. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate.
- c) Inflation-linked swaps are agreements where a fixed payment is exchanged for a variable payment linked to an inflation index. These swaps can protect against unfavorable changes in inflation expectations and are used to transfer inflation risk from one counterparty to another. Inflation-linked swaps initially have no net value; the value of the swap's outstanding payments will change as interest and inflation rates change. The value may be either positive or negative.
- d) Total return swaps are agreements that involve a stream of payments based on a set rate, either fixed or variable, by one party while the other party makes payments based on the return of the underlying asset, which includes both the income it generates and any capital gains.

Swaptions are options on swaps that give the purchaser the right, but not the obligation, to enter into a swap at a specific date in the future.

Rights and warrants allow investment managers to replicate an underlying security they wish to hold (sell) in the portfolio. Rights and warrants provide the holder with the right, but not the obligation, to buy or sell a company's stock at a predetermined price. Rights usually expire after a few weeks and warrants can expire from one to several years.

At June 30, 2013, investment derivatives are reported as investments in the Statement of Fiduciary Net Position. The change in fair value of derivative investments is included in investment income on the Statement of Changes in Fiduciary Net Position. Following are summaries of investment derivatives held at each agency at June 30, 2013:

ISBI

Table 14-3 (amounts expressed in thousands)

Investment Derivatives	Fair Value at June 30, 2013	Change in Fair Value	Notional*
Currency Forwards	\$ (413)	\$ (2,963)	N/A
Futures	N/A	N/A	\$ 25,076
Options	9,079	6,068	8,041
Rights	22	(655)	35
Warrants	-	3,331	-
Grand Totals	\$ 8,688	\$ 5,781	\$ 33,152

* Notional amounts represent financial exposure to these instruments in U.S. dollars.

TRS

Table 14-4 (amounts expressed in thousands)

Investment Derivatives	Fair Value at June 30, 2013	Change in Fair Value	Notional*
Rights	\$ 94	\$ 300	\$ 1,109
Warrants	140	138	2,240
Currency Forwards			
Purchases	3,124,065		
Sales	(3,103,083)		
	<u>20,982</u>	<u>32,131</u>	<u>-</u>
Futures**			
U.S. Stock Index Futures Long	-	6,389	92,081
U.S. Stock Index Futures Short	-	(6,504)	(37,916)
Fixed Income Futures Long	-	(6,310)	1,276,551
Fixed Income Futures Short	-	10,612	(1,111,085)
Commodity Futures Long	-	1,357	4,022
Commodity Futures Short	-	1,500	(5,316)
Currency Futures Long	-	(637)	4,626
Currency Futures Short	-	7	-
	<u>-</u>	<u>6,414</u>	<u>222,963</u>
Options**			
U.S. Equity Put Index Options Purchased	498	(3,302)	1,277
U.S. Equity Put Index Options Written	-	1,041	-
Currency Forward Put Options Purchased	507	(1,212)	7,421
Currency Forward Put Options Written	(2)	1,892	194
Currency Forward Call Options Purchased	799	1,203	21,074
Currency Forward Call Options Written	-	148	-
Inflation Put Options Written	(39)	22	23,000
Options on Futures Bought	1,061	1,092	32,548
Options on Futures Written	(1,277)	860	48,031
	<u>1,547</u>	<u>1,744</u>	<u>133,545</u>
Swaptions			
Swaptions Bought	2,878	1,091	1,968
Swaptions Written	(5,802)	629	122,848
	<u>(2,924)</u>	<u>1,720</u>	<u>124,816</u>
Credit Default Swaps			
Credit Default Swaps Buying Protection	(728)	(4,651)	64,459
Credit Default Swaps Selling Protection	36	7,635	57,729
	<u>(692)</u>	<u>2,984</u>	<u>122,188</u>
Interest Rate Swaps			
Pay Fixed Interest Rate Swaps	8,492	4,826	138,569
Receive Fixed Interest Rate Swaps	(14,673)	(18,138)	669,836
	<u>(6,181)</u>	<u>(13,312)</u>	<u>808,405</u>
Inflation-linked Swaps			
Pay Fixed Inflation Swaps	(1,329)	(1,865)	59,571
Receive Fixed Inflation Swaps	164	135	14,072
	<u>(1,165)</u>	<u>(1,730)</u>	<u>73,643</u>
Grand Totals	\$ 11,801	\$ 30,389	\$ 1,488,909

* Notional amounts represent financial exposure to these instruments in U.S. dollars.
** Notional values do not represent actual values in the Statement of Fiduciary Net Position.

Interest rate risk for derivative securities is disclosed in Note 3. Both interest rate and inflation rate swaps have fair values that are sensitive to interest rate changes. TRS had the following interest rate and inflation swaps at June 30, 2013.

Asset Description	Par	Gross Notional*	TRS Receives	TRS Pays	Maturity Date	Fair Value June 30, 2013
Pay Fixed Interest						
Rate Swaps						
United States Dollar	1,800	\$ 1,800	3 mo. LIBOR ^{AA}	0.75%	6/19/2016	\$ 3
United States Dollar	28,800	28,803	3 mo. LIBOR ^{AA}	2.75%	6/19/2033	2,585
United States Dollar	39,300	39,304	3 mo. LIBOR ^{AA}	2.75%	6/19/2043	5,416
United States Dollar	21,600	21,617	3 mo. LIBOR ^{AA}	1.40%	3/20/2018	56
British Pound Sterling	3,200	4,865	3 mo. LIBOR ^{AA}	3.00%	3/21/2042	302
Japanese Yen	4,190,000	42,180	3 mo. LIBOR ^{AA}	1.00%	9/18/2023	130
		<u>\$ 138,569</u>				<u>\$ 8,492</u>
Receive Fixed Interest						
Rate Swaps						
Mexican Peso	67,900	\$ 5,173	5.50% to 6.35%	4 wk. Mexican TIE ^A	9/6/2016-6/5/2023	\$ (44)
Australian Dollar	285,160	256,261	3.50% to 4.25%	6 mo. Australian Bank Bill	12/11/2018-12/11/2023	(5,245)
British Pound Sterling	19,900	29,367	3.00%	6 mo. LIBOR ^{AA}	3/21/2023	(816)
United States Dollar	264,900	261,853	0.40% to 3.00%	Fed Fund Effective Rate/3 mo. LIBOR ^{AA}	8/15/2013-3/21/2023	(3,073)
Brazilian Real	271,000	117,182	8.20% to 9.10%	3 mo. Brazilian CDI ^{AAA}	1/20/2015-1/2/2017	(5,495)
		<u>\$ 669,836</u>				<u>\$ (14,673)</u>
Pay Fixed Inflation						
Linked Swaps						
United States Dollar	60,900	\$ 59,571	U.S. CPI ^{AAAA} URNSA ^{AAAA}	2.25% to 2.56%	2/12/2017-5/8/2023	\$ (1,329)
Receive Fixed Inflation						
Linked Swaps						
Euro	10,700	\$ 14,072	1.95% to 2.15%	France CPI ^{AAAA} Ex-Tobacco	4/1/2021-7/25/2021	\$ 164

* Includes income/accrued payable amounts

^A TIE - Mexico Interbank Equilibrium Interest Rate
^{AA} LIBOR - London Interbank Offered Rate
^{AAA} CDI - Cetip Interbank Deposit (interbank lending rate)
^{AAAA} CPI - Consumer Price Index
^{AAAAA} URNSA - Urban Consumers NSA Index Rate

SURS

Investment Derivatives	Fair Value at June 30, 2013	Changes in Fair Value	Notional*
Rights and Warrants	\$ 74	\$ (75)	\$ 415
Currency Forwards			
Purchases	4,689	2,732	-
Sales	(5,112)	(2,580)	-
	<u>(423)</u>	<u>152</u>	<u>-</u>
Futures			
Equity Derivatives Long	(793)	(6,334)	239,613
Equity Derivatives Short	26	26	(5,757)
Fixed Income Long	52	143	280,942
Fixed Income Short	14	(30)	(38,163)
	<u>(701)</u>	<u>(6,195)</u>	<u>476,635</u>
Options			
Fixed Income Call	(108)	64	(58,500)
Fixed Income Put	(201)	(185)	(9,300)
Cash and Cash Equivalents Call	-	-	-
Cash and Cash Equivalents Put	(9)	(62)	(7,600)
	<u>(318)</u>	<u>(183)</u>	<u>(75,400)</u>
Swaptions			
Call	(12)	1,205	(89,099)
Put	(2,162)	(2,235)	(185,974)
	<u>(2,174)</u>	<u>(1,030)</u>	<u>(275,073)</u>
Swaps			
Credit Default			
Buying Protection	(678)	(10,446)	218,411
Selling Protection	1,411	630	99,867
	<u>733</u>	<u>(9,816)</u>	<u>318,278</u>
Pay Fixed Inflation-linked Swaps	(310)	(310)	13,800
Receive Fixed Inflation-linked Swaps	176	176	7,539
Total Return	3,287	2,515	18
Pay Fixed Interest Rate	56	3,750	8,960
Receive Fixed Interest Rate	8,457	4,632	580,980
	<u>12,399</u>	<u>947</u>	<u>929,575</u>
Grand Totals	<u>\$ 8,857</u>	<u>\$ (6,384)</u>	<u>\$ 1,056,152</u>

* Notional amounts represent financial exposure to these instruments in U.S. dollars.

Interest rate risk for derivative securities is disclosed in Note 3. Both interest rate and inflation rate swaps have fair values that are sensitive to interest rate changes. SURS had the following interest rate and inflation swaps at June 30, 2013.

Table 14-7 (amounts expressed in thousands)
SURS Interest Rate Swaps

Pay Fixed / Receive Fixed	Notional Amount	SURS Rate	Counterparty Rate	Fair Value June 30, 2013
pay fixed	\$ 13,800	2.25% to 2.50%	US CPI Urban Consumers NSA ^{~~~~~}	\$ (310)
pay fixed	8,960	1.0000%	6 mo. JPY-LIBOR BBA-Bloomberg ^{~~~~~}	56
	<u>\$ 22,760</u>			<u>\$ (254)</u>
receive fixed	\$ 434,700	3 mo. LIBOR [^]	1.4% to 2.5%	\$ 10,220
receive fixed	67,663	BCID ^{^^}	8.15% to 8.94%	(3,222)
receive fixed	35,547	3 mo. CDOR ^{^^^}	2.0% to 6.2%	1,767
receive fixed	20,500	Fed Fund Effective Rate	1.00%	(323)
receive fixed	7,539	France CPI Ex-Tobacco ^{~~~~}	1.95% to 2.15%	176
receive fixed	2,718	6 mo. JPY-LIBOR BBA-Bloomberg ^{~~~~}	1.00%	16
receive fixed	19,853	28 day TIIE ^{~~~~~}	5.5% to 5.6%	(1)
	<u>\$ 588,520</u>			<u>\$ 8,633</u>

[^] LIBOR - London Interbank Offered Rate
^{^^} BCID - Brazil Cetip Interbank Deposit
^{^^^} CDOR - Canadian Dealer Offered Rate
^{~~~~} France Consumer Price Index Excluding Tobacco
^{~~~~} Japanese Yen London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen
^{~~~~~} TIIE - Mexico Interbank Equilibrium Interest Rate
^{~~~~~} US Consumer Price Index for All Urban Consumers (not seasonally adjusted)

Credit 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. Derivatives which are exchange traded are not subject to credit risks. None of the agencies have a policy regarding master netting arrangements.

ISBI: ISBI's derivative investments in forward currency contracts are held with counterparties. The credit ratings and net exposure as of June 30, 2013 for each of the counterparties are as follows:

Table 14-8 (expressed in thousands)

Moody's Rating	Fair Value	Net Exposure	Percentage of Net Exposure
Aa3	\$ 197	\$ 197	27%
Aa2	68	68	9%
A3	199	199	27%
A2	106	106	15%
A1	92	92	13%
Baa1	66	66	9%
	<u>\$ 728</u>	<u>\$ 728</u>	<u>100%</u>

TRS: Non-exchange traded derivative instruments may expose TRS to credit/counterparty risk. Credit risk is reduced by evaluating the credit quality and operational capabilities of counterparties. Because the counterparty risk of a security will fluctuate with market movements, all TRS managers using non-exchange traded derivatives operate a collateral call process ensuring full collateralization of its derivatives.

The aggregate fair value of non-exchange traded derivative instruments in asset positions at June 30, 2013 was \$53.073 million, as shown in the table below. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Table 14-9 (amounts expressed in thousands)

Moody's Quality Rating	
Aa1	\$ 27
Aa2	7,814
Aa3	10,030
A1	11,364
A2	15,953
A3	6,460
Baa1	1,425
Total subject to credit risk	\$ 53,073

Although the derivative instruments held within the TRS investment portfolio are executed with various counterparties, approximately 88 percent of the net market value exposure to credit risk is for non-exchange traded derivative contracts held with nine counterparties.

SURS: The maximum loss that would be recognized at June 30, 2013, if all counterparties fail to perform as contracted is \$40.6 million. This maximum exposure is reduced by \$8.1 million in collateral held and approximately \$31.1 million in liabilities, resulting in \$1.4 million net exposure to credit risk. At June 30, 2013, the counterparties' credit ratings for currency forwards, swaptions and swaps subject to credit risk are as follows:

Table 14-10 (amounts expressed in thousands)

Quality Rating	Forwards	Swaptions	Swaps	Total
AA	\$ -	\$ -	\$ 54	\$ 54
A	-	(2,174)	350	(1,824)
No Rating	(423)	-	11,995	11,572
Total Subject to Credit Risk	\$ (423)	\$ (2,174)	\$ 12,399	\$ 9,802

Hedging Derivatives - Major Component Units

Several component units of the State have entered into various hedging derivative instrument agreements. The agreements are reported in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value balance of the derivatives, including any change during the fiscal year, is shown on the Statement of Net Position for Component Units and the Government-wide Statement of Net Position under deferred outflows of resources and derivative instrument-swap liabilities. Component units with hedging derivative instrument agreements include the Illinois Housing Development Authority ("IHDA"), the Illinois State Toll Highway Authority ("THA"), and the University of Illinois ("U of I").

IHDA: The IHDA has one active swap contract and three interest rate caps. All are considered cash flow hedges. The objective of the one pay-fixed, receive variable, interest rate swap agreement is to achieve a synthetic fixed interest rate on the underlying bonds at a cost

anticipated to be less than the amounts paid had the IHDA issued fixed-rate debt. The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

The objective of the three interest rate cap agreements is to establish a maximum debt service which may be paid over the life of the underlying bonds. The notional amount of the swap and rate caps match the principal amount of the associated debt. The Authority's swap and cap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or an anticipated reduction in the associated bonds payable category. The fair value of the interest rate swap and rate caps were estimated using data provided by the counterparties.

THA: The THA has entered into ten separate variable-to-fixed rate interest rate exchange agreements (swaps) in connection with its three variable rate bond issues. One of the swaps associated with the Series 2008 A-2 Bonds was terminated on June 10, 2010 in connection with the Tollway's refunding of a portion of its 2008 Series A-2 Bonds on July 1, 2010. As a result, nine of the ten swaps were outstanding as of December 31, 2012 (THA's fiscal year-end). The objective of the agreements is 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. The swaps' fair market values were calculated using the zero coupon method.

U of I: The U of I has entered into three separate pay-fixed, receive variable interest rate swap agreements in connection with certain bond issues and into one pay-fixed, receive variable interest rate swap in connection with its Certificates of Participation. All are considered cash flow hedges.

The objective of these swaps was to effectively change the U of I's variable interest rate on the debt to a synthetic fixed rate. The notional amount of the interest rate swaps on the bonds is equal to the par amount of the related bonds, except for Health Services Facilities System Revenue Bonds Series 2008, of which \$315 thousand is not covered by the swap agreement. The notional amount of the interest rate swap for the Certificates of Participation is equal to the par amount of the related Certificates of Participation. All of the swap agreements were entered at the same time as the related debt was issued and terminate with maturity. No cash was paid or received when the original swap agreements were entered into. The U of I engaged a third-party consultant to calculate the market value of each swap transaction.

The following table displays the terms of the various hedging derivative instruments of the major component units outstanding at June 30, 2013 (except for the THA, for which the fiscal year end is December 31, 2012), along with the credit rating of the associated counterparty.

Table 14-11 (amounts expressed in thousands)									
Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (2)(3)	Change in Fair Value (4)	Swap Termination Date	Counterparty Credit Rating (5)	
Major Component Units									
IHDA									
Interest Rate Swap Contracts									
HMRB*									
Series 2001F	\$ 10,000	1/02	6.615%	1 mo. LIBOR ^{^^} +40bp ^{^^^}	\$ (2,485)	\$ 698	8/20	A-/Baa2/-	
Interest Rate Cap									
HB*									
Series 2008A	12,730	1/13	5.75%	N/A	20		12/17	AA-/Aa1/-	
Series 2008B	31,985	7/11	5.5%	N/A	12		6/16	A/A2/-	
Series 2008C	5,185	6/06	4.75%	N/A	81		6/21	A/A3/-	
	49,900				113	6			
	<u>\$ 59,900</u>				<u>\$ (2,372)</u>	<u>\$ 704</u>			
THA-									
Interest Rate Exchange Agreements									
Series 1998B	\$ 67,705	12/98	4.325%	Actual bond rate	\$ (9,182)		1/17	AAA/Aa2/-	
Series 1998B	55,395	12/98	4.325%	Actual bond rate	(7,512)		1/17	A+/Aa3/-	
Series 2007 A-1	175,000	11/07	3.972%	SIFMA [^] 7 day Municipal Swap Index	(45,039)		7/30	A/A3/-	
Series 2007 A-1	175,000	11/07	3.972%	SIFMA [^] 7 day Municipal Swap Index	(45,039)		7/30	A/A2/-	
Series 2007 A-2	262,500	11/07	3.9925%	SIFMA [^] 7 day Municipal Swap Index	(68,264)		7/30	A/A3/-	
Series 2007 A-2	87,500	11/07	3.9925%	SIFMA [^] 7 day Municipal Swap Index	(22,755)		7/30	AA-/Aa3/-	
Series 2008 A-1	191,550	2/08	3.774%	SIFMA [^] 7 day Municipal Swap Index	(44,435)		1/31	AA-/Aa1/-	
Series 2008 A-1	191,550	2/08	3.774%	SIFMA [^] 7 day Municipal Swap Index	(44,435)		1/31	A+/A2/-	
Series 2008 A-2	95,775	2/08	3.764%	SIFMA [^] 7 day Municipal Swap Index	(22,094)		1/31	A/A3/-	
	<u>\$ 1,301,975</u>				<u>\$ (308,755)</u>	<u>\$ (1,447)</u>			
U of I									
Interest Rate Swap Contracts									
Revenue Bonds									
Series 2008 (South Campus)	\$ 25,830	2/06 ^{***}	4.086%	68% of 1 mo. LIBOR ^{^^}	\$ (3,646)		1/22	A-/Baa1/-	
Series 2008 (South Campus)	25,375	2/06 ^{***}	4.092%	68% of 1 mo. LIBOR ^{^^}	(3,575)		1/22	A+/Aa3/-	
Series 2008 (Health Services Facility System)	37,675	11/08 ^{***}	3.534%	68% of 1 mo. LIBOR ^{^^}	(4,967)		10/26	A+/A2/-	
Certificates of Participation Series 2004	118,160	3/04	3.765%	SIFMA [^] Municipal Swap Index	(15,077)		8/21	A-/Baa1/-	
	<u>\$ 207,040</u>				<u>\$ (27,265)</u>	<u>\$ 9,904</u>			
~ As of 12/31/2012 (THA's fiscal year-end).									
* Homeowner Mortgage Revenue Bonds				^ Securities Industry and Financial Market Association					
** Housing Bonds				^{^^} London Interbank Offered Rate					
*** Swap agreement was transferred from original issue to the refunded bond issue.				^{^^^} Basis points					
(1) All bond issues are taxable debt instruments.									
(2) Includes accrued interest.									
(3) The fair value is classified as a derivative instrument liability on the Statement of Net Position except THA's.									
(4) The change in fair value is classified as a deferred outflow of resources on the Statement of Net Position except for THA's.									
(5) Credit rating companies: Standard and Poor's (S&P)/Moody's Investors Services/Fitch Rating Services									

Risks

Credit risk

IHDA: As interest rates change and the fair value becomes positive, IHDA is exposed to credit risk in the amount of the swap's or caps' fair value. As of June 30, 2013, IHDA was not exposed to credit risk for the swap that had negative fair value. IHDA is exposed to credit risk on the caps with positive fair value. The aggregate fair value of hedging derivative instruments with positive fair value at June 30, 2013 was \$113 thousand. This represents the maximum loss that would be recognized at June 30, 2013 if all counterparties failed to perform as contracted as no collateral is in place. Fair value is a factor only upon termination. The counterparty with the largest notional amount holds 53% of the total notional amount of the outstanding swaps. IHDA does not have a policy regarding master netting arrangements.

THA: At December 31, 2012 (THA's fiscal year-end), THA was not exposed to credit risk because of the negative fair values of the swaps. If changes in interest rates were to create positive market values for the swaps in the future, the THA would be exposed to credit risk in the amount of those positive fair values. The swaps require full collateralization from the

counterparty of any positive fair value of the swaps in the event a counterparty's credit rating falls below a Standard & Poor's rating of A- or a Moody's Investor Services' rating of A3. The swaps require such collateral to be held by a third party custodian in the form of cash, debt obligations issued by the U.S. Treasury or debt issued by federally sponsored agencies. The nine swaps outstanding at December 31, 2012 are with eight different counterparties from seven different financial firms. The counterparty with the largest notional amount holds 28% of the total notional amount of the outstanding swaps. THA does not have a policy regarding master netting arrangements.

U of I: As of June 30, 2013 the U of I was not exposed to credit risk because its swaps had a negative fair value. If interest rates change and the fair value of the swaps become positive, the U of I would be exposed to credit risk in the amount of the derivatives' fair values. Since they are negative numbers, they represent an approximation of the amount of money the U of I may have to pay a swap provider to terminate the swap. The counterparty may have to post collateral in the U of I's favor in certain conditions, and the U of I would never be required to post collateral in the counterparty's favor. At June 30, 2013, one counterparty held 70%, another held 18%, and a third held 12% of the total notional amount of the outstanding swaps. U of I does not have a policy regarding master netting arrangements.

Interest rate risk

IHDA: Because interest rates have declined since the implementation of the swap agreement, it had a negative fair value as of June 30, 2013. The negative fair value may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the IHDA's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

THA: Low interest rates contributed to the negative market valuations at December 31, 2012. At the time of the swaps, the synthetic fixed rates achieved by the swaps were less than the fixed rates that could have been achieved by issuing fixed rate bonds.

U of I: During fiscal year 2013, declining interest rates exposed the U of I to interest rate risk, which adversely affected the fair values of the swap agreements.

Basis risk

IHDA: Basis risk on a swap occurs when the variable payment received is based on an index other than the index on the underlying bonds. IHDA believes its swap agreement has been structured to minimize or eliminate this risk.

THA: The THA has implemented a strategy on the swaps associated with the Series 1998B, Series 2007 A-1, Series 2007 A-2, Series 2008 A-1, and Series 2008 A-2 bonds, which was designed to provide a synthetic fixed rate below the traditional fixed interest rate available at the time of the financings, producing interest rate savings to the THA. The swaps expose the THA to basis risk should the variable interest rate on the bonds and the SIFMA Index diverge. If an unfavorable divergence occurs, the expected cost savings may not be realized. As of December 31, 2012 (THA's fiscal year-end), the SIFMA rate in effect for the swaps was 0.16%.

U of I Bonds: The swaps expose the U of I to basis risk should the relationship between LIBOR and the variable weekly rate determined by remarketing agents change, changing the synthetic

rate on the bonds. If a change occurs that results in the difference in rates widening, the expected cost savings may not be realized.

U of I Certificates of Participation: Starting in fiscal year 2006, the notional value of the swap and the principal amount of the associated Certificates began to decline. Conversely, the Certificates' variable interest rates are expected to approximate SIFMA. For fiscal year 2013, the Certificates' average variable interest rate was the same as SIFMA. The swap exposes the U of I to basis risk should the relationship between SIFMA and the variable weekly rate determined by remarketing agents converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates widening, the expected cost savings may not be realized.

Termination risk

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

THA: The THA or the counterparties may terminate any of the swaps if the other party fails to perform under terms of the swaps. If a swap were terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates. In addition, if the swap has a negative market value at the time of termination, the THA would be liable to the counterparty for a payment equal to the swap's market value.

U of I: The U of I has the option to terminate any of its swaps early. The U of I or the counterparties may terminate a swap if the other party fails to perform under the terms of the contract. The U of I may terminate a swap if both credit ratings of the counterparties fall below BBB+ as issued by Standard & Poor's and Baa1 as issued by Moody's Investors Services. If a swap is terminated, the variable-rate debt would no longer carry a synthetic fixed interest rate. In addition, if at the time of termination, a swap has a negative fair value, the U of I would be liable to the counterparties for a payment equal to the swap's fair value.

Rollover risk

IHDA: The IHDA is not exposed to rollover risk on its swap agreement. IHDA is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, IHDA will be re-exposed to the risks being hedged by the hedging derivative instrument. IHDA is exposed to rollover risk on the caps which have termination dates that occur prior to the maturity of the related bonds.

THA: The THA is not exposed to rollover risk, as all swap agreements are for periods that match the maturities of the related bonds.

U of I: The U of I is not exposed to rollover risk on its swap agreements since the swap agreements extend to the maturity of the related debt.

As of June 30, 2013, (except for the THA which is as of December 31, 2012), 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 14-12 (amounts expressed in thousands)

**Swap Payments and Associated Debt
Variable Rate Debt****Major Component Units**

Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2014	\$ 1,950	\$ 69	\$ 642	\$ 2,661	\$ -	\$ 1,861	\$ 49,398	\$ 51,259
2015	2,060	67	642	2,769	-	1,861	49,398	51,259
2016	3,070	65	642	3,777	-	1,861	49,398	51,259
2017	4,290	60	546	4,896	53,900	1,715	47,212	102,827
2018	4,295	55	417	4,767	69,200	1,528	44,406	115,134
2019-2023	18,615	193	482	19,290	13,062	7,582	220,646	241,290
2024-2028	24,785	106	-	24,891	548,625	6,224	182,148	736,997
2029-2033	2,465	26	-	2,491	617,188	1,238	35,909	654,335
2034-2038	1,780	11	-	1,791	-	-	-	-
2039-2043	1,090	3	-	1,093	-	-	-	-
Total	\$ 64,400	\$ 655	\$ 3,371	\$ 68,426	\$ 1,301,975	\$ 23,870	\$ 678,515	\$ 2,004,360

Year Ending June 30	University of Illinois-Revenue Bonds				University of Illinois-Certificates of Participation			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2014	\$ 6,530	\$ 59	\$ 3,250	\$ 9,839	\$ 7,410	\$ 83	\$ 4,227	\$ 11,720
2015	6,830	55	2,993	9,878	7,710	77	3,947	11,734
2016	7,050	50	2,728	9,828	8,015	72	3,656	11,743
2017	7,735	45	2,447	10,227	8,345	67	3,354	11,766
2018	8,095	39	2,142	10,276	15,990	61	2,902	18,953
2019-2023	40,000	111	5,682	45,793	70,690	126	5,329	76,145
2024-2028	12,955	20	831	13,806	-	-	-	-
Total	\$ 89,195	\$ 379	\$ 20,073	\$ 109,647	\$ 118,160	\$ 486	\$ 23,415	\$ 142,061

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, 2013, the State, Southern Illinois University, a major component unit, and the University of Illinois, a major component unit, issued advanced refunding debt to lower interest rates. These revenue bonds were issued to refund portions of earlier bond issuances. The principal of the refunded debt will be redeemed at a redemption price of 100%. The outstanding balance of the State's defeased special obligation debt was \$639.605 million and will be redeemed on various dates through 2020. The outstanding balance of the refunded debt of Southern Illinois University was \$33.035 million and will be redeemed on various dates through 2014. The outstanding balance of the refunded debt of the University of Illinois was \$215.410 and will be redeemed on various dates through 2016.

Proceeds from the bond sales were placed in irrevocable trusts that are used to service the debt requirements of the old debt until redemption. As a result, the refunded bonds are considered to be defeased and the liability for the debt has been removed from the financial statements of the State, Southern Illinois University and the University of Illinois, respectively.

Advance refundings issued during fiscal year 2013 were as follows:

Table 15-1 (amounts expressed in thousands)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service Decreased by Refunding	Refunding Economic Gain (Loss)	Accounting Gain/(Loss)
Primary Government							
Governmental Activities							
Special Obligation Bonds:							
Series 2013 (June)	\$ 604,110	2.0% to 5.0%	\$ 639,605	4.00% to 6.50%	\$ 77,178	\$ 55,923	\$ (25,445)
Major Component Units							
Southern Illinois University							
HAFS Series 2012 B (Dec)	\$ 36,510	1.0% to 5.0%	\$ 39,470	4.00% to 5.00%	\$ 6,293	\$ 4,829	\$ (2,216)
University of Illinois							
AFS Series 2013 A (May)	\$ 212,540	3.0% to 5.0%	\$ 218,175	4.25% to 5.00%	\$ 22,921	\$ 17,972	\$ (21,325)

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 are not included in the State’s financial statements. At June 30, 2013, the outstanding balances of prior year defeased debt were as follows (except for the Illinois State Toll Highway Authority, which is as of December 31, 2012):

Table 15-2 (amounts expressed in thousands)

	Primary Government	Major Component Units		
	Governmental Activities	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Illinois State University
General obligation bonds	\$ 334,040	\$ -	\$ -	\$ -
Revenue bonds	-	23,930	708,340	4,095
	\$ 334,040	\$ 23,930	\$ 708,340	\$ 4,095

16 RETIREMENT SYSTEMS

Plan Descriptions. The State of Illinois sponsors five public employee retirement systems 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 a "special funding situation" as described below. 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 861 local school districts, 138 special districts, and 20 other State agencies that contribute to the TRS plan.

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 with a "special funding situation" as described below. 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 9 universities, 39 community college districts, 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 No. 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 20 thousand of the approximately 81 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 Self-Managed Plan 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. Approximately 11 thousand of the approximately 81 thousand active members have chosen this option. \$1.259 billion of the \$16.296 billion total net position relate to the Self-Managed Plan. Plan member contributions were \$59.938 million and the State contributions, along with employer contributions consisting of grant reimbursements, were \$49.239 million for the year ended June 30, 2013.

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 provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. However, Public Act 94-0004 decreased the required funding levels for fiscal years 2006 and 2007 to \$938.400 million and \$1.375 billion, respectively, and required the State's contribution to increase in equal annual increments from fiscal years 2008 to 2010, so that by fiscal year 2011, the State would be contributing at the rate otherwise required by State law. Pursuant to Public Act 93-0002, the State issued general obligation bonds, the proceeds of which were used to fund \$300 million of the State's fiscal year 2003 required annual statutory contribution and \$1.860 billion of the State's fiscal year 2004 required annual statutory contribution, as well as to contribute \$7.317 billion to the retirement systems in fiscal year 2004 to fund a portion of the State's unfunded liability. In fiscal year 2010, pursuant to Public Act 96-0043, the State made contributions from general obligation bond proceeds of \$3.452 billion to the retirement systems to fund a portion of the State's required annual statutory contribution. In fiscal year 2011, pursuant to Public Act 96-1497, the State made contributions from general obligation bond proceeds of \$3.684 billion to the retirement systems to fund a portion of the State's required annual statutory contribution. The State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2013. 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 to the GASB Statement No. 27 accounting parameters. The State's APC for the current year and related information for each plan are included in Table 16-1.

	GARS	JRS	SERS	TRS	SURS
Actuarially required contribution ("ARC")	\$ 17,064	\$ 125,577	\$ 1,741,286	\$ 3,582,033	\$ 1,549,287
Plus: Interest on net pension obligation ("NPO")	4,788	36,658	185,067	1,244,555	663,541
Adjustment to the ARC	(3,871)	(29,642)	(144,435)	(870,323)	(487,633)
Annual pension cost ("APC")	17,981	132,593	1,781,918	3,956,265	1,725,195
Employer contributions	(14,150)	(88,240)	(1,531,932)	(2,858,065)	(1,401,481)
Increase in NPO	3,831	44,353	249,986	1,098,200	323,714
NPO at June 30, 2012	68,396	523,680	2,387,962	14,641,828	8,561,819
NPO at June 30, 2013	\$ 72,227	\$ 568,033	\$ 2,637,948	\$ 15,740,028	\$ 8,885,533

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 for the current fiscal year and the two preceding fiscal years are presented in Table 16-2.

	GARS	JRS	SERS	TRS	SURS
Annual Pension Cost ("APC")					
6/30/2013	\$ 17,981	\$ 132,593	\$ 1,781,918	\$ 3,956,265	\$ 1,725,195
6/30/2012	\$ 14,232	\$ 117,221	\$ 1,647,841	\$ 3,781,684	\$ 1,606,504
6/30/2011	\$ 14,527	\$ 101,273	\$ 1,326,155	\$ 3,156,267	\$ 1,463,948
% of APC Contributed					
6/30/2013	78.69%	66.55%	85.97%	72.24%	81.24%
6/30/2012	73.79%	54.29%	84.44%	67.66%	61.36%
6/30/2011	78.71%	61.91%	85.05%	73.62%	52.84%
Net Pension Obligation					
6/30/2013	\$ 72,227	\$ 568,033	\$ 2,637,948	\$ 15,740,028	\$ 8,885,533
6/30/2012	\$ 68,396	\$ 523,680	\$ 2,387,962	\$ 14,641,828	\$ 8,561,819
6/30/2011	\$ 64,666	\$ 470,103	\$ 2,131,537	\$ 13,418,725	\$ 7,941,130

Funded Status. The funded status and funding progress of the State's retirement systems is presented in Table 16-3.

Plan	Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability ("AAL") Projected Unit Credit	(c) Unfunded AAL ("UAAL") (b-a)	(d) Funded Ratio (a/b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c/e)
GARS	6/30/2013	\$ 51,850	\$ 320,462	\$ 268,612	16.2%	\$ 14,902	1802.5%
JRS	6/30/2013	\$ 610,196	\$ 2,156,805	\$ 1,546,609	28.3%	\$ 177,006	873.8%
SERS	6/30/2013	\$ 11,877,419	\$ 34,720,765	\$ 22,843,346	34.2%	\$ 4,236,191	539.2%
TRS	6/30/2013	\$ 38,155,191	\$ 93,886,988	\$ 55,731,797	40.6%	\$ 9,394,741	593.2%
SURS	6/30/2013	\$ 14,262,621	\$ 34,373,104	\$ 20,110,483	41.5%	\$ 3,533,858	569.1%

Actuarial Methods and Assumptions. Actual valuations of an ongoing retirement system involve estimates and calculations of the value of reported amounts and assumptions about the probability of occurrence of events on a long-term perspective. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the retirement systems and the annual required contributions of the State are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress of the State's retirement systems, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the retirement systems' assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the types of benefits provided and the cost sharing between the employer and plan members at the time of each valuation and do not include the potential effects of legal or contractual funding. Information about actuarial methods and assumptions used in the actuarial valuation of the plan is presented in Table 16-4.

Table 16-4 (amounts expressed in thousands)

	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>	<u>TRS</u>	<u>SURS</u>
Required contribution amounts/rates:					
Statutory required contribution * Members	\$ 14,150 11.5%	\$ 88,210 11%	\$ 1,529,943 4%-12.5%	\$ 2,843,463 9.4%	\$ 1,401,481 8%-9.5%
Actuarial valuation date of the ARC	6/30/2011	6/30/2011	6/30/2011	6/30/2011	6/30/2012
Actuarial valuation date of the UAAL	6/30/2013	6/30/2013	6/30/2013	6/30/2013	6/30/2013
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	Level % of pay	Level % of pay	Level % of pay
Remaining amortization period	30 years - Open	30 years - Open	30 years - Open	30 years - Open	30 years - Open
Asset valuation method	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed
Actuarial assumptions:					
Investment rate of return **	7%	7%	7.75%	8.5%	7.75%
Projected salary increases **	4%	4%	4% - 8.35%	6% - 11.1%***	3.75% - 12%
Postretirement benefit increases					
Tier 1	3%, compounded	3%, compounded	3%, compounded	3%, compounded	3%, compounded
Tier 2	Lesser of 3% or annual increase in CPI [^] , compounded	Lesser of 3% or annual increase in CPI [^] , compounded	Lesser of 3% or 1/2 of CPI [^] , on original benefit	Lesser of 3% or 1/2 of CPI [^] , not compounded	1.375%, not compounded
Inflation rate	3%	3%	3%	3.5%	2.75%

Note: The above actuarial assumptions are the actuarial assumptions used at June 30, 2011, to calculate the ARC for the year ended June 30, 2013. The actuarial assumptions used at June 30, 2013 to calculate the actuarial accrued liability as reported in the required supplementary information were the same except for the following:

	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>	<u>TRS</u>	<u>SURS</u>
Investment rate of return				8%	
Projected salary increases	3.5%	3.75%	4% - 8.87%	5% - 10.15%****	
Inflation rate				3.25%	

[^] Consumer Price Index

* 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 until the 90% funded level is achieved. Public Act 94-004 amended Public Act 88-593 by reducing contributions for fiscal years 2006 and 2007 and requiring incremental increases for fiscal years 2008 through 2010 in order that the funded ratio in fiscal year 2011 would not be impacted.

** Includes inflation rate listed

*** Composite, approximately 7.0%

**** Composite, approximately 6.0%

17 POSTEMPLOYMENT BENEFITS

Plan Description. The State Employees Group Insurance Act of 1971 (“Act”), as amended, authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all State and university component unit employees become eligible for these other postemployment benefits (“OPEB”) if they eventually become annuitants of one of the State sponsored pension plans. The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (General Assembly Retirement System, Judges’ Retirement System, State Employees’ Retirement System, Teachers’ Retirement System, and the State Universities Retirement System). The portions of the Act related to OPEB establishes a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation for

employees of the State’s component unit universities. The plan does not issue a stand-alone financial report.

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State’s and the university component units’ employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time the benefit amount becomes \$5,000.

In accordance with the Act, the State contributes toward the cost of an annuitant’s coverage under the basic program of group health, dental, and vision benefits an amount equal to five percent of that cost for each full year of creditable service up to a maximum of one hundred percent for an annuitant with twenty or more years of creditable service. For fiscal year 2013, the annual cost of the basic program of group health, dental, and vision benefits before the State’s contribution was \$8,396.88 (\$4,484.88 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$11,912.88 (\$4,322.16 if Medicare eligible) if the annuitant chose other benefits.

For current employees, contributions are dependent upon annual salary and whether or not the employee chooses to receive benefits through a health maintenance organization. Current employee contribution rates to the plan are presented in Table 17-1.

Table 17-1

Employee Annual Salary	Annual Employee Health, Dental, and Vision Contribution Requirements	
	Benefits Through a Health Maintenance Organization	Benefits Provided Through Other Than a Health Maintenance Organization
	\$30,200 and below	\$696
\$30,201 - \$45,600	\$756	\$1,056
\$45,601 - \$60,700	\$786	\$1,086
\$60,701 - \$75,900	\$816	\$1,116
\$75,901 and above	\$846	\$1,146

Public Act 97-0695, effective July 1, 2012, alters the contributions to be paid by the State, annuitants, survivors, and retired employees under the State Employees Group Insurance Act. This Act also requires the Director of Central Management Services to annually determine the amount the State will contribute toward the basic program of group health benefits. The remainder of the cost of coverage shall be the responsibility of the annuitant, survivor or retired employee. These costs will be assessed beginning July 1, 2013.

Funding Policy and Annual OPEB Cost. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

The State’s lack of funding requirement differs significantly from the annual OPEB cost (“AOPEBC”) as pay-as-you-go does not conform to the GASB Statement No. 45 accounting parameters. The State’s AOPEBC for the current year and related information is included in Table 17-2.

Actuarially required contribution ("ARC")	\$ 2,292,460
Plus: Interest on net other postemployment benefits obligation ("NOPEBO")	328,503
Adjustment to the ARC	(243,336)
Annual other postemployment benefits cost	<u>2,377,627</u>
Benefits paid during the year	(624,668)
Increase in NOPEBO	<u>1,752,959</u>
NOPEBO at June 30, 2012	7,300,079
NOPEBO at June 30, 2013	<u>\$ 9,053,038</u>

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 for the current fiscal year and the two preceding fiscal years are presented in the following Table 17-3.

Annual Other Postemployment Benefits Cost ("AOPEBC")	
6/30/2013	\$ 2,377,627
6/30/2012	\$ 2,463,426
6/30/2011	\$ 2,338,779
% of AOPEBC Contributed	
6/30/2013	26.27%
6/30/2012	31.56%
6/30/2011, as restated	25.81%
Net Other Postemployment Benefits Obligation	
6/30/2013	\$ 9,053,038
6/30/2012	\$ 7,300,079
6/30/2011, as restated	\$ 5,614,025

Funded Status. The funded status and funding progress of the State’s OPEB is presented in Table 17-4.

	(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)
6/30/2013	\$ -	\$ 34,488,085	\$ 34,488,085	0.0%	\$ 7,631,281	451.9%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates and calculations on the value of reported amounts and assumptions about the probability of occurrence of events on a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded

status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress of the State’s OPEB plan, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the types of benefits provided and the cost sharing between the employer and plan members at the time of each valuation and do not include the potential effects of legal or contractual funding limitations. Information about actuarial methods and assumptions used in the actuarial valuation of the plan is presented in Table 17-5.

Actuarial valuation date of the actuarial required contribution	6/30/2013
Actuarial valuation date of the unfunded actuarial accrued liability	6/30/2013
Actuarial cost method	Proj. Unit Credit
Amortization method	Level % of pay
Remaining amortization period	30 years. Open
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return *	4.5%
Projected salary increases *	4.5%
Inflation rate	3.0%
Healthcare cost trend rate:	
Medical	8.5% grading down .5% per year over 5 years to 6.0% and in the 6th year grading down .4% to 5.6%
Dental	7.5% grading down .5% per year over 5 years to 5.0%
Vision	3.0% for each of the next 6 years
* Includes inflation rate listed	

Plans Administered for Other Governments. The State also administers cost-sharing OPEB plans for teachers at school districts in Illinois (excluding Chicago) and for teachers at community colleges in Illinois. Financial statements for these plans may be obtained from the Department of Central Management Services (“Department”), 704 Stratton Office Building, Springfield, Illinois 62706. The State Group Insurance Act of 1971 (“Act”), as amended, establishes the benefits provided to retirees; the rates of contribution for active employees, employers, and the State; and the process, if any, to amend rates of contribution for both plans with a funding policy of pay-as-you-go. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Teacher Health Insurance Security Fund was established to provide health insurance for retirees of school districts in Illinois (excluding Chicago) who are annuitants or dependent beneficiaries of the Teachers’ Retirement System (“TRS”). As of June 30, 2013, there were 999 school districts participating with 72,652 retirees and dependent beneficiaries receiving benefits. The Department works in conjunction with TRS to administer this cost-sharing multiple-

employer defined benefit OPEB plan. The Act requires every active contributor of TRS and for every employer to make contributions to the plan at rates not to exceed 105% of the previous year. For fiscal year 2013, contributors to TRS contributed .92% of salary and employers contributed .69% of wages. The Act also requires the State to contribute the amount of remaining funds estimated necessary to fund current expenditures as certified by the Director of the Department. At the time of the most recent amendments to the Act, this amount was expected to be approximately .92% of contributors' wages. The Director of the Department can amend the contribution rates of employers and employees annually subject to a limitation of 5% pursuant to the Act. The amount of the State's required contribution was \$86.683, \$87.622, and \$85.953 million for fiscal years 2013, 2012, and 2011, respectively.

The Community College Health Insurance Security Fund was established to provide health, vision, and dental insurance for Illinois community college retirees and dependent beneficiaries. As of June 30, 2013, there were 38 community college districts (all of the State's districts except the City Colleges of Chicago District) and 1 community college association participating with 6,555 retirees and dependent beneficiaries receiving benefits. The Department works in conjunction with the State Universities Retirement System ("SURS") to administer this cost-sharing multiple-employer defined benefit OPEB plan. The Act requires every active contributor of SURS who is a full-time employee of a community college district or an association of community college boards to make contributions to the plan at the rate of .5% of wages and every community college district or association of community college boards to contribute to the plan an amount equal to .5% of the wages paid to its full-time employees who are required to contribute to the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund to cover any expected expenditures in excess of the contributions by active employees and employers in an amount certified by the SURS Board of Trustees. The amount of the State's required contribution and the amount contributed was \$40.176, \$4.396, and \$5.237 million for fiscal years 2013, 2012, and 2011, respectively.

18 FUND DEFICITS/CASH FLOW DEFICITS

Primary Government - Governmental Activities

A. Fund Deficits

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 \$7.334 billion at June 30, 2013. This deficit results from spending in excess of revenues recognized.

Nonmajor Governmental Funds

The Personal Property Tax Replacement Fund of the Department of Revenue, the Transportation Bond Series B Fund of the Department of Transportation and the Capital Development Fund of the Capital Development Board have deficits at June 30, 2013, aggregating \$212.111 million, \$52.164 million and \$16.450 million, respectively, resulting from spending in excess of revenues recognized.

The Tobacco Settlement Recovery Fund of the Treasurer and the SBE Federal Department of Education Fund of the State Board of Education have deficits at June 30, 2013, aggregating \$937.538 million and \$81.234 million, respectively, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

B. Cash Flow Deficits

As of June 30, 2013, liabilities reported in the financial statements include transactions totaling \$4.061 billion that have been approved for payment by the State, but remained unpaid at year end due to the State's cash flow difficulties. Of this total, \$760.731 million related to intra-governmental transactions and \$652.168 million related to statutorily mandated transfers, the latter of which would represent noncompliance with State law. The majority of these unpaid transactions were payable from the General Revenue Fund. Payment of these transactions was ultimately made by December 31, 2013.

Fiduciary Funds

Pension (and Other Employee Benefit) Trust Funds

The Teacher Health Insurance Security Fund and the Community College Health Insurance Security Fund of the Department of Central Management Services have deficits at June 30, 2013, aggregating \$80.139 million and \$13.238 million, respectively, resulting from benefit payments exceeding contributions due to funding based on a pay-as-you-go basis.

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 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. 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. Nonincremental claims adjustment expenses have not been included as part of the liability.

The State's risk financing of auto liability has been determined using an estimate of claims outstanding. Matured claims have been recorded as liabilities in the General Fund and Road Fund in the amount of \$159 thousand and \$207 thousand, respectively. The remaining portion of the liability is included in the government-wide financial statements and is expected to be paid from future resources of the General Fund and Road Fund in the amount of \$2.795 million and \$8.377 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 Workers' Compensation Revolving Fund, an internal service fund, in the amount of \$579.166 million. Payments to the Workers' Compensation Revolving Fund are based on estimates of amounts needed to pay current year claims and are made from the applicable fund that would have paid the salaries and wages of the related employees.

The State uses the Health Insurance Reserve Fund to account for employee 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 \$702.196 million. Payments to the Health Insurance Reserve Fund are based on estimates of amounts needed to pay prior year unprocessed and current year claims and are made from the applicable fund that paid the salaries and wages of the related employee.

The following is a reconciliation of the State's claims liabilities for the year ended June 30, 2013:

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:				
2012				
Auto Liability	\$ 12,491	\$ 4,702	\$ (3,638)	\$ 13,555
Workers' Compensation	591,295	115,785	(143,200)	563,880
Health Insurance	618,791	754,522	(706,777)	666,536
Total	<u>\$ 1,222,577</u>	<u>\$ 875,009</u>	<u>\$ (853,615)</u>	<u>\$ 1,243,971</u>
2013				
Auto Liability	\$ 13,555	\$ 4,221	\$ (6,238)	\$ 11,538
Workers' Compensation	563,880	141,170	(125,884)	579,166
Health Insurance	666,536	678,250	(642,590)	702,196
Total	<u>\$ 1,243,971</u>	<u>\$ 823,641</u>	<u>\$ (774,712)</u>	<u>\$ 1,292,900</u>
Component Units, (Information for the Illinois State Toll Highway Authority is as of December 31):				
2012				
Illinois State Toll Highway Authority	\$ 15,066	\$ 3,572	\$ (5,260)	\$ 13,378
Southern Illinois University	18,430	13,665	(9,834)	22,261
University of Illinois	244,494	60,338	(59,122)	245,710
Total	<u>\$ 277,990</u>	<u>\$ 77,575</u>	<u>\$ (74,216)</u>	<u>\$ 281,349</u>
2013				
Illinois State Toll Highway Authority	\$ 13,378	\$ 6,270	\$ (6,045)	\$ 13,603
Southern Illinois University	22,261	10,660	(9,214)	23,707
University of Illinois	245,710	27,827	(41,215)	232,322
Total	<u>\$ 281,349</u>	<u>\$ 44,757</u>	<u>\$ (56,474)</u>	<u>\$ 269,632</u>

The State administers a public entity risk pool offering health insurance to local governments in the Local Government Health Insurance Reserve Fund, a nonmajor enterprise fund. The financial statements of the fund can be obtained from the Department of Central Management Services, 704 Stratton Office Building, Springfield, Illinois, 62706.

Component Units

The Illinois State Toll Highway Authority, a major component unit, records an accrued self-insurance liability which covers workers' compensation liability. The Authority's accrued self-insurance liability was \$13.603 million at December 31, 2012.

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 \$23.707 million at June 30, 2013.

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 \$232,322 million at June 30, 2013.

Illinois Housing Development Authority, Illinois State Toll Highway Authority, 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 nonmajor 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 \$4.731 billion as of June 30, 2013, which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$634.400 million as of June 30, 2013, 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 \$561.000 million as of December 31, 2012. Southern Illinois University and the University of Illinois have outstanding construction commitments for various building and building improvement projects of \$38.314 and \$140.815 million, respectively, as of June 30, 2013.

B. Investment Commitments

The Illinois State Board of Investments had outstanding commitments at June 30, 2013, to limited partnerships, real estate, and real assets of approximately \$278 million, \$7 million, and \$60 million, respectively. The Teachers' Retirement System had outstanding commitments at June 30, 2013, for the future purchase of investments in real estate and private equity partnerships of \$551.3 million and \$3.034 billion, respectively. The State Universities Retirement System had outstanding commitments at June 30, 2013, to private equity limited partnerships, real estate partnerships and infrastructure partnerships of approximately \$501.1 million, \$125.7 million and \$19.4 million, respectively.

C. Operating Leases

The State has entered into various 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.

Future minimum commitments for non-cancelable operating leases as of June 30, 2013 are as follows:

Year Ending June 30	Primary Government	Major Component Units			
		Illinois Housing Development Authority	Illinois State University	Northern Illinois University	University of Illinois
2014	\$ 113,720	\$ 1,291	\$ 1,115	\$ 1,185	\$ 11,716
2015	81,228	1,329	1,075	1,321	8,538
2016	60,768	1,365	467	1,199	5,023
2017	36,368	115	430	1,018	3,544
2018	17,953	-	300	319	2,288
2019-2023	18,925	-	-	957	1,326
2024-2028	8,619	-	-	-	1
2029-2033	-	-	-	-	1
2034-2038	-	-	-	-	1
Total minimum lease payments	<u>\$ 337,581</u>	<u>\$ 4,100</u>	<u>\$ 3,387</u>	<u>\$ 5,999</u>	<u>\$ 32,438</u>

Rental payments for operating leases charged to operations during the year ended June 30, 2013, aggregated \$264.839 million for the governmental and business-type activities and \$562 thousand for fiduciary funds. Illinois Housing Development Authority, Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois (major component units) had rental payments charged to operations during the year ended June 30, 2013, of \$1.919 million, \$1.603 million, \$1.171 million, \$16.355 million, and \$13.445 million, respectively.

D. Tax Litigation

At June 30, 2013, the State of Illinois has \$173.280 million in payments received related to protested tax cases, which have not been adjudicated. In addition, the State defends many lawsuits challenging reasons for denial of tax refunds in relation to tax payments already received. The ultimate disposition of these protested tax payments received and claims for tax refunds is not determinable at this time.

E. 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, 2013, 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.

F. Legal Proceedings

A lawsuit filed by the Chicago Urban League (Chicago Urban League v. Illinois State Board of Education) alleges the State's system of funding public schools violates the Illinois Civil Rights Act of 2003 and various clauses of the Illinois Constitution. The Circuit Court has dismissed all claims in the suit except a claim in relation to the Illinois Civil Rights Act of 2003. The case is in the pre-trial discovery stage.

Several related vacated conviction lawsuits filed against the Illinois State Police allege violations of various state and federal laws. As discovery is just commencing in these cases, the estimated potential range of loss is unknown.

The State, its units and employees are also party to numerous other 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.

G. Forward Fixed-Price Energy Contracts

Illinois State University, Southern Illinois University and the University of Illinois have executed forward fixed-price purchase contracts for natural gas and electricity with commitments of \$19.800 million, \$10.500 million, and \$45.000 million, respectively, as of June 30, 2013.

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 to 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 the IHDA. As of June

30, 2013, the outstanding balance of bonds which the State is morally obligated to repay is \$316 thousand.

I. Metropolitan Pier and Exposition Authority (“The Authority”)

The Authority, not a part of the State of Illinois reporting entity, is authorized by the Metropolitan Pier and Exposition Authority Act to issue \$2.557 billion of bonds, excluding refunding bonds, 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, an agency 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 Project Fund. The maximum amount that can be deposited into the McCormick Place Expansion Project Fund from the State sales taxes shall not exceed \$161 million in fiscal year 2013, \$170 million in fiscal year 2014, \$179 million in fiscal year 2015, \$189 million in fiscal year 2016, \$199 million in fiscal year 2017, and graduating to \$350 million in fiscal year 2032 until fiscal year 2060. During fiscal year 2013, debt service requirements for these bonds were \$146.902 million. The amount paid to the Authority based on their annual certification was \$141.788 million. During fiscal year 2013, deposits from the Authority’s taxes were not sufficient to pay for the debt service requirements. As a result, \$36.700 million in State sales tax was transferred for deposit into the McCormick Place Expansion Project Fund. In addition, in previous years \$57.2 million in State sales tax was transferred for deposit in the McCormick Place Expansion Project Fund which will be reimbursed beginning in fiscal year 2015.

J. Regional Transportation Authority (“RTA”)

The RTA, not a part of the State of Illinois reporting entity, was authorized by the Regional Transportation Authority Act to issue bonds in the principal amount of \$100 million on or after January 1, 1990 with an additional \$100 million per year authorized to be issued on or after January 1st of each 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 91-0037 authorized the RTA to issue additional bonds in the principal amount of \$260 million on or after January 1, 2000 with an additional \$260 million per year authorized to be issued on or after January 1st of each year until January 1, 2004 for an additional authorization of \$1,300 million to be used for SCIP. Public Act 91-0037 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 nonmajor governmental fund, for payment in an 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 \$155 million each fiscal year. During fiscal year 2013, the State provided \$130.183 million to the RTA, which is below the authorized amount of \$155 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 ("ISFA")

The ISFA, not a part of the State of Illinois reporting entity, 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 ISFA, (2) \$399 million in connection with facilities owned by a governmental owner other than the ISFA, 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 nonmajor 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 nonmajor governmental fund, in the amount of \$5 million. This advance amount is required to be repaid by the ISFA from collections of the ISFA'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 ISFA 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 ISFA 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 ISFA. Pursuant to the certification, the maximum advance amount for fiscal year 2013 was \$40.458 million plus \$10 million for a total of \$50.458 million.

The ISFA's annual certification for fiscal year 2013 was in the amount of \$43.100 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 ISFA. The ISFA 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 \$52.730 million in fiscal year 2014, \$55.130 million in fiscal year 2015, \$57.665 million in fiscal year 2016, \$60.342 million in fiscal year 2017, 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, a nonmajor 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 5% to 9% and mature annually through 2025. 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, 2013, the outstanding balance of bonds, which the State is morally obligated to repay, is \$27.008 million.

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

The UIRVDA, a nonmajor component unit of the State, has issued revenue bonds. The proceeds of these bonds 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 at rates ranging from 5.90% to 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, 2013, the outstanding balance, which the State is morally obligated to repay, is \$16.770 million.

N. Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$37.130 million for the purchase of various home loans as of June 30, 2013.

O. Illinois Finance Authority ("IFA") Revenue Bonds

The IFA, a nonmajor component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. A portion of these bonds were issued on behalf of the Illinois Medical District Commission ("Commission"), a nonmajor component unit of the State, of which the proceeds were used to finance the costs of the acquisition, construction, renovation, reconstruction, installation, and equipping of certain facilities in the City of Chicago. These bonds bear interest rates ranging from 4.125% to 5.33% and mature on various dates through 2031. The State has accepted a moral obligation to repay the bonds in the event the Commission is unable to meet the bonds' repayment commitments. As of June 30, 2013, the outstanding balance of these bonds, which the State is morally obligated to repay, is \$38.440 million.

In addition, the IFA has issued revenue bonds on-behalf of municipalities as authorized by the Illinois Financially Distressed City Law (65 ILCS 5/8-12-1 et seq.) to assist the City of East St. Louis with its debt restructuring. These bonds bear interest at rates ranging from 3% to 5% and mature annually through 2014. The State has accepted a moral obligation to repay the bonds in the event the City of East St. Louis is unable to meet the bonds' repayment commitments. As of June 30, 2013, the outstanding balance of these bonds, which the State is morally obligated to repay, is \$3.880 million.

21 SEGMENT INFORMATION**Major 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.

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 two 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 following are the condensed financial statements at June 30, 2013 for the segments described above:

Table 21-1 (amounts expressed in thousands)				
Major Component Units	Southern Illinois University		University of Illinois	
	Housing and Auxiliary Facilities System	Medical Facilities System	Auxiliary Facilities System	Health Services Facilities System
Condensed Statement of Net Position:				
Assets				
Current assets	\$ 76,288	\$ 8,709	\$ 189,541	\$ 290,066
Noncurrent assets:				
Capital assets, net of accumulated depreciation	285,077	33,636	985,780	168,238
Other noncurrent assets	9,180	191	52,025	9,155
Deferred outflows of resources	-	-	-	3,929
Total assets and deferred outflows of resources	370,545	42,536	1,227,346	471,388
Liabilities				
Current liabilities	32,994	2,452	85,275	103,585
Noncurrent liabilities	264,212	15,998	974,243	79,819
Total liabilities	297,206	18,450	1,059,518	183,404
Net Position				
Net investment in capital assets	9,125	18,538	10,499	111,699
Restricted-other expendable purposes	45,756	1,908	23,925	8,872
Unrestricted	18,458	3,640	133,404	167,413
Total net position	\$ 73,339	\$ 24,086	\$ 167,828	\$ 287,984
Condensed Statement of Revenues, Expenses and Changes in Net Position:				
Operating revenues	\$ 105,917	\$ 41,851	\$ 326,054	\$ 609,297
Operating expenses	(97,280)	(62,691)	(281,905)	(768,455)
Depreciation expense	(14,459)	(1,687)	(31,228)	(18,978)
Operating income (loss)	(5,822)	(22,527)	12,921	(178,136)
Nonoperating revenues (expenses)	13,990	22,023	(1,028)	206,898
Other revenues	(176)	160	-	-
Increase (decrease) in net position	7,992	(344)	11,893	28,762
Net position, July 1, 2012	65,347	24,430	155,935	259,222
Net position, June 30, 2013	\$ 73,339	\$ 24,086	\$ 167,828	\$ 287,984

22 SUBSEQUENT EVENTS

A. Debt Issuances

Subsequent to June 30, 2013, the State of Illinois' primary government and its major component units have issued the following debt instruments:

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
Primary Government:				
Governmental Activities:				
General obligation bonds:				
June, Series 2013	7/10/2013	\$ 1,300.0	2.50%-5.50%	2038
December, Taxable Series 2013	12/19/2013	\$ 350.0	1.00%-5.65%	2038
February, Series 2014	2/13/2014	\$ 1,025.0	1.00%-5.25%	2039
Major Component Units:				
Revenue bonds:				
Illinois Housing Development Authority				
Housing Revenue Bonds				
Series 2013 C	10/30/2013	\$ 16.9	3.88%	2043
Series 2013 D	12/19/2013	\$ 12.0	0.65%-4.95%	2034
Illinois State Toll Highway Authority				
Series 2013 A (Toll Highway Senior)	5/16/2013	\$ 500.0	5.00%	2038
Series 2013 B-1 (Toll Highway Senior Refunding)	8/13/2013	\$ 217.4	5.00%	2018
University of Illinois				
Series 2013 (Health Services Facilities System)	9/5/2013	\$ 70.8	5.00%-6.25%	2042
Series 2014 A (Auxiliary Facilities System)	2/19/2014	\$ 160.0	5.00%	2044
Taxable Series 2014 B (Auxiliary Facilities System)	2/19/2014	\$ 17.8	0.86%-3.93%	2023
Taxable Series 2014 C (Auxiliary Facilities System)	2/19/2014	\$ 50.0	Variable	2044
Certificate of Participation:				
Southern Illinois University				
Series 2014 A-1	2/13/2014	\$ 28.5	3.00%-5.00%	2034
Taxable Series 2014 A-2	2/13/2014	\$ 1.6	2.00%	2016
Series 2014 A-3 (Refunding)	2/13/2014	\$ 12.9	3.00%	2024

B. Retirement System Benefit Changes

On December 5, 2013, the Governor signed into law Public Act 98-0599, effective June 1, 2014, which provides for significant pension reform to the General Assembly Retirement System, State Employees' Retirement System, Teachers' Retirement System, and State Universities Retirement System. The pension reform includes a reduction of the automatic annual increase, capping pensionable earnings of Tier I employees, a new defined contribution plan, delaying the retirement age of members under age 46, changes to the effective rate of interest, and a reduction of employee contributions for Tier I employees. The State will be required to make additional contributions, with funding guarantees, which will aid in reducing the unfunded actuarially accrued liability. Subsequently, several lawsuits were filed to challenge the constitutionality of Public Act 98-0599. It is not possible at this time to determine the outcome of these proceedings.

C. Hedging Derivative Contract Expiration

The October 2003B General Obligation variable rate bonds have been supported by a liquidity facility provided by Depfa Bank, PLC. since October, 2003. This contract expired on October 30, 2013 causing a mandatory tender of the bonds with the result that Depfa owns all outstanding bonds as Bank Bonds. The State has procured a new credit facility with a Direct Pay Letter of Credit submitted by a syndicate of banks, led by J.P. Morgan. The new credit facility has a

revised expense structure; however, the additional fees are expected to be offset by decreased interest rates on the October 2003B General Obligation variable rate bonds.

23 CONTRACTUAL VIOLATION

The Illinois Designated Account Purchase Program (“IDAPP”) was not in compliance with a debt covenant relating to a revolving credit agreement. As a result of the violation, the bank involved with the agreement has certain remedies available, including the right to call the loan and take possession of the portion of the student loan portfolio provided as collateral for the loan. In addition, IDAPP is in breach of the coverage condition ratio defined in the indenture. Since the coverage condition cannot be satisfied within two business days, this would qualify as an Event of Termination under which Citibank would be eligible for remedies under the indenture. Citibank has reserved its rights to remedies in the indenture. Discussions are ongoing with the lender to determine remedies to the violations.

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Required Supplementary Information

State of Illinois

Budgetary Comparison Schedule
Major Governmental Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	General Funds				Road Fund			
	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES:								
Income taxes	\$ 17,823,000	\$ 17,823,000	\$ 19,713,648	\$ 1,890,648	\$ -	\$ -	\$ -	\$ -
Sales taxes	7,335,000	7,335,000	7,356,662	21,662	-	-	-	-
Public utility taxes	1,101,000	1,101,000	1,042,157	(58,843)	-	-	-	-
Federal government	3,866,000	3,866,000	4,111,396	245,396	1,462,600	1,462,600	1,485,232	22,632
Other	1,956,000	1,956,000	2,117,683	161,683	933,500	933,500	929,290	(4,210)
Less:								
Refunds	-	6,464	6,444	(20)	-	2,558	2,514	(44)
Total revenues	32,081,000	32,074,536	34,335,102	2,260,566	2,396,100	2,393,542	2,412,008	18,466
EXPENDITURES:								
Current:								
Health and social services	11,772,764	12,593,116	12,158,763	(434,353)	-	-	-	-
Education	12,575,912	12,584,915	12,571,391	(13,524)	-	-	-	-
General government	2,554,767	3,455,596	3,416,738	(38,858)	89,162	177,876	122,116	(55,760)
Employment and economic development	93,856	99,556	93,035	(6,521)	1,900	1,900	1,900	-
Transportation	22,190	22,190	21,869	(321)	5,048,416	2,261,073	2,125,151	(135,922)
Public protection and justice	1,933,967	1,979,868	1,960,362	(19,506)	-	-	-	-
Environment and business regulation	58,806	58,866	56,076	(2,790)	-	-	-	-
Capital outlays	20,749	20,682	17,967	(2,715)	77,252	15,732	14,370	(1,362)
Total expenditures	29,033,011	30,814,789	30,296,201	(518,588)	5,216,730	2,456,581	2,263,537	(193,044)
Excess (deficiency) of revenues over (under) expenditures	3,047,989	1,259,747	4,038,901	2,779,154	(2,820,630)	(63,039)	148,471	211,510
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Transfers-in	9,254,578	9,254,578	9,254,578	-	289,882	289,882	289,882	-
Transfers-out	(12,298,108)	(12,298,108)	(12,298,108)	-	(380,646)	(380,646)	(380,646)	-
Total other sources (uses) of financial resources	(3,043,530)	(3,043,530)	(3,043,530)	-	(90,764)	(90,764)	(90,764)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	4,459	(1,783,783)	995,371	2,779,154	(2,911,394)	(153,803)	57,707	211,510
Budgetary fund balances, July 1, 2012	(4,983,734)	(4,983,734)	(4,983,734)	-	673,270	673,270	673,270	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (4,979,275)	\$ (6,767,517)	\$ (3,988,363)	\$ 2,779,154	\$ (2,238,124)	\$ 519,467	\$ 730,977	\$ 211,510

State Construction Account			
Original Budget	Final Budget	Actual	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
461,705	461,705	487,624	25,919
-	-	-	-
461,705	461,705	487,624	25,919
-	-	-	-
-	-	-	-
-	-	-	-
1,443,009	682,007	680,848	(1,159)
-	-	-	-
-	-	-	-
-	-	-	-
1,443,009	682,007	680,848	(1,159)
(981,304)	(220,302)	(193,224)	27,078
202,855	202,855	202,855	-
(79)	(79)	(79)	-
202,776	202,776	202,776	-
(778,528)	(17,526)	9,552	27,078
200,006	200,006	200,006	-
\$ (578,522)	\$ 182,480	\$ 209,558	\$ 27,078

Notes to Budgetary Comparison Schedule**– Major Governmental Funds**

For the Year Ended June 30, 2013

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 *Supplementary Annual Report of Revenues and Expenditures*. A separate document is necessary due to the State's large amount of appropriated line-items. Generally, administrative transfers between transferable appropriation line-items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to those line-items for an agency from that fund. Examples of appropriation line-items with a 2% transfer limit are Contractual Services, Travel, Commodities, Printing, and Equipment. As an additional restriction, Personal Services appropriation line-items generally cannot be reduced. Legislative action is required for more substantial transfers. 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 and the Road Fund, to be prepared:

“. . . on the 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. Also, because of cash management decisions and prioritization required due to the lack of available cash in the State Treasury for the General Revenue Account, a subaccount of the General Fund, statutorily mandated transfers from the General Revenue Account to other funds were not made by the Office of the Comptroller within statutorily prescribed timelines. The timing of the payment of the transfers does not impact the amounts reported in the budgetary schedules.

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, and the State 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.

A reconciliation of differences in reporting budgeted and actual expenditures in the Budgetary Comparison schedule – Major Governmental funds and the *Supplementary Detail Annual Report of Revenues and Expenditures* (amounts expressed in thousands) is presented below:

	MAJOR GOVERNMENTAL FUNDS		
	General Fund	Road Fund	State Construction Account
Budgeted Expenditures:			
Total per Budgetary Comparison Schedule	\$ 30,814,789	\$ 2,456,581	\$ 682,007
Amounts reappropriated to the subsequent fiscal year	27,028	3,564,200	761,002
Refunds which are shown as revenue off-sets in the Budgetary Comparison Schedule	6,464	2,558	-
Total per Supplementary Detail Annual Report of Revenues and Expenditures (Table III)	<u>\$ 30,848,281</u>	<u>\$ 6,023,339</u>	<u>\$ 1,443,009</u>
Actual Expenditures:			
Total per Budgetary Comparison Schedule	\$ 30,296,201	\$ 2,263,537	\$ 680,848
Amounts representing prior year expenditure refunds	11,800	1,011	1,159
Refunds which are shown as revenue off-sets in the Budgetary Comparison Schedule	6,444	2,514	-
Total per Supplementary Detail Annual Report of Revenues and Expenditures (Table III)	<u>\$ 30,314,445</u>	<u>\$ 2,267,062</u>	<u>\$ 682,007</u>

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, 2013 is presented below for the major governmental funds (amounts expressed in thousands):

	MAJOR GOVERNMENTAL FUNDS		
	General Fund	Road Fund	State Construction Account
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ 995,371	\$ 57,707	\$ 9,552
Reclassifications: Budgetary Special State Funds reported as part of the General Fund for GAAP reporting	(499,860)	-	-
Adjustments: To adjust revenues, related receivables and unavailable revenue	586,069	(55,661)	902
To adjust expenditures and related liabilities	661,439	(18,185)	(11,055)
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	1,743,019	(16,139)	(601)
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted accounts	(5)	-	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	<u>\$ 1,743,014</u>	<u>\$ (16,139)</u>	<u>\$ (601)</u>

Required Supplementary Information

Defined Benefit Pension Plans – 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, 2013, 2012 and 2011.

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial 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						
6/30/2013	\$ 51,850	\$ 320,462	\$ 268,612	16.2%	\$ 14,902	1802.5%
6/30/2012	\$ 56,090	\$ 303,469	\$ 247,379	18.5%	\$ 15,275	1619.5%
6/30/2011	\$ 63,161	\$ 298,408	\$ 235,247	21.2%	\$ 15,188	1548.9%
Judges'						
6/30/2013	\$ 610,196	\$ 2,156,805	\$ 1,546,609	28.3%	\$ 177,006	873.8%
6/30/2012	\$ 601,220	\$ 2,021,716	\$ 1,420,496	29.7%	\$ 171,498	828.3%
6/30/2011	\$ 614,596	\$ 1,952,539	\$ 1,337,943	31.5%	\$ 169,155	791.0%
State Employees'						
6/30/2013	\$ 11,877,419	\$ 34,720,765	\$ 22,843,346	34.2%	\$ 4,236,191	539.2%
6/30/2012	\$ 11,477,264	\$ 33,091,186	\$ 21,613,922	34.7%	\$ 4,329,084	499.3%
6/30/2011	\$ 11,159,837	\$ 31,395,008	\$ 20,235,171	35.5%	\$ 4,211,186	480.5%
Teachers'						
6/30/2013	\$ 38,155,191	\$ 93,886,988	\$ 55,731,797	40.6%	\$ 9,394,741	593.2%
6/30/2012	\$ 37,945,397	\$ 90,024,945	\$ 52,079,548	42.1%	\$ 9,321,098	558.7%
6/30/2011	\$ 37,769,753	\$ 81,299,745	\$ 43,529,992	46.5%	\$ 9,205,603	472.9%
State Universities						
6/30/2013	\$ 14,262,621	\$ 34,373,104	\$ 20,110,483	41.5%	\$ 3,533,858	569.1%
6/30/2012	\$ 13,949,905	\$ 33,170,216	\$ 19,220,311	42.1%	\$ 3,477,165	552.8%
6/30/2011	\$ 13,945,680	\$ 31,514,336	\$ 17,568,656	44.3%	\$ 3,460,838	507.6%

Defined Benefit Other Postemployment Benefit Plans – Schedule of Funding Progress
(Unaudited)

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' other postemployment retirement benefits (health, dental, vision, and life insurance) is provided for the three most recent actuarial valuations.

	(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)
6/30/2013	\$ -	\$ 34,488,085	\$ 34,488,085	0.0%	\$ 7,631,281	451.9%
6/30/2011	\$ -	\$ 33,295,354	\$ 33,295,354	0.0%	\$ 7,375,559	451.4%
6/30/2009	\$ -	\$ 27,124,061	\$ 27,124,061	0.0%	\$ 7,091,656	382.5%

The State performs actuarial valuations for postemployment retirement benefits biennially.

GENERAL FUND

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

SIGNIFICANT GENERAL FUND ACCOUNT DESCRIPTIONS

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

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.

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

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, 2013 (Expressed in Thousands)

	General Revenue Account	Common School Account	Education Assistance Account	Medicaid Provider Assessment Program	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	\$ 1,901,461	\$ 122,457	\$ 27,349	\$ 31,683		\$ 2,082,950
Cash and cash equivalents	17,509					17,509
Securities lending collateral of State Treasurer	3,727,718	155,746		16,036		3,899,500
Receivables, net:						
Taxes	1,300,573	115,304	44,697	59,022		1,519,596
Intergovernmental	1,595,290			316,718		1,912,008
Other	307,086	75	40	74		307,275
Due from other funds	277,540	1,044	31,554	29	\$ (74)	310,093
Due from component units	13,094			26,472		39,566
Inventories	27,465					27,465
Loans and notes receivable, net	4,930					4,930
Other assets	15,000					15,000
Total assets	\$ 9,187,666	\$ 394,626	\$ 103,640	\$ 450,034	\$ (74)	\$ 10,135,892
LIABILITIES						
Accounts payable and accrued liabilities	\$ 4,234,713	\$ 73,850	\$ 81,801	\$ 168,392		\$ 4,558,756
Intergovernmental payables	2,731,924		32	147,071		2,879,027
Due to other funds	2,823,294	330,380	330,410	280	\$ (74)	3,484,290
Due to component units	76,577		347,739	130,359		554,675
Unavailable revenue	1,189,342	9,355	8,479	278,814		1,485,990
Unearned revenue	578,267		29,705			607,972
Obligations under securities lending of State Treasurer	3,727,718	155,746		16,036		3,899,500
Matured portion of long-term liabilities	159					159
Total liabilities	15,361,994	569,331	798,166	740,952	(74)	17,470,369
FUND BALANCES (DEFICITS)						
Nonspendable long-term portion of loans and notes receivable	4,930					4,930
Nonspendable inventories	27,465					27,465
Restricted	65,729					65,729
Committed	730,598			8,563		739,161
Unassigned	(7,003,050)	(174,705)	(694,526)	(299,481)		(8,171,762)
Total fund balances (deficits)	(6,174,328)	(174,705)	(694,526)	(290,918)		(7,334,477)
Total liabilities and fund balances (deficits)	\$ 9,187,666	\$ 394,626	\$ 103,640	\$ 450,034	\$ (74)	\$ 10,135,892

State of Illinois

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

For the Year Ended June 30, 2013 (Expressed in Thousands)

	General Revenue Account	Common School Account	Education Assistance Account	Medicaid Provider Assessment Program	Eliminations	Total
REVENUES						
Income taxes	\$ 17,195,815		\$ 1,434,740			\$ 18,630,555
Sales taxes	5,378,605	\$ 1,849,714				7,228,319
Public utility taxes	1,020,083	93,297				1,113,380
Medical providers assessment taxes	892,467			\$ 256,843		1,149,310
Other taxes	1,939,150	89,729		21,842		2,050,721
Federal government	7,532,529			1,100,407		8,632,936
Licenses and fees	580,087	693		671		581,451
Interest and other investment income	14,504	759		122		15,385
Other	453,584		74	772,513		1,226,171
Total revenues	35,006,824	2,034,192	1,434,814	2,152,398		40,628,228
EXPENDITURES						
Current:						
Health and social services	16,955,798			2,208,615		19,164,413
Education	3,549,071	6,598,672	3,169,194			13,316,937
General government	1,852,774					1,852,774
Employment and economic development	155,052					155,052
Transportation	538,037					538,037
Public protection and justice	2,418,847					2,418,847
Environment and business regulations	155,660					155,660
Debt service:						
Principal	1,738					1,738
Interest	970					970
Capital outlays	57,589		260			57,849
Total expenditures	25,685,536	6,598,672	3,169,454	2,208,615		37,662,277
Excess (deficiency) of revenues over (under) expenditures	9,321,288	(4,564,480)	(1,734,640)	(56,217)		2,965,951
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	697,356	4,481,310	1,699,991	30,000	\$ (5,233,671)	1,674,986
Transfers-out	(8,112,115)			(20,000)	5,233,671	(2,898,444)
Capital lease financing	521					521
Net other sources (uses) of financial resources	(7,414,238)	4,481,310	1,699,991	10,000	-	(1,222,937)
Net change in fund balances	1,907,050	(83,170)	(34,649)	(46,217)	-	1,743,014
Fund balances (deficits), July 1, 2012, as restated	(8,082,058)	(91,535)	(659,877)	(244,701)		(9,078,171)
Increase for changes in inventory	680					680
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (6,174,328)	\$ (174,705)	\$ (694,526)	\$ (290,918)	\$ -	\$ (7,334,477)

State of Illinois

Combining Schedule of Accounts - General Fund
 Medicaid Provider Assessment Program

June 30, 2013 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
ASSETS				
Cash equity with State Treasurer	\$ 1,346	\$ 5,391	\$ 24,946	\$ 31,683
Securities lending collateral of State Treasurer	1,149	10,562	4,325	16,036
Receivables, net:				
Taxes		58,538	484	59,022
Intergovernmental	143,458	106,927	66,333	316,718
Other	1	5	68	74
Due from other funds		29		29
Due from component units			26,472	26,472
Total assets	\$ 145,954	\$ 181,452	\$ 122,628	\$ 450,034
LIABILITIES				
Accounts payable and accrued liabilities	\$ 358	\$ 167,998	\$ 36	\$ 168,392
Intergovernmental payables	144,236	2,834	1	147,071
Due to other funds	211	58	11	280
Due to component units			130,359	130,359
Unavailable revenue	120,793	80,188	77,833	278,814
Obligations under securities lending of State Treasurer	1,149	10,562	4,325	16,036
Total liabilities	266,747	261,640	212,565	740,952
FUND BALANCES (DEFICITS)				
Committed			8,563	8,563
Unassigned	(120,793)	(80,188)	(98,500)	(299,481)
Total fund balances (deficits)	(120,793)	(80,188)	(89,937)	(290,918)
Total liabilities and fund balances (deficits)	\$ 145,954	\$ 181,452	\$ 122,628	\$ 450,034

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, 2013 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
REVENUES				
Medical providers assessment taxes		\$ 236,507	\$ 20,336	\$ 256,843
Other taxes		21,842		21,842
Federal government	\$ 694,802	254,517	151,088	1,100,407
Licenses and fees			671	671
Interest and other investment income	10	88	24	122
Other	696,478		76,035	772,513
Total revenues	1,391,290	512,954	248,154	2,152,398
EXPENDITURES				
Current:				
Health and social services	1,439,640	396,223	372,752	2,208,615
Total expenditures	1,439,640	396,223	372,752	2,208,615
Excess (deficiency) of revenues over (under) expenditures	(48,350)	116,731	(124,598)	(56,217)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		30,000		30,000
Transfers-out		(20,000)		(20,000)
Net other sources (uses) of financial resources		10,000		10,000
Net change in fund balances	(48,350)	126,731	(124,598)	(46,217)
Fund balances (deficits), July 1, 2012	(72,443)	(206,919)	34,661	(244,701)
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (120,793)	\$ (80,188)	\$ (89,937)	\$ (290,918)

State of Illinois

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2013 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash equity with State Treasurer	\$ 3,098,979	\$ 1,478,311	\$ 859,325	\$ 13,988	\$ 5,450,603
Cash and cash equivalents	177,354	135,784	8,760	162	322,060
Securities lending collateral of State Treasurer	411,193	881,345		1,409	1,293,947
Investments	65,590			29,517	95,107
Receivables, net:					
Taxes	415,764				415,764
Intergovernmental	1,123,046		2,882		1,125,928
Other	442,761	426	13	1	443,201
Due from other funds	1,653,840	4,434	28,366		1,686,640
Due from component units	344,229				344,229
Inventories	14,536				14,536
Loans and notes receivable, net	56,906	10,679			67,585
Other assets	25,474				25,474
Total assets	\$ 7,829,672	\$ 2,510,979	\$ 899,346	\$ 45,077	\$ 11,285,074
LIABILITIES					
Accounts payable and accrued liabilities	\$ 566,038		\$ 129,701		\$ 695,739
Intergovernmental payables	1,766,107		191,349		1,957,456
Due to other funds	1,697,115		179	\$ 993	1,698,287
Due to component units	60,215		15		60,230
Unavailable revenue	733,620				733,620
Unearned revenue	297,598	\$ 8,774	1,288		307,660
Obligations under securities lending of State Treasurer	411,193	881,345		1,409	1,293,947
Total liabilities	5,531,886	890,119	322,532	2,402	6,746,939
FUND BALANCES (DEFICIT)					
Nonspendable - inventories	14,536				14,536
Nonspendable - endowments and similar funds				39,314	39,314
Restricted	1,702,682	1,620,860	385	3,361	3,327,288
Committed	1,935,656		645,032		2,580,688
Assigned	9,254		11		9,265
Unassigned	(1,364,342)		(68,614)		(1,432,956)
Total fund balances (deficit)	2,297,786	1,620,860	576,814	42,675	4,538,135
Total liabilities and fund balances (deficit)	\$ 7,829,672	\$ 2,510,979	\$ 899,346	\$ 45,077	\$ 11,285,074

State of Illinois

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

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Income taxes	\$ 2,463,877				\$ 2,463,877
Sales taxes	2,990,070				2,990,070
Motor fuel taxes	764,100				764,100
Public utility taxes	349,928				349,928
Riverboat taxes	583,699				583,699
Other taxes	255,534				255,534
Federal government	9,468,444	\$ 63,300	\$ 22,615		9,554,359
Licenses and fees	579,594	170		\$ 54	579,818
Interest and other investment income	16,967	5,287		3,386	25,640
Other	923,152		9,067		932,219
Total revenues	18,395,365	68,757	31,682	3,440	18,499,244
EXPENDITURES					
Current:					
Health and social services	6,218,714		20,696	39	6,239,449
Education	2,451,953		421,441		2,873,394
General government	299,632	49	91,081		390,762
Employment and economic development	952,197	18	184,567		1,136,782
Transportation	458,765		620,912		1,079,677
Public protection and justice	518,448				518,448
Environment and business regulation	608,780		43,817		652,597
Debt service:					
Principal	63,799	1,833,864			1,897,663
Interest	77,548	1,492,061			1,569,609
Capital outlays	38,003	209	602,004		640,216
Intergovernmental	5,397,613				5,397,613
Total expenditures	17,085,452	3,326,201	1,984,518	39	22,396,210
Excess (deficiency) of revenues over (under) expenditures	1,309,913	(3,257,444)	(1,952,836)	3,401	(3,896,966)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued			1,150,000		1,150,000
Premiums on general and special obligation bonds issued			41,540		41,540
Special obligation refunding bonds issued			604,110		604,110
Premiums on special obligation refunding bonds issued			85,084		85,084
Transfers-in	533,256	3,437,990	404,979		4,376,225
Transfers-out	(1,499,801)	(40,167)	(427,901)	(835)	(1,968,704)
Capital lease financing	156				156
Payment to refunded bond escrow agent			(686,236)		(686,236)
Net other sources (uses) of financial resources	(966,389)	3,397,823	1,171,576	(835)	3,602,175
SPECIAL ITEM					
Proceeds from sale of Thomson Prison			165,001		165,001
Net change in fund balances	343,524	140,379	(616,259)	2,566	(129,790)
Fund balances, July 1, 2012, as restated	1,955,366	1,480,481	1,193,073	40,109	4,669,029
(Decrease) for changes in inventories	(1,104)				(1,104)
FUND BALANCES, JUNE 30, 2013	\$ 2,297,786	\$ 1,620,860	\$ 576,814	\$ 42,675	\$ 4,538,135

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

SIGNIFICANT NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS DESCRIPTIONS

Treasurer

Unclaimed Property Trust Fund--to account for monies received as abandoned property or from the sale of abandoned property pursuant to the Uniform Disposition of Unclaimed Property Act.

Tobacco Settlement Recovery Fund--to account for monies received annually as a part of the Master Settlement Agreement in the People of the State of Illinois v. Philip Morris et al.

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 Commerce and Economic Opportunity

Supplemental Low Income Energy Assistance Fund--to provide assistance to low-income households in paying heating and cooling costs.

Department of Human Services

Employment and Training Fund--to receive and disburse monies in accordance with the provisions of Title IV-A of the Federal Social Security Act, the Food Stamp Act, Title 7 of the United States Code, and related rules and regulations governing the use of those monies for the purposes of providing employment and training services.

Food Stamp and Commodity Fund--to account for food stamps and commodities received from the federal government.

Department of Revenue

Local Government Tax Fund--to account for 15% share of various sales taxes that will be distributed to cities and counties.

Illinois Affordable Housing Trust Fund--to account for a portion of the State real estate transfer tax used for grants and low or no interest mortgages or other loans to acquire, construct, rehabilitate, develop, operate, insure, and retain affordable single family and multi-family housing for low-income households.

Local Government Distributive Fund--to receive one-tenth 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

Motor Fuel Tax Fund--to account 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.

Downstate Public Transportation Fund--to provide financial assistance for local governments with public transportation systems.

Railsplitter Tobacco Settlement Authority

Railsplitter Trustee Account Fund--to account for the payment of principal and interest on bonds issued in exchange for rights to the State's future tobacco settlement revenues.

Illinois Gaming Board

State Gaming Fund--to receive and record fees obtained from owners' license applications for riverboat gambling operations.

State Board of Education

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.

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State of Illinois

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2013 (Expressed in Thousands)

	Treasurer	Children and Family Services DCFS Childrens' Services Fund	Commerce and Economic Opportunity Supplemental Low Income Energy Assistance Fund	Human Services	Revenue
ASSETS					
Cash equity with State Treasurer	\$ 156,086	\$ 23,039	\$ 120,491	\$ 483	\$ 642,862
Cash and cash equivalents		365			
Securities lending collateral of State Treasurer					133,582
Investments					
Receivables, net:					
Taxes			7,696		201,308
Intergovernmental	4,950	237,029		30,380	
Other	1				64
Due from other funds	59,129	125	4,575		240,369
Due from component units					324,163
Inventories					
Loans and notes receivable, net					
Other assets					
Total assets	\$ 220,166	\$ 260,558	\$ 132,762	\$ 30,863	\$ 1,542,348
LIABILITIES					
Accounts payable and accrued liabilities	\$ 11,857	\$ 54,849	\$ 5,756	\$ 30,601	\$ 99,057
Intergovernmental payables	2,709	15,392	1,063	97	852,263
Due to other funds	1,003,445	530	21	12	60,537
Due to component units	33	5,100		153	1,270
Unavailable revenue		143,931			22,351
Unearned revenue					162,781
Obligations under securities lending of State Treasurer					133,582
Total liabilities	1,018,044	219,802	6,840	30,863	1,331,841
FUND BALANCES (DEFICITS)					
Nonspendable inventories					
Restricted	55,358				
Committed	84,302	40,756	125,922		422,618
Assigned					
Unassigned	(937,538)				(212,111)
Total fund balances (deficits)	(797,878)	40,756	125,922		210,507
Total liabilities and fund balances (deficits)	\$ 220,166	\$ 260,558	\$ 132,762	\$ 30,863	\$ 1,542,348

Transportation	Railsplitter Tobacco Settlement Authority		Illinois Gaming Board	State Board of Education	Other	Total
	Trustee Account Fund	State Gaming Fund				
\$ 148,714		\$ 165,921	\$ 2,460	\$ 1,838,923	\$ 3,098,979	
	\$ 147,416			29,573	177,354	
	44,087			277,611	411,193	
				21,503	65,590	
110,406		7,308		89,046	415,764	
	136,748	116	475,294	375,393	1,123,046	
174,705	1,003,424		574	305,258	442,761	
			27	171,486	1,653,840	
			187	19,879	344,229	
			1,083	13,453	14,536	
				56,906	56,906	
				25,474	25,474	
\$ 433,825	\$ 1,331,675	\$ 173,345	\$ 479,625	\$ 3,224,505	\$ 7,829,672	
\$ 5,624		\$ 1,036	\$ 4,331	\$ 352,927	\$ 566,038	
145,227		11,164	463,550	274,642	1,766,107	
98,404	\$ 64,629	152,943	8,134	308,460	1,697,115	
		8,202	1,683	43,774	60,215	
236	136,748		81,429	348,925	733,620	
			448	134,369	297,598	
				277,611	411,193	
249,491	201,377	173,345	559,575	1,740,708	5,531,886	
			1,083	13,453	14,536	
44,987	1,130,298		201	471,838	1,702,682	
139,347				1,122,711	1,935,656	
				9,254	9,254	
			(81,234)	(133,459)	(1,364,342)	
184,334	1,130,298		(79,950)	1,483,797	2,297,786	
\$ 433,825	\$ 1,331,675	\$ 173,345	\$ 479,625	\$ 3,224,505	\$ 7,829,672	

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Treasurer	Children and Family Services	Commerce and Economic Opportunity Supplemental Low Income Energy	Human Services	Revenue
		DCFS Childrens' Services Fund	Assistance Fund		
REVENUES					
Income taxes					\$ 2,463,653
Sales taxes					2,274,288
Motor fuel taxes					
Public utility taxes			\$ 92,550		159,805
Riverboat taxes					
Other taxes					144,696
Federal government	\$ 98,874	\$ 506,206		\$ 3,867,387	
Licenses and fees					81
Interest and other investment income	4				2,668
Other	187,171	5,824	467		11,371
Total revenues	286,049	512,030	93,017	3,867,387	5,056,562
EXPENDITURES					
Current:					
Health and social services	225,147	411,247	78,293	3,867,387	12,673
Education	150,000				
General government	9,570				97,418
Employment and economic development					
Transportation					
Public protection and justice					
Environment and business regulations					
Debt service:					
Principal					
Interest					
Capital outlays	44	48	263		5,278
Intergovernmental					4,279,874
Total expenditures	384,761	411,295	78,556	3,867,387	4,395,243
Excess (deficiency) of revenues over (under) expenditures	(98,712)	100,735	14,461	-	661,319
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	240,475				39,466
Transfers-out	(112)				(616,004)
Capital lease financing					
Net other sources (uses) of financial resources	240,363				(576,538)
Net change in fund balances	141,651	100,735	14,461	-	84,781
Fund balances (deficits), July 1, 2012, as restated	(939,529)	(59,979)	111,461		125,726
Increase (decrease) for changes in inventories					
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (797,878)	\$ 40,756	\$ 125,922	\$ -	\$ 210,507

	Railsplitter Tobacco Settlement Authority		Illinois Gaming Board			
Transportation	Railsplitter Trustee Account Fund	State Gaming Fund	State Board of Education	Other	Total	
				\$ 224	\$ 2,463,877	
\$ 219,512				496,270	2,990,070	
694,143				69,957	764,100	
				97,573	349,928	
		\$ 583,699			583,699	
				110,838	255,534	
146			\$ 2,161,310	2,834,521	9,468,444	
831		2,737		575,945	579,594	
	\$ 431		3	13,861	16,967	
	265,996	1	7	452,315	923,152	
914,632	266,427	586,437	2,161,320	4,651,504	18,395,365	
		1,183		1,622,784	6,218,714	
			2,213,509	88,444	2,451,953	
42,705	52			149,887	299,632	
				952,197	952,197	
196,655				262,110	458,765	
		42,815		475,633	518,448	
				608,780	608,780	
	63,550		42	207	63,799	
	77,480		2	66	77,548	
2,382			4,457	25,531	38,003	
546,586		103,556		467,597	5,397,613	
788,328	141,082	147,554	2,218,010	4,653,236	17,085,452	
126,304	125,345	438,883	(56,690)	(1,732)	1,309,913	
				253,315	533,256	
(83,600)	(231,008)	(438,883)		(130,194)	(1,499,801)	
				156	156	
(83,600)	(231,008)	(438,883)		123,277	(966,389)	
42,704	(105,663)	-	(56,690)	121,545	343,524	
141,630	1,235,961		(22,108)	1,362,204	1,955,366	
			(1,152)	48	(1,104)	
\$ 184,334	\$ 1,130,298	\$ -	\$ (79,950)	\$ 1,483,797	\$ 2,297,786	

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Treasurer

June 30, 2013 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 140,140	\$ 15,946	\$ 156,086
Receivables, net:			
Intergovernmental		4,950	4,950
Other		1	1
Due from other funds		59,129	59,129
Total assets	\$ 140,140	\$ 80,026	\$ 220,166
LIABILITIES			
Accounts payable and accrued liabilities	\$ 457	\$ 11,400	\$ 11,857
Intergovernmental payables	7	2,702	2,709
Due to other funds	16	1,003,429	1,003,445
Due to component units		33	33
Total liabilities	480	1,017,564	1,018,044
FUND BALANCES (DEFICITS)			
Restricted	55,358		55,358
Committed	84,302		84,302
Unassigned		(937,538)	(937,538)
Total fund balances (deficits)	139,660	(937,538)	(797,878)
Total liabilities and fund balances (deficits)	\$ 140,140	\$ 80,026	\$ 220,166

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Special Revenue Funds

Treasurer

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
REVENUES			
Federal government		\$ 98,874	\$ 98,874
Interest and other investment income		4	4
Other	\$ 187,071	100	187,171
Total revenues	187,071	98,978	286,049
EXPENDITURES			
Current:			
Health and social services		225,147	225,147
Education	150,000		150,000
General government	9,570		9,570
Capital outlays	44		44
Total expenditures	159,614	225,147	384,761
Excess (deficiency) of revenues over (under) expenditures	27,457	(126,169)	(98,712)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	9,467	231,008	240,475
Transfers-out	(112)		(112)
Net other sources (uses) of financial resources	9,355	231,008	240,363
Net change in fund balances	36,812	104,839	141,651
Fund balances (deficits), July 1, 2012	102,848	(1,042,377)	(939,529)
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 139,660	\$ (937,538)	\$ (797,878)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
Human Services

June 30, 2013 (Expressed in Thousands)

	Employment and Training Fund	Food Stamp and Commodity Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 483		\$ 483
Intergovernmental receivables, net:	30,380		30,380
Total assets	\$ 30,863	\$ -	\$ 30,863
LIABILITIES			
Accounts payable and accrued liabilities	\$ 30,601		\$ 30,601
Intergovernmental payables	97		97
Due to other funds	12		12
Due to component units	153		153
Total liabilities	30,863		30,863
FUND BALANCES			
Total fund balances			
Total liabilities and fund balances	\$ 30,863	\$ -	\$ 30,863

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Special Revenue Funds
Human Services**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Employment and Training Fund	Food Stamp and Commodity Fund	Total
REVENUES			
Federal government	\$ 495,202	\$ 3,372,185	\$ 3,867,387
Total revenues	495,202	3,372,185	3,867,387
EXPENDITURES			
Current:			
Health and social services	495,202	3,372,185	3,867,387
Total expenditures	495,202	3,372,185	3,867,387
Excess (deficiency) of revenues over (under) expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances, July 1, 2012			
FUND BALANCES, JUNE 30, 2013	\$ -	\$ -	\$ -

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
Revenue

June 30, 2013 (Expressed in Thousands)

	Local Government Tax Fund	Illinois Affordable Housing Trust Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
ASSETS						
Cash equity with State Treasurer	\$ 290,899	\$ 59,553	\$ 21	\$ 283,635	\$ 8,754	\$ 642,862
Securities lending collateral of State Treasurer		39,517		83,101	10,964	133,582
Receivables, net:						
Taxes	90,356			67,115	43,837	201,308
Other		19		40	5	64
Due from other funds			230,919		9,450	240,369
Due from component units		324,163				324,163
Total assets	\$ 381,255	\$ 423,252	\$ 230,940	\$ 433,891	\$ 73,010	\$ 1,542,348
LIABILITIES						
Accounts payable and accrued liabilities		\$ 170		\$ 81,117	\$ 17,770	\$ 99,057
Intergovernmental payables	\$ 375,998	1,745	\$ 230,940	243,580		852,263
Due to other funds		1		60,536		60,537
Due to component units		1,270				1,270
Unavailable revenue	5,257			14,887	2,207	22,351
Unearned revenue				162,781		162,781
Obligations under securities lending of State Treasurer		39,517		83,101	10,964	133,582
Total liabilities	381,255	42,703	230,940	646,002	30,941	1,331,841
FUND BALANCES (DEFICITS)						
Committed		380,549			42,069	422,618
Unassigned				(212,111)		(212,111)
Total fund balances (deficits)		380,549		(212,111)	42,069	210,507
Total liabilities and fund balances (deficits)	\$ 381,255	\$ 423,252	\$ 230,940	\$ 433,891	\$ 73,010	\$ 1,542,348

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Special Revenue Funds**

Revenue

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Local Government Tax Fund	Illinois Affordable Housing Trust Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
REVENUES						
Income taxes			\$ 1,208,694	\$ 1,254,959		\$ 2,463,653
Sales taxes	\$ 1,674,991		163,005		\$ 436,292	2,274,288
Public utility taxes				159,805		159,805
Other taxes		\$ 27,200			117,496	144,696
Licenses and fees		81				81
Interest and other investment income		2,302		289	77	2,668
Other		11,371				11,371
Total revenues	1,674,991	40,954	1,371,699	1,415,053	553,865	5,056,562
EXPENDITURES						
Current:						
Health and social services		12,673				12,673
General government		21,578		75,840		97,418
Capital outlays				5,278		5,278
Intergovernmental	1,665,178		1,366,699	1,247,997		4,279,874
Total expenditures	1,665,178	34,251	1,366,699	1,329,115		4,395,243
Excess (deficiency) of revenues over (under) expenditures	9,813	6,703	5,000	85,938	553,865	661,319
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in					39,466	39,466
Transfers-out	(6,600)		(5,000)	(15,360)	(589,044)	(616,004)
Net other sources (uses) of financial resources	(6,600)		(5,000)	(15,360)	(549,578)	(576,538)
Net change in fund balances	3,213	6,703	-	70,578	4,287	84,781
Fund balances (deficits), July 1, 2012	(3,213)	373,846		(282,689)	37,782	125,726
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ -	\$ 380,549	\$ -	\$ (212,111)	\$ 42,069	\$ 210,507

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Transportation

June 30, 2013 (Expressed in Thousands)

	Motor Fuel Tax Fund	Downstate Public Transportation Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 103,074	\$ 45,640	\$ 148,714
Taxes receivables, net:	110,406		110,406
Due from other funds		174,705	174,705
Total assets	\$ 213,480	\$ 220,345	\$ 433,825
LIABILITIES			
Accounts payable and accrued liabilities	\$ 5,624		\$ 5,624
Intergovernmental payables	109,216	\$ 36,011	145,227
Due to other funds	98,404		98,404
Unavailable revenue	236		236
Total liabilities	213,480	36,011	249,491
FUND BALANCES			
Restricted		44,987	44,987
Committed		139,347	139,347
Total fund balances		184,334	184,334
Total liabilities and fund balances	\$ 213,480	\$ 220,345	\$ 433,825

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Special Revenue Funds
Transportation**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Motor Fuel Tax Fund	Downstate Public Transportation Fund	Total
REVENUES			
Sales taxes		\$ 219,512	\$ 219,512
Motor fuel taxes	\$ 694,143		694,143
Federal government	146		146
Licenses and fees	831		831
Total revenues	695,120	219,512	914,632
EXPENDITURES			
Current:			
General government	42,705		42,705
Transportation	19,847	176,808	196,655
Capital outlays	2,382		2,382
Intergovernmental	546,586		546,586
Total expenditures	611,520	176,808	788,328
Excess (deficiency) of revenues over (under) expenditures	83,600	42,704	126,304
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out	(83,600)		(83,600)
Net other sources (uses) of financial resources	(83,600)		(83,600)
Net change in fund balances	-	42,704	42,704
Fund balances, July 1, 2012		141,630	141,630
FUND BALANCES, JUNE 30, 2013	\$ -	\$ 184,334	\$ 184,334

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

State Board of Education

June 30, 2013 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 660	\$ 1,800	\$ 2,460
Receivables, net:			
Intergovernmental	67,890	407,404	475,294
Other	574		574
Due from other funds		27	27
Due from component units		187	187
Inventories	1,083		1,083
Total assets	\$ 70,207	\$ 409,418	\$ 479,625
LIABILITIES			
Accounts payable and accrued liabilities	\$ 496	\$ 3,835	\$ 4,331
Intergovernmental payables	68,109	395,441	463,550
Due to other funds	272	7,862	8,134
Due to component units	1	1,682	1,683
Unavailable revenue	45	81,384	81,429
Unearned revenue		448	448
Total liabilities	68,923	490,652	559,575
FUND BALANCES (DEFICITS)			
Nonspendable inventories	1,083		1,083
Restricted	201		201
Unassigned		(81,234)	(81,234)
Total fund balances (deficits)	1,284	(81,234)	(79,950)
Total liabilities and fund balances (deficits)	\$ 70,207	\$ 409,418	\$ 479,625

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Special Revenue Funds
State Board of Education**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
REVENUES			
Federal government	\$ 739,152	\$ 1,422,158	\$ 2,161,310
Interest and other investment income		3	3
Other	7		7
Total revenues	739,159	1,422,161	2,161,320
EXPENDITURES			
Current:			
Education	738,643	1,474,866	2,213,509
Debt service:			
Principal	20	22	42
Interest		2	2
Capital outlays	412	4,045	4,457
Total expenditures	739,075	1,478,935	2,218,010
Excess (deficiency) of revenues over (under) expenditures	84	(56,774)	(56,690)
Net change in fund balances	84	(56,774)	(56,690)
Fund balances (deficits), July 1, 2012	2,352	(24,460)	(22,108)
(Decrease) for changes in inventories	(1,152)		(1,152)
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 1,284	\$ (81,234)	\$ (79,950)

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DEBT SERVICE FUNDS

The Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

SIGNIFICANT NONMAJOR 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.

Governor's Office of Management and Budget

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.

State of Illinois

Combining Balance Sheet
Nonmajor Debt Service Funds

June 30, 2013 (Expressed in Thousands)

	Governor's Office of Management and Budget				Total
	Treasurer				
	General				
	Obligation Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Other		
ASSETS					
Cash equity with State Treasurer	\$ 1,419,911	\$ 48,887	\$ 9,513	\$ 1,478,311	
Cash and cash equivalents	5,531	108,114	22,139	135,784	
Securities lending collateral of State Treasurer	864,209	17,136		881,345	
Other receivables, net	416	10		426	
Due from other funds	4,434			4,434	
Loans and notes receivable, net	10,679			10,679	
Total assets	\$ 2,305,180	\$ 174,147	\$ 31,652	\$ 2,510,979	
LIABILITIES					
Unearned revenue	\$ 8,774			\$ 8,774	
Obligations under securities lending of State Treasurer	864,209	\$ 17,136		881,345	
Total liabilities	872,983	17,136		890,119	
FUND BALANCES					
Restricted	1,432,197	157,011	\$ 31,652	1,620,860	
Total fund balances	1,432,197	157,011	31,652	1,620,860	
Total liabilities and fund balances	\$ 2,305,180	\$ 174,147	\$ 31,652	\$ 2,510,979	

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Debt Service Funds**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Treasurer		Governor's Office of Management and Budget		Other	Total
	General Obligation Bond Retirement and Interest Fund	Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund			
REVENUES						
Federal government	\$ 63,300					\$ 63,300
Licenses and fees	170					170
Interest and other investment income	5,204	\$ 81	\$ 2			5,287
Total revenues	68,674	81	2			68,757
EXPENDITURES						
Current:						
General government		49				49
Employment and economic development				18		18
Debt service:						
Principal	1,605,380	212,379	16,105			1,833,864
Interest	1,356,860	129,518	5,683			1,492,061
Capital outlays				209		209
Total expenditures	2,962,240	341,946	22,015			3,326,201
Excess (deficiency) of revenues over (under) expenditures	(2,893,566)	(341,865)	(22,013)			(3,257,444)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	3,026,009	386,762	25,219			3,437,990
Transfers-out		(40,167)				(40,167)
Net other sources (uses) of financial resources	3,026,009	346,595	25,219			3,397,823
Net change in fund balances	132,443	4,730	3,206			140,379
Fund balances, July 1, 2012	1,299,754	152,281	28,446			1,480,481
FUND BALANCES, JUNE 30, 2013	\$ 1,432,197	\$ 157,011	\$ 31,652			\$ 1,620,860

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CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition and/or construction of capital facilities and other capital assets.

SIGNIFICANT NONMAJOR 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 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.

Transportation Bond Series D Fund--to account for the proceeds from bond issues used to finance State highways, arterial highways, freeways, roads, bridges, structures separating highways and railroads and roads, and bridges on roads maintained by counties, municipalities, townships or road districts.

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
Nonmajor Capital Projects Funds

June 30, 2013 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board		Other	Total
	Build Illinois Bond Fund	Transportation				
ASSETS						
Cash equity with State Treasurer	\$ 460,782	\$ 350,275	\$ 42,139	\$ 6,129	\$ 859,325	
Cash and cash equivalents			8,685	75	8,760	
Receivables, net:						
Intergovernmental			2,882		2,882	
Other		13			13	
Due from other funds	12,826	28	15,191	321	28,366	
Total assets	\$ 473,608	\$ 350,316	\$ 68,897	\$ 6,525	\$ 899,346	
LIABILITIES						
Accounts payable and accrued liabilities	\$ 526	\$ 75,193	\$ 53,982		\$ 129,701	
Intergovernmental payables	14,923	175,931	495		191,349	
Due to other funds	106		73		179	
Due to component units	12	3			15	
Unearned revenue			1,288		1,288	
Total liabilities	15,567	251,127	55,838		322,532	
FUND BALANCES (DEFICITS)						
Restricted				\$ 385	385	
Committed	458,041	151,353	29,509	6,129	645,032	
Assigned				11	11	
Unassigned		(52,164)	(16,450)		(68,614)	
Total fund balances	458,041	99,189	13,059	6,525	576,814	
Total liabilities and fund balances	\$ 473,608	\$ 350,316	\$ 68,897	\$ 6,525	\$ 899,346	

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board	Other	Total
	Build Illinois Bond Fund	Transportation			
REVENUES					
Federal government			\$ 22,615		\$ 22,615
Other	\$ 131		8,773	\$ 163	9,067
Total revenues	131		31,388	163	31,682
EXPENDITURES					
Current:					
Health and social services	20,696				20,696
Education	31,542		389,899		421,441
General government	30,157	\$ 1,170	59,751	3	91,081
Employment and economic development	174,120		8,214	2,233	184,567
Transportation		619,892		1,020	620,912
Environment and business regulations	31,985		11,832		43,817
Capital outlays	246	500,011	101,747		602,004
Total expenditures	288,746	1,121,073	571,443	3,256	1,984,518
Excess (deficiency) of revenues over (under) expenditures	(288,615)	(1,121,073)	(540,055)	(3,093)	(1,952,836)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued	300,000	582,661	267,339		1,150,000
Premiums on general and special obligation bonds issued	1,494	24,168	15,878		41,540
Special obligation refunding bonds issued	604,110				604,110
Premiums on special obligation refunding bonds issued	85,084				85,084
Transfers-in		350,303	53,463	1,213	404,979
Transfers-out	(61)	(403,766)	(1,235)	(22,839)	(427,901)
Payments to refunded bond escrow agent	(686,236)				(686,236)
Net other sources (uses) of financial resources	304,391	553,366	335,445	(21,626)	1,171,576
SPECIAL ITEM					
Proceeds from sale of Thomson Prison		145,001	20,000		165,001
Net change in fund balances	15,776	(422,706)	(184,610)	(24,719)	(616,259)
Fund balances, July 1, 2012	442,265	521,895	197,669	31,244	1,193,073
FUND BALANCES, JUNE 30, 2013	\$ 458,041	\$ 99,189	\$ 13,059	\$ 6,525	\$ 576,814

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Transportation

June 30, 2013 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 43,700	\$ 123,878	\$ 182,697	\$ 350,275
Other receivables, net	13			13
Due from other funds			28	28
Total assets	\$ 43,713	\$ 123,878	\$ 182,725	\$ 350,316
LIABILITIES				
Accounts payable and accrued liabilities	\$ 12,661	\$ 27,339	\$ 35,193	\$ 75,193
Intergovernmental payables	18,454	148,700	8,777	175,931
Due to component units		3		3
Total liabilities	31,115	176,042	43,970	251,127
FUND BALANCES (DEFICITS)				
Committed	12,598		138,755	151,353
Unassigned		(52,164)		(52,164)
Total fund balances (deficits)	12,598	(52,164)	138,755	99,189
Total liabilities and fund balances (deficits)	\$ 43,713	\$ 123,878	\$ 182,725	\$ 350,316

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Capital Projects Funds
Transportation**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	Total
EXPENDITURES				
Current:				
General government			\$ 1,170	\$ 1,170
Transportation	\$ 105,390	\$ 336,892	177,610	619,892
Capital outlays	192,082	8,740	299,189	500,011
Total expenditures	297,472	345,632	477,969	1,121,073
Excess (deficiency) of revenues over (under) expenditures	(297,472)	(345,632)	(477,969)	(1,121,073)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	122,613	192,598	267,450	582,661
Premiums on general obligation bonds issued		2,721	21,447	24,168
Transfers-in	201,195		149,108	350,303
Transfers-out	(25,074)	(351,786)	(26,906)	(403,766)
Net other sources (uses) of financial resources	298,734	(156,467)	411,099	553,366
SPECIAL ITEM				
Proceeds from sale of Thomson Prison	23,000	96,001	26,000	145,001
Net change in fund balances	24,262	(406,098)	(40,870)	(422,706)
Fund balances (deficits), July 1, 2012	(11,664)	353,934	179,625	521,895
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 12,598	\$ (52,164)	\$ 138,755	\$ 99,189

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Capital Development Board

June 30, 2013 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 11,245	\$ 29,133	\$ 1,761	\$ 42,139
Cash and cash equivalents	8,685			8,685
Intergovernmental receivables, net			2,882	2,882
Due from other funds	10,516		4,675	15,191
Total assets	\$ 30,446	\$ 29,133	\$ 9,318	\$ 68,897
LIABILITIES				
Accounts payable and accrued liabilities	\$ 46,755		\$ 7,227	\$ 53,982
Intergovernmental payables	68	\$ 427		495
Due to other funds	73			73
Unearned revenue			1,288	1,288
Total liabilities	46,896	427	8,515	55,838
FUND BALANCES (DEFICITS)				
Committed		28,706	803	29,509
Unassigned	(16,450)			(16,450)
Total fund balances (deficits)	(16,450)	28,706	803	13,059
Total liabilities and fund balances (deficits)	\$ 30,446	\$ 29,133	\$ 9,318	\$ 68,897

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Capital Projects Funds
Capital Development Board**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
REVENUES				
Federal government			\$ 22,615	\$ 22,615
Other	\$ 3		8,770	8,773
Total revenues	3		31,385	31,388
EXPENDITURES				
Current:				
Education	116,349	\$ 265,223	8,327	389,899
General government	59,751			59,751
Employment and economic development	8,214			8,214
Environment and business regulations	11,832			11,832
Capital outlays	80,297		21,450	101,747
Total expenditures	276,443	265,223	29,777	571,443
Excess (deficiency) of revenues over (under) expenditures	(276,440)	(265,223)	1,608	(540,055)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	142,138	125,201		267,339
Premiums on general obligation bonds issued	9,042	6,836		15,878
Transfers-in	53,463			53,463
Transfers-out			(1,235)	(1,235)
Net other sources (uses) of financial resources	204,643	132,037	(1,235)	335,445
SPECIAL ITEM				
Proceeds from sale of Thomson Prison	20,000			20,000
Net change in fund balances	(51,797)	(133,186)	373	(184,610)
Fund balances, July 1, 2012	35,347	161,892	430	197,669
FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (16,450)	\$ 28,706	\$ 803	\$ 13,059

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PERMANENT FUNDS

The Permanent Funds are used to account for and report 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.

SIGNIFICANT NONMAJOR GOVERNMENTAL PERMANENT FUNDS DESCRIPTIONS

Department of Natural Resources

Fish and Wildlife Endowment Fund--to account for resources obtained from the issuance of lifetime hunting, fishing or sportsmen's combination licenses.

Illinois Habitat Endowment Trust Fund--to account for resources obtained from private donations and transfers or deposits from the Park and Conservation Fund. All deposits into the fund shall become part of the trust fund corpus.

Illinois Power Agency

Illinois Power Agency Trust Fund--to account for resources obtained from private grants and other monies received. No more than ninety percent of investment income may be appropriated annually, and investment income not appropriated is to be added to the principal of the fund.

State of Illinois

**Combining Balance Sheet
Nonmajor Permanent Funds**

June 30, 2013 (Expressed in Thousands)

	Natural Resources	Illinois Power Agency Illinois Power Agency Trust Fund	Other	Total
ASSETS				
Cash equity with State Treasurer	\$ 13,988			\$ 13,988
Cash and cash equivalents			\$ 162	162
Securities lending collateral of State Treasurer	1,409			1,409
Investments		\$ 28,243	1,274	29,517
Other receivables, net	1			1
Total assets	\$ 15,398	\$ 28,243	\$ 1,436	\$ 45,077
LIABILITIES				
Due to other funds		\$ 828	\$ 165	\$ 993
Obligations under securities lending of State Treasurer	\$ 1,409			1,409
Total liabilities	1,409	828	165	2,402
FUND BALANCES				
Nonspendable - endowments and similar funds	10,737	27,415	1,162	39,314
Restricted	3,252		109	3,361
Total fund balances	13,989	27,415	1,271	42,675
Total liabilities and fund balances	\$ 15,398	\$ 28,243	\$ 1,436	\$ 45,077

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Natural Resources	Illinois Power Agency Illinois Power Agency Trust Fund	Other	Total
REVENUES				
Licenses and fees	\$ 54			\$ 54
Interest and other investment income	17	\$ 3,348	\$ 21	3,386
Total revenues	71	3,348	21	3,440
EXPENDITURES				
Current:				
Health and social services			39	39
Total expenditures			39	39
Excess (deficiency) of revenues over (under) expenditures	71	3,348	(18)	3,401
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out		(828)	(7)	(835)
Net other sources (uses) of financial resources		(828)	(7)	(835)
Net change in fund balances	71	2,520	(25)	2,566
Fund balances, July 1, 2012, as restated	13,918	24,895	1,296	40,109
FUND BALANCES, JUNE 30, 2013	\$ 13,989	\$ 27,415	\$ 1,271	\$ 42,675

State of Illinois

Combining Balance Sheet - Nonmajor Permanent Funds

Natural Resources

June 30, 2013 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 2,068	\$ 11,920	\$ 13,988
Securities lending collateral of State Treasurer	1,409		1,409
Other receivables, net	1		1
Total assets	\$ 3,478	\$ 11,920	\$ 15,398
LIABILITIES			
Obligations under securities lending of State Treasurer	\$ 1,409		\$ 1,409
Total liabilities	1,409		1,409
FUND BALANCES			
Nonspendable - endowments and similar funds	2,069	\$ 8,668	10,737
Restricted		3,252	3,252
Total fund balances	2,069	11,920	13,989
Total liabilities and fund balances	\$ 3,478	\$ 11,920	\$ 15,398

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Permanent Funds
Natural Resources**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
REVENUES			
Licenses and fees	\$ 54		\$ 54
Interest and other investment income	8	\$ 9	17
Total revenues	62	9	71
Net change in fund balances	62	9	71
Fund balances, July 1, 2012	2,007	11,911	13,918
FUND BALANCES, JUNE 30, 2013	\$ 2,069	\$ 11,920	\$ 13,989

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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 NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

Department of the Lottery

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

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.

Illinois Designated Account Purchase Program Fund--to purchase guaranteed student loans from lenders in order to reduce the lenders' collection and administration costs, and to act as a servicer of student loans.

State of Illinois

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2013 (Expressed in Thousands)

	Lottery			
	State Lottery	Student	Other	Total
	Fund	Assistance		
		Commission		
ASSETS				
Cash equity with State Treasurer	\$ 117,608	\$ 37,715	\$ 78,983	\$ 234,306
Cash and cash equivalents	18,279	10,853	4,145	33,277
Securities lending collateral of State Treasurer		23,835	50,226	74,061
Investments	48,667	6,004	25,527	80,198
Receivables, net:				
Intergovernmental		26,370	968	27,338
Other	78,620	11	8,493	87,124
Due from other funds		2,389	5,738	8,127
Due from component units			4	4
Restricted assets:				
Cash and cash equivalents		21,927		21,927
Other receivables, net		12,507		12,507
Loans and notes receivable, net		90,192		90,192
Unamortized bond issuance costs		273		273
Prepaid expenses			84	84
Total current assets	263,174	232,076	174,168	669,418
Investments	264,600		11,167	275,767
Restricted loans and notes receivable, net		554,040		554,040
Unamortized bond issuance costs		3,305		3,305
Capital assets not being depreciated			431	431
Capital assets being depreciated, net	238		4,888	5,126
Total noncurrent assets	264,838	557,345	16,486	838,669
Total assets	528,012	789,421	190,654	1,508,087
LIABILITIES				
Accounts payable and accrued liabilities	204,278	15,728	16,812	236,818
Intergovernmental payables	109	11,260	36	11,405
Due to other funds	44,449	4,708	3,145	52,302
Unearned revenue	4,769		14,538	19,307
Obligations under securities lending of State Treasurer		23,835	50,226	74,061
Short-term notes payable		240,607		240,607
Current portion of long-term liabilities	47,984	4,254	2,621	54,859
Total current liabilities	301,589	300,392	87,378	689,359
Noncurrent portion of long-term liabilities	226,048	430,285	10,362	666,695
Total liabilities	527,637	730,677	97,740	1,356,054
NET POSITION				
Net investment in capital assets	238		5,307	5,545
Restricted for:				
Debt service		4,622		4,622
Education		40,289		40,289
Unrestricted	137	13,833	87,607	101,577
Total net position	\$ 375	\$ 58,744	\$ 92,914	\$ 152,033

State of Illinois

**Combining Statement of Revenues, Expenses
and Changes in Net Position
Nonmajor Enterprise Funds**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	<u>Lottery</u>			
	State Lottery Fund	Student Assistance Commission	Other	Total
OPERATING REVENUES				
Charges for sales and services	\$ 2,832,575	\$ 29,797	\$ 103,970	\$ 2,966,342
Interest income pledged as revenue bond security		29,858		29,858
Interest and other investment income			2	2
Other	69,782			69,782
Total operating revenues	<u>2,902,357</u>	<u>59,655</u>	<u>103,972</u>	<u>3,065,984</u>
OPERATING EXPENSES				
Cost of sales and services	163,966	177,412	23,149	364,527
Benefit payments and refunds			38,105	38,105
Prizes and claims	1,743,685			1,743,685
Interest		4,907		4,907
General and administrative	153,731	18,899	35,038	207,668
Depreciation	99	4	728	831
Other	21,776		19,260	41,036
Total operating expenses	<u>2,083,257</u>	<u>201,222</u>	<u>116,280</u>	<u>2,400,759</u>
Operating income (loss)	<u>819,100</u>	<u>(141,567)</u>	<u>(12,308)</u>	<u>665,225</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	(9,354)	126	435	(8,793)
Interest expense	(14,347)			(14,347)
Federal government		171,387		171,387
Other revenues			50	50
Other expenses		(9,037)	(2)	(9,039)
Income (loss) before transfers	<u>795,399</u>	<u>20,909</u>	<u>(11,825)</u>	<u>804,483</u>
Contributions of capital assets			16	16
Transfers-in		3,722	29,900	33,622
Transfers-out	(819,390)	(29,900)	(11,383)	(860,673)
Change in net position	<u>(23,991)</u>	<u>(5,269)</u>	<u>6,708</u>	<u>(22,552)</u>
Net position, July 1, 2012	24,366	64,013	86,206	174,585
NET POSITION, JUNE 30, 2013	<u>\$ 375</u>	<u>\$ 58,744</u>	<u>\$ 92,914</u>	<u>\$ 152,033</u>

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Lottery	Student		
	State Lottery	Assistance	Other	Total
	Fund	Commission		
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services		\$ 123,050	\$ 104,396	\$ 227,446
Cash received from lottery sales	\$ 2,829,114			2,829,114
Cash payments to suppliers for goods and services	(134,106)	(6,402)	(60,561)	(201,069)
Cash payments to employees for services	(15,503)	(1,940)	(54,686)	(72,129)
Cash payments for lottery prizes	(1,728,259)			(1,728,259)
Cash payments for commissions and bonuses	(163,966)			(163,966)
Cash receipts from student loan principal		118,492		118,492
Cash receipts from student loan interest		20,113		20,113
Cash receipts from sale of student loans		49,566		49,566
Cash payments for student loans issued		(2,791)		(2,791)
Cash payments for expenses related to sale of student loans		(320)		(320)
Cash receipts from other operating activities	9,285		565	9,850
Cash payments for other operating activities	(1,407)	(271,582)	(16,404)	(289,393)
Net cash provided (used) by operating activities	795,158	28,186	(26,690)	796,654
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on revenue bonds and other borrowings		(127,712)		(127,712)
Interest paid on revenue bonds and other borrowings		(7,446)		(7,446)
Principal paid on early extinguishment of debt		(59,950)		(59,950)
Grants received		175,093	68	175,161
Grants paid		(7,863)		(7,863)
Transfers-in from other funds		3,659	28,983	32,642
Transfers-out to other funds	(793,546)	(28,983)	(11,321)	(833,850)
Net cash provided (used) by noncapital financing activities	(793,546)	(53,202)	17,730	(829,018)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(108)		(2,886)	(2,994)
Net cash provided (used) by capital and related financing activities	(108)		(2,886)	(2,994)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities	(20,918)	(5,003)	(55,725)	(81,646)
Proceeds from sales and maturities of investment securities	58,048	5,991	58,327	122,366
Cash paid for long-term annuity prizes payable	(58,048)			(58,048)
Interest and dividends on investments	1,227	143	481	1,851
Net cash provided (used) by investing activities	(19,691)	1,131	3,083	(15,477)
Net increase (decrease) in cash and cash equivalents	(18,187)	(23,885)	(8,763)	(50,835)
Cash and cash equivalents, July 1, 2012	154,074	94,380	91,891	340,345
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 135,887	\$ 70,495	\$ 83,128	\$ 289,510
Reconciliation of cash and cash equivalents to the statement of net position:				
Total cash and cash equivalents per Statement of Net Position	\$ 18,279	\$ 10,853	\$ 4,145	\$ 33,277
Add: cash equity with State Treasurer	117,608	37,715	78,983	234,306
Add: restricted cash equivalents		21,927		21,927
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 135,887	\$ 70,495	\$ 83,128	\$ 289,510

(continued)

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

(continued)

	Lottery	Student		
	State Lottery	Assistance	Other	Total
	Fund	Commission		
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ 819,100	\$ (141,567)	\$ (12,308)	\$ 665,225
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	99	4	728	831
Provision for uncollectible accounts	24,658	8,685		33,343
Amortization		2,016		2,016
Interest and investment income		(12)		(12)
Interest expense		4,907		4,907
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(81,172)	2,877	413	(77,882)
(Increase) decrease in intergovernmental receivables			20	20
(Increase) decrease in due from other funds		178	269	447
(Increase) decrease in due from component units			4	4
(Increase) decrease in loans and notes receivable		153,207		153,207
(Increase) decrease in prepaid expenses			8	8
Increase (decrease) in accounts payable and accrued liabilities	16,970	(2,645)	4,070	18,395
Increase (decrease) in intergovernmental payables	82	1,509	2	1,593
Increase (decrease) in due to other funds	1	(976)	(5)	(980)
Increase (decrease) in due to component units			(7,061)	(7,061)
Increase (decrease) in unearned revenue	(658)		(12,519)	(13,177)
Increase (decrease) in other liabilities	(41)	3	(311)	(349)
Increase (decrease) in long-term annuity prizes payable	16,119			16,119
Total adjustments	(23,942)	169,753	(14,382)	131,429
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 795,158	\$ 28,186	\$ (26,690)	\$ 796,654
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Gain (Loss) on disposal of capital assets			\$ (2)	\$ (2)
Increase (decrease) in fair value of investments	\$ (23,991)	\$ (5)	(39)	(24,035)
Interest accreted on investments	14,342			14,342
Interest accreted on long-term annuity prizes payable	(14,342)			(14,342)

State of Illinois

Combining Statement of Net Position - Nonmajor Enterprise Funds
 Student Assistance Commission

June 30, 2013 (Expressed in Thousands)

	Federal Student Loan Fund	Illinois Designated Account Purchase Program Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 37,715		\$ 37,715
Cash and cash equivalents		\$ 10,853	10,853
Securities lending collateral of State Treasurer	23,835		23,835
Investments		6,004	6,004
Receivables, net:			
Intergovernmental	26,370		26,370
Other	11		11
Due from other funds	2,386	3	2,389
Restricted assets:			
Cash and cash equivalents		21,927	21,927
Other receivables, net		12,507	12,507
Loans and notes receivable, net		90,192	90,192
Unamortized bond issuance costs		273	273
Total current assets	90,317	141,759	232,076
Restricted loans and notes receivable, net		554,040	554,040
Unamortized bond issuance costs		3,305	3,305
Total noncurrent assets		557,345	557,345
Total assets	90,317	699,104	789,421
LIABILITIES			
Accounts payable and accrued liabilities	14,390	1,338	15,728
Intergovernmental payables	9,515	1,745	11,260
Due to other funds	2,288	2,420	4,708
Obligations under securities lending of State Treasurer	23,835		23,835
Short-term notes payable		240,607	240,607
Current portion of long-term liabilities		4,254	4,254
Total current liabilities	50,028	250,364	300,392
Noncurrent portion of long-term liabilities		430,285	430,285
Total liabilities	50,028	680,649	730,677
NET POSITION			
Restricted for:			
Debt service		4,622	4,622
Education	40,289		40,289
Unrestricted		13,833	13,833
Total net position	\$ 40,289	\$ 18,455	\$ 58,744

State of Illinois

**Combining Statement of Revenues, Expenses
and Changes in Net Position - Nonmajor Enterprise Funds
Student Assistance Commission**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Federal Student Loan Fund	Illinois Designated Account Purchase Program Fund	Total
OPERATING REVENUES			
Charges for sales and services	\$ 29,797		\$ 29,797
Interest income pledged as revenue bond security		\$ 29,858	29,858
Total operating revenues	29,797	29,858	59,655
OPERATING EXPENSES			
Cost of sales and services	177,412		177,412
Interest		4,907	4,907
General and administrative		18,899	18,899
Depreciation		4	4
Total operating expenses	177,412	23,810	201,222
Operating income (loss)	(147,615)	6,048	(141,567)
NONOPERATING REVENUES (EXPENSES)			
Interest and investment income	126		126
Federal government	171,387		171,387
Other expenses		(9,037)	(9,037)
Income (loss) before transfers	23,898	(2,989)	20,909
Transfers-in	3,722		3,722
Transfers-out	(29,900)		(29,900)
Change in net position	(2,280)	(2,989)	(5,269)
Net position, July 1, 2012	42,569	21,444	64,013
NET POSITION, JUNE 30, 2013	\$ 40,289	\$ 18,455	\$ 58,744

State of Illinois

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

Student Assistance Commission

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Federal Student Loan Fund	Illinois Designated Account Purchase Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales and services	\$ 123,050		\$ 123,050
Cash payments to suppliers for goods and services		\$ (6,402)	(6,402)
Cash payments to employees for services		(1,940)	(1,940)
Cash receipts from student loan principal		118,492	118,492
Cash receipts from student loan interest		20,113	20,113
Cash receipts from sale of student loans		49,566	49,566
Cash payments for student loans issued		(2,791)	(2,791)
Cash payments for expenses related to sale of student loans		(320)	(320)
Cash payments for other operating activities	(271,582)		(271,582)
Net cash provided (used) by operating activities	(148,532)	176,718	28,186
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Principal paid on revenue bonds and other borrowings		(127,712)	(127,712)
Interest paid on revenue bonds and other borrowings		(7,446)	(7,446)
Principal paid on early extinguishment of debt		(59,950)	(59,950)
Grants received	175,093		175,093
Grants paid		(7,863)	(7,863)
Transfers-in from other funds	3,659		3,659
Transfers-out to other funds	(28,983)		(28,983)
Net cash provided (used) by noncapital financing activities	149,769	(202,971)	(53,202)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investment securities		(5,003)	(5,003)
Proceeds from sales and maturities of investment securities		5,991	5,991
Interest and dividends on investments	126	17	143
Net cash provided (used) by investing activities	126	1,005	1,131
Net increase (decrease) in cash and cash equivalents	1,363	(25,248)	(23,885)
Cash and cash equivalents, July 1, 2012	36,352	58,028	94,380
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 37,715	\$ 32,780	\$ 70,495
Reconciliation of cash and cash equivalents to the statement of net position:			
Total cash and cash equivalents per statement of net position		\$ 10,853	\$ 10,853
Add: cash equity with State Treasurer	\$ 37,715		37,715
Add: restricted cash equivalents		21,927	21,927
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 37,715	\$ 32,780	\$ 70,495
Reconciliation of operating income (loss) to net cash used by operating activities:			
OPERATING INCOME (LOSS)	\$ (147,615)	\$ 6,048	\$ (141,567)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation		4	4
Provision for uncollectible accounts		8,685	8,685
Amortization		2,016	2,016
Interest and investment income		(12)	(12)
Interest expense		4,907	4,907
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable		2,877	2,877
(Increase) decrease in due from other funds		178	178
(Increase) decrease in loans and notes receivable		153,207	153,207
Increase (decrease) in accounts payable and accrued liabilities	(2,426)	(219)	(2,645)
Increase (decrease) in intergovernmental payables	1,509		1,509
Increase (decrease) in due to other funds		(976)	(976)
Increase (decrease) in other liabilities		3	3
Total adjustments	(917)	170,670	169,753
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (148,532)	\$ 176,718	\$ 28,186
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Increase (decrease) in fair value of investments		\$ (5)	\$ (5)

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

Office of the Auditor General

Audit Expense Fund--to account for the costs in association with conducting audits in accordance with the State Auditing Act.

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 from 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 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 Revolving 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.

Professional Services Fund--to account for the cost of professional services rendered by the Department of Central Management Services on behalf of other agencies. Revenues consist of charges from user agencies.

Workers' Compensation Revolving Fund--to account for workers' compensation expenses of State employees. Revenues consist of charges from the funds which paid the employees during the employees' active service.

Health Insurance Reserve Fund--to account for the self-insurance medical and dental plan for State employees, retirees 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 for use by other State agencies.

State of Illinois

Combining Statement of Net Position

Internal Service Funds

June 30, 2013 (Expressed in Thousands)

	Auditor General		Corrections			Total
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Other		
ASSETS						
Cash equity with State Treasurer	\$ 10,541	\$ 171,531	\$ 1,204	\$ 447	\$	\$ 183,723
Cash and cash equivalents		127,689				127,689
Securities lending collateral of State Treasurer		198,690				198,690
Receivables, net:						
Intergovernmental		27,434	87			27,521
Other		27,131	710	2,199		30,040
Due from other funds	16,761	2,524,284	14,043	6,468		2,561,556
Due from component units	701	28,808	6	788		30,303
Inventories		1,899	6,775			8,674
Prepaid expenses			33			33
Total current assets	28,003	3,107,466	22,858	9,902		3,168,229
Capital assets not being depreciated		87,055				87,055
Capital assets being depreciated, net		212,771	1,925			214,696
Total noncurrent assets		299,826	1,925			301,751
Total assets	28,003	3,407,292	24,783	9,902		3,469,980
LIABILITIES						
Accounts payable and accrued liabilities	4,326	2,098,207	3,919	5,323		2,111,775
Intergovernmental payables		6,121	115			6,236
Due to other funds	49	32,078	2,217	3,721		38,065
Due to component units		1,913	3			1,916
Unearned revenue		1,634				1,634
Obligations under securities lending of State Treasurer		198,690				198,690
Current portion of long-term liabilities		145,627	259			145,886
Total current liabilities	4,375	2,484,270	6,513	9,044		2,504,202
Noncurrent portion of long-term liabilities		463,802	1,127			464,929
Total liabilities	4,375	2,948,072	7,640	9,044		2,969,131
NET POSITION						
Net investment in capital assets		280,961	1,883			282,844
Restricted for debt service		4,127				4,127
Unrestricted	23,628	174,132	15,260	858		213,878
Total net position	\$ 23,628	\$ 459,220	\$ 17,143	\$ 858	\$	\$ 500,849

State of Illinois

Combining Statement of Revenues, Expenses
and Changes in Net Position
Internal Service Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Auditor General		Corrections		Total
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Other	
OPERATING REVENUES					
Charges for sales and services	\$ 23,654	\$ 3,129,296	\$ 49,095	\$ 30,266	\$ 3,232,311
Federal government		29,867			29,867
Other		23			23
Total operating revenues	23,654	3,159,186	49,095	30,266	3,262,201
OPERATING EXPENSES					
Cost of sales and services	21,323	459,743	24,931	29,913	535,910
Benefit payments and refunds		2,368,605			2,368,605
Interest		192,664			192,664
General and administrative		132,757	23,264	22	156,043
Depreciation		21,947	467		22,414
Other		13,853	1,626		15,479
Total operating expenses	21,323	3,189,569	50,288	29,935	3,291,115
Operating income (loss)	2,331	(30,383)	(1,193)	331	(28,914)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income		693		32	725
Interest expense		(1,989)	(26)		(2,015)
Federal government		36,271			36,271
Other revenues			770		770
Other expenses		(297)			(297)
Income (loss) before transfers	2,331	4,295	(449)	363	6,540
Contributions of capital assets		23,137			23,137
Transfers-out			(471)		(471)
Change in net position	2,331	27,432	(920)	363	29,206
Net position, July 1, 2012	21,297	431,788	18,063	495	471,643
NET POSITION, JUNE 30, 2013	\$ 23,628	\$ 459,220	\$ 17,143	\$ 858	\$ 500,849

State of Illinois

Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	<u>Auditor General</u>	<u>Central</u>	<u>Corrections</u>		<u>Total</u>
	Audit Expense Fund	Management Services	Working Capital Revolving Fund	Other	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	\$ 2,641	\$ 165,820	\$ 1,696		\$ 170,157
Cash received from transactions with other funds	22,990	2,387,060	41,441	\$ 34,394	2,485,885
Cash payments to suppliers for goods and services	(20,996)	(2,350,623)	(34,326)	(34,157)	(2,440,102)
Cash payments to employees for services	(1,249)	(127,700)	(11,842)		(140,791)
Cash payments for workers compensation		(96,519)			(96,519)
Cash receipts from other operating activities		74,987	637		75,624
Net cash provided (used) by operating activities	3,386	53,025	(2,394)	237	54,254
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interest paid on other borrowings		(841)	(8)		(849)
Grants received		37,130			37,130
Transfers-in from other funds		10,000			10,000
Transfers-out to other funds			(668)		(668)
Net cash provided (used) by noncapital financing activities		46,289	(676)		45,613
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(29,072)	(200)		(29,272)
Principal paid on capital debt		(4,914)	(14)		(4,928)
Interest paid on capital debt		(1,242)	(7)		(1,249)
Net cash provided (used) by capital and related financing activities		(35,228)	(221)		(35,449)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments		671		34	705
Net cash provided (used) by investing activities		671		34	705
Net increase (decrease) in cash and cash equivalents	3,386	64,757	(3,291)	271	65,123
Cash and cash equivalents, July 1, 2012	7,155	234,463	4,495	176	246,289
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	<u>\$ 10,541</u>	<u>\$ 299,220</u>	<u>\$ 1,204</u>	<u>\$ 447</u>	<u>\$ 311,412</u>
Reconciliation of cash and cash equivalents to the statement of net position:					
Total cash and cash equivalents per statement of net position		\$ 127,689			\$ 127,689
Add: cash equity with State Treasurer	\$ 10,541	171,531	\$ 1,204	\$ 447	183,723
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	<u>\$ 10,541</u>	<u>\$ 299,220</u>	<u>\$ 1,204</u>	<u>\$ 447</u>	<u>\$ 311,412</u>

(continued)

State of Illinois

**Combining Statement of Cash Flows
Internal Service Funds**

For the Year Ended June 30, 2013 (Expressed in Thousands)
(continued)

	Auditor General		Central	Corrections		
	Audit Expense		Management	Working Capital		
	Fund		Services	Revolving Fund	Other	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ 2,331	\$ (30,383)	\$ (1,193)	\$ 331	\$ (28,914)	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation			21,947	467		22,414
Provision for uncollectible accounts			31	1,626		1,657
Miscellaneous income				637		637
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable			(2,195)	23	7,891	5,719
(Increase) decrease in intergovernmental receivables	27		(4,713)	(36)		(4,722)
(Increase) decrease in due from other funds	1,319		(573,523)	(6,226)	(6,057)	(584,487)
(Increase) decrease in due from component units	583		2,521	141	126	3,371
(Increase) decrease in inventories			(137)	22		(115)
(Increase) decrease in prepaid expenses				10		10
Increase (decrease) in accounts payable and accrued liabilities	(922)		622,006	1,412	(37)	622,459
Increase (decrease) in intergovernmental payables			(11,009)	77		(10,932)
Increase (decrease) in due to other funds	48		12,203	463	(2,017)	10,697
Increase (decrease) in due to component units			952	2		954
Increase (decrease) in unearned revenue			321			321
Increase (decrease) in other liabilities			15,004	181		15,185
Total adjustments	1,055		83,408	(1,201)	(94)	83,168
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,386	\$ 53,025	\$ (2,394)	\$ 237	\$ 54,254	
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (loss) on disposal of capital assets		\$ (297)				\$ (297)
Transfer of assets from other state funds			23,137			23,137

State of Illinois

Combining Statement of Net Position - Internal Service Funds

Central Management Services

June 30, 2013 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Revolving Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Health Insurance Reserve Fund	Total
ASSETS								
Cash equity with State Treasurer	\$ 9,248	\$ 7,190	\$ 5,232	\$ 11,225	\$ 8,387	\$ 55,657	\$ 74,592	\$ 171,531
Cash and cash equivalents				4,127		18,563	104,999	127,689
Securities lending collateral of State Treasurer				6,441	6,013	31,446	154,790	198,690
Receivables, net:								
Intergovernmental	36		18,424				8,974	27,434
Other	12	5	3,042	6	3	15	24,048	27,131
Due from other funds	19,056	71,840	63,299	72,915	9,833	510,082	1,777,259	2,524,284
Due from component units	11	1,312	1,074	35			26,376	28,808
Inventories	1,899							1,899
Total current assets	30,262	80,347	91,071	94,749	24,236	615,763	2,171,038	3,107,466
Capital assets not being depreciated			48,686	38,369				87,055
Capital assets being depreciated, net	7,804	11,966	11,475	181,523			3	212,771
Total noncurrent assets	7,804	11,966	60,161	219,892			3	299,826
Total assets	38,066	92,313	151,232	314,641	24,236	615,763	2,171,041	3,407,292
LIABILITIES								
Accounts payable and accrued liabilities	10,677	16,079	18,188	32,662	662	4,920	2,015,019	2,098,207
Intergovernmental payables	49	1,692	2,829	1,518	12	6	15	6,121
Due to other funds	2,082	26,218	1,031	1,551	326	62	808	32,078
Due to component units	8		1,760	145				1,913
Unearned revenue				1,634				1,634
Obligations under securities lending of State Treasurer				6,441	6,013	31,446	154,790	198,690
Current portion of long-term liabilities	131	566	86	3,567	51	141,216	10	145,627
Total current liabilities	12,947	44,555	23,894	47,518	7,064	177,650	2,170,642	2,484,270
Noncurrent portion of long-term liabilities	1,199	4,109	1,451	18,246	285	438,113	399	463,802
Total liabilities	14,146	48,664	25,345	65,764	7,349	615,763	2,171,041	2,948,072
NET POSITION								
Net investment in capital assets	7,804	11,966	60,161	201,027			3	280,961
Restricted for debt service				4,127				4,127
Unrestricted	16,116	31,683	65,726	43,723	16,887		(3)	174,132
Total net position	\$ 23,920	\$ 43,649	\$ 125,887	\$ 248,877	\$ 16,887	\$ -	\$ -	\$ 459,220

State of Illinois

**Combining Statement of Revenues, Expenses
and Changes in Net Position - Internal Service Funds
Central Management Services**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Revolving Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Health Insurance Reserve Fund	Total
OPERATING REVENUES								
Charges for sales and services	\$ 54,627	\$ 151,358	\$ 101,169	\$ 187,155	\$ 10,001	\$ 119,156	\$ 2,505,830	\$ 3,129,296
Federal government			29,867					29,867
Other	23							23
Total operating revenues	54,650	151,358	131,036	187,155	10,001	119,156	2,505,830	3,159,186
OPERATING EXPENSES								
Cost of sales and services	38,087	146,031	90,749	175,754	9,122			459,743
Benefit payments and refunds						119,231	2,249,374	2,368,605
Interest							192,664	192,664
General and administrative	8,628	2,690	10,248	10,597	(26)		100,620	132,757
Depreciation	1,258	4,091	3,832	12,762			4	21,947
Other	271		13,582					13,853
Total operating expenses	48,244	152,812	118,411	199,113	9,096	119,231	2,542,662	3,189,569
Operating income (loss)	6,406	(1,454)	12,625	(11,958)	905	(75)	(36,832)	(30,383)
NONOPERATING REVENUES (EXPENSES)								
Interest and investment income				27	30	75	561	693
Interest expense	(42)	(793)	(23)	(1,131)				(1,989)
Federal government							36,271	36,271
Other expenses	(131)	(16)	(150)					(297)
Income (loss) before transfers	6,233	(2,263)	12,452	(13,062)	935	-	-	4,295
Contributions of capital assets		7,417	9,414	6,306				23,137
Change in net position	6,233	5,154	21,866	(6,756)	935	-	-	27,432
Net position, July 1, 2012	17,687	38,495	104,021	255,633	15,952			431,788
NET POSITION, JUNE 30, 2013	\$ 23,920	\$ 43,649	\$ 125,887	\$ 248,877	\$ 16,887	\$ -	\$ -	\$ 459,220

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2013 (Expressed in Thousands)

	State Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Revolving Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Health Insurance Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from sales and services	\$ 821		\$ 15,986	\$ 1,175			\$ 147,838	\$ 165,820
Cash received from transactions with other funds	44,005	\$ 131,066	86,722	183,152	\$ 9,640	\$ 155,320	1,777,155	2,387,060
Cash payments to suppliers for goods and services	(32,508)	(79,785)	(91,647)	(139,545)	(9,176)	(2,661)	(1,995,301)	(2,350,623)
Cash payments to employees for services	(13,936)	(53,969)	(21,882)	(32,808)			(5,105)	(127,700)
Cash payments for workers compensation						(96,519)		(96,519)
Cash receipts from other operating activities	21		25,227				49,739	74,987
Net cash provided (used) by operating activities	(1,597)	(2,688)	14,406	11,974	464	56,140	(25,674)	53,025
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Interest paid on other borrowings	(42)	(781)	(18)					(841)
Grants received							37,130	37,130
Transfers-in from other funds	10,000							10,000
Net cash provided (used) by noncapital financing activities	9,958	(781)	(18)				37,130	46,289
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	(5,413)	(776)	(22,832)	(51)				(29,072)
Principal paid on capital debt	(39)	(923)	(792)	(3,160)				(4,914)
Interest paid on capital debt		(12)	(5)	(1,225)				(1,242)
Net cash provided (used) by capital and related financing activities	(5,452)	(1,711)	(23,629)	(4,436)				(35,228)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest and dividends on investments				27	30	67	547	671
Net cash provided (used) by investing activities				27	30	67	547	671
Net increase (decrease) in cash and cash equivalents	2,909	(5,180)	(9,241)	7,565	494	56,207	12,003	64,757
Cash and cash equivalents, July 1, 2012	6,339	12,370	14,473	7,787	7,893	18,013	167,588	234,463
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 9,248	\$ 7,190	\$ 5,232	\$ 15,352	\$ 8,387	\$ 74,220	\$ 179,591	\$ 299,220
Reconciliation of cash and cash equivalents to the statement of net position:								
Total cash and cash equivalents per statement of net position				\$ 4,127		\$ 18,563	\$ 104,999	\$ 127,689
Add: cash equity with State Treasurer	\$ 9,248	\$ 7,190	\$ 5,232	11,225	\$ 8,387	55,657	74,592	171,531
CASH AND CASH EQUIVALENTS, JUNE 30, 2013	\$ 9,248	\$ 7,190	\$ 5,232	\$ 15,352	\$ 8,387	\$ 74,220	\$ 179,591	\$ 299,220
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
OPERATING INCOME (LOSS)	\$ 6,406	\$ (1,454)	\$ 12,625	\$ (11,958)	\$ 905	\$ (75)	\$ (36,832)	\$ (30,383)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	1,258	4,091	3,832	12,762			4	21,947
Provision for uncollectible accounts			31					31
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	10	(5)	(634)				(1,566)	(2,195)
(Increase) decrease in intergovernmental receivables	14		(4,727)					(4,713)
(Increase) decrease in due from other funds	(9,821)	(9,375)	(2,155)	(3,151)	(361)	36,164	(584,824)	(573,523)
(Increase) decrease in due from component units	(11)	(1,284)	(181)	9			3,988	2,521
(Increase) decrease in inventories	(137)							(137)
Increase (decrease) in accounts payable and accrued liabilities	(91)	4,982	5,985	12,816	(49)	4,857	593,506	622,006
Increase (decrease) in intergovernmental payables	15	(9,630)	(1,562)	163	(1)	2	4	(11,009)
Increase (decrease) in due to other funds	745	10,531	326	662	(4)	(48)	(9)	12,203
Increase (decrease) in due to component units	7		1,000	(55)				952
Increase (decrease) in unearned revenue				321				321
Increase (decrease) in other liabilities	8	(544)	(134)	405	(26)	15,240	55	15,004
Total adjustments	(8,003)	(1,234)	1,781	23,932	(441)	56,215	11,158	83,408
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,597)	\$ (2,688)	\$ 14,406	\$ 11,974	\$ 464	\$ 56,140	\$ (25,674)	\$ 53,025
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Gain (loss) on disposal of capital assets	\$ (131)	\$ (16)	\$ (150)					\$ (297)
Transfer of assets from other state funds		7,417	9,414	\$ 6,306				23,137

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.

Teacher Health Insurance Security--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.

Community College Health Insurance Security--to provide health benefits for the retirees of community colleges in the State of Illinois and dependent beneficiaries. Premiums are collected from retired and active teachers and the insurance plan is administered by private companies.

General Assembly Retirement System, Judges' Retirement System, State Employees' Retirement System, Teachers' Retirement System and State Universities Retirement System

See Note 16 on page 137 for description of retirement systems.

State of Illinois

Combining Statement of Fiduciary Net Position
Pension (and Other Employee Benefit) Trust Funds

June 30, 2013 (Expressed in Thousands)

	Central Management Services					
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
ASSETS						
Cash equity with State Treasurer	\$ 3,779	\$ 32,482	\$ 9,835	\$ 5,418	\$ 30,411	\$ 146,354
Cash and cash equivalents	1,654	12,067	1,861			
Securities lending collateral of State Treasurer	2,677	15,495	4,751	3,108	16,535	113,169
Investments:						
Equities	2,441,124					
Fixed income	306,025					
Private equity						
Real estate						
Other	880,503					
Equity in Illinois State Board of Investments				49,004	612,751	12,176,459
Securities lending collateral						
Receivables, net:						
Members		5,717	266	15	174	10,319
Employers		4,289	267			
Investment income	1	7	2	1	8	54
Intergovernmental		5,365	515			
Pending investment sales						
Other	562	11,804	1,311	2	18	9,975
Due from other funds					71	32
Due from primary government funds		86,683				125,060
Prepaid expenses						
Loans and Notes Receivable, Net	22,050					
Capital assets not being depreciated						971
Capital assets being depreciated, net				3	8	1,822
Total assets	3,658,375	173,909	18,808	57,551	659,976	12,584,215
LIABILITIES						
Accounts payable and accrued liabilities	850	238,263	27,221	1	37	6,434
Intergovernmental payables	2	3				
Due to other funds	9	32	2	72	6	
Due to primary government funds	26	151	67			63,042
Obligations under securities lending of State Treasurer	2,677	15,495	4,751	3,108	16,535	113,169
Payable to brokers for unsettled trades						
Securities lending collateral						
Long term obligations:						
Due within one year		5				2
Due subsequent to one year	144	99	5	23	68	1,267
Total liabilities	3,708	254,048	32,046	3,204	16,646	183,914
NET POSITION HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS						
	\$ 3,654,667	\$ (80,139)	\$ (13,238)	\$ 54,347	\$ 643,330	\$ 12,400,301

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 14,659			\$ 242,938
194,547	\$ 564,599		774,728
96,375			252,110
17,116,072	10,269,714	\$ 681,890	30,508,800
6,872,433	3,429,188	156,793	10,764,439
4,687,147			4,687,147
4,680,490	381,874	16,720	5,079,084
6,131,064	409,826	399,191	7,820,584
			12,838,214
1,836,179	647,000		2,483,179
61,631	11,357	2,948	92,427
13,596	539	1,798	20,489
98,150	39,318		137,541
			5,880
3,981,500	358,000		4,339,500
			23,672
18			121
331,414	266,688		809,845
2,111	116		2,227
			22,050
238	532		1,741
4,121	5,683		11,637
46,121,745	16,384,434	1,259,340	80,918,353
			354,595
48,859	32,930		5
			121
35			63,321
96,375			252,110
4,279,840	666,401		4,946,241
1,836,179	646,877		2,483,056
			66
4	55		4,360
1,685	1,069		8,103,875
6,262,977	1,347,332		8,103,875
\$ 39,858,768	\$ 15,037,102	\$ 1,259,340	\$ 72,814,478

State of Illinois

**Combining Statement of Changes in Fiduciary Net Position
Pension (and Other Employee Benefit) Trust Funds**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Central Management Services			General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security			
ADDITIONS						
Contributions:						
Employer State		\$ 74,023	\$ 4,148	\$ 14,150	\$ 88,240	\$ 1,531,932
		86,683	40,176			
Members:						
Employees	\$ 157,574	98,918	4,148	1,451	16,369	248,170
Retirees		175,153	15,833			
Federal Medicare Part D		23,958	2,322			
Other	5,718	137				
Total contributions	163,292	458,872	66,627	15,601	104,609	1,780,102
Investment income:						
Interest and other investment income	110,407	119	26	1,506	17,981	352,087
Net increase (decrease) in fair value of investments	262,914			5,139	60,729	1,185,001
Reimbursements of expenses not separable from investment income	2,291					
Less investment expense	(253)			(152)	(1,824)	(35,850)
Net investment income	375,359	119	26	6,493	76,886	1,501,238
Total additions	538,651	458,991	66,653	22,094	181,495	3,281,340
DEDUCTIONS						
Benefit payments	249,805	488,281	36,258	20,110	113,557	1,799,966
Refunds	70			41	1,752	24,290
Depreciation				1	2	395
General and administrative	3,038	19,653	5,647	339	830	17,076
Other	162					
Total deductions	253,075	507,934	41,905	20,491	116,141	1,841,727
Change in fiduciary net position held in trust for pension and other employee benefits	285,576	(48,943)	24,748	1,603	65,354	1,439,613
Net position held in trust for pension and other employee benefits, July 1, 2012	3,369,091	(31,196)	(37,986)	52,744	577,976	10,960,688
NET POSITION HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2013	\$ 3,654,667	\$ (80,139)	\$ (13,238)	\$ 54,347	\$ 643,330	\$ 12,400,301

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 155,787	\$ 41,874	\$ 6,046	\$ 384,268
2,702,278	1,359,607	43,193	5,763,869
921,423	245,141	59,938	1,753,132
			190,986
			26,280
2,426			8,281
3,781,914	1,646,622	109,177	8,126,816
1,041,120	341,979		1,865,225
3,801,021	1,402,341	147,496	6,864,641
			2,291
(280,373)	(49,548)		(368,000)
4,561,768	1,694,772	147,496	8,364,157
8,343,682	3,341,394	256,673	16,490,973
4,893,084	1,914,554	19,582	9,535,197
88,398	81,455	20,144	216,150
902	419		1,719
19,355	13,007	426	79,371
			162
5,001,739	2,009,435	40,152	9,832,599
3,341,943	1,331,959	216,521	6,658,374
36,516,825	13,705,143	1,042,819	66,156,104
\$ 39,858,768	\$ 15,037,102	\$ 1,259,340	\$ 72,814,478

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PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose Trust Funds are maintained to account 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.

SIGNIFICANT PRIVATE-PURPOSE TRUST FUND DESCRIPTIONS

Treasurer

College Savings Pool Fund--to account for assets held by the Bright Start and Bright Directions College Savings Programs, qualified State tuition programs under Section 529 of the Internal Revenue Code. The programs provide 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.

State of Illinois

Combining Statement of Fiduciary Net Position

Private-Purpose Trust Funds

June 30, 2013 (Expressed in Thousands)

	Treasurer College Savings Pool Fund	Other	Total
ASSETS			
Cash equity with State Treasurer		\$ 1,240	\$ 1,240
Cash and cash equivalents	\$ 488,703	44	488,747
Securities lending collateral of State Treasurer		844	844
Investments:			
Equities	3,337,821	305	3,338,126
Fixed income	1,705,038	150	1,705,188
Other		5	5
Investment income receivables, net	8,648		8,648
Loans and notes receivable, net		56	56
Total assets	5,540,210	2,644	5,542,854
LIABILITIES			
Accounts payable and accrued liabilities	2,307		2,307
Obligations under securities lending of State Treasurer		844	844
Other liabilities	7,202		7,202
Total liabilities	9,509	844	10,353
NET POSITION			
Net position held in trust for other purposes	\$ 5,530,701	\$ 1,800	\$ 5,532,501

State of Illinois

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Treasurer College Savings Pool Fund	Other	Total
ADDITIONS			
Contributions:			
Participants	\$ 2,140,710		\$ 2,140,710
Other		\$ 12	12
Total contributions	2,140,710	12	2,140,722
Investment income:			
Interest and other investment income	57,135	7	57,142
Net increase in fair value of investments	496,743	44	496,787
Net investment income	553,878	51	553,929
Total additions	2,694,588	63	2,694,651
DEDUCTIONS			
Payments in accordance with trust agreements	1,684,951		1,684,951
General and administrative	18,018	13	18,031
Other		10	10
Total deductions	1,702,969	23	1,702,992
Change in net position held in trust for individuals, organizations, and other governments	991,619	40	991,659
Net position held in trust for individuals, organizations, and other governments, July 1, 2012	4,539,082	1,760	4,540,842
NET POSITION HELD IN TRUST FOR INDIVIDUALS, ORGANIZATIONS, AND OTHER GOVERNMENTS, JUNE 30, 2013	\$ 5,530,701	\$ 1,800	\$ 5,532,501

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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 Insurance

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 Healthcare and Family Services

Child Support Enforcement Trust Administrative Fund--to account for collections of 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.

Home Rule County Retailers Occupation Tax Fund--to receive and record monies collected from a tax imposed upon all persons, in such county, in the business of selling tangible personal property.

Metropolitan Pier and Exposition Authority Trust Fund--to receive and record monies obtained under the Metropolitan Pier and Exposition Authority Act.

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 Trust Fund--to receive and record deposits of the RTA Sales Tax.

State of Illinois

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2013 (Expressed in Thousands)

	Insurance	Healthcare and Family Services			
			Child Support Enforcement Trust		
	Security Deposit Fund	Administrative Fund	Revenue	Other	Total
ASSETS					
Cash equity with State Treasurer		\$ 11,930	\$ 335,411	\$ 99,270	\$ 446,611
Cash and cash equivalents	\$ 2,566	245		24,910	27,721
Securities lending collateral of State Treasurer			135,134	26,575	161,709
Investments	927,790			28,456	956,246
Receivables, net:					
Taxes			183,330	37,758	221,088
Intergovernmental				563	563
Other		213,205	65	16,602	229,872
Due from primary government funds			55,405	3,330	58,735
Other assets				159	159
Total assets	\$ 930,356	\$ 225,380	\$ 709,345	\$ 237,623	\$ 2,102,704
LIABILITIES					
Accounts payable and accrued liabilities		\$ 14,040	\$ 10,443	\$ 21,304	\$ 45,787
Intergovernmental payables			563,768	125,795	689,563
Due to component units				69	69
Obligations under securities lending of State Treasurer			135,134	26,575	161,709
Depository and other liabilities	\$ 930,356	211,340		63,880	1,205,576
Total liabilities	\$ 930,356	\$ 225,380	\$ 709,345	\$ 237,623	\$ 2,102,704

State of Illinois

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

Agency/Fund	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Insurance:				
Security Deposit Fund				
Assets				
Cash and cash equivalents	\$ 16,540	\$ 34,040	\$ 48,014	\$ 2,566
Investments	895,187	267,134	234,531	927,790
Total assets	\$ 911,727	\$ 301,174	\$ 282,545	\$ 930,356
Liabilities				
Depository and other liabilities	\$ 911,727	\$ 301,174	\$ 282,545	\$ 930,356
Total liabilities	\$ 911,727	\$ 301,174	\$ 282,545	\$ 930,356
Healthcare and Family Services:				
Child Support Enforcement Trust				
Administrative Fund				
Assets				
Cash equity with State Treasurer	\$ 16,183	\$ 164,233	\$ 168,486	\$ 11,930
Cash and cash equivalents	373	75,236	75,364	245
Other receivables, net	214,255	163,183	164,233	213,205
Total assets	\$ 230,811	\$ 402,652	\$ 408,083	\$ 225,380
Liabilities				
Accounts payable and accrued liabilities	\$ 18,196	\$ 14,347	\$ 18,503	\$ 14,040
Depository and other liabilities	212,615	224,072	225,347	211,340
Total liabilities	\$ 230,811	\$ 238,419	\$ 243,850	\$ 225,380
Revenue:				
Assets				
Cash equity with State Treasurer	\$ 327,979	\$ 2,697,059	\$ 2,689,627	\$ 335,411
Securities lending collateral of State Treasurer	117,965	1,545,230	1,528,061	135,134
Taxes receivable, net	186,481	2,569,337	2,572,488	183,330
Other receivables, net	83	988	1,006	65
Due from primary government funds	42,117	136,853	123,565	55,405
Total assets	\$ 674,625	\$ 6,949,467	\$ 6,914,747	\$ 709,345
Liabilities				
Accounts payable and accrued liabilities	\$ 8,390	\$ 3,275	\$ 1,222	\$ 10,443
Intergovernmental payables	548,270	2,703,903	2,688,405	563,768
Obligations under securities lending of State Treasurer	117,965	1,545,230	1,528,061	135,134
Total liabilities	\$ 674,625	\$ 4,252,408	\$ 4,217,688	\$ 709,345
Other:				
Assets				
Cash equity with State Treasurer	\$ 97,429	\$ 2,278,606	\$ 2,276,765	\$ 99,270
Cash and cash equivalents	25,360	1,216,930	1,217,380	24,910
Securities lending collateral of State Treasurer	19,598	264,666	257,689	26,575
Investments	28,023	6,114	5,681	28,456
Taxes receivable, net	22,724	612,444	597,410	37,758
Intergovernmental receivables, net	559	15,981	15,977	563
Other receivables, net	3,555	16,328	3,281	16,602
Due from primary government funds	4,652	7,952	9,274	3,330
Other assets	169	-	10	159
Total assets	\$ 202,069	\$ 4,419,021	\$ 4,383,467	\$ 237,623
Liabilities				
Accounts payable and accrued liabilities	\$ 21,457	\$ 1,481,480	\$ 1,481,633	\$ 21,304
Intergovernmental payables	104,889	1,832,292	1,811,386	125,795
Due to component units	64	1,449	1,444	69
Obligations under securities lending of State Treasurer	19,598	264,666	257,689	26,575
Depository and other liabilities	56,061	168,737	160,918	63,880
Total liabilities	\$ 202,069	\$ 3,748,624	\$ 3,713,070	\$ 237,623

State of Illinois

**Combining Statement of Changes in Assets and Liabilities
Agency Funds**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 441,591	\$ 5,139,898	\$ 5,134,878	\$ 446,611
Cash and cash equivalents	42,273	1,326,206	1,340,758	27,721
Securities lending collateral of State Treasurer	137,563	1,809,896	1,785,750	161,709
Investments	923,210	273,248	240,212	956,246
Taxes receivable, net	209,205	3,181,781	3,169,898	221,088
Intergovernmental receivables, net	559	15,981	15,977	563
Other receivables, net	217,893	180,499	168,520	229,872
Due from primary government funds	46,769	144,805	132,839	58,735
Other assets	169	-	10	159
Total assets	\$ 2,019,232	\$ 12,072,314	\$ 11,988,842	\$ 2,102,704
Liabilities				
Accounts payable and accrued liabilities	\$ 48,043	\$ 1,499,102	\$ 1,501,358	\$ 45,787
Intergovernmental payables	653,159	4,536,195	4,499,791	689,563
Due to component units	64	1,449	1,444	69
Obligations under securities lending of State Treasurer	137,563	1,809,896	1,785,750	161,709
Depository and other liabilities	1,180,403	693,983	668,810	1,205,576
Total liabilities	\$ 2,019,232	\$ 8,540,625	\$ 8,457,153	\$ 2,102,704

State of Illinois

Combining Statement of Fiduciary Net Position - Agency Funds

Revenue

June 30, 2013 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax Fund	Home Rule County Retailers Occupation Tax Fund	Metropolitan Pier and Exposition Authority Trust Fund	Municipal Telecommunications Fund	RTA Sales Tax Trust Fund	Total
ASSETS						
Cash equity with State Treasurer	\$ 97,690	\$ 29,227	\$ 55,222	\$ 52,444	\$ 100,828	\$ 335,411
Securities lending collateral of State Treasurer	39,122	27,705	31,353		36,954	135,134
Receivables, net:						
Taxes	74,623	2,880	13,905	1,647	90,275	183,330
Other	19	13	15		18	65
Due from primary government funds				23,994	31,411	55,405
Total assets	\$ 211,454	\$ 59,825	\$ 100,495	\$ 78,085	\$ 259,486	\$ 709,345
LIABILITIES						
Accounts payable and accrued liabilities			\$ 273	\$ 10,170		\$ 10,443
Intergovernmental payables	\$ 172,332	\$ 32,120	68,869	67,915	\$ 222,532	563,768
Obligations under securities lending of State Treasurer	39,122	27,705	31,353		36,954	135,134
Total liabilities	\$ 211,454	\$ 59,825	\$ 100,495	\$ 78,085	\$ 259,486	\$ 709,345

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds - Revenue

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Home Rule Municipal Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 95,813	\$ 864,259	\$ 862,382	\$ 97,690
Securities lending collateral of State Treasurer	25,208	403,288	389,374	39,122
Taxes receivable, net	67,186	871,446	864,009	74,623
Other receivables, net	18	251	250	19
Total assets	\$ 188,225	\$ 2,139,244	\$ 2,116,015	\$ 211,454
Liabilities				
Accounts payable and accrued liabilities	\$ 1,222	\$ -	\$ 1,222	\$ -
Intergovernmental payables	161,795	871,697	861,160	172,332
Obligations under securities lending of State Treasurer	25,208	403,288	389,374	39,122
Total liabilities	\$ 188,225	\$ 1,274,985	\$ 1,251,756	\$ 211,454
Home Rule County Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 23,371	\$ 330,372	\$ 324,516	\$ 29,227
Securities lending collateral of State Treasurer	46,176	574,311	592,782	27,705
Taxes receivable, net	30,680	302,172	329,972	2,880
Other receivables, net	32	381	400	13
Total assets	\$ 100,259	\$ 1,207,236	\$ 1,247,670	\$ 59,825
Liabilities				
Intergovernmental payables	\$ 54,083	\$ 302,553	\$ 324,516	\$ 32,120
Obligations under securities lending of State Treasurer	46,176	574,311	592,782	27,705
Total liabilities	\$ 100,259	\$ 876,864	\$ 917,298	\$ 59,825
Metropolitan Pier and Exposition Authority Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 41,362	\$ 127,218	\$ 113,358	\$ 55,222
Securities lending collateral of State Treasurer	13,846	177,876	160,369	31,353
Taxes receivable, net	12,643	128,379	127,117	13,905
Other receivables, net	10	106	101	15
Total assets	\$ 67,861	\$ 433,579	\$ 400,945	\$ 100,495
Liabilities				
Accounts payable and accrued liabilities	\$ 120	\$ 153	\$ -	\$ 273
Intergovernmental payables	53,895	128,332	113,358	68,869
Obligations under securities lending of State Treasurer	13,846	177,876	160,369	31,353
Total liabilities	\$ 67,861	\$ 306,361	\$ 273,727	\$ 100,495
Municipal Telecommunications Fund				
Assets				
Cash equity with State Treasurer	\$ 52,908	\$ 270,803	\$ 271,267	\$ 52,444
Taxes receivable, net	1,172	271,278	270,803	1,647
Due from primary government funds	21,375	2,619	-	23,994
Total assets	\$ 75,455	\$ 544,700	\$ 542,070	\$ 78,085
Liabilities				
Accounts payable and accrued liabilities	\$ 7,048	\$ 3,122	\$ -	\$ 10,170
Intergovernmental payables	68,407	270,775	271,267	67,915
Total liabilities	\$ 75,455	\$ 273,897	\$ 271,267	\$ 78,085
RTA Sales Tax Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 114,525	\$ 1,104,407	\$ 1,118,104	\$ 100,828
Securities lending collateral of State Treasurer	32,735	389,755	385,536	36,954
Taxes receivable, net	74,800	996,062	980,587	90,275
Other receivables, net	23	250	255	18
Due from primary government funds	20,742	134,234	123,565	31,411
Total assets	\$ 242,825	\$ 2,624,708	\$ 2,608,047	\$ 259,486
Liabilities				
Intergovernmental payables	\$ 210,090	\$ 1,130,546	\$ 1,118,104	\$ 222,532
Obligations under securities lending of State Treasurer	32,735	389,755	385,536	36,954
Total liabilities	\$ 242,825	\$ 1,520,301	\$ 1,503,640	\$ 259,486

State of Illinois

**Combining Statement of Changes in Assets and Liabilities
Agency Funds - Revenue**

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 327,979	\$ 2,697,059	\$ 2,689,627	\$ 335,411
Securities lending collateral of State Treasurer	117,965	1,545,230	1,528,061	135,134
Taxes receivable, net	186,481	2,569,337	2,572,488	183,330
Other receivables, net	83	988	1,006	65
Due from primary government funds	42,117	136,853	123,565	55,405
Total assets	\$ 674,625	\$ 6,949,467	\$ 6,914,747	\$ 709,345
Liabilities				
Accounts payable and accrued liabilities	\$ 8,390	\$ 3,275	\$ 1,222	\$ 10,443
Intergovernmental payables	548,270	2,703,903	2,688,405	563,768
Obligations under securities lending of State Treasurer	117,965	1,545,230	1,528,061	135,134
Total liabilities	\$ 674,625	\$ 4,252,408	\$ 4,217,688	\$ 709,345

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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.

NONMAJOR COMPONENT UNITS DESCRIPTIONS

NONMAJOR AUTHORITIES

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 promote and enhance economic development in Rock Island, Henry, Knox, and Mercer counties in northwestern Illinois.

Western Illinois Economic Development Authority--to promote and enhance economic development in Warren, Henderson, Hancock, McDonough, Fulton, Mason, Cass, Schuyler, Brown, Adams, Scott, Morgan, and Pike counties in western Illinois.

Southwestern Illinois Development Authority--to promote and enhance economic development in St. Clair and Madison counties in southwestern Illinois.

Southeastern Illinois Economic Development Authority--to promote and enhance economic development in Fayette, Cumberland, Clark, Effingham, Jasper, Crawford, Marion, Clay, Richland, Lawrence, Jefferson, Wayne, Edwards, Wabash, Hamilton, and White counties and Irvington Township in Washington County in southeastern 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.

NONMAJOR UNIVERSITIES

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 Position
Component Units - Other Authorities

June 30, 2013 (Expressed in Thousands)

	Comprehensive Health Insurance Plan Board	East St. Louis Financial Advisory Authority	Illinois Finance Authority	Illinois Medical District Commission	Quad Cities Regional Economic Development Authority	Western Illinois Economic Development Authority
ASSETS						
Cash and cash equivalents	\$ 90,793	\$ 6,988	\$ 61,814	\$ 220	\$ 71	\$ 39
Securities lending collateral of State Treasurer			12,192			
Investments			85			340
Receivables, net:						
Other	2,629		146	190		
Due from component units			45,478	28,832		
Due from primary government	18,430	5	21,517	815		
Prepaid expenses	124		72	72		
Unamortized bond issuance costs			271	575		
Loans and notes receivable, net			7,433			
Restricted assets:						
Cash equity with State Treasurer			17,846			
Cash and cash equivalents			15,881	703		
Investments			99,445	327		
Other receivables, net			1,310			
Loans and notes receivable, net			50,624			
Capital assets not being depreciated				43,456		
Capital assets being depreciated, net	26	7	117	17,862		
Total assets	112,002	7,000	334,231	93,052	71	379
LIABILITIES						
Accounts payable and accrued liabilities	3,893	5	5,594	1,315		
Due to component units				30,816		
Due to primary government	5		19,648			
Obligations under securities lending collateral of State Treasurer			12,192			
Unearned revenue	17,877		302	3,232		
Short-term notes payable			59			
Other liabilities	34,731					
Long-term obligations:						
Due within one year	4	2	22,034	809		
Due subsequent to one year	324	8	178,938	23,708		
Total liabilities	56,834	15	238,767	59,880		
NET POSITION						
Net investment in capital assets	26		117	28,830		
Restricted for:						
Debt service			3,722			
Capital projects				44		
Other expendable purposes	55,142		22,401			
Unrestricted		6,985	69,224	4,298	71	379
Total net position	\$ 55,168	\$ 6,985	\$ 95,464	\$ 33,172	\$ 71	\$ 379

Southwestern Illinois Development Authority	Southeastern Illinois Economic Development Authority	Upper Illinois River Valley Development Authority	Will-Kankakee Regional Development Authority	Total
\$ 4,831		\$ 392	\$ 18	\$ 165,166
		59		12,192
				484
1,257				4,222
				74,310
				40,767
				268
				846
2,347				9,780
				17,846
				16,584
221				99,993
				1,310
				50,624
100				43,556
283				18,295
9,039		451	18	556,243
10	\$ 32			10,849
				30,816
				19,653
1,200				12,192
				22,611
				59
				34,731
				22,849
				202,978
1,210	32			356,738
				29,356
				3,722
				44
5,351				82,894
2,095	(32)	451	18	83,489
\$ 7,829	\$ (32)	\$ 451	\$ 18	\$ 199,505

State of Illinois

**Combining Statement of Activities
Component Units - Other Authorities**

For the Year Ended June 30, 2013 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue
		Charges for services	Operating grants and contributions	
Comprehensive Health Insurance Plan Board	\$ 254,952	\$ 133,421	\$ 2,789	\$ (118,742)
East St. Louis Financial Advisory Authority	122			(122)
Illinois Finance Authority	13,805	11,658		(1,306)
Illinois Medical District Commission	8,545	4,985		(387)
Quad Cities Regional Economic Development Authority	61	94		33
Western Illinois Economic Development Authority	5			(5)
Southwestern Illinois Development Authority	450	340	400	290
Southeastern Illinois Economic Development Authority	6			(6)
Upper Illinois River Valley Development Authority	227	198		(29)
Will-Kankakee Regional Development Authority	26	14		(12)
Total	<u>\$ 278,199</u>	<u>\$ 150,710</u>	<u>\$ 3,189</u>	<u>\$ (120,286)</u>

<u>General revenues</u>			<u>Total general revenues and additions to permanent endowments</u>	<u>Change in net position</u>	<u>Net position, July 1, 2012, as restated</u>	<u>Net position, June 30, 2013</u>
<u>State appropriations</u>	<u>Interest and investment income</u>	<u>Other</u>				
\$ 24,630	\$ 26	\$ 103,553	\$ 128,209	\$ 9,467	\$ 45,701	\$ 55,168
113	(96)		17	(105)	7,090	6,985
	3,751		3,751	2,445	93,019	95,464
	1,303		1,303	916	32,256	33,172
				33	38	71
		11	11	6	373	379
	14	55	69	359	7,470	7,829
				(6)	(26)	(32)
				(29)	480	451
				(12)	30	18
<u>\$ 24,743</u>	<u>\$ 4,998</u>	<u>\$ 103,619</u>	<u>\$ 133,360</u>	<u>\$ 13,074</u>	<u>\$ 186,431</u>	<u>\$ 199,505</u>

State of Illinois

Combining Statement of Net Position

Component Units - Other Universities

June 30, 2013 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
ASSETS					
Cash and cash equivalents	\$ 9,491	\$ 43,127	\$ 36,414	\$ 69,873	\$ 73,814
Investments		2,162	1,718	957	10,666
Receivables, net:					
Intergovernmental			4,676	4,381	
Other	10,954	12,452	4,601	6,004	12,498
Due from component units		2			40
Due from primary government	11,181	11,850	7,204	12,492	14,271
Inventories	41	2,239	71	6	2,729
Prepaid expenses	555	357	94	849	170
Unamortized bond issuance costs		1,642	935	1,418	2,090
Loans and notes receivable, net	708	6,469	2,962	1,803	1,947
Restricted assets:					
Cash and cash equivalents	8,692	9,999	21,325	15,885	101
Investments	4,215	66,258		7,649	26,332
Other receivables		1,892			
Other assets					5,693
Other assets	284	1,142	177	559	1,309
Capital assets not being depreciated	17,003	81,550	25,252	25,483	54,717
Capital assets being depreciated, net	132,976	218,284	75,618	95,364	190,411
Total assets	196,100	459,425	181,047	242,723	396,788
LIABILITIES					
Accounts payable and accrued liabilities	9,802	11,801	5,253	8,588	27,859
Intergovernmental payables			3,644	178	
Due to component units	42				9
Due to primary government	39	10			121
Unearned revenue	6,901	3,985	3,737	3,060	5,293
Assets held for others		5,583		287	
Other liabilities		5,767			44
Long-term obligations:					
Due within one year	2,312	9,062	2,393	2,424	7,542
Due subsequent to one year	19,446	120,561	48,242	67,644	111,593
Total liabilities	38,542	156,769	63,269	82,181	152,461
NET POSITION					
Net investment in capital assets	134,176	185,889	73,234	80,857	142,981
Restricted for:					
Debt service		2,173	1,203	2,145	
Capital projects	121			(416)	
Nonexpendable purposes	3,632	43,683	1,554	6,357	21,766
Other expendable purposes	2,753	27,924	1,510	5,229	11,253
Unrestricted	16,876	42,987	40,277	66,370	68,327
Total net position	\$ 157,558	\$ 302,656	\$ 117,778	\$ 160,542	\$ 244,327

Total

\$	232,719
	15,503
	9,057
	46,509
	42
	56,998
	5,086
	2,025
	6,085
	13,889
	56,002
	104,454
	1,892
	5,693
	3,471
	204,005
	712,653
	<u>1,476,083</u>

	63,303
	3,822
	51
	170
	22,976
	5,870
	5,811
	23,733
	<u>367,486</u>
	<u>493,222</u>

	617,137
	5,521
	(295)
	76,992
	48,669
	234,837
\$	<u>982,861</u>

State of Illinois

Combining Statement of Activities
Component Units - Other Universities

For the Year Ended June 30, 2013 (Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expense) revenue</u>
		<u>Charges for service</u>	<u>Operating grants and contributions</u>	
Chicago State University	\$ 158,709	\$ 45,567	\$ 10,996	\$ (102,146)
Eastern Illinois University	262,322	108,821	22,605	\$ (130,746)
Governors State University	107,638	40,337	9,118	(57,068)
Northeastern Illinois University	182,245	62,947	39,022	(79,594)
Western Illinois University	311,141	142,347	15,037	(153,757)
Total	<u>\$ 1,022,055</u>	<u>\$ 400,019</u>	<u>\$ 96,778</u>	<u>\$ (523,311)</u>

<u>General revenues</u>			<u>Additions to permanent endowments</u>	<u>Total general revenues and additions to permanent endowments</u>	<u>Change in net position</u>	<u>Net position, July 1, 2012</u>	<u>Net position, June 30, 2013</u>
<u>State appropriations</u>	<u>Interest and investment income</u>	<u>Other</u>					
\$ 78,670	\$ 443	\$ 17,365	\$ 301	\$ 96,779	\$ (5,367)	\$ 162,925	\$ 157,558
117,169	6,212	17,917	1,783	143,081	12,335	290,321	302,656
66,971	146	6,824	216	74,157	17,089	100,689	117,778
87,836	1,023	175	526	89,560	9,966	150,576	160,542
138,758	3,407	19,579	1,257	163,001	9,244	235,083	244,327
<u>\$ 489,404</u>	<u>\$ 11,231</u>	<u>\$ 61,860</u>	<u>\$ 4,083</u>	<u>\$ 566,578</u>	<u>\$ 43,267</u>	<u>\$ 939,594</u>	<u>\$ 982,861</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”). 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 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 Highway Funds: 1 fund included as an other highway fund Special State Funds: FY13/FY14 Backlog Payment Fund Budget Stabilization Fund FY12 Hospital Relief Fund University of Illinois Hospital Services Fund County Provider Trust Fund Long-Term Care Provider Fund Hospital Provider Fund Drug Rebate Fund Healthcare Provider Relief Fund Income Tax Refund Fund Public Transportation Fund and 44 funds included as other special state funds Debt Service Funds: Capital Projects Fund and 1 fund included as an other debt service fund Federal Trust Funds: 2 funds included as other federal trust funds State Trust Funds: Public Assistance Recoveries Trust Fund and 2 funds included as an other state trust fund

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, 2013 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 17,823,000	\$ 19,713,648	\$ 1,890,648			
Sales taxes	7,335,000	7,356,662	21,662			
Motor fuel taxes				\$ 1,236,200	\$ 1,191,188	\$ (45,012)
Public utility taxes	1,101,000	1,042,157	(58,843)			
Federal government	3,866,000	4,111,396	245,396	1,462,600	1,485,250	22,650
Other	1,956,000	2,117,683	161,683	1,395,205	1,417,779	22,574
Less:						
Refunds	6,464	6,444	(20)	24,558	20,492	(4,066)
Total revenues	32,074,536	34,335,102	2,260,566	4,069,447	4,073,725	4,278
EXPENDITURES:						
Current:						
Health and social services	12,593,116	12,158,763	(434,353)			
Education	12,584,915	12,571,391	(13,524)			
General government	3,455,596	3,416,738	(38,858)	225,491	167,206	(58,285)
Employment and economic development	99,556	93,035	(6,521)	1,900	1,900	-
Transportation	22,190	21,869	(321)	3,593,629	3,393,960	(199,669)
Public protection and justice	1,979,868	1,960,362	(19,506)			
Environment and business regulation	58,866	56,076	(2,790)			
Debt service:						
Principal						
Interest						
Capital outlays	20,682	17,967	(2,715)	15,753	14,373	(1,380)
Total expenditures	30,814,789	30,296,201	(518,588)	3,836,773	3,577,439	(259,334)
Excess (deficiency) of revenues over (under) expenditures	1,259,747	4,038,901	2,779,154	232,674	496,286	263,612
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	9,254,578	9,254,578	-	1,094,150	1,094,150	-
Operating transfers-out	(12,298,108)	(12,298,108)	-	(1,501,570)	(1,501,570)	-
Total other sources (uses) of financial resources	(3,043,530)	(3,043,530)	-	(407,420)	(407,420)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts						
	(1,783,783)	995,371	2,779,154	(174,746)	88,866	263,612
Budgetary fund balances (deficits), July 1, 2012, as previously reported						
	(4,983,734)	(4,983,734)	-	943,839	943,839	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2012, as reclassified						
	(4,983,734)	(4,983,734)	-	943,839	943,839	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (6,767,517)	\$ (3,988,363)	\$ 2,779,154	\$ 769,093	\$ 1,032,705	\$ 263,612

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)
\$ 3,766,025	\$ 3,766,025	\$ -						
890,832	887,483	(3,349)				\$ 54,000	\$ 54,000	\$ -
72,539	68,644	(3,895)						
499,157	469,789	(29,368)						
5,796,350	5,667,824	(128,526)				63,054	59,199	(3,855)
8,593,845	8,923,585	329,740	\$ 165,004	\$ 165,135	\$ 131	615,732	620,418	4,686
2,287,220	2,274,674	(12,546)						
17,331,528	17,508,676	177,148	165,004	165,135	131	732,786	733,617	831
12,179,373	9,756,479	(2,422,894)	20,701	20,701	-			
278,884	233,216	(45,668)	50,312	50,268	(44)			
7,434,016	5,986,657	(1,447,359)	339,919	329,221	(10,698)			
993,406	626,369	(367,037)	254,576	199,769	(54,807)			
847,659	779,546	(68,113)	1,147,159	1,146,820	(339)			
680,239	321,552	(358,687)						
1,111,482	934,311	(177,171)	44,275	44,275	-			
						2,027,622	1,883,123	(144,499)
			686,236	686,236	-	1,516,853	1,446,975	(69,878)
36,499	30,956	(5,543)	177,308	177,308	-			
23,561,558	18,669,086	(4,892,472)	2,720,486	2,654,598	(65,888)	3,544,475	3,330,098	(214,377)
(6,230,030)	(1,160,410)	5,069,620	(2,555,482)	(2,489,463)	66,019	(2,811,689)	(2,596,481)	215,208
			1,872,409	1,872,409	-			
4,283,946	4,283,946	-	403,765	403,765	-	3,398,529	3,398,529	-
(2,940,837)	(2,940,837)	-	(403,765)	(403,765)	-	(651,007)	(651,007)	-
1,343,109	1,343,109	-	1,872,409	1,872,409	-	2,747,522	2,747,522	-
(135,089)	(135,089)	-						
(5,022,010)	47,610	5,069,620	(683,073)	(617,054)	66,019	(64,167)	151,041	215,208
2,416,774	2,416,774	-	1,459,610	1,459,610	-	1,321,520	1,321,520	-
2,416,774	2,416,774	-	1,459,610	1,459,610	-	1,321,520	1,321,520	-
\$ (2,605,236)	\$ 2,464,384	\$ 5,069,620	\$ 776,537	\$ 842,556	\$ 66,019	\$ 1,257,353	\$ 1,472,561	\$ 215,208

(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, 2013 (Expressed in Thousands)

(continued)

	Federal Trust Funds			Revolving Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 4,966,504	\$ 4,706,307	\$ (260,197)	\$ 33,292	\$ 25,746	\$ (7,546)
Other	254,552	285,618	31,066	541,527	518,554	(22,973)
Less:						
Refunds	620	-	(620)	8,601	5,579	(3,022)
Total revenues	5,220,436	4,991,925	(228,511)	566,218	538,721	(27,497)
EXPENDITURES:						
Current:						
Health and social services	2,042,239	1,605,112	(437,127)			
Education	3,349,508	2,374,859	(974,649)			
General government	21,643	11,438	(10,205)	899,851	653,167	(246,684)
Employment and economic development	1,378,960	665,542	(713,418)			
Transportation	183,492	116,166	(67,326)	500	367	(133)
Public protection and justice	161,111	89,189	(71,922)	52,233	47,391	(4,842)
Environment and business regulation	245,241	83,022	(162,219)			
Debt service:						
Principal						
Interest						
Capital outlays	10,203	984	(9,219)	19,986	9,487	(10,499)
Total expenditures	7,392,397	4,946,312	(2,446,085)	972,570	710,412	(262,158)
Excess (deficiency) of revenues over (under) expenditures	(2,171,961)	45,613	2,217,574	(406,352)	(171,691)	234,661
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	36,626	36,626	-	143,257	143,257	-
Operating transfers-out	(53,679)	(53,679)	-	(12,031)	(12,031)	-
Total other sources (uses) of financial resources	(17,053)	(17,053)	-	131,226	131,226	-
Budgetary funds-nonbudgeted accounts	(29,401)	(29,401)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(2,218,415)	(841)	2,217,574	(275,126)	(40,465)	234,661
Budgetary fund balances (deficits), July 1, 2012, as previously reported	(358,047)	(358,047)	-	74,465	74,465	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2012, as reclassified	(358,047)	(358,047)	-	74,465	74,465	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (2,576,462)	\$ (358,888)	\$ 2,217,574	\$ (200,661)	\$ 34,000	\$ 234,661

State Trust Funds			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 863,564	\$ 863,564	\$ -	\$ 21,589,025	\$ 23,479,673	\$ 1,890,648
32,273	32,273	-	9,143,396	9,161,709	18,313
272,682	272,682	-	1,341,012	1,292,105	(48,907)
98,720	147,468	48,748	1,872,839	1,784,628	(88,211)
3,005,919	3,296,198	290,279	16,286,520	16,203,190	(83,330)
			16,527,784	17,344,970	817,186
312	177	(135)	2,327,775	2,307,366	(20,409)
4,272,846	4,612,008	339,162	64,432,801	66,958,909	2,526,108
338,485	242,689	(95,796)	27,173,914	23,783,744	(3,390,170)
18,459	3,672	(14,787)	16,282,078	15,233,406	(1,048,672)
438,693	132,023	(306,670)	12,815,209	10,696,450	(2,118,759)
300	36	(264)	2,728,698	1,586,651	(1,142,047)
			5,794,629	5,458,728	(335,901)
15,500	2,938	(12,562)	2,888,951	2,421,432	(467,519)
12,440	6,011	(6,429)	1,472,304	1,123,695	(348,609)
			2,027,622	1,883,123	(144,499)
			2,203,089	2,133,211	(69,878)
1,508	-	(1,508)	281,939	251,075	(30,864)
825,385	387,369	(438,016)	73,668,433	64,571,515	(9,096,918)
3,447,461	4,224,639	777,178	(9,235,632)	2,387,394	11,623,026
			1,872,409	1,872,409	-
1,743	1,743	-	18,616,594	18,616,594	-
(381,806)	(381,806)	-	(18,242,803)	(18,242,803)	-
(380,063)	(380,063)	-	2,246,200	2,246,200	-
(3,851,804)	(3,851,804)	-	(4,016,294)	(4,016,294)	-
(784,406)	(7,228)	777,178	(11,005,726)	617,300	11,623,026
443,684	443,684	-	1,318,111	1,318,111	-
4,663	4,663	-	4,663	4,663	-
448,347	448,347	-	1,322,774	1,322,774	-
\$ (336,059)	\$ 441,119	\$ 777,178	\$ (9,682,952)	\$ 1,940,074	\$ 11,623,026

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, 2013 (Expressed in Thousands)

	General Revenue			Common School Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 16,522,000	\$ 18,274,420	\$ 1,752,420			
Sales taxes	5,492,000	5,515,591	23,591	\$ 1,843,000	\$ 1,841,071	\$ (1,929)
Public utility taxes	1,001,000	939,065	(61,935)			
Federal government	3,866,000	4,111,396	245,396			
Other	1,871,000	2,033,076	162,076			
Less:						
Refunds	6,464	6,444	(20)			
Total revenues	28,745,536	30,867,104	2,121,568	1,843,000	1,841,071	(1,929)
EXPENDITURES:						
Current:						
Health and social services	12,593,116	12,158,763	(434,353)			
Education	2,819,778	2,807,198	(12,580)			
General government	3,455,557	3,416,699	(38,858)			
Employment and economic development	99,556	93,035	(6,521)			
Transportation	22,190	21,869	(321)			
Public protection and justice	1,979,868	1,960,362	(19,506)			
Environment and business regulation	58,866	56,076	(2,790)			
Capital outlays	16,920	14,206	(2,714)			
Total expenditures	21,045,851	20,528,208	(517,643)			
Excess (deficiency) of revenues over (under) expenditures	7,699,685	10,338,896	2,639,211	1,843,000	1,841,071	(1,929)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1,305,773	1,305,773	-			
Operating transfers-out	(10,533,348)	(10,533,348)	-	(1,764,468)	(1,764,468)	-
Total other sources (uses) of financial resources	(9,227,575)	(9,227,575)	-	(1,764,468)	(1,764,468)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,527,890)	1,111,321	2,639,211	78,532	76,603	(1,929)
Budgetary fund balances (deficits), July 1, 2012	(4,128,628)	(4,128,628)	-	7,207	7,207	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (5,656,518)	\$ (3,017,307)	\$ 2,639,211	\$ 85,739	\$ 83,810	\$ (1,929)

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,301,000	\$ 1,439,228	\$ 138,228				\$ 17,823,000	\$ 19,713,648	\$ 1,890,648
						7,335,000	7,356,662	21,662
			\$ 100,000	\$ 103,092	\$ 3,092	1,101,000	1,042,157	(58,843)
						3,866,000	4,111,396	245,396
-	86	86	85,000	84,521	(479)	1,956,000	2,117,683	161,683
						6,464	6,444	(20)
1,301,000	1,439,314	138,314	185,000	187,613	2,613	32,074,536	34,335,102	2,260,566
						12,593,116	12,158,763	(434,353)
3,166,648	3,165,704	(944)	6,598,489	6,598,489	-	12,584,915	12,571,391	(13,524)
39	39	-				3,455,596	3,416,738	(38,858)
						99,556	93,035	(6,521)
						22,190	21,869	(321)
						1,979,868	1,960,362	(19,506)
						58,866	56,076	(2,790)
3,762	3,761	(1)				20,682	17,967	(2,715)
3,170,449	3,169,504	(945)	6,598,489	6,598,489	-	30,814,789	30,296,201	(518,588)
(1,869,449)	(1,730,190)	139,259	(6,413,489)	(6,410,876)	2,613	1,259,747	4,038,901	2,779,154
1,703,601	1,703,601	-	6,245,204	6,245,204	-	9,254,578	9,254,578	-
(41)	(41)	-	(251)	(251)	-	(12,298,108)	(12,298,108)	-
1,703,560	1,703,560	-	6,244,953	6,244,953	-	(3,043,530)	(3,043,530)	-
(165,889)	(26,630)	139,259	(168,536)	(165,923)	2,613	(1,783,783)	995,371	2,779,154
(718,683)	(718,683)	-	(143,630)	(143,630)	-	(4,983,734)	(4,983,734)	-
\$ (884,572)	\$ (745,313)	\$ 139,259	\$ (312,166)	\$ (309,553)	\$ 2,613	\$ (6,767,517)	\$ (3,988,363)	\$ 2,779,154

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, 2013 (Expressed in Thousands)

	Road			Motor Fuel Tax - State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 1,236,200	\$ 1,191,188	\$ (45,012)
Federal government	\$ 1,462,600	\$ 1,485,232	\$ 22,632	-	18	18
Other	933,500	929,290	(4,210)	-	865	865
Less:						
Refunds	2,558	2,514	(44)	22,000	17,978	(4,022)
Total revenues	2,393,542	2,412,008	18,466	1,214,200	1,174,093	(40,107)
EXPENDITURES:						
Current:						
General government	177,876	122,116	(55,760)	47,615	45,090	(2,525)
Employment and economic development	1,900	1,900	-			
Transportation	2,261,073	2,125,151	(135,922)	14,091	12,460	(1,631)
Capital outlays	15,732	14,370	(1,362)	21	3	(18)
Total expenditures	2,456,581	2,263,537	(193,044)	61,727	57,553	(4,174)
Excess (deficiency) of revenues over (under) expenditures	(63,039)	148,471	211,510	1,152,473	1,116,540	(35,933)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	289,882	289,882	-	73	73	-
Operating transfers-out	(380,646)	(380,646)	-	(1,117,841)	(1,117,841)	-
Total other sources (uses) of financial resources	(90,764)	(90,764)	-	(1,117,768)	(1,117,768)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(153,803)	57,707	211,510	34,705	(1,228)	(35,933)
Budgetary fund balances (deficits), July 1, 2012	673,270	673,270	-	98,363	98,363	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 519,467	\$ 730,977	\$ 211,510	\$ 133,068	\$ 97,135	\$ (35,933)

Motor Fuel Tax - Municipalities			State Construction Account			Other		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 461,705	\$ 487,624	\$ 25,919			
			461,705	487,624	25,919			
\$ 298,040	\$ 268,373	\$ (29,667)	682,007	680,848	(1,159)	\$ 338,418	\$ 307,128	\$ (31,290)
298,040	268,373	(29,667)	682,007	680,848	(1,159)	338,418	307,128	(31,290)
(298,040)	(268,373)	29,667	(220,302)	(193,224)	27,078	(338,418)	(307,128)	31,290
269,222	269,222	-	202,855	202,855	-	332,118	332,118	-
			(79)	(79)	-	(3,004)	(3,004)	-
269,222	269,222	-	202,776	202,776	-	329,114	329,114	-
(28,818)	849	29,667	(17,526)	9,552	27,078	(9,304)	21,986	31,290
(20,272)	(20,272)	-	200,006	200,006	-	(7,528)	(7,528)	-
\$ (49,090)	\$ (19,423)	\$ 29,667	\$ 182,480	\$ 209,558	\$ 27,078	\$ (16,832)	\$ 14,458	\$ 31,290

(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, 2013 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Motor fuel taxes	\$ 1,236,200	\$ 1,191,188	\$ (45,012)
Federal government	1,462,600	1,485,250	22,650
Other	1,395,205	1,417,779	22,574
Less:			
Refunds	24,558	20,492	(4,066)
Total revenues	<u>4,069,447</u>	<u>4,073,725</u>	<u>4,278</u>
EXPENDITURES:			
Current:			
General government	225,491	167,206	(58,285)
Employment and economic development	1,900	1,900	-
Transportation	3,593,629	3,393,960	(199,669)
Capital outlays	15,753	14,373	(1,380)
Total expenditures	<u>3,836,773</u>	<u>3,577,439</u>	<u>(259,334)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>232,674</u>	<u>496,286</u>	<u>263,612</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	1,094,150	1,094,150	-
Operating transfers-out	(1,501,570)	(1,501,570)	-
Total other sources (uses) of financial resources	<u>(407,420)</u>	<u>(407,420)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(174,746)</u>	<u>88,866</u>	<u>263,612</u>
Budgetary fund balances (deficits), July 1, 2012	943,839	943,839	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	<u>\$ 769,093</u>	<u>\$ 1,032,705</u>	<u>\$ 263,612</u>

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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

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 3,766,025	\$ 3,766,025	\$ -
Sales taxes				724,007	720,990	(3,017)
Motor fuel taxes						
Public utility taxes				211,681	211,681	-
Federal government	\$ 139,610	\$ 139,610	\$ -	4,009,582	3,948,519	(61,063)
Other	264,000	264,000	-	6,185,437	6,429,107	243,670
Less:						
Refunds				2,267,696	2,259,154	(8,542)
Total revenues	403,610	403,610	-	12,629,036	12,817,168	188,132
EXPENDITURES:						
Current:						
Health and social services	280,000	279,610	(390)	10,125,761	7,982,290	(2,143,471)
Education				12,025	11,037	(988)
General government				6,764,599	5,552,752	(1,211,847)
Employment and economic development						
Transportation				458,711	456,546	(2,165)
Public protection and justice						
Environment and business regulation						
Capital outlays				468	6	(462)
Total expenditures	280,000	279,610	(390)	17,361,564	14,002,631	(3,358,933)
Excess (deficiency) of revenues over (under) expenditures	123,610	124,000	390	(4,732,528)	(1,185,463)	3,547,065
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	275,000	275,000	-	2,938,845	2,938,845	-
Operating transfers-out	(539,000)	(539,000)	-	(1,715,626)	(1,715,626)	-
Total other sources (uses) of financial resources	(264,000)	(264,000)	-	1,223,219	1,223,219	-
Budgetary funds-nonbudgeted accounts				(135,000)	(135,000)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(140,390)	(140,000)	390	(3,644,309)	(97,244)	3,547,065
Budgetary fund balances (deficits), July 1, 2012	415,704	415,704	-	384,034	384,034	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 275,314	\$ 275,704	\$ 390	\$(3,260,275)	\$ 286,790	\$ 3,547,065

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 166,825	\$ 166,493	\$ (332)	\$ 3,766,025	\$ 3,766,025	\$ -
			72,539	68,644	(3,895)	890,832	887,483	(3,349)
			287,476	258,108	(29,368)	499,157	469,789	(29,368)
\$ 61,206	\$ 132,691	\$ 71,485	1,585,952	1,447,004	(138,948)	5,796,350	5,667,824	(128,526)
749,962	808,799	58,837	1,394,446	1,421,679	27,233	8,593,845	8,923,585	329,740
50	-	(50)	19,474	15,520	(3,954)	2,287,220	2,274,674	(12,546)
811,118	941,490	130,372	3,487,764	3,346,408	(141,356)	17,331,528	17,508,676	177,148
996	853	(143)	1,772,616	1,493,726	(278,890)	12,179,373	9,756,479	(2,422,894)
			266,859	222,179	(44,680)	278,884	233,216	(45,668)
167,826	146,297	(21,529)	501,591	287,608	(213,983)	7,434,016	5,986,657	(1,447,359)
			993,406	626,369	(367,037)	993,406	626,369	(367,037)
			388,948	323,000	(65,948)	847,659	779,546	(68,113)
			680,239	321,552	(358,687)	680,239	321,552	(358,687)
372,176	338,316	(33,860)	739,306	595,995	(143,311)	1,111,482	934,311	(177,171)
150	9	(141)	35,881	30,941	(4,940)	36,499	30,956	(5,543)
541,148	485,475	(55,673)	5,378,846	3,901,370	(1,477,476)	23,561,558	18,669,086	(4,892,472)
269,970	456,015	186,045	(1,891,082)	(554,962)	1,336,120	(6,230,030)	(1,160,410)	5,069,620
			1,070,101	1,070,101	-	4,283,946	4,283,946	-
(344,611)	(344,611)	-	(341,600)	(341,600)	-	(2,940,837)	(2,940,837)	-
(344,611)	(344,611)	-	728,501	728,501	-	1,343,109	1,343,109	-
			(89)	(89)	-	(135,089)	(135,089)	-
(74,641)	111,404	186,045	(1,162,670)	173,450	1,336,120	(5,022,010)	47,610	5,069,620
240,961	240,961	-	1,376,075	1,376,075	-	2,416,774	2,416,774	-
\$ 166,320	\$ 352,365	\$ 186,045	\$ 213,405	\$ 1,549,525	\$ 1,336,120	\$ (2,605,236)	\$ 2,464,384	\$ 5,069,620

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 - Comptroller

For the Year Ended June 30, 2013 (Expressed in Thousands)

	FY13/FY14 Backlog Payment			Budget Stabilization		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government						
Other	\$ 264,000	\$ 264,000	\$ -			
Total revenues	264,000	264,000	-			
EXPENDITURES:						
Current:						
Health and social services						
Total expenditures						
Excess (deficiency) of revenues over (under) expenditures	264,000	264,000	-			
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				\$ 275,000	\$ 275,000	\$ -
Operating transfers-out	(264,000)	(264,000)	-	(275,000)	(275,000)	-
Total other sources (uses) of financial resources	(264,000)	(264,000)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	-	-	-	-	-	-
Budgetary fund balances (deficits), July 1, 2012				275,704	275,704	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ -	\$ -	\$ -	\$ 275,704	\$ 275,704	\$ -

FY12 Hospital Relief			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 139,610	\$ 139,610	\$ -	\$ 139,610	\$ 139,610	\$ -
			264,000	264,000	-
139,610	139,610	-	403,610	403,610	-
280,000	279,610	(390)	280,000	279,610	(390)
280,000	279,610	(390)	280,000	279,610	(390)
(140,390)	(140,000)	390	123,610	124,000	390
			275,000	275,000	-
			(539,000)	(539,000)	-
			(264,000)	(264,000)	-
(140,390)	(140,000)	390	(140,390)	(140,000)	390
140,000	140,000	-	415,704	415,704	-
\$ (390)	\$ -	\$ 390	\$ 275,314	\$ 275,704	\$ 390

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, 2013 (Expressed in Thousands)

	Central Management Services			Healthcare and Family Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	\$ 37,822	\$ 37,822	\$ -	\$ 3,516,827	\$ 3,467,978	\$ (48,849)
Other	2,082,970	2,308,803	225,833	2,828,017	2,612,941	(215,076)
Less:						
Refunds				8,750	290	(8,460)
Total revenues	2,120,792	2,346,625	225,833	6,336,094	6,080,629	(255,465)
EXPENDITURES:						
Current:						
Health and social services				9,667,049	7,572,395	(2,094,654)
Education						
General government	2,900,776	2,175,092	(725,684)			
Transportation						
Capital outlays						
Total expenditures	2,900,776	2,175,092	(725,684)	9,667,049	7,572,395	(2,094,654)
Excess (deficiency) of revenues over (under) expenditures	(779,984)	171,533	951,517	(3,330,955)	(1,491,766)	1,839,189
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				956,770	956,770	-
Operating transfers-out				(150,026)	(150,026)	-
Total other sources (uses) of financial resources				806,744	806,744	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(779,984)	171,533	951,517	(2,524,211)	(685,022)	1,839,189
Budgetary fund balances (deficits), July 1, 2012	(139,324)	(139,324)	-	232,642	232,642	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (919,308)	\$ 32,209	\$ 951,517	\$ (2,291,569)	\$ (452,380)	\$ 1,839,189

Revenue			Transportation Public Transportation			Other Other Code Departments		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 3,766,025	\$ 3,766,025	\$ -						
724,007	720,990	(3,017)						
211,681	211,681	-						
19,933	19,933	-				\$ 435,000	\$ 422,786	\$ (12,214)
115,880	115,880	-				1,158,570	1,391,483	232,913
2,258,846	2,258,846	-				100	18	(82)
2,578,680	2,575,663	(3,017)				1,593,470	1,814,251	220,781
						458,712	409,895	(48,817)
12,025	11,037	(988)						
2,819,158	2,770,184	(48,974)	\$ 1,493	\$ 1,151	\$ (342)	1,043,172	606,325	(436,847)
			458,711	456,546	(2,165)			
18	-	(18)				450	6	(444)
2,831,201	2,781,221	(49,980)	460,204	457,697	(2,507)	1,502,334	1,016,226	(486,108)
(252,521)	(205,558)	46,963	(460,204)	(457,697)	2,507	91,136	798,025	706,889
1,499,258	1,499,258	-	482,814	482,814	-	3	3	-
(909,407)	(909,407)	-	(53)	(53)	-	(656,140)	(656,140)	-
589,851	589,851	-	482,761	482,761	-	(656,137)	(656,137)	-
						(135,000)	(135,000)	-
337,330	384,293	46,963	22,557	25,064	2,507	(700,001)	6,888	706,889
291,721	291,721	-	(27,351)	(27,351)	-	26,346	26,346	-
\$ 629,051	\$ 676,014	\$ 46,963	\$ (4,794)	\$ (2,287)	\$ 2,507	\$ (673,655)	\$ 33,234	\$ 706,889

(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, 2013 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Income taxes	\$ 3,766,025	\$ 3,766,025	\$ -
Sales taxes	724,007	720,990	(3,017)
Public utility taxes	211,681	211,681	-
Federal government	4,009,582	3,948,519	(61,063)
Other	6,185,437	6,429,107	243,670
Less:			
Refunds	2,267,696	2,259,154	(8,542)
Total revenues	<u>12,629,036</u>	<u>12,817,168</u>	<u>188,132</u>
EXPENDITURES:			
Current:			
Health and social services	10,125,761	7,982,290	(2,143,471)
Education	12,025	11,037	(988)
General government	6,764,599	5,552,752	(1,211,847)
Transportation	458,711	456,546	(2,165)
Capital outlays	468	6	(462)
Total expenditures	<u>17,361,564</u>	<u>14,002,631</u>	<u>(3,358,933)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,732,528)</u>	<u>(1,185,463)</u>	<u>3,547,065</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	2,938,845	2,938,845	-
Operating transfers-out	(1,715,626)	(1,715,626)	-
Total other sources (uses) of financial resources	<u>1,223,219</u>	<u>1,223,219</u>	<u>-</u>
Budgetary funds-nonbudgeted accounts	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	<u>(3,644,309)</u>	<u>(97,244)</u>	<u>3,547,065</u>
Budgetary fund balances (deficits), July 1, 2012	384,034	384,034	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	<u>\$ (3,260,275)</u>	<u>\$ 286,790</u>	<u>\$ 3,547,065</u>

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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 Healthcare and Family Services

For the Year Ended June 30, 2013 (Expressed in Thousands)

	University of Illinois Hospital Services			County Provider Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 119,542	\$ 133,000	\$ 13,458	\$ 687,355	\$ 693,474	\$ 6,119
Other	54,557	76,035	21,478	692,398	696,128	3,730
Less:						
Refunds				1,000	-	(1,000)
Total revenues	174,099	209,035	34,936	1,378,753	1,389,602	10,849
EXPENDITURES:						
Current:						
Health and social services	375,000	270,905	(104,095)	1,993,119	1,386,393	(606,726)
Total expenditures	375,000	270,905	(104,095)	1,993,119	1,386,393	(606,726)
Excess (deficiency) of revenues over (under) expenditures	(200,901)	(61,870)	139,031	(614,366)	3,209	617,575
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	45,000	45,000	-			
Operating transfers-out						
Total other sources (uses) of financial resources	45,000	45,000	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(155,901)	(16,870)	139,031	(614,366)	3,209	617,575
Budgetary fund balances (deficits), July 1, 2012	11,116	11,116	-	(10,877)	(10,877)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (144,785)	\$ (5,754)	\$ 139,031	\$ (625,243)	\$ (7,668)	\$ 617,575

Long Term Care Provider			Hospital Provider			Drug Rebate Fund		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 455,091	\$ 316,590	\$ (138,501)	\$ 766,846	\$ 744,959	\$ (21,887)	\$ 300,640	\$ 392,602	\$ 91,962
468,420	232,262	(236,158)	897,309	893,365	(3,944)	453	271	(182)
2,750	290	(2,460)	5,000	-	(5,000)			
920,761	548,562	(372,199)	1,659,155	1,638,324	(20,831)	301,093	392,873	91,780
1,013,930	511,555	(502,375)	2,205,000	1,525,617	(679,383)	845,000	795,801	(49,199)
1,013,930	511,555	(502,375)	2,205,000	1,525,617	(679,383)	845,000	795,801	(49,199)
(93,169)	37,007	130,176	(545,845)	112,707	658,552	(543,907)	(402,928)	140,979
30,000	30,000	-				373,249	373,249	-
(20,000)	(20,000)	-	(130,000)	(130,000)	-			
10,000	10,000	-	(130,000)	(130,000)	-	373,249	373,249	-
(83,169)	47,007	130,176	(675,845)	(17,293)	658,552	(170,658)	(29,679)	140,979
(96,072)	(96,072)	-	139,932	139,932	-	92,839	92,839	-
\$ (179,241)	\$ (49,065)	\$ 130,176	\$ (535,913)	\$ 122,639	\$ 658,552	\$ (77,819)	\$ 63,160	\$ 140,979

(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 Healthcare and Family Services

For the Year Ended June 30, 2013 (Expressed in Thousands)

(continued)

	Healthcare Provider Relief			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,187,353	\$ 1,187,353	\$ -	\$ 3,516,827	\$ 3,467,978	\$ (48,849)
Other	714,880	714,880	-	2,828,017	2,612,941	(215,076)
Less:						
Refunds				8,750	290	(8,460)
Total revenues	1,902,233	1,902,233	-	6,336,094	6,080,629	(255,465)
EXPENDITURES:						
Current:						
Health and social services	3,235,000	3,082,124	(152,876)	9,667,049	7,572,395	(2,094,654)
Total expenditures	3,235,000	3,082,124	(152,876)	9,667,049	7,572,395	(2,094,654)
Excess (deficiency) of revenues over (under) expenditures	(1,332,767)	(1,179,891)	152,876	(3,330,955)	(1,491,766)	1,839,189
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	508,521	508,521	-	956,770	956,770	-
Operating transfers-out	(26)	(26)	-	(150,026)	(150,026)	-
Total other sources (uses) of financial resources	508,495	508,495	-	806,744	806,744	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(824,272)	(671,396)	152,876	(2,524,211)	(685,022)	1,839,189
Budgetary fund balances (deficits), July 1, 2012	95,704	95,704	-	232,642	232,642	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (728,568)	\$ (575,692)	\$ 152,876	\$ (2,291,569)	\$ (452,380)	\$ 1,839,189

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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, 2013 (Expressed in Thousands)

	State and Local Sales Tax Reform			Income Tax Refund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 2,494,498	\$ 2,494,498	\$ -
Sales taxes	\$ 290,540	\$ 287,006	\$ (3,534)			
Public utility taxes						
Federal government				19,933	19,933	-
Other						
Less:						
Refunds				2,258,846	2,258,846	-
Total revenues	290,540	287,006	(3,534)	255,585	255,585	-
EXPENDITURES:						
Current:						
Education						
General government	64,000	61,823	(2,177)	-	(36,518)	(36,518)
Capital outlays						
Total expenditures	64,000	61,823	(2,177)	-	(36,518)	(36,518)
Excess (deficiency) of revenues over (under) expenditures	226,540	225,183	(1,357)	255,585	292,103	36,518
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				93,096	93,096	-
Operating transfers-out	(228,864)	(228,864)	-	(109)	(109)	-
Total other sources (uses) of financial resources	(228,864)	(228,864)	-	92,987	92,987	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(2,324)	(3,681)	(1,357)	348,572	385,090	36,518
Budgetary fund balances (deficits), July 1, 2012	50,365	50,365	-	17,686	17,686	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 48,041	\$ 46,684	\$ (1,357)	\$ 366,258	\$ 402,776	\$ 36,518

Local Government Distributive			Personal Property Tax Replacement			Build Illinois		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 1,271,527	\$ 1,271,527	\$ -	\$ 433,467	\$ 433,984	\$ 517
			211,681	211,681	-			
			286	286	-	115,594	115,594	-
			1,483,494	1,483,494	-	549,061	549,578	517
			12,025	11,037	(988)			
\$ 1,387,909	\$ 1,380,860	\$ (7,049)	1,367,249	1,364,019	(3,230)			
			18	-	(18)			
1,387,909	1,380,860	(7,049)	1,379,292	1,375,056	(4,236)			
(1,387,909)	(1,380,860)	7,049	104,202	108,438	4,236	549,061	549,578	517
1,364,330	1,364,330	-	2,366	2,366	-	39,466	39,466	-
			(91,390)	(91,390)	-	(589,044)	(589,044)	-
1,364,330	1,364,330	-	(89,024)	(89,024)	-	(549,578)	(549,578)	-
(23,579)	(16,530)	7,049	15,178	19,414	4,236	(517)	-	517
(10,033)	(10,033)	-	233,704	233,704	-	(1)	(1)	-
\$ (33,612)	\$ (26,563)	\$ 7,049	\$ 248,882	\$ 253,118	\$ 4,236	\$ (518)	\$ (1)	\$ 517

(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, 2013 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
REVENUES:			
Income taxes	\$ 3,766,025	\$ 3,766,025	\$ -
Sales taxes	724,007	720,990	(3,017)
Public utility taxes	211,681	211,681	-
Federal government	19,933	19,933	-
Other	115,880	115,880	-
Less:			
Refunds	2,258,846	2,258,846	-
Total revenues	<u>2,578,680</u>	<u>2,575,663</u>	<u>(3,017)</u>
EXPENDITURES:			
Current:			
Education	12,025	11,037	(988)
General government	2,819,158	2,770,184	(48,974)
Capital outlays	18	-	(18)
Total expenditures	<u>2,831,201</u>	<u>2,781,221</u>	<u>(49,980)</u>
Excess (deficiency) of revenues over (under) expenditures	(252,521)	(205,558)	46,963
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	1,499,258	1,499,258	-
Operating transfers-out	(909,407)	(909,407)	-
Total other sources (uses) of financial resources	<u>589,851</u>	<u>589,851</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>337,330</u>	<u>384,293</u>	<u>46,963</u>
Budgetary fund balances (deficits), July 1, 2012	291,721	291,721	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	<u>\$ 629,051</u>	<u>\$ 676,014</u>	<u>\$ 46,963</u>

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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 - Other Code Departments

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Children and Family Services DCFS Children's Services			State Lottery State Lottery Fund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 435,000	\$ 422,786	\$ (12,214)			
Other	3,965	6,124	2,159	\$ 1,154,605	\$ 1,385,359	\$ 230,754
Less:						
Refunds				100	18	(82)
Total revenues	438,965	428,910	(10,055)	1,154,505	1,385,341	230,836
EXPENDITURES:						
Current:						
Health and social services	458,712	409,895	(48,817)			
General government	1,626	1,612	(14)	1,041,546	604,713	(436,833)
Capital outlays				450	6	(444)
Total expenditures	460,338	411,507	(48,831)	1,041,996	604,719	(437,277)
Excess (deficiency) of revenues over (under) expenditures	(21,373)	17,403	38,776	112,509	780,622	668,113
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				3	3	-
Operating transfers-out	(448)	(448)	-	(655,692)	(655,692)	-
Total other sources (uses) of financial resources	(448)	(448)	-	(655,689)	(655,689)	-
Budgetary funds-nonbudgeted accounts				(135,000)	(135,000)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(21,821)	16,955	38,776	(678,180)	(10,067)	668,113
Budgetary fund balances (deficits), July 1, 2012	(56,307)	(56,307)	-	82,653	82,653	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (78,128)	\$ (39,352)	\$ 38,776	\$ (595,527)	\$ 72,586	\$ 668,113

Total		
Final Budget	Actual	Variance Over (Under)
\$ 435,000	\$ 422,786	\$ (12,214)
1,158,570	1,391,483	232,913
100	18	(82)
1,593,470	1,814,251	220,781
458,712	409,895	(48,817)
1,043,172	606,325	(436,847)
450	6	(444)
1,502,334	1,016,226	(486,108)
91,136	798,025	706,889
3	3	-
(656,140)	(656,140)	-
(656,137)	(656,137)	-
(135,000)	(135,000)	-
(700,001)	6,888	706,889
26,346	26,346	-
\$ (673,655)	\$ 33,234	\$ 706,889

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 - Agencies, Boards and Commissions

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Illinois Gaming Board State Gaming Fund			Environmental Protection Agency Water Revolving Fund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 61,206	\$ 132,691	\$ 71,485
Other	\$ 508,275	\$ 563,980	\$ 55,705	241,687	244,819	3,132
Less:						
Refunds	50	-	(50)			
Total revenues	508,225	563,980	55,755	302,893	377,510	74,617
EXPENDITURES:						
Current:						
Health and social services	996	853	(143)			
General government	167,826	146,297	(21,529)			
Environment and business regulation				372,176	338,316	(33,860)
Capital outlays	150	9	(141)			
Total expenditures	168,972	147,159	(21,813)	372,176	338,316	(33,860)
Excess (deficiency) of revenues over (under) expenditures	339,253	416,821	77,568	(69,283)	39,194	108,477
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(344,611)	(344,611)	-			
Total other sources (uses) of financial resources	(344,611)	(344,611)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(5,358)	72,210	77,568	(69,283)	39,194	108,477
Budgetary fund balances (deficits), July 1, 2012	73,403	73,403	-	167,558	167,558	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 68,045	\$ 145,613	\$ 77,568	\$ 98,275	\$ 206,752	\$ 108,477

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 61,206	\$ 132,691	\$ 71,485	
749,962	808,799	58,837	
50	-	(50)	
811,118	941,490	130,372	

996	853	(143)	
167,826	146,297	(21,529)	
372,176	338,316	(33,860)	
150	9	(141)	
541,148	485,475	(55,673)	
269,970	456,015	186,045	

(344,611)	(344,611)	-	
(344,611)	(344,611)	-	

(74,641)	111,404	186,045	
240,961	240,961	-	
\$ 166,320	\$ 352,365	\$ 186,045	

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) Bond Financed Funds

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Commerce and Economic Opportunity			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ -	\$ 131	\$ 131	\$ 145,001	\$ 145,001	\$ -
Total revenues	-	131	131	145,001	145,001	-
EXPENDITURES:						
Current:						
Health and social services	20,701	20,701	-			
Education	417	417	-			
General government	34,462	34,377	(85)			
Employment and economic development	228,690	179,883	(48,807)			
Transportation				1,147,159	1,146,820	(339)
Environment and business regulation	19,866	19,866	-			
Debt Service: Principal	686,236	686,236	-			
Capital outlays	3,663	3,663	-			
Total expenditures	994,035	945,143	(48,892)	1,147,159	1,146,820	(339)
Excess (deficiency) of revenues over (under) expenditures	(994,035)	(945,012)	49,023	(1,002,158)	(1,001,819)	339
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	986,253	986,253	-	604,156	604,156	-
Operating transfers-in				350,302	350,302	-
Operating transfers-out				(403,765)	(403,765)	-
Total other sources (uses) of financial resources	986,253	986,253	-	550,693	550,693	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(7,782)	41,241	49,023	(451,465)	(451,126)	339
Budgetary fund balances (deficits), July 1, 2012	419,062	419,062	-	788,584	788,584	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 411,280	\$ 460,303	\$ 49,023	\$ 337,119	\$ 337,458	\$ 339

Capital Development Board			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 20,003	\$ 20,003	\$ -				\$ 165,004	\$ 165,135	\$ 131
20,003	20,003	-				165,004	165,135	131
						20,701	20,701	-
\$ 49,895	\$ 49,851	\$ (44)				50,312	50,268	(44)
305,457	294,844	(10,613)				339,919	329,221	(10,698)
17,653	17,653	-	\$ 8,233	\$ 2,233	\$ (6,000)	254,576	199,769	(54,807)
						1,147,159	1,146,820	(339)
6,549	6,549	-	17,860	17,860	-	44,275	44,275	-
						686,236	686,236	-
173,645	173,645	-				177,308	177,308	-
553,199	542,542	(10,657)	26,093	20,093	(6,000)	2,720,486	2,654,598	(65,888)
(533,196)	(522,539)	10,657	(26,093)	(20,093)	6,000	(2,555,482)	(2,489,463)	66,019
282,000	282,000	-				1,872,409	1,872,409	-
53,463	53,463	-				403,765	403,765	-
						(403,765)	(403,765)	-
335,463	335,463	-	-	-	-	1,872,409	1,872,409	-
(197,733)	(187,076)	10,657	(26,093)	(20,093)	6,000	(683,073)	(617,054)	66,019
227,353	227,353	-	24,611	24,611	-	1,459,610	1,459,610	-
\$ 29,620	\$ 40,277	\$ 10,657	\$ (1,482)	\$ 4,518	\$ 6,000	\$ 776,537	\$ 842,556	\$ 66,019

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) Bond Financed Funds - Department of Transportation

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Transportation Bond Series A			Transportation Bond Series B		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ 23,000	\$ 23,000	\$ -	\$ 96,001	\$ 96,001	\$ -
Total revenues	23,000	23,000	-	96,001	96,001	-
EXPENDITURES:						
Current:						
Transportation	328,083	327,970	(113)	351,902	351,902	-
Total expenditures	328,083	327,970	(113)	351,902	351,902	-
Excess (deficiency) of revenues over (under) expenditures	(305,083)	(304,970)	113	(255,901)	(255,901)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	122,000	122,000	-	194,429	194,429	-
Operating transfers-in	201,194	201,194	-	-	-	-
Operating transfers-out	(25,074)	(25,074)	-	(351,785)	(351,785)	-
Total other sources (uses) of financial resources	298,120	298,120	-	(157,356)	(157,356)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(6,963)	(6,850)	113	(413,257)	(413,257)	-
Budgetary fund balances (deficits), July 1, 2012	50,549	50,549	-	524,819	524,819	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 43,586	\$ 43,699	\$ 113	\$ 111,562	\$ 111,562	\$ -

Transportation Bond Series D			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 26,000	\$ 26,000	\$ -	\$ 145,001	\$ 145,001	\$ -
26,000	26,000	-	145,001	145,001	-
467,174	466,948	(226)	1,147,159	1,146,820	(339)
467,174	466,948	(226)	1,147,159	1,146,820	(339)
(441,174)	(440,948)	226	(1,002,158)	(1,001,819)	339
287,727	287,727	-	604,156	604,156	-
149,108	149,108	-	350,302	350,302	-
(26,906)	(26,906)	-	(403,765)	(403,765)	-
409,929	409,929	-	550,693	550,693	-
(31,245)	(31,019)	226	(451,465)	(451,126)	339
213,216	213,216	-	788,584	788,584	-
\$ 181,971	\$ 182,197	\$ 226	\$ 337,119	\$ 337,458	\$ 339

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) Bond Financed Funds - Capital Development Board

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ 20,003	\$ 20,003	\$ -			
Total revenues	20,003	20,003	-			
EXPENDITURES:						
Current:						
Education	33,464	33,463	(1)	\$ 16,431	\$ 16,388	\$ (43)
General government	50,415	39,813	(10,602)	255,042	255,031	(11)
Employment and economic development	17,653	17,653	-			
Environment and business regulation	6,549	6,549	-			
Capital outlays	173,645	173,645	-			
Total expenditures	281,726	271,123	(10,603)	271,473	271,419	(54)
Excess (deficiency) of revenues over (under) expenditures	(261,723)	(251,120)	10,603	(271,473)	(271,419)	54
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	150,521	150,521	-	131,479	131,479	-
Operating transfers-in	53,463	53,463	-			
Total other sources (uses) of financial resources	203,984	203,984	-	131,479	131,479	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(57,739)	(47,136)	10,603	(139,994)	(139,940)	54
Budgetary fund balances (deficits), July 1, 2012	58,281	58,281	-	169,072	169,072	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 542	\$ 11,145	\$ 10,603	\$ 29,078	\$ 29,132	\$ 54

Total		
Final Budget	Actual	Variance Over (Under)
\$ 20,003	\$ 20,003	\$ -
20,003	20,003	-
49,895	49,851	(44)
305,457	294,844	(10,613)
17,653	17,653	-
6,549	6,549	-
173,645	173,645	-
553,199	542,542	(10,657)
(533,196)	(522,539)	10,657
282,000	282,000	-
53,463	53,463	-
335,463	335,463	-
(197,733)	(187,076)	10,657
227,353	227,353	-
\$ 29,620	\$ 40,277	\$ 10,657

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, 2013 (Expressed in Thousands)

	General Obligation Bond, Retirement, and Interest			Capital Projects		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes				\$ 54,000	\$ 54,000	\$ -
Federal government	\$ 63,054	\$ 59,199	\$ (3,855)			
Other	42,171	47,364	5,193	573,031	573,031	-
Total revenues	105,225	106,563	1,338	627,031	627,031	-
EXPENDITURES:						
Debt service:						
Principal	1,629,360	1,527,071	(102,289)			
Interest	1,516,853	1,446,975	(69,878)			
Total expenditures	3,146,213	2,974,046	(172,167)			
Excess (deficiency) of revenues over (under) expenditures	(3,040,988)	(2,867,483)	173,505	627,031	627,031	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	2,997,445	2,997,445	-	290	290	-
Operating transfers-out	(237)	(237)	-	(644,404)	(644,404)	-
Total other sources (uses) of financial resources	2,997,208	2,997,208	-	(644,114)	(644,114)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(43,780)	129,725	173,505	(17,083)	(17,083)	-
Budgetary fund balances (deficits), July 1, 2012	1,290,185	1,290,185	-	11,336	11,336	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 1,246,405	\$ 1,419,910	\$ 173,505	\$ (5,747)	\$ (5,747)	\$ -

Build Illinois Bond, Retirement, and Interest			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 54,000	\$ 54,000	\$ -
						63,054	59,199	(3,855)
\$ 30	\$ 23	\$ (7)	\$ 500	\$ -	\$ (500)	615,732	620,418	4,686
30	23	(7)	500	-	(500)	732,786	733,617	831
383,762	342,097	(41,665)	14,500	13,955	(545)	2,027,622	1,883,123	(144,499)
						1,516,853	1,446,975	(69,878)
383,762	342,097	(41,665)	14,500	13,955	(545)	3,544,475	3,330,098	(214,377)
(383,732)	(342,074)	41,658	(14,000)	(13,955)	45	(2,811,689)	(2,596,481)	215,208
386,701	386,701	-	14,093	14,093	-	3,398,529	3,398,529	-
			(6,366)	(6,366)	-	(651,007)	(651,007)	-
386,701	386,701	-	7,727	7,727	-	2,747,522	2,747,522	-
2,969	44,627	41,658	(6,273)	(6,228)	45	(64,167)	151,041	215,208
4,261	4,261	-	15,738	15,738	-	1,321,520	1,321,520	-
\$ 7,230	\$ 48,888	\$ 41,658	\$ 9,465	\$ 9,510	\$ 45	\$ 1,257,353	\$ 1,472,561	\$ 215,208

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, 2013 (Expressed in Thousands)

	Code Departments			State Board of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 870,107	\$ 973,723	\$ 103,616	\$ 2,300,253	\$ 2,080,634	\$ (219,619)
Other	76,400	73,023	(3,377)	-	79	79
Less:						
Refunds	200	-	(200)			
Total revenues	946,307	1,046,746	100,439	2,300,253	2,080,713	(219,540)
EXPENDITURES:						
Current:						
Health and social services	1,128,239	1,012,323	(115,916)			
Education				2,973,978	2,126,053	(847,925)
General government	170	170	-	1	1	-
Employment and economic development						
Transportation						
Public protection and justice						
Environment and business regulation						
Capital outlays				989	167	(822)
Total expenditures	1,128,409	1,012,493	(115,916)	2,974,968	2,126,221	(848,747)
Excess (deficiency) of revenues over (under) expenditures	(182,102)	34,253	216,355	(674,715)	(45,508)	629,207
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	9,097	9,097	-			
Operating transfers-out				(17,067)	(17,067)	-
Total other sources (uses) of financial resources	9,097	9,097	-	(17,067)	(17,067)	-
Budgetary funds-nonbudgeted accounts	(12,070)	(12,070)	-	(917)	(917)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(185,075)	31,280	216,355	(692,699)	(63,492)	629,207
Budgetary fund balances (deficits), July 1, 2012	(6,097)	(6,097)	-	(336,154)	(336,154)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (191,172)	\$ 25,183	\$ 216,355	\$ (1,028,853)	\$ (399,646)	\$ 629,207

	Other			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$	1,796,144	\$ 1,651,950	\$ (144,194)	\$ 4,966,504	\$ 4,706,307	\$ (260,197)
	178,152	212,516	34,364	254,552	285,618	31,066
	420	-	(420)	620	-	(620)
	1,973,876	1,864,466	(109,410)	5,220,436	4,991,925	(228,511)
	914,000	592,789	(321,211)	2,042,239	1,605,112	(437,127)
	375,530	248,806	(126,724)	3,349,508	2,374,859	(974,649)
	21,472	11,267	(10,205)	21,643	11,438	(10,205)
	1,378,960	665,542	(713,418)	1,378,960	665,542	(713,418)
	183,492	116,166	(67,326)	183,492	116,166	(67,326)
	161,111	89,189	(71,922)	161,111	89,189	(71,922)
	245,241	83,022	(162,219)	245,241	83,022	(162,219)
	9,214	817	(8,397)	10,203	984	(9,219)
	3,289,020	1,807,598	(1,481,422)	7,392,397	4,946,312	(2,446,085)
	(1,315,144)	56,868	1,372,012	(2,171,961)	45,613	2,217,574
	27,529	27,529	-	36,626	36,626	-
	(36,612)	(36,612)	-	(53,679)	(53,679)	-
	(9,083)	(9,083)	-	(17,053)	(17,053)	-
	(16,414)	(16,414)	-	(29,401)	(29,401)	-
	(1,340,641)	31,371	1,372,012	(2,218,415)	(841)	2,217,574
	(15,796)	(15,796)	-	(358,047)	(358,047)	-
\$	(1,356,437)	\$ 15,575	\$ 1,372,012	\$ (2,576,462)	\$ (358,888)	\$ 2,217,574

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 - Department of Human Services

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Employment & Training			DHS Special Purpose Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 460,000	\$ 495,172	\$ 35,172	\$ 200,432	\$ 249,013	\$ 48,581
Other				500	1,022	522
Less:						
Refunds						
Total revenues	<u>460,000</u>	<u>495,172</u>	<u>35,172</u>	<u>200,932</u>	<u>250,035</u>	<u>49,103</u>
EXPENDITURES:						
Current:						
Health and social services	505,000	476,395	(28,605)	283,345	241,400	(41,945)
General government	105	105	-			
Total expenditures	<u>505,105</u>	<u>476,500</u>	<u>(28,605)</u>	<u>283,345</u>	<u>241,400</u>	<u>(41,945)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(45,105)</u>	<u>18,672</u>	<u>63,777</u>	<u>(82,413)</u>	<u>8,635</u>	<u>91,048</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				9,097	9,097	-
Total other sources (uses) of financial resources				<u>9,097</u>	<u>9,097</u>	<u>-</u>
Budgetary funds-nonbudgeted accounts				<u>(12,070)</u>	<u>(12,070)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	<u>(45,105)</u>	<u>18,672</u>	<u>63,777</u>	<u>(85,386)</u>	<u>5,662</u>	<u>91,048</u>
Budgetary fund balances (deficits), July 1, 2012	(46,583)	(46,583)	-	57,930	57,930	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	<u>\$ (91,688)</u>	<u>\$ (27,911)</u>	<u>\$ 63,777</u>	<u>\$ (27,456)</u>	<u>\$ 63,592</u>	<u>\$ 91,048</u>

USDA Women, Infants and Children			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 209,675	\$ 229,538	\$ 19,863	\$ 870,107	\$ 973,723	\$ 103,616
75,900	72,001	(3,899)	76,400	73,023	(3,377)
200	-	(200)	200	-	(200)
285,375	301,539	16,164	946,307	1,046,746	100,439
339,894	294,528	(45,366)	1,128,239	1,012,323	(115,916)
65	65	-	170	170	-
339,959	294,593	(45,366)	1,128,409	1,012,493	(115,916)
(54,584)	6,946	61,530	(182,102)	34,253	216,355
			9,097	9,097	-
			9,097	9,097	-
			(12,070)	(12,070)	-
(54,584)	6,946	61,530	(185,075)	31,280	216,355
(17,444)	(17,444)	-	(6,097)	(6,097)	-
\$ (72,028)	\$ (10,498)	\$ 61,530	\$ (191,172)	\$ 25,183	\$ 216,355

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 - State Board of Education

For the Year Ended June 30, 2013 (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)
REVENUES:						
Federal government	\$ 593,242	\$ 660,273	\$ 67,031	\$ 1,707,011	\$ 1,420,361	\$ (286,650)
Other	-	6	6	-	73	73
Total revenues	593,242	660,279	67,037	1,707,011	1,420,434	(286,577)
EXPENDITURES:						
Current:						
Education	736,415	694,489	(41,926)	2,237,563	1,431,564	(805,999)
General government				1	1	-
Capital outlays	310	110	(200)	679	57	(622)
Total expenditures	736,725	694,599	(42,126)	2,238,243	1,431,622	(806,621)
Excess (deficiency) of revenues over (under) expenditures	(143,483)	(34,320)	109,163	(531,232)	(11,188)	520,044
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(17,067)	(17,067)	-
Total other sources (uses) of financial resources				(17,067)	(17,067)	-
Budgetary funds-nonbudgeted accounts	(22)	(22)	-	(895)	(895)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(143,505)	(34,342)	109,163	(549,194)	(29,150)	520,044
Budgetary fund balances (deficits), July 1, 2012	(33,845)	(33,845)	-	(302,309)	(302,309)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (177,350)	\$ (68,187)	\$ 109,163	\$ (851,503)	\$ (331,459)	\$ 520,044

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 2,300,253	\$ 2,080,634	\$ (219,619)	
-	79	79	
2,300,253	2,080,713	(219,540)	

2,973,978	2,126,053	(847,925)	
1	1	-	
989	167	(822)	
2,974,968	2,126,221	(848,747)	

(674,715)	(45,508)	629,207	
(17,067)	(17,067)	-	
(17,067)	(17,067)	-	
(917)	(917)	-	

(692,699)	(63,492)	629,207	
(336,154)	(336,154)	-	
\$ (1,028,853)	\$ (399,646)	\$ 629,207	

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, 2013 (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)
REVENUES:						
Sales taxes	\$ 863,564	\$ 863,564	\$ -			
Motor fuel taxes						
Public utility taxes	272,682	272,682	-			
Federal government	-	58,095	58,095			
Other	690,356	813,243	122,887	\$ 1,875,489	\$ 1,875,489	\$ -
Less:						
Refunds	12	-	(12)			
Total revenues	1,826,590	2,007,584	180,994	1,875,489	1,875,489	-
EXPENDITURES:						
Current:						
Health and social services	142,970	77,895	(65,075)			
Education						
General government	2,374	488	(1,886)	300,000	26,301	(273,699)
Employment and Economic Development						
Public protection and justice						
Environment and business regulation						
Capital outlays	1,508	-	(1,508)			
Total expenditures	146,852	78,383	(68,469)	300,000	26,301	(273,699)
Excess (deficiency) of revenues over (under) expenditures	1,679,738	1,929,201	249,463	1,575,489	1,849,188	273,699
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(381,273)	(381,273)	-	(94)	(94)	-
Total other sources (uses) of financial resources	(381,273)	(381,273)	-	(94)	(94)	-
Budgetary funds-nonbudgeted accounts	(1,584,915)	(1,584,915)	-	(1,836,736)	(1,836,736)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(286,450)	(36,987)	249,463	(261,341)	12,358	273,699
Budgetary fund balances (deficits), July 1, 2012, as previously reported	150,032	150,032	-	129,987	129,987	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2012, as reclassified	150,032	150,032	-	129,987	129,987	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (136,418)	\$ 113,045	\$ 249,463	\$ (131,354)	\$ 142,345	\$ 273,699

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 32,273	\$ 32,273	\$ -	\$ 863,564	\$ 863,564	\$ -
			32,273	32,273	-
			272,682	272,682	-
98,720	89,373	(9,347)	98,720	147,468	48,748
440,074	607,466	167,392	3,005,919	3,296,198	290,279
300	177	(123)	312	177	(135)
570,767	728,935	158,168	4,272,846	4,612,008	339,162
195,515	164,794	(30,721)	338,485	242,689	(95,796)
18,459	3,672	(14,787)	18,459	3,672	(14,787)
136,319	105,234	(31,085)	438,693	132,023	(306,670)
300	36	(264)	300	36	(264)
15,500	2,938	(12,562)	15,500	2,938	(12,562)
12,440	6,011	(6,429)	12,440	6,011	(6,429)
			1,508	-	(1,508)
378,533	282,685	(95,848)	825,385	387,369	(438,016)
192,234	446,250	254,016	3,447,461	4,224,639	777,178
1,743	1,743	-	1,743	1,743	-
(439)	(439)	-	(381,806)	(381,806)	-
1,304	1,304	-	(380,063)	(380,063)	-
(430,153)	(430,153)	-	(3,851,804)	(3,851,804)	-
(236,615)	17,401	254,016	(784,406)	(7,228)	777,178
163,665	163,665	-	443,684	443,684	-
4,663	4,663	-	4,663	4,663	-
168,328	168,328	-	448,347	448,347	-
\$ (68,287)	\$ 185,729	\$ 254,016	\$ (336,059)	\$ 441,119	\$ 777,178

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, 2013 (Expressed in Thousands)

	Healthcare and Family Services Public Aid Recoveries Trust			Revenue		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes				\$ 863,564	\$ 863,564	\$ -
Public utility taxes				272,682	272,682	-
Federal government	\$ -	\$ 58,095	\$ 58,095	-	-	-
Other	688,229	812,992	124,763	2,127	251	(1,876)
Less:						
Refunds				12	-	(12)
Total revenues	688,229	871,087	182,858	1,138,361	1,136,497	(1,864)
EXPENDITURES:						
Current:						
Health and social services	142,970	77,895	(65,075)			
General government				2,374	488	(1,886)
Capital outlays	1,508	-	(1,508)			
Total expenditures	144,478	77,895	(66,583)	2,374	488	(1,886)
Excess (deficiency) of revenues over (under) expenditures	543,751	793,192	249,441	1,135,987	1,136,009	22
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(381,273)	(381,273)	-			
Total other sources (uses) of financial resources	(381,273)	(381,273)	-			
Budgetary funds-nonbudgeted accounts	(451,802)	(451,802)	-	(1,133,113)	(1,133,113)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(289,324)	(39,883)	249,441	2,874	2,896	22
Budgetary fund balances (deficits), July 1, 2012	16,514	16,514	-	133,518	133,518	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ (272,810)	\$ (23,369)	\$ 249,441	\$ 136,392	\$ 136,414	\$ 22

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 863,564	\$ 863,564	\$ -	
272,682	272,682	-	
-	58,095	58,095	
690,356	813,243	122,887	
12	-	(12)	
1,826,590	2,007,584	180,994	
142,970	77,895	(65,075)	
2,374	488	(1,886)	
1,508	-	(1,508)	
146,852	78,383	(68,469)	
1,679,738	1,929,201	249,463	
(381,273)	(381,273)	-	
(381,273)	(381,273)	-	
(1,584,915)	(1,584,915)	-	
(286,450)	(36,987)	249,463	
150,032	150,032	-	
\$ (136,418)	\$ 113,045	\$ 249,463	

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 Revenue

For the Year Ended June 30, 2013 (Expressed in Thousands)

	Home Rule Municipal ROT			Municipal Telecommunications		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes	\$ 863,564	\$ 863,564	\$ -	\$ 272,682	\$ 272,682	\$ -
Public utility taxes				-	-	-
Federal Government						
Other	251	251	-	1,876	-	(1,876)
Less:						
Refunds				12	-	(12)
Total revenues	863,815	863,815	-	274,546	272,682	(1,864)
EXPENDITURES:						
Current:						
General government	2,374	488	(1,886)			
Total expenditures	2,374	488	(1,886)			
Excess (deficiency) of revenues over (under) expenditures	861,441	863,327	1,886	274,546	272,682	(1,864)
Budgetary funds-nonbudgeted accounts	(861,846)	(861,846)	-	(271,267)	(271,267)	-
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(405)	1,481	1,886	3,279	1,415	(1,864)
Budgetary fund balances (deficits), July 1, 2012	88,897	88,897	-	44,621	44,621	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2013	\$ 88,492	\$ 90,378	\$ 1,886	\$ 47,900	\$ 46,036	\$ (1,864)

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 863,564	\$ 863,564	\$ -	
272,682	272,682	-	
-	-	-	
2,127	251	(1,876)	
12	-	(12)	
1,138,361	1,136,497	(1,864)	
2,374	488	(1,886)	
2,374	488	(1,886)	
1,135,987	1,136,009	22	
(1,133,113)	(1,133,113)	-	
2,874	2,896	22	
133,518	133,518	-	
\$ 136,392	\$ 136,414	\$ 22	

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Statistical Section

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STATISTICAL SECTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

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Financial Trends

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	312
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Revenue Capacity

These schedules contain information to help the reader assess the State's most significant revenue sources: the personal income tax and the sales tax.	320
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Debt Capacity

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	324
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Demographic and Economic Information

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Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.	334
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Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

State of Illinois**Net Position by Component**

Last Ten Fiscal Year Ends

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities					
Net investment in capital assets	\$ 14,846,836	\$ 14,990,452	\$ 14,696,923	\$ 14,770,681	\$ 14,148,546
Restricted	3,753,003	3,568,812	3,447,715	1,257,062	998,026
Unrestricted	(66,433,945)	(65,144,723)	(61,753,364)	(53,562,848)	(44,608,334)
Total governmental activities net position	<u>(47,834,106)</u>	<u>(46,585,459)</u>	<u>(43,608,726)</u>	<u>(37,535,105)</u>	<u>(29,461,762)</u>
Business-type Activities					
Net investment in capital assets	5,628	4,673	3,890	3,791	3,630
Restricted	4,295,708	2,253,093	2,362,947	2,182,492	2,732,443
Unrestricted	(1,266,505)	(422,682)	(1,129,243)	(1,227,648)	(161,927)
Total business-type activities net position	<u>3,034,831</u>	<u>1,835,084</u>	<u>1,237,594</u>	<u>958,635</u>	<u>2,574,146</u>
Primary Government					
Net investment in capital assets	14,852,464	14,995,125	14,700,813	14,774,472	14,152,176
Restricted	8,048,711	5,821,905	5,810,662	3,439,554	3,730,469
Unrestricted	(67,700,450)	(65,567,405)	(62,882,607)	(54,790,496)	(44,770,261)
Total primary government net position	<u>\$(44,799,275)</u>	<u>\$(44,750,375)</u>	<u>\$(42,371,132)</u>	<u>\$(36,576,470)</u>	<u>\$(26,887,616)</u>

Note: Balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

State of Illinois**Fund Balances, Governmental Funds**

Last Ten Fiscal Year Ends

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2013	2012	2011	2010	2009
General fund (per GASB 54)					
Nonspendable	\$ 32,395	\$ 34,652	\$ 32,108		
Restricted	65,729	40,572	37,247		
Committed	739,161	917,589	1,132,322		
Unassigned	(8,171,762)	(10,070,984)	(9,211,633)		
General fund (prior to GASB 54)					
Reserved				\$ 44,002	\$ 40,803
Unreserved				(8,861,844)	(7,463,137)
Total general fund	<u>(7,334,477)</u>	<u>(9,078,171)</u>	<u>(8,009,956)</u>	<u>(8,817,842)</u>	<u>(7,422,334)</u>
All other governmental funds (per GASB 54)					
Nonspendable	\$ 108,746	\$ 85,281	\$ 78,447		
Restricted	3,327,288	3,248,413	3,192,381		
Committed	3,408,438	3,783,223	3,437,839		
Assigned	9,265	7,959	20,984		
Unassigned	(1,432,956)	(1,553,553)	(1,698,486)		
All other governmental funds (prior to GASB 54)					
Reserved				\$ 501,514	\$ 507,169
Unreserved, reported in:					
Special revenue funds				1,287,511	1,990,761
Debt service funds				1,061,585	837,423
Capital projects funds				2,036,453	15,991
Permanent funds				13,648	916
Total all other governmental funds	<u>\$ 5,420,781</u>	<u>\$ 5,571,323</u>	<u>\$ 5,031,165</u>	<u>\$ 4,900,711</u>	<u>\$ 3,352,260</u>

Notes: Balances have been restated for prior period adjustments, corrections and reclassifications when practical. Additionally, due to the implementation of GASB Statement No. 54 in fiscal year 2011, fund balances have been classified as Nonspendable, Restricted, Committed, Assigned and Unassigned. For fiscal years prior to 2011, fund balances were classified as Reserved or Unreserved according to GASB Statement No. 34.

Schedule 1

Ended June 30,				
2008	2007	2006	2005	2004
\$ 13,688,917	\$ 13,370,326	\$ 12,518,094	\$ 12,088,581	\$ 11,924,560
978,277	954,435	956,926	942,154	912,938
(39,213,817)	(35,169,568)	(32,218,061)	(30,611,904)	(28,248,123)
(24,546,623)	(20,844,807)	(18,743,041)	(17,581,169)	(15,410,625)
2,983	2,966	3,114	3,110	3,539
4,533,482	4,534,492	3,923,607	2,598,458	2,380,247
(840)	(15,145)	(111,414)	170,619	(352,806)
4,535,625	4,522,313	3,815,307	2,772,187	2,030,980
13,691,900	13,373,292	12,521,208	12,091,691	11,928,099
5,511,759	5,488,927	4,880,533	3,540,612	3,293,185
(39,214,657)	(35,184,713)	(32,329,475)	(30,441,285)	(28,600,929)
<u>\$(20,010,998)</u>	<u>\$(16,322,494)</u>	<u>\$(14,927,734)</u>	<u>\$(14,808,982)</u>	<u>\$(13,379,645)</u>

Schedule 2

Ended June 30,				
2008	2007	2006	2005	2004
\$ 67,135	\$ 53,544	\$ 49,921	\$ 50,375	\$ 145,766
(4,102,555)	(4,224,670)	(3,020,145)	(3,349,245)	(2,691,535)
<u>(4,035,420)</u>	<u>(4,171,126)</u>	<u>(2,970,224)</u>	<u>(3,298,870)</u>	<u>(2,545,769)</u>
\$ 488,365	\$ 165,428	\$ 180,970	\$ 158,571	\$ 316,714
2,215,352	2,441,850	2,506,755	1,830,925	1,784,366
850,615	834,197	823,784	836,740	792,078
46,248	143,539	465,974	32,959	(21,857)
1,248	1,131	1,108	418	539
<u>\$ 3,601,828</u>	<u>\$ 3,586,145</u>	<u>\$ 3,978,591</u>	<u>\$ 2,859,613</u>	<u>\$ 2,871,840</u>

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2013	2012	2011	2010	2009
Governmental Activities:					
Expenses					
Health and social services	\$ 25,885,439	\$ 26,021,677	\$ 24,972,973	\$ 24,444,776	\$ 23,532,863
Education	18,363,509	17,703,469	17,839,554	17,255,748	16,337,431
General government	2,673,451	2,575,789	1,755,142	1,478,124	1,956,817
Employment and economic development	1,318,453	1,332,412	1,581,353	1,258,762	861,955
Transportation	5,007,079	4,471,245	4,867,065	4,852,940	4,275,112
Public protection and justice	3,418,968	3,621,072	3,579,498	3,391,692	3,246,422
Environment and business regulation	910,189	1,033,428	1,055,309	1,033,959	803,815
Intergovernmental-revenue sharing	5,397,613	5,329,498	5,191,373	4,205,934	4,631,525
Interest	1,518,871	1,608,440	1,368,509	1,183,995	1,123,866
Total governmental activities expenses	64,493,572	63,697,030	62,210,776	59,105,930	56,769,806
Program revenues					
Charges for services:					
Health and social services	298,154	175,218	228,431	173,099	177,666
Education	8,378	6,666	4,886	5,222	4,446
General government	2,177,257	2,177,712	2,195,738	1,891,921	2,109,969
Employment and economic development	18,468	17,107	22,681	29,567	20,208
Transportation	45,358	27,096	45,553	117,720	53,885
Public protection and justice	125,859	131,729	121,456	107,568	57,543
Environment and business regulation	388,894	446,925	316,821	436,716	346,929
Operating grants and contributions	18,650,189	18,378,500	19,734,925	20,733,921	18,041,268
Capital grants and contributions	1,344,794	1,555,210	1,586,140	964,434	1,495,709
Total governmental activities program revenues	23,057,351	22,916,163	24,256,631	24,460,168	22,307,623
Total governmental activities net program expense	(41,436,221)	(40,780,867)	(37,954,145)	(34,645,762)	(34,462,183)
General revenues and other changes in net position					
Taxes					
Income taxes	21,137,249	19,585,251	14,407,585	10,186,345	11,845,194
Sales taxes	10,213,130	9,800,153	9,619,503	8,840,841	9,157,404
Motor fuel taxes	1,253,806	1,269,484	1,302,295	1,295,473	1,349,275
Public utility taxes	1,475,677	1,487,570	1,572,930	1,558,036	1,678,023
Riverboat taxes	583,699	495,055	457,865	483,091	533,271
Medical providers assessment taxes	1,165,644	964,307	942,557	969,933	978,248
Other taxes	2,288,341	2,341,243	1,800,980	1,715,169	2,181,647
Interest and investment income	46,900	53,597	62,254	52,233	139,553
Other revenues	1,134,424	1,029,051	1,019,165	803,293	1,006,261
Gain on capital assets traded-in	-	-	-	19	4,814
Special items	64,598	-	-	-	-
Transfers	824,106	778,423	695,390	667,986	673,354
Total general revenues and other changes in net position	40,187,574	37,804,134	31,880,524	26,572,419	29,547,044
Total governmental activities change in net position	(1,248,647)	(2,976,733)	(6,073,621)	(8,073,343)	(4,915,139)

Note: Balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

Revenue from income taxes increased significantly during fiscal year 2012 and 2011 as the State legislatures voted to raise the individual income tax rate from 3% to 5% and the corporate income tax rate from 4.8% to 7.0%.

Revenue from hospital assessment taxes increased significantly during fiscal year 2007 as the State retroactively assessed taxes for fiscal year 2006 revenues upon approval in November 2006 by the federal government of the State's Hospital Assessment plan.

Schedule 3

Ended June 30,				
2008	2007	2006	2005	2004
\$ 21,687,952	\$ 21,417,224	\$ 18,591,748	\$ 19,553,743	\$ 17,746,164
15,242,711	14,433,190	13,544,450	13,623,467	13,514,779
1,935,074	1,668,454	1,502,362	492,374	535,511
874,861	988,866	1,091,298	968,262	1,217,263
4,198,002	3,818,291	3,484,409	3,615,977	3,530,420
3,223,783	2,730,219	2,560,566	2,851,184	2,573,918
926,138	835,328	733,128	899,723	778,161
5,139,754	5,036,015	4,565,480	4,197,679	3,696,687
1,137,058	1,200,754	1,222,382	1,218,077	1,149,157
<u>54,365,333</u>	<u>52,128,341</u>	<u>47,295,823</u>	<u>47,420,486</u>	<u>44,742,060</u>
154,884	137,591	119,559	110,330	102,745
4,529	14,650	4,381	6,685	10,630
2,100,042	2,046,175	1,968,930	1,986,302	1,855,274
19,714	22,075	22,933	20,351	19,992
78,574	44,292	30,483	28,829	21,632
97,923	89,335	92,988	87,934	79,504
344,794	361,174	365,324	377,194	390,085
14,287,548	14,537,244	13,498,279	13,897,415	13,060,543
1,274,394	1,025,947	1,040,220	866,924	862,165
<u>18,362,402</u>	<u>18,278,483</u>	<u>17,143,097</u>	<u>17,381,964</u>	<u>16,402,570</u>
<u>(36,002,931)</u>	<u>(33,849,858)</u>	<u>(30,152,726)</u>	<u>(30,038,522)</u>	<u>(28,339,490)</u>
13,413,993	12,337,762	11,224,605	10,391,204	9,059,096
10,147,458	9,846,437	9,603,316	9,150,521	8,941,852
1,405,713	1,443,544	1,426,605	1,425,794	1,402,081
1,691,688	1,605,502	1,523,795	1,521,187	1,510,606
696,835	817,590	813,489	664,569	642,370
804,168	1,538,512	75,515	707,619	76,077
2,134,966	1,973,612	1,986,155	2,112,874	1,933,620
325,057	358,191	271,291	144,455	90,573
1,013,148	1,173,423	1,404,974	1,108,333	1,547,298
-	-	-	-	-
-	-	-	-	-
668,089	653,519	661,109	641,422	568,802
<u>32,301,115</u>	<u>31,748,092</u>	<u>28,990,854</u>	<u>27,867,978</u>	<u>25,772,375</u>
<u>(3,701,816)</u>	<u>(2,101,766)</u>	<u>(1,161,872)</u>	<u>(2,170,544)</u>	<u>(2,567,115)</u>

(continued)

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

(continued)

	For the Fiscal Year				
	2013	2012	2011	2010	2009
Business-Type Activities:					
Expenses					
Unemployment compensation trust	\$ 3,589,646	\$ 5,087,631	\$ 6,424,471	\$ 8,259,960	\$ 5,086,053
Water revolving	45,579	85,366	84,114	113,383	18,085
Prepaid tuition program	94,691	193,523	94,405	86,447	74,718
Insurance programs	-	-	-	-	-
Lottery	2,097,604	1,941,324	1,601,387	1,544,196	1,443,717
Designated account purchase program	32,847	41,617	58,376	57,250	62,622
Federal student loans	177,412	189,251	238,507	214,905	199,964
Other	116,282	176,034	169,082	140,331	122,312
Total business-type activities expenses	6,154,061	7,714,746	8,670,342	10,416,472	7,007,471
Program revenues					
Charges for services:					
Unemployment compensation trust	3,209,935	3,216,031	2,626,928	1,849,486	1,600,817
Water revolving	43,516	42,958	44,393	44,940	46,007
Prepaid tuition program	126,025	35,294	170,250	90,249	(153,932)
Insurance programs	-	-	-	-	-
Lottery	2,902,357	2,682,379	2,269,675	2,196,315	2,082,039
Designated account purchase program	29,858	36,110	45,434	55,073	50,809
Federal student loans	29,797	23,688	31,179	22,451	19,756
Other	104,022	122,779	214,655	119,132	130,858
Operating grants and contributions	1,724,991	2,891,670	4,196,904	5,086,516	1,866,986
Total business-type activities program revenues	8,170,501	9,050,909	9,599,418	9,464,162	5,643,340
Total business-type activities net program revenue (expense)	2,016,440	1,336,163	929,076	(952,310)	(1,364,131)
General revenues and other changes in net position					
Interest and investment income	7,413	39,750	41,959	4,785	76,006
Other revenues	-	-	3,314	-	-
Special items	-	-	-	-	-
Transfers	(824,106)	(778,423)	(695,390)	(667,986)	(673,354)
Total business-type activities general revenues and other changes in net position	(816,693)	(738,673)	(650,117)	(663,201)	(597,348)
Total business-type activities change in net position	1,199,747	597,490	278,959	(1,615,511)	(1,961,479)
Total primary government change in net position	\$ (48,900)	\$ (2,379,243)	\$ (5,794,662)	\$ (9,688,854)	\$ (6,876,618)

Note: Balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

Effective for the year ended June 30, 2007, the Teachers Health Insurance Security Fund and the Community College Health Insurance Security Fund are reported as pension (and other employment benefit) funds. They were reported as enterprise funds in previous years.

Schedule 3

Ended June 30,				
2008	2007	2006	2005	2004
\$ 1,991,147	\$ 1,795,169	\$ 1,731,262	\$ 1,982,556	\$ 2,672,436
17,689	22,820	22,620	23,988	18,519
73,559	61,641	50,730	41,148	35,771
-	-	409,726	379,752	335,476
1,411,951	1,370,559	1,334,373	1,196,982	1,144,936
101,174	303,817	267,707	167,074	110,961
192,771	180,554	146,053	123,694	102,715
148,273	212,217	93,633	95,892	93,990
<u>3,936,564</u>	<u>3,946,777</u>	<u>4,056,104</u>	<u>4,011,086</u>	<u>4,514,804</u>
1,998,139	2,391,445	2,678,643	2,602,747	2,336,187
44,163	62,818	55,557	49,833	38,018
(75,740)	127,123	52,090	49,979	50,263
-	-	421,950	376,730	326,380
2,062,048	2,003,739	1,968,755	1,818,422	1,712,831
74,913	192,214	163,023	107,734	89,077
25,629	172,003	134,277	117,980	98,698
136,975	166,230	96,398	120,799	136,067
246,854	178,263	140,578	120,347	140,484
<u>4,512,981</u>	<u>5,293,835</u>	<u>5,711,271</u>	<u>5,364,571</u>	<u>4,928,005</u>
<u>576,417</u>	<u>1,347,058</u>	<u>1,655,167</u>	<u>1,353,485</u>	<u>413,201</u>
115,694	86,036	48,698	27,679	8,057
145	1,900	364	1,465	135
(10,855)	-	-	-	-
<u>(668,089)</u>	<u>(653,519)</u>	<u>(661,109)</u>	<u>(641,422)</u>	<u>(568,802)</u>
<u>(563,105)</u>	<u>(565,583)</u>	<u>(612,047)</u>	<u>(612,278)</u>	<u>(560,610)</u>
<u>13,312</u>	<u>781,475</u>	<u>1,043,120</u>	<u>741,207</u>	<u>(147,409)</u>
<u>\$ (3,688,504)</u>	<u>\$ (1,320,291)</u>	<u>\$ (118,752)</u>	<u>\$ (1,429,337)</u>	<u>\$ (2,714,524)</u>

State of Illinois

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2013	2012	2011	2010	2009
Revenues					
Income taxes	\$ 21,094,432	\$ 19,597,757	\$ 14,410,452	\$ 10,132,945	\$ 11,860,233
Sales taxes	10,218,389	9,794,571	9,627,310	8,820,201	9,156,235
Motor fuel taxes	1,254,260	1,275,042	1,299,397	1,302,000	1,350,032
Public utility taxes	1,463,308	1,495,251	1,578,941	1,564,966	1,667,389
Riverboat taxes	583,699	495,055	457,865	483,091	533,271
Medical providers assessment taxes	1,149,310	961,546	944,635	970,164	975,086
Other taxes	2,306,255	2,168,203	1,815,470	1,923,107	1,902,400
Federal government	19,584,856	18,213,961	20,389,879	21,084,394	18,148,428
Licenses and fees	2,491,802	2,587,031	2,406,475	2,294,068	2,051,258
Interest and other investment income	45,082	52,495	51,462	52,094	136,596
Other revenues	2,260,237	2,095,164	2,175,221	1,975,536	2,317,811
Total revenues	62,451,630	58,736,076	55,157,107	50,602,566	50,098,739
Expenditures					
Health and social services	25,403,862	25,643,420	24,571,136	24,130,047	23,171,985
Education	16,190,331	15,064,753	15,681,944	15,525,027	14,319,907
General government	2,243,536	2,214,383	1,383,859	1,316,201	1,360,562
Employment and economic development	1,291,834	1,298,303	1,534,519	1,193,374	802,053
Transportation	3,696,646	3,272,768	3,617,622	3,698,028	3,200,491
Public protection and justice	2,937,295	3,180,977	3,043,677	3,003,370	2,817,374
Environment and business regulation	808,257	930,414	945,980	944,869	802,942
Debt service:					
Principal	1,899,704	1,819,303	1,975,685	925,276	928,339
Interest	1,570,741	1,576,539	1,353,275	1,073,432	1,102,787
Capital outlay	1,600,425	1,916,674	2,024,842	1,882,840	1,456,465
Intergovernmental	5,397,613	5,329,498	5,191,373	4,205,934	4,631,525
Total expenditures	63,040,244	62,247,032	61,323,912	57,898,398	54,594,430
Deficiency of revenues (under) expenditures	(588,614)	(3,510,956)	(6,166,805)	(7,295,832)	(4,495,691)
Other Financing Sources (Uses)					
General and special obligation and revenue bonds issued	1,150,000	2,100,040	6,403,460	6,698,015	150,000
Premiums on general and special obligation and revenue bonds issued	41,540	80,268	6,607	42,840	2,290
Discounts on general obligation bonds issued	-	-	(90)	-	-
General and special obligation refunding bonds issued	604,110	1,797,740	-	1,956,380	-
Premiums on general and special obligation refunding bonds issued	85,084	165,789	-	157,131	-
Transfers-in	6,057,771	6,099,132	9,694,259	11,375,512	9,554,492
Transfers-out	(5,233,178)	(5,334,744)	(9,068,773)	(10,691,690)	(8,864,876)
Payment to refunded bond escrow agent	(686,236)	(1,934,435)	-	(2,090,772)	-
Capital lease financing	1,006	2,788	1,282	1,001	1,364
Proceeds from disposition of capital assets	-	-	-	-	-
Total other financing sources (uses)	2,020,097	2,976,578	7,036,745	7,448,417	843,270
Special Items	165,001	-	-	-	-
Net change in fund balances	\$ 1,596,484	\$ (534,378)	\$ 869,940	\$ 152,585	\$ (3,652,421)
Debt service as a percentage of noncapital expenditures	5.65%	5.63%	5.61%	3.57%	3.82%

Notes: Balances have been reclassified for prior period adjustments, corrections, and reclassifications when practical.

Revenue from income taxes increased significantly during fiscal year 2012 and 2011 as the State legislatures voted to raise the individual income tax rate from 3% to 5% and the corporate income tax rate from 4.8% to 7.0%.

Revenue from hospital assessment taxes increased significantly during fiscal year 2008 as the State recognized assessed taxes from the previous fiscal year which were unavailable at June 30, 2007.

Schedule 4

Ended June 30,				
2008	2007	2006	2005	2004
\$ 13,546,025	\$ 12,244,124	\$ 11,253,161	\$ 10,382,711	\$ 9,029,052
10,142,098	9,864,637	9,590,006	9,148,752	8,937,628
1,410,656	1,436,518	1,426,963	1,425,776	1,408,961
1,695,635	1,615,402	1,531,206	1,523,083	1,489,459
696,835	817,590	813,489	664,569	642,370
1,538,237	804,797	75,515	707,619	76,077
2,100,913	1,973,752	1,990,265	2,118,860	1,908,260
15,123,364	14,343,656	13,568,161	13,345,290	13,087,499
2,138,772	2,126,360	2,133,112	2,153,560	2,098,169
318,787	349,817	265,999	142,798	90,085
2,186,591	2,401,881	2,668,622	2,407,546	2,374,839
<u>50,897,913</u>	<u>47,978,534</u>	<u>45,316,499</u>	<u>44,020,564</u>	<u>41,142,399</u>
21,212,437	21,231,376	18,438,775	19,492,899	18,014,003
13,281,734	12,357,592	11,593,903	12,218,024	18,136,163
1,304,174	1,316,223	1,183,333	228,730	443,041
814,898	960,102	1,062,001	963,293	1,246,758
3,029,674	2,800,738	2,468,345	2,702,364	2,736,531
2,723,434	2,488,988	2,338,618	2,700,104	2,887,584
797,785	770,455	669,501	858,386	828,729
937,114	864,533	820,486	775,756	662,936
1,100,439	1,116,514	1,117,167	1,083,680	1,026,546
1,238,397	1,607,162	1,544,912	1,397,108	1,628,632
5,139,754	5,036,015	4,565,480	4,197,679	3,696,687
<u>51,579,840</u>	<u>50,549,698</u>	<u>45,802,521</u>	<u>46,618,023</u>	<u>51,307,610</u>
<u>(681,927)</u>	<u>(2,571,164)</u>	<u>(486,022)</u>	<u>(2,597,459)</u>	<u>(10,165,211)</u>
175,000	258,000	1,140,000	1,075,000	1,525,000
6,724	12,085	63,780	73,513	76,773
-	-	-	-	-
-	329,000	274,950	-	617,175
-	14,014	11,824	-	63,171
11,883,985	9,088,399	8,779,739	10,017,074	10,485,498
(11,214,684)	(8,402,727)	(8,073,119)	(9,331,080)	(9,889,388)
-	(341,849)	(285,778)	-	(678,668)
1,625	8,288	1,366	3,232	2,512
-	-	5,500	-	-
<u>852,650</u>	<u>965,210</u>	<u>1,918,262</u>	<u>1,837,739</u>	<u>2,202,073</u>
-	-	-	-	-
<u>\$ 170,723</u>	<u>\$ (1,605,954)</u>	<u>\$ 1,432,240</u>	<u>\$ (759,720)</u>	<u>\$ (7,963,138)</u>
<u>4.05%</u>	<u>4.05%</u>	<u>4.38%</u>	<u>4.11%</u>	<u>3.40%</u>

State of Illinois**Personal Income by Industry
Last Ten Calendar Years
(Amounts in Thousands)**

	For the Calendar Year				
	2012	2011	2010	2009	2008
Farm earnings	\$ 4,350,485	\$ 6,076,206	\$ 3,482,378	\$ 3,675,332	\$ 5,422,610
Agricultural/forestry, fishing, and other	412,223	381,189	388,316	327,078	303,781
Mining	1,436,483	1,287,888	1,062,218	958,854	1,649,272
Construction/utilities	22,970,859	22,774,655	22,138,085	23,583,001	27,041,713
Manufacturing	50,610,611	47,993,175	45,038,316	44,216,903	50,343,959
Transportation and public utilities	18,885,730	17,524,089	15,952,459	15,477,260	16,443,681
Wholesale trade	28,371,608	26,797,345	24,788,588	24,685,189	26,518,608
Retail trade	22,746,844	22,061,979	21,200,209	21,193,808	22,157,215
Finance, insurance, and real estate	43,868,853	42,314,691	41,107,684	40,495,279	42,836,772
Services	178,415,988	169,542,415	161,296,700	159,654,506	163,105,293
Federal, civilian	8,464,204	8,655,850	8,692,564	8,016,863	7,842,572
Military	2,594,699	2,666,076	2,933,969	2,901,515	2,742,642
State and local government	53,693,347	52,632,823	52,864,511	50,765,785	49,244,161
Other	153,271,987	146,488,312	139,277,352	135,673,867	136,783,471
Total personal income	\$ 590,093,921	\$ 567,196,693	\$ 540,223,349	\$ 531,625,240	\$ 552,435,750
Tax liability	\$ 15,703,310	\$ 12,855,244	\$ 8,131,062	\$ 7,812,307	\$ 8,402,169
Average effective rate	2.66%	2.27%	1.51%	1.47%	1.52%

Note: The total direct rate for personal income is not available.
Average effective rate equals tax collections divided by income.

Source: U.S. Bureau of Economic Analysis

State of Illinois**Taxable Sales by Industry
Last Ten Fiscal Years
(Amounts in Thousands)**

	For the Fiscal Year				
	2013	2012	2011	2010	2009
General merchandise	\$ 20,984,402	\$ 21,379,802	\$ 12,406,368	\$ 12,014,343	\$ 17,198,339
Food	19,927,008	20,602,149	19,700,141	18,932,808	19,434,980
Drinking and eating places	19,171,381	19,377,805	18,408,341	16,857,284	17,362,456
Apparel	6,600,261	6,601,677	14,736,097	13,560,264	9,192,958
Furniture, household, and radio	8,827,231	9,201,686	8,833,159	8,249,837	8,797,308
Lumber, building, and hardware	8,503,130	8,593,170	8,332,430	8,040,005	8,678,872
Automotive and filling stations	36,601,135	35,771,184	33,575,575	29,714,908	30,055,943
Drugs and other retail	26,806,067	27,458,332	25,180,327	23,792,285	24,366,956
Agriculture and extractives	23,787,602	24,608,599	24,720,332	21,475,741	23,809,122
Manufacturing	4,308,047	4,308,079	4,294,155	3,980,846	4,445,506
Total	\$ 175,516,264	\$ 177,902,483	\$ 170,186,925	\$ 156,618,321	\$ 163,342,440

Direct sales tax rate:					
Qualifying food, drugs, and medical appliances	1.00%	1.00%	1.00%	1.00%	1.00%
General merchandise	6.25%	6.25%	6.25%	6.25%	6.25%

Source: Department of Revenue

Schedule 5

Ended December 31,				
2007	2006	2005	2004	2003
\$ 3,189,921	\$ 2,078,022	\$ 1,830,007	\$ 3,740,372	\$ 1,949,195
353,138	344,059	335,074	317,432	287,288
2,380,656	2,765,061	2,317,874	2,055,374	1,873,786
27,690,823	28,794,477	26,932,201	25,869,656	24,894,523
49,625,389	48,647,548	47,039,206	45,944,451	45,053,128
16,598,805	16,486,056	15,541,871	14,768,596	13,961,448
26,280,719	24,612,794	23,160,257	21,925,351	20,752,693
23,039,406	22,162,856	21,515,885	20,897,006	20,436,243
44,827,372	44,379,687	41,569,224	40,520,637	37,983,889
159,925,967	151,644,458	142,590,569	134,818,796	126,321,834
8,429,172	8,172,661	7,975,398	7,678,762	7,106,845
3,107,053	2,911,719	2,834,733	2,741,011	2,590,243
42,813,098	40,860,095	39,567,981	41,849,193	42,570,966
124,325,490	110,633,528	98,862,396	92,163,935	90,118,759
<u>\$ 532,587,009</u>	<u>\$ 504,493,021</u>	<u>\$ 472,072,676</u>	<u>\$ 455,290,572</u>	<u>\$ 435,900,840</u>
<u>\$ 8,762,122</u>	<u>\$ 8,388,536</u>	<u>\$ 7,729,649</u>	<u>\$ 7,394,901</u>	<u>\$ 6,637,798</u>
<u>1.65%</u>	<u>1.66%</u>	<u>1.64%</u>	<u>1.62%</u>	<u>1.52%</u>

Schedule 6

Ended June 30,				
2008	2007	2006	2005	2004
\$ 20,795,910	\$ 20,309,083	\$ 19,600,033	\$ 19,088,864	\$ 18,626,322
20,055,709	18,894,356	18,832,493	18,362,003	18,741,796
17,839,212	17,116,672	16,627,151	15,652,501	14,968,004
6,360,979	6,141,805	5,827,022	5,528,017	5,159,596
10,466,904	10,280,540	10,441,898	9,897,051	9,224,073
12,620,346	12,626,543	10,879,756	10,414,709	9,593,743
37,943,597	32,772,319	35,803,644	32,207,314	31,613,327
25,329,145	24,817,828	22,775,595	21,351,837	20,414,099
27,059,367	25,952,233	25,522,299	31,350,034	20,922,639
4,990,610	5,068,327	4,927,891	4,639,168	3,896,955
<u>\$ 183,461,779</u>	<u>\$ 173,979,706</u>	<u>\$ 171,237,782</u>	<u>\$ 168,491,498</u>	<u>\$ 153,160,554</u>
1.00%	1.00%	1.00%	1.00%	1.00%
6.25%	6.25%	6.25%	6.25%	6.25%

Personal Income Tax Filers and Liability by Income Level
Calendar Years 2012 and 2003
(Amounts in Thousands)

For the Calendar Year Ended December 31, 2012

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	50,917	0.92%	\$ 3,954,782	25.18%
\$100,001 - \$500,000	890,170	16.04%	5,973,161	38.04%
\$50,001 - \$100,000	1,296,412	23.35%	3,376,551	21.50%
\$25,001 - \$50,000	1,251,062	22.54%	1,637,696	10.43%
\$25,000 and less	2,062,841	37.15%	761,120	4.85%
Total	5,551,402	100.00%	\$ 15,703,310	100.00%

For the Calendar Year Ended December 31, 2003

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	27,397	0.52%	\$ 1,083,562	16.32%
\$100,001 - \$500,000	519,561	9.88%	2,119,997	31.94%
\$50,001 - \$100,000	1,218,038	23.17%	1,950,625	29.39%
\$25,001 - \$50,000	1,306,200	24.84%	1,035,548	15.60%
\$25,000 and less	2,186,650	41.59%	448,066	6.75%
Total	5,257,846	100.00%	\$ 6,637,798	100.00%

Note: Generally, the tax liability for a filer (an individual or married couple) is calculated by taking the filer's federal adjusted gross income and subtracting the number of exemptions and multiplying the result by the State's income tax rate. The State exemption amount was \$2,000 for calendar year 2003 and \$2,050 for calendar year 2012. An exemption is allowed on a return for each filer and dependent. Additional exemptions are allowed for each filer who is 65 or older and for each filer who is legally blind.

Source: Department of Revenue

Sales Tax Revenue Payers by Industry
Fiscal Years 2013 and 2004
(Amounts in Thousands)

	For the Fiscal Year Ended June 30, 2013			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	1,922	0.16%	\$ 1,336,371	11.06%
Food	7,291	0.60%	843,727	6.98%
Drinking and eating places	25,966	2.15%	1,598,785	13.23%
Apparel	7,465	0.62%	548,511	4.54%
Furniture, household, and radio	12,316	1.02%	702,470	5.81%
Lumber, building, and hardware	11,602	0.96%	706,655	5.85%
Automotive and filling stations	1,012,907	83.83%	2,590,044	21.42%
Drugs and other retail	51,332	4.25%	1,576,826	13.05%
Agriculture and extractives	64,771	5.36%	1,797,284	14.87%
Manufacturing	12,710	1.05%	385,025	3.19%
Total	1,208,282	100.00%	\$ 12,085,698	100.00%

	For the Fiscal Year Ended June 30, 2004			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,112	0.72%	\$ 1,188,276	11.85%
Food	9,750	3.34%	676,622	6.75%
Drinking and eating places	26,844	9.20%	1,124,016	11.21%
Apparel	8,173	2.80%	401,248	4.00%
Furniture, household, and radio	18,176	6.23%	695,149	6.93%
Lumber, building, and hardware	14,004	4.80%	729,999	7.28%
Automotive and filling stations	59,528	20.39%	2,142,570	21.38%
Drugs and other retail	66,469	22.77%	1,125,498	11.23%
Agriculture and extractives	73,603	25.21%	1,586,739	15.83%
Manufacturing	13,246	4.54%	354,773	3.54%
Total	291,905	100.00%	\$ 10,024,890	100.00%

Note: Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax revenue.

Also, in fiscal year 2007, the Department of Revenue changed their system of returns for automobile sales to counting each individual sale of a vehicle as a sales tax return filed.

Source: Department of Revenue

State of Illinois

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts in Thousands)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>For the Fiscal 2009</u>
Governmental activities					
General obligation bonds	\$ 27,398,638	\$ 28,141,980	\$ 28,256,367	\$ 25,136,941	\$ 19,669,908
Special obligation bonds	3,000,345	2,934,527	2,394,597	2,591,591	2,204,110
Revenue bonds	1,386,166	1,450,094	1,509,846	-	-
Capital leases	6,818	7,648	6,632	6,477	8,736
Installment purchases	1,155	3,412	8,109	14,158	19,067
Certificates of participation	49,020	58,190	66,870	75,095	82,895
Total governmental activities	<u>31,842,142</u>	<u>32,595,851</u>	<u>32,242,421</u>	<u>27,824,262</u>	<u>21,984,716</u>
Business-type activities					
Revenue bonds	1,822,051	590,704	704,284	1,019,701	1,027,300
Notes payable	-	-	-	-	-
Capital leases	-	-	4	7	3
Installment purchases	-	-	-	-	-
Total business-type activities	<u>1,822,051</u>	<u>590,704</u>	<u>704,288</u>	<u>1,019,708</u>	<u>1,027,303</u>
Total primary government	<u>\$ 33,664,193</u>	<u>\$ 33,186,555</u>	<u>\$ 32,946,709</u>	<u>\$ 28,843,970</u>	<u>\$ 23,012,019</u>
Total primary government debt as a percentage of personal income	<u>5.70%</u>	<u>5.85%</u>	<u>6.10%</u>	<u>5.43%</u>	<u>4.17%</u>
Total amount of primary government debt per capita	<u>\$ 2.615</u>	<u>\$ 2.581</u>	<u>\$ 2.566</u>	<u>\$ 2.254</u>	<u>\$ 1.805</u>

Note: Details regarding the State's debt can be found in Note 8 of the financial statements.

Schedule 9

Year Ended June 30,				
2008	2007	2006	2005	2004
\$ 20,253,876	\$ 20,865,798	\$ 21,257,664	\$ 20,909,291	\$ 20,554,896
2,365,323	2,467,733	2,614,724	2,515,469	2,409,159
-	-	-	-	-
9,727	10,735	11,392	11,139	13,895
12,302	16,241	10,574	16,123	10,217
90,300	97,335	107,580	114,805	122,965
<u>22,731,528</u>	<u>23,457,842</u>	<u>24,001,934</u>	<u>23,566,827</u>	<u>23,111,132</u>
879,441	3,709,323	4,454,444	4,675,455	3,785,870
-	-	-	-	685,469
5	-	-	24	50
-	-	-	-	4
<u>879,446</u>	<u>3,709,323</u>	<u>4,454,444</u>	<u>4,675,479</u>	<u>4,471,393</u>
<u>\$ 23,610,974</u>	<u>\$ 27,167,165</u>	<u>\$ 28,456,378</u>	<u>\$ 28,242,306</u>	<u>\$ 27,582,525</u>
<u>4.43%</u>	<u>5.39%</u>	<u>6.03%</u>	<u>6.20%</u>	<u>6.33%</u>
<u>\$ 1.860</u>	<u>\$ 2.149</u>	<u>\$ 2.257</u>	<u>\$ 2.243</u>	<u>\$ 2.197</u>

State of Illinois

Ratios of General Bonded Debt Outstanding and Debt Limitations

Last Ten Fiscal Years

(Amounts in Thousands)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>For the Fiscal 2009</u>
General bonded debt					
General obligation bonds	\$ 27,398,638	\$ 28,141,980	\$ 28,256,367	\$ 25,136,941	\$ 19,669,908
Special obligation bonds	3,000,345	2,934,527	2,394,597	2,591,591	2,204,110
	<u>\$ 30,398,983</u>	<u>\$ 31,076,507</u>	<u>\$ 30,650,964</u>	<u>27,728,532</u>	<u>21,874,018</u>
Less: Amounts restricted for debt service	1,615,537	1,478,072	1,366,885	1,071,220	848,302
Net total general bonded debt	<u>\$ 28,783,446</u>	<u>\$ 29,598,435</u>	<u>\$ 29,284,079</u>	<u>\$ 26,657,312</u>	<u>\$ 21,025,716</u>
Total general bonded debt as a percentage of personal income	<u>4.88%</u>	<u>5.22%</u>	<u>5.42%</u>	<u>5.01%</u>	<u>3.81%</u>
Total general bonded debt as a percentage of taxable sales	<u>16.40%</u>	<u>16.64%</u>	<u>17.21%</u>	<u>17.02%</u>	<u>12.87%</u>
Total amount of general obligation debt per capita	<u>\$ 2.236</u>	<u>\$ 2.302</u>	<u>\$ 2.281</u>	<u>\$ 2.083</u>	<u>\$ 1.649</u>
Authorized general bonded debt					
General obligation bonds	\$ 55,630,951	\$ 54,014,151	\$ 54,014,151	\$ 45,755,802	\$ 39,231,174
Special obligation bonds	5,903,509	5,903,509	4,815,509	4,815,509	4,005,509
Total authorized general bonded debt	<u>\$ 61,534,460</u>	<u>\$ 59,917,660</u>	<u>\$ 58,829,660</u>	<u>\$ 50,571,311</u>	<u>\$ 43,236,683</u>
Issued general bonded debt					
General obligation bonds	\$ 50,733,045	\$ 49,883,046	\$ 46,710,306	\$ 41,810,306	\$ 34,140,911
Special obligation bonds	5,110,193	4,810,193	4,085,153	4,085,153	3,555,233
Total issued general bonded debt	<u>\$ 55,843,238</u>	<u>\$ 54,693,239</u>	<u>\$ 50,795,459</u>	<u>\$ 45,895,459</u>	<u>\$ 37,696,144</u>
General bonded debt margin (Authorized but unissued debt)					
General obligation bonds	\$ 8,983,350	\$ 7,852,278	\$ 10,481,559	\$ 6,900,602	\$ 7,809,162
Special obligation bonds	925,101	1,221,821	852,891	852,891	570,096
Total general bonded debt margin	<u>\$ 9,908,451</u>	<u>\$ 9,074,099</u>	<u>\$ 11,334,450</u>	<u>\$ 7,753,493</u>	<u>\$ 8,379,258</u>
Issued bonded debt to authorized bonded debt ratio					
General obligation bonds	91.20%	92.35%	86.48%	91.38%	87.02%
Special obligation bonds	86.56%	81.48%	84.83%	84.83%	88.76%
Total issued bonded debt to authorized bonded debt ratio	90.75%	91.28%	86.34%	90.75%	87.19%

Note: Details regarding the State's general obligation bonds can be found in Note 9 of the financial statements.
Details regarding the State's special obligation bonds can be found in Note 10 of the financial statements.

The State's authorized bonded debt limits are established by the General Obligation Bond Act (30 ILCS 330), the Metropolitan Civic Center Support Act (30 ILCS 355), and the Build Illinois Bond Act (30 ILCS 425).

Schedule 10

Year Ended June 30,

2008	2007	2006	2005	2004
\$ 20,253,876	\$ 20,865,798	\$ 21,257,664	\$ 20,909,291	\$ 20,554,896
2,365,323	2,467,733	2,614,724	2,515,469	2,409,159
<u>22,619,199</u>	<u>23,333,531</u>	<u>23,872,388</u>	<u>23,424,760</u>	<u>22,964,055</u>
861,152	846,063	833,273	848,213	799,825
<u>\$ 21,758,047</u>	<u>\$ 22,487,468</u>	<u>\$ 23,039,115</u>	<u>\$ 22,576,547</u>	<u>\$ 22,164,230</u>
<u>4.09%</u>	<u>4.46%</u>	<u>4.88%</u>	<u>4.96%</u>	<u>5.08%</u>
<u>11.86%</u>	<u>12.93%</u>	<u>13.45%</u>	<u>13.40%</u>	<u>14.47%</u>
<u>\$ 1.714</u>	<u>\$ 1.779</u>	<u>\$ 1.827</u>	<u>\$ 1.793</u>	<u>\$ 1.765</u>
\$ 34,196,174	\$ 34,196,174	\$ 34,196,174	\$ 34,196,174	\$ 34,196,174
4,005,509	4,005,509	4,005,509	4,005,509	4,005,509
<u>\$ 38,201,683</u>				
\$ 33,990,911	\$ 33,865,911	\$ 33,278,911	\$ 32,078,961	\$ 31,203,961
3,437,968	3,387,968	3,387,968	3,172,968	2,972,968
<u>\$ 37,428,879</u>	<u>\$ 37,253,879</u>	<u>\$ 36,666,879</u>	<u>\$ 35,251,929</u>	<u>\$ 34,176,929</u>
\$ 2,765,379	\$ 2,732,465	\$ 3,110,369	\$ 4,167,371	\$ 4,915,346
567,541	617,541	617,541	832,541	1,032,541
<u>\$ 3,332,920</u>	<u>\$ 3,350,006</u>	<u>\$ 3,727,910</u>	<u>\$ 4,999,912</u>	<u>\$ 5,947,887</u>
99.40%	99.03%	97.32%	93.81%	91.25%
85.83%	84.58%	84.58%	79.22%	74.22%
97.98%	97.52%	95.98%	92.28%	89.46%

**Pledged Revenue Coverage
Last Ten Fiscal Years
(Amounts in Thousands)**

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
PRIMARY GOVERNMENT							
Build Illinois Bond Fund - Pledged revenue of portion of sales tax collections							
2013	\$ 553,946	\$ -	\$ 553,946	\$ 212,379	\$ 129,518	\$ 341,897	1.62
2012	530,664	-	530,664	180,589	118,942	299,531	1.77
2011	509,368	-	509,368	180,565	118,598	299,163	1.70
2010	473,452	-	473,452	157,180	117,552	274,732	1.72
2009	500,012	-	500,012	152,065	113,199	265,264	1.88
2008	560,514	-	560,514	145,505	120,417	265,922	2.11
2007	545,699	-	545,699	138,515	125,698	264,213	2.07
2006	523,584	-	523,584	116,840	121,566	238,406	2.20
2005	486,767	-	486,767	102,200	118,537	220,737	2.21
2004	451,124	-	451,124	96,029	108,658	204,687	2.20
Civic Center Bond Fund - Pledged revenue of portion of sales tax collections							
2013	\$ 19,000	\$ -	\$ 19,000	\$ 10,095	\$ 3,690	\$ 13,785	1.38
2012	19,000	-	19,000	9,555	4,242	13,797	1.38
2011	19,000	-	19,000	9,085	4,761	13,846	1.37
2010	19,000	-	19,000	8,595	5,253	13,848	1.37
2009	19,000	-	19,000	8,100	5,750	13,850	1.37
2008	19,000	-	19,000	7,610	6,236	13,846	1.37
2007	19,000	-	19,000	7,175	6,677	13,852	1.37
2006	19,000	-	19,000	6,790	7,058	13,848	1.37
2005	19,000	-	19,000	6,455	7,383	13,838	1.37
2004	19,000	-	19,000	6,160	7,682	13,842	1.37
Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments							
2013	\$ 29,858	\$ 18,899	\$ 10,959	\$ 152,312	\$ 6,765	\$ 159,077	0.07
2012	36,110	26,091	10,019	109,497	8,530	118,027	0.08
2011	45,434	35,211	10,223	982,105	11,416	993,521	0.01
2010	55,073	32,859	22,214	96,100	10,516	106,616	0.21
2009	50,809	28,085	22,724	-	17,988	17,988	1.26
2008	74,913	30,472	44,441	150 (a)	57,142	57,292	0.78
2007	192,214	90,691	101,523	40,135 (b)	154,887	195,022	0.52
2006	163,023	91,585	71,438	130,475	132,548	263,023	0.27
2005	107,734	76,197	31,537	97,340	60,100	157,440	0.20
2004	89,077	65,449	23,628	80,375 (c)	31,478	111,853	0.21
Railsplitter Tobacco Settlement Authority - Pledged revenue of tobacco settlement funds (d)							
2013	\$ 273,681	\$ 131,267	\$ 142,414	\$ 63,550	\$ 77,480	\$ 141,030	1.01
2012	275,468	133,160	142,308	59,375	79,599	138,974	1.02
2011	402,666	248,429	154,237	-	38,252	38,252	4.03
Department of Employment Security - Pledged revenue of building receipts (e)							
2013	\$ 193,699	\$ -	\$ 193,699	\$ 203,055	\$ 57,583	\$ 260,638	0.74

(a) The Commission redeemed \$2.608 billion of principal by the sale of a portion of their student loan portfolio during fiscal year 2008.

(b) The Commission redeemed \$690.2 billion of principal by the sale of a portion of their student loan portfolio during fiscal year 2007.

(c) The Commission redeemed \$50.5 million of principal with bond issuance proceeds in October 2003.

(d) The Railsplitter Tobacco Settlement Authority, a blended component unit of the State, issued \$1.510 billion of Tobacco Settlement Revenue Bonds in December 2010.

(e) The Department of Employment Security issued \$1.470 million of Unemployment Insurance Fund Building Receipts Revenue Bonds in July 2012.

Pledged Revenue Coverage
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
MAJOR COMPONENT UNITS							
Illinois Housing Development Authority - Pledged revenue of loans receivable repayments							
2013	\$ 65,062	\$ 9,584	\$ 55,478	\$ 349,020	\$ 60,467	\$ 409,487	0.14
2012	81,132	11,933	69,199	267,187	57,897	325,084	0.21
2011	74,874	6,483	68,391	243,050	58,716	301,766	0.23
2010	83,711	5,861	77,850	231,650	66,863	298,513	0.26
2009	88,542	6,604	81,938	116,119	75,836	191,955	0.43
2008	106,031	6,653	99,378	348,355	80,330	428,685	0.23
2007	103,846	6,619	97,227	355,485	77,406	432,891	0.22
2006	91,301	7,478	83,823	251,415	70,237	321,652	0.26
2005	91,505	6,892	84,613	452,138	79,271	531,409	0.16
2004	98,672	6,252	92,420	616,241	99,276	715,517	0.13
Illinois State Toll Highway Authority - Pledged revenue of toll fees (f)							
2012	\$ 995,573	\$ 269,094	\$ 726,479	\$ 53,040	\$ 206,323	\$ 259,363	2.80
2011	728,578	266,506	462,072	49,910	211,493	261,403	1.77
2010	706,445	277,282	429,163	1,065	204,881	205,946	2.08
2009	785,593	283,106	502,487	97,150	174,821	271,971	1.85
2008	836,557	406,169	430,388	50,030	145,679	195,709	2.20
2007	675,190	252,529	422,661	47,350	121,071	168,421	2.51
2006	660,874	219,292	441,582	45,035	72,012	117,047	3.77
2005	642,620	215,796	426,824	13,455	34,924	48,379	8.82
2004	427,390	200,525	226,865	41,235	36,319	77,554	2.93
2003	441,655	195,702	245,953	69,255	38,316	107,571	2.29
Illinois State University - Pledged revenue of usage fees and rental income							
2013	\$ 81,249	\$ 64,594	\$ 16,655	\$ 14,590	\$ 4,285	\$ 18,875	0.88
2012	87,124	71,213	15,911	6,190	3,758	9,948	1.60
2011	83,258	67,583	15,675	6,280	3,839	10,119	1.55
2010	82,243	69,838	12,405	5,380	3,894	9,274	1.34
2009	78,019	58,859	19,160	5,330	4,058	9,388	2.04
2008	75,181	57,809	17,372	5,265	2,647	7,912	2.20
2007	67,176	51,077	16,099	5,185	2,757	7,942	2.03
2006	61,864	49,947	11,917	5,095	1,175	6,270	1.90
2005	57,753	46,088	11,665	4,770	1,219	5,989	1.95
2004	58,448	45,921	12,527	4,790	1,302	6,092	2.06
Northern Illinois University - Pledged revenue of usage fees and rental income (g)							
2013	\$ 85,191	\$ 83,957	\$ 1,234	\$ 6,295	\$ 13,403	\$ 19,698	0.06
2012	86,240	71,704	14,536	6,930	14,296	21,226	0.68
2011	78,426	67,201	11,225	6,300	3,857	10,157	1.11
2010	77,446	58,863	18,583	6,175	3,977	10,152	1.83
2009	77,095	66,095	11,000	6,060	4,090	10,150	1.08
2008	76,692	66,080	10,612	5,945	4,204	10,149	1.05
2007	76,742	69,751	6,991	5,840	4,311	10,151	0.69
2006	72,426	53,745	18,681	5,740	4,406	10,146	1.84
2005	67,645	51,008	16,637	5,595	4,549	10,144	1.64
2004	66,653	51,240	15,413	5,295	4,846	10,141	1.52

(f) The Illinois State Toll Highway Authority fiscal year is from January 1 to December 31.

(g) Northern Illinois University issued \$126 million of Auxiliary Facilities Revenue Bonds in December of 2010 and \$67 million of Auxiliary Facilities Revenue Bonds in January of 2011.

Pledged Revenue Coverage
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Southern Illinois University - Pledged revenue of usage fees, rental income, and medical fees							
2013	\$ 151,239	\$ 115,212	\$ 36,027	\$ 18,100	\$ 10,415	\$ 28,515	1.26
2012	153,006	118,090	34,916	19,790	10,536	30,326	1.15
2011	146,101	110,760	35,341	16,120	10,661	26,781	1.32
2010	141,220	105,452	35,768	13,190	10,693	23,883	1.50
2009	137,463	106,839	30,624	12,815	8,437	21,252	1.44
2008	125,666	101,535	24,131	12,365	7,592	19,957	1.21
2007	116,481	92,345	24,136	10,920	7,430	18,350	1.32
2006	104,713	86,382	18,331	8,735	5,392	14,127	1.30
2005	97,859	79,784	18,075	8,260	4,478	12,738	1.42
2004	90,316	73,753	16,563	7,465	4,098	11,563	1.43
University of Illinois - Pledged revenue of usage fees, rental income, and medical fees							
2013	\$ 1,195,843	\$ 1,100,918	\$ 94,925	\$ 42,100	\$ 46,821	\$ 88,921	1.07
2012	1,115,945	1,023,263	92,682	38,895	47,070	85,965	1.08
2011	1,013,468	937,189	76,279	35,425	45,781	81,206	0.94
2010	1,021,060	894,862	126,198	34,200	44,880	79,080	1.60
2009	896,275	797,980	98,295	32,265	43,325	75,590	1.30
2008	883,813	784,154	99,659	30,330	44,631	74,961	1.33
2007	841,998	737,499	104,499	29,710	41,118	70,828	1.48
2006	793,906	712,608	81,298	24,080	34,643	58,723	1.38
2005	752,592	674,645	77,947	25,425	29,208	54,633	1.43
2004	810,251	609,442	200,809	22,560	29,179	51,739	3.88

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State of Illinois**Demographic and Economic Statistics****Last Ten Calendar Years****(Amounts in Thousands)**

	2012		2011		2010		For the 2009	
Population								
State		12,875		12,860		12,840		12,797
Percentage change		0.12%		0.16%		0.34%		0.39%
National		313,914		311,588		309,326		306,772
Percentage change		0.75%		0.73%		0.83%		0.88%
Total Personal Income								
State	\$	590,093,921	\$	567,196,693	\$	540,223,349	\$	531,625,240
Percentage change		4.04%		4.99%		1.62%		-3.77%
National	\$	13,729,063,000	\$	13,179,561,000	\$	12,423,332,000	\$	12,073,738,000
Percentage change		4.17%		6.09%		2.90%		-2.86%
Per Capita Personal Income								
State	\$	45.833	\$	44.105	\$	42.073	\$	41.543
Percentage change		3.92%		4.83%		1.28%		-4.14%
National	\$	43.735	\$	42.298	\$	40.163	\$	39.357
Percentage change		3.40%		5.32%		2.05%		-3.71%
Labor Force								
State labor force		6,593		6,580		6,616		6,598
Employed		6,008		5,943		5,926		5,937
Unemployed		585		637		691		661
Unemployment rate		8.9%		9.7%		10.4%		10.0%

Source: U.S. Bureau of Economic Analysis and Department of Employment Security

Calendar Year Ended,											
2008		2007		2006		2005		2004		2003	
	12,747		12,696		12,644		12,610		12,590		12,556
	0.40%		0.41%		0.27%		0.16%		0.27%		0.24%
	304,094		301,231		298,380		295,517		292,805		290,108
	0.95%		0.96%		0.97%		0.93%		0.93%		0.86%
\$	552,435,750	\$	536,662,200	\$	508,207,549	\$	475,418,860	\$	455,547,195	\$	436,025,978
	2.94%		5.60%		6.90%		4.36%		4.48%		3.01%
\$	12,429,284,000	\$	11,990,244,000	\$	11,376,460,000	\$	10,605,645,000	\$	10,043,284,000	\$	9,479,611,000
	3.66%		5.40%		7.27%		5.60%		5.95%		4.69%
\$	43.338	\$	42.270	\$	40.194	\$	37.702	\$	36.183	\$	34.727
	2.53%		5.17%		6.61%		4.20%		4.19%		2.76%
\$	40.873	\$	39.804	\$	38.127	\$	35.888	\$	34.300	\$	32.676
	2.69%		4.40%		6.24%		4.63%		4.97%		3.80%
	6,673		6,660		6,527		6,404		6,366		6,343
	6,248		6,322		6,225		6,033		5,969		5,917
	425		338		302		371		397		426
	6.4%		5.1%		4.6%		5.8%		6.2%		6.7%

**Principal Employers
Fiscal Years 2013 and 2004**

Employer	2013	
	Employees	Percentage of Total State Employment
State of Illinois	62,836	1.05%
U.S. Government	52,700	0.88%
Wal-Mart	49,471	0.82%
AB Acquisitions LLC	45,439	0.76%
Chicago School Board	40,145	0.67%
Walgreen Co.	32,043	0.53%
City of Chicago	31,977	0.53%
University of Illinois	29,485	0.49%
U.S. Postal Service	28,500	0.47%
USF Holding Corp.	26,487	0.44%
Total	399,083	6.64%

Employer	2004	
	Employees	Percentage of Total State Employment
State of Illinois	75,412	1.27%
U.S. Government	49,900	0.84%
Chicago School Board	39,402	0.67%
U.S. Postal Service	39,900	0.67%
City of Chicago	35,983	0.61%
Jewel Food Stores	30,050	0.51%
Walmart	29,940	0.51%
University of Illinois	28,321	0.48%
Motorola	24,075	0.41%
Caterpillar Inc.	21,320	0.36%
Total	374,303	6.33%

Source: Department of Commerce and Economic Opportunity and various employer websites

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State of Illinois
Employees by Function
Last Ten Fiscal Years

	Employees				
	2013	2012	2011	2010	2009
Health and social services	19,275	19,976	21,519	21,258	21,912
Education	723	713	727	778	767
General government	11,396	11,286	11,905	11,534	12,205
Employment and economic development	2,466	2,990	3,119	3,303	3,287
Transportation	7,475	7,386	7,529	7,662	7,574
Public protection and justice	17,642	18,013	19,134	18,903	18,886
Environment and business regulation	3,859	3,964	4,213	4,304	4,398
Total	62,836	64,328	68,146	67,742	69,029

Schedule 14

as of June 30,				
2008	2007	2006	2005	2004
22,701	22,784	23,230	22,767	24,262
758	750	763	766	767
12,366	12,515	12,421	12,256	11,934
3,074	3,213	3,366	3,394	3,576
7,638	8,407	8,098	8,261	8,760
18,913	19,793	20,181	20,414	20,819
4,694	4,850	4,844	4,788	5,294
70,144	72,312	72,903	72,646	75,412

State of Illinois

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	For the Fiscal Year				
	2013	2012	2011	2010	2009
Health and Social Services					
Child abuse and neglect					
Calls to abuse/neglect hotline	236,589	253,444	258,999	256,492	258,237
Children investigated	108,594	106,220	101,508	109,186	111,574
Medical programs					
Number of children enrolled in medical programs	1,635,686	1,685,822	1,663,260	1,628,782	1,553,227
Number of parents enrolled in medical programs	663,844	635,262	621,851	606,680	562,689
Child support					
Number of child support cases with orders	406,748	404,752	410,433	404,800	394,123
Persons with disabilities receiving in-home services to prevent institutionalization	31,406	32,820	38,682	39,165	39,412
Immunization rates of children under age two	83%	77%	83%	81%	78%
General government					
Taxes					
Number of individual income tax returns processed	5,946,121	5,961,003	5,961,385	5,946,127	6,132,529
Percent of individual income tax returns filed electronically	79%	78%	71%	60%	56%
Total number of payments processed through State Treasury	15,357,708	15,337,111	16,143,902	16,050,005	15,912,093
Education					
Elementary and secondary education					
Public school enrollment	2,081,731	2,087,628	2,087,762	2,112,132	2,112,132
Graduation rate	83.2%	82.3%	83.8%	87.8%	87.1%
Dropout rate	2.4%	2.5%	2.7%	3.8%	3.5%
Higher education					
Enrollment	Not available	881,077	924,749	914,763	867,090
Transportation					
Miles of pavement maintained/improved	661	921	931	2,620	2,528
Number of bridges maintained/improved	183	262	263	292	293
Employment and economic development					
Unemployment insurance *					
Number of claims	781,394	763,319	863,328	1,221,195	872,368
Average duration (weeks)	17.97	19.01	21.34	20.63	16.71
State Fair					
State Fair attendees	961,063	918,534	817,393	673,223	737,052
DuQuoin State Fair attendees	258,000	285,100	351,000	353,100	331,000
Tourism					
Historic site attendance (in thousands)	1,935	1,990	1,940	2,200	2,010
Public protection and justice					
Crime Rates					
Violent crime rates per 100,000 in population *	415	429	435	509	540
Property crime rates per 100,000 in population *	2,579	2,689	2,681	2,790	3,010
Total crime rates per 100,000 in population	2,994	3,118	3,116	3,299	3,550
Forensic services					
Number of original crime scenes processed	2,337	2,328	2,529	2,594	3,081
Number of Deoxyribonucleic Acid (DNA) cases worked	4,790	4,982	5,225	5,284	4,590
Total number of forensic cases worked	94,550	101,076	104,043	111,669	115,044
Number of DNA offender samples worked	31,766	29,589	30,736	33,025	35,722
Environment and business regulation					
Professional Regulation					
Professional complaints received	11,765	12,466	10,634	11,159	13,800
Licenses placed on probation	527	470	431	603	530

* Statistics for unemployment insurance and crime rates are based on the previous ending calendar year.

Schedule 15

Ended or as of June 30,				
2008	2007	2006	2005	2004
266,011	258,563	257,481	249,764	277,295
111,869	111,746	110,225	111,830	104,236
1,457,829	1,369,050	1,216,983	1,159,593	1,094,077
580,760	545,502	498,195	463,506	388,636
390,745	420,004	398,888	335,568	328,211
38,093	36,858	35,916	32,549	34,156
78%	83%	87%	86%	85%
6,119,040	5,963,636	5,712,563	5,798,585	5,757,659
52%	46%	44%	42%	38%
15,623,763	15,512,005	15,092,629	14,896,011	15,157,741
2,113,435	2,118,692	2,111,706	2,062,912	2,060,008
86.5%	85.9%	87.8%	87.4%	86.5%
4.1%	3.5%	3.5%	4.0%	4.6%
821,026	814,189	805,764	801,548	799,216
933	908	820	919	1,155
272	274	255	206	219
696,109	670,402	702,725	766,032	855,658
17.31	17.34	18.23	18.92	19.01
613,000	703,000	672,615	671,334	725,000
298,000	330,000	298,286	315,731	270,346
2,206	2,221	2,498	2,772	2,680
548	562	569	562	573
3,014	3,127	3,171	3,282	3,382
<u>3,562</u>	<u>3,689</u>	<u>3,740</u>	<u>3,844</u>	<u>3,955</u>
3,138	3,457	4,816	4,519	4,198
3,390	2,830	3,464	3,397	2,812
112,644	119,045	116,192	116,882	110,863
37,937	46,647	106,374	65,009	24,244
10,912	9,498	9,024	9,195	9,781
455	344	419	488	590

State of Illinois

**Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years**

	For the Fiscal Year				
	2013	2012	2011	2010	2009
Health and social services					
Mental health facilities	14	17	17	18	18
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	15,994	16,000	16,018	16,057	16,075
Bridges	7,770	7,734	7,726	7,708	7,693
Public protection and justice					
Adult correctional facilities	25	27	27	27	28
Juvenile correctional facilities	6	8	8	10	8
Environment and business regulation					
State park acreage	474,813	473,761	473,500	470,649	469,244
Protected natural area acreage	104,815	99,866	96,255	93,662	89,399

Note: No capital asset indicators are available for the education, general government, and employment and economic development functions.

Schedule 16

Ended or as of June 30,

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
18 4	18 4	18 4	18 4	18 4
16,090 7,844	16,398 8,284	16,430 8,296	16,459 8,232	16,513 8,222
28 8	28 8	27 8	27 8	27 8
373,857 89,764	371,793 89,731	499,515 87,731	387,753 85,375	456,039 82,957