

STATE OF ILLINOIS  
COMPTROLLER

LESLIE GEISSLER MUNGER

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

# ILLINOIS

FISCAL YEAR ENDED JUNE 30, 2014

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STATE OF ILLINOIS

# Comprehensive Annual Financial Report

~ 2014 ~

*For Fiscal Year Ended June 30, 2014*

**Comptroller Leslie Geissler Munger**

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# **Introductory Section**

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# STATE OF ILLINOIS COMPTROLLER

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## LESLIE GEISSLER MUNGER

March 12, 2015

To the Citizens of the State of Illinois,  
Honorable Bruce Rauner, 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, 2014. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2014, 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 and deferred outflows of resources, liabilities and deferred inflows of resources, 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 5<sup>th</sup> 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, 2014, increased from June 30, 2013. The fund balance in the State's General Fund increased by \$656 million on a GAAP basis, from a deficit of \$7.334 billion to a deficit of \$6.678 billion. On the *budgetary basis*, there was a \$3.931 billion fund deficit at June 30, 2014, compared to a \$3.988 billion fund deficit at June 30, 2013, resulting in a \$57 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 years, 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 5.813 million nonfarm payroll jobs and an unemployment rate of 8.4% in fiscal year 2014.

## **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 is scheduled to drop to 3.75% in January 2015 and then fall to 3.25% in 2025. The 7% corporate rate is scheduled to drop to 5.25% in January 2015 and then to 4.8% in 2025.

### ***Pensions***

On December 5<sup>th</sup>, 2013, the Governor signed into law Public Act 98-0599, which provided 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 included a reduction of the automatic annual increase, capping pensionable earnings of employees and delaying the retirement age for members. The State would have also been required to make additional contributions which would aid in reducing the unfunded liability.

The Act was scheduled to become effective on June 1, 2014; however, several lawsuits were filed challenging the constitutionality of Public Act 98-0599. In May 2014, the circuit court issued a temporary injunction delaying the implementation of the new law until the court ruled on the consolidated lawsuit. In November 2014, the circuit court ruled the act unconstitutional under the Pension Protection Clause stating the pension benefits cannot be diminished or impaired. The State has appealed the ruling to the Illinois Supreme Court.

### ***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. While these premiums were assessed to retirees and survivors beginning July 1, 2013, in July 2014, the Illinois Supreme Court sent the case back to the circuit court for further action and in August 2014, the circuit court directed the State to discontinue the withholdings as soon as possible. In November 2014, the circuit court ordered the State to implement a plan to refund the premiums collected.

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

The fiscal year 2014 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. In more recent years, Section 25 has been revised to more specifically define expenses eligible under the section and to gradually reduce the amount of payments made under the section through 2021. The State ended fiscal year 2014 with \$2.051 billion in such costs. This represents a decrease of \$302 million from the fiscal year 2013 balance of \$2.353 billion.

### ***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, 2014, the balance in the Budget Stabilization Fund was \$275.7 million, an amount insufficient in practical terms to address the State's annual cash management needs and timing variations between spending and revenues, both recent and historical, and significantly less than the amount envisioned when the Act was created.

### ***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, 2014, the five State-funded retirement systems were at a 39.3% funded ratio using a five year "smoothing" valuation of assets with \$111.181 billion in unfunded liability.

The State will adopt GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which is effective for the fiscal year ending June 30, 2015. The new accounting and reporting standard will have a material impact on the manner in which the State's pension obligations are recognized in the financial statements.

### ***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, 2013, which was the thirtieth 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,

Leslie Geissler Munger  
Comptroller

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Government Finance Officers Association

**Certificate of  
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**State of Illinois**

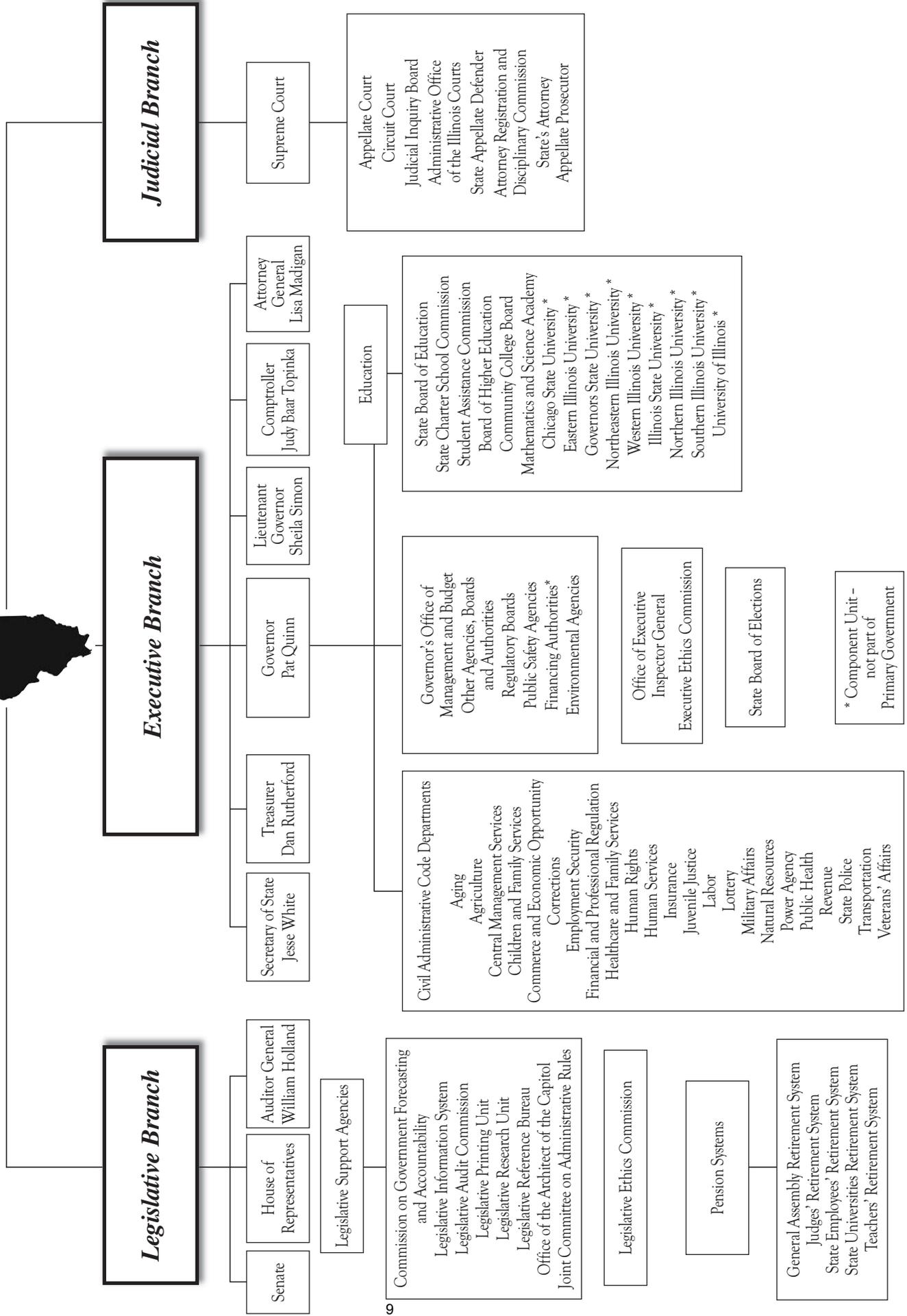
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# STATE OF ILLINOIS

Organizational Chart  
June 30, 2014



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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 Bruce Rauner, Governor  
Honorable Leslie Geissler Munger, 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, 2014, 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 11%, 20%, 6%, and 5%, 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.

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, 2014, 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, 2013 for prior year errors and the implementation of GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

The deficit for net position of governmental activities in fiscal year 2014 continued to increase by \$1,318,234,000 from \$47,851,938,000 at June 30, 2013 to \$49,170,172,000 at June 30, 2014. This deficit, which is presented on an accrual basis, is the excess of total liabilities and deferred inflows of resources over total assets and deferred outflows of resources 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, 156-160 and 161-162 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 March 12, 2015 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  
March 12, 2015

## 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, 2014. 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 (pages 32 and 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 insurance 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 168. 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 \$520 million or 1.2% during the current fiscal year. The net position of the State’s governmental activities decreased \$1.318 billion or 2.8% and the net position of the State’s business-type activities increased \$798 million or 26.4%. 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, 2014 and 2013:

Net Position as of June 30 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Assets and deferred outflows of resources:						
Current and other non-current assets	\$ 23,398	\$ 22,513	\$ 7,952	\$ 7,603	\$ 31,350	\$ 30,116
Capital assets	21,483	21,030	7	6	21,490	21,036
Deferred outflows of resources	214	124	2	-	216	124
<b>Total assets and deferred outflow of resources</b>	<b>45,095</b>	<b>43,667</b>	<b>7,961</b>	<b>7,609</b>	<b>53,056</b>	<b>51,276</b>
Liabilities and deferred inflows of resources:						
Other liabilities	19,316	21,674	897	916	20,213	22,590
Long-term liabilities	74,949	69,845	3,191	3,668	78,140	73,513
Deferred inflows of resources	-	-	50	-	50	-
<b>Total liabilities and deferred inflows of resources</b>	<b>94,265</b>	<b>91,519</b>	<b>4,138</b>	<b>4,584</b>	<b>98,403</b>	<b>96,103</b>
Net position:						
Invested in capital assets	14,985	14,805	7	6	14,992	14,811
Restricted	4,142	3,753	4,911	4,296	9,053	8,049
Unrestricted	(68,297)	(66,410)	(1,095)	(1,277)	(69,392)	(67,687)
<b>Total net position</b>	<b>\$ (49,170)</b>	<b>\$ (47,852)</b>	<b>\$ 3,823</b>	<b>\$ 3,025</b>	<b>\$ (45,347)</b>	<b>\$ (44,827)</b>

The State's largest asset is its capital assets (\$21.490 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 (\$29.276 billion) and bonds payable obligation (\$35.498 billion), including 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 and deferred outflows of resources increased \$1.780 billion from \$51.276 billion at June 30, 2013, to \$53.056 billion at June 30, 2014, due mainly to \$1.696 billion more in cash held at the State Treasurer, and \$454 million more in capital assets. The State's increase in liabilities and deferred inflows of resources of \$2.300 billion from \$96.103 billion at June 30, 2013, to \$98.403 billion at June 30, 2014, resulted mainly from increases in the State's net pension obligation of \$1.372 billion and net other postemployment benefit obligation of \$1.439 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)**

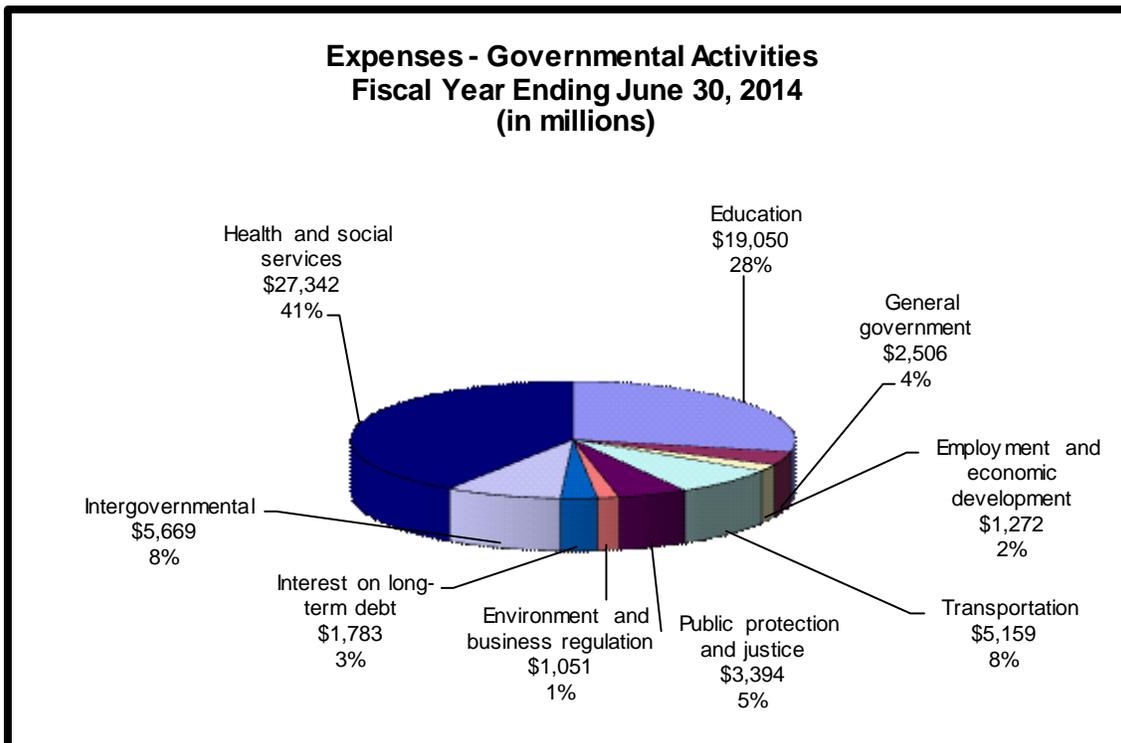
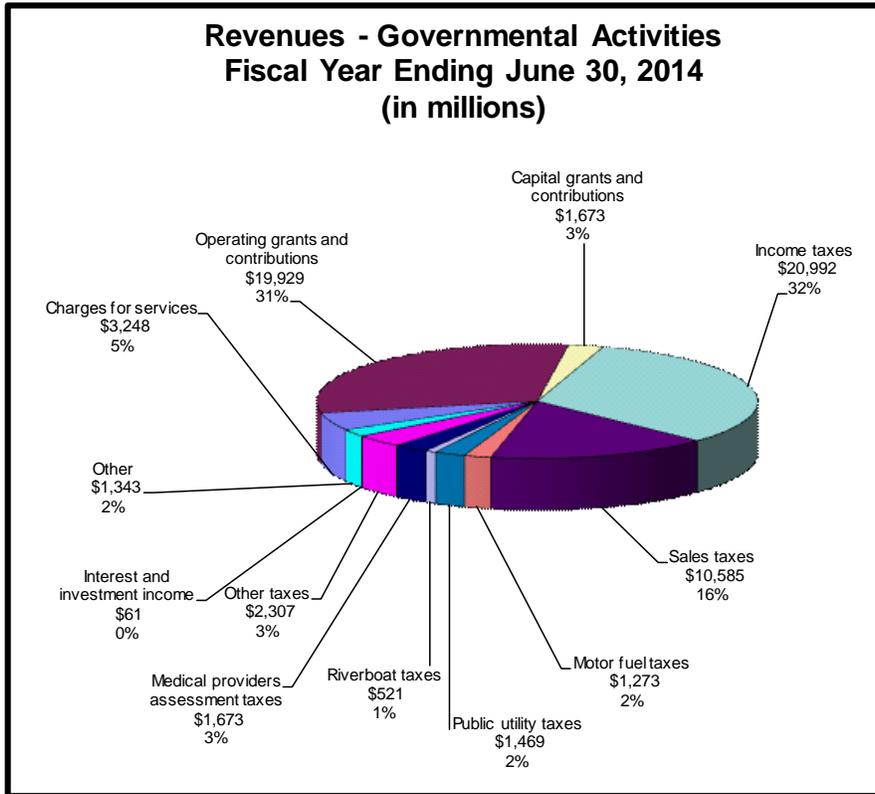
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2013 to 2014
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 3,248	\$ 3,062	\$ 5,851	\$ 6,446	\$ 9,099	\$ 9,508	(4.3%)
Operating grants and contributions	19,929	18,650	943	1,725	20,872	20,375	2.4%
Capital grants and contributions	1,673	1,345	-	-	1,673	1,345	24.4%
General revenues							
Income taxes	20,992	21,259	-	-	20,992	21,259	(1.3%)
Sales taxes	10,585	10,213	-	-	10,585	10,213	3.6%
Motor fuel taxes	1,273	1,254	-	-	1,273	1,254	1.5%
Public utility taxes	1,469	1,476	-	-	1,469	1,476	(0.5%)
Riverboat taxes	521	584	-	-	521	584	(10.8%)
Medical providers assessment taxes	1,673	1,166	-	-	1,673	1,166	43.5%
Other taxes	2,307	2,288	-	-	2,307	2,288	0.8%
Interest and investment earnings	61	47	35	7	96	54	77.8%
Other revenue	1,343	1,134	-	-	1,343	1,134	18.4%
<b>Total revenues</b>	<b>65,074</b>	<b>62,478</b>	<b>6,829</b>	<b>8,178</b>	<b>71,903</b>	<b>70,656</b>	<b>1.8%</b>
<b>Expenses</b>							
Health and social services	27,342	25,885	-	-	27,342	25,885	5.6%
Education	19,050	18,364	-	-	19,050	18,364	3.7%
General government	2,506	2,771	-	-	2,506	2,771	(9.6%)
Employment and economic development	1,272	1,319	-	-	1,272	1,319	(3.6%)
Transportation	5,159	5,007	-	-	5,159	5,007	3.0%
Public protection and justice	3,394	3,461	-	-	3,394	3,461	(1.9%)
Environment and business regulation	1,051	910	-	-	1,051	910	15.5%
Unemployment compensation fund	-	-	2,759	3,595	2,759	3,595	(23.3%)
Water revolving fund	-	-	37	46	37	46	(19.6%)
Prepaid tuition programs	-	-	26	95	26	95	(72.6%)
Designated account purchase program fund	-	-	18	38	18	38	(52.6%)
Lottery	-	-	2,085	2,097	2,085	2,097	(0.6%)
Federal student loans	-	-	168	177	168	177	(5.1%)
Other business-type activities	-	-	104	116	104	116	(10.3%)
Intergovernmental	5,669	5,398	-	-	5,669	5,398	5.0%
Interest	1,783	1,519	-	-	1,783	1,519	17.4%
<b>Total expenses</b>	<b>67,226</b>	<b>64,634</b>	<b>5,197</b>	<b>6,164</b>	<b>72,423</b>	<b>70,798</b>	<b>2.3%</b>
Excess (deficiency) before transfers and special item	(2,152)	(2,156)	1,632	2,014	(520)	(142)	(266.2%)
Special item - gain on sale of Thomson Prison		65	-	-	-	65	(100.0%)
Transfers	834	824	(834)	(824)	-	-	0.0%
<b>Increase (decrease) in net position</b>	<b>(1,318)</b>	<b>(1,267)</b>	<b>798</b>	<b>1,190</b>	<b>(520)</b>	<b>(77)</b>	<b>(575.3%)</b>
Net position - beginning, as restated	(47,852)	(46,585)	3,025	1,835	(44,827)	(44,750)	(0.2%)
Net position - ending	<u>\$ (49,170)</u>	<u>\$ (47,852)</u>	<u>\$ 3,823</u>	<u>\$ 3,025</u>	<u>\$ (45,347)</u>	<u>\$ (44,827)</u>	<u>(1.2%)</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 \$2.596 billion (4.2%) during fiscal year 2014 with the largest revenue increase consisting of \$1.279 billion in operating grants and contributions.

The State's governmental activities expenses increased \$2.592 billion (4.0%) during fiscal year 2014, due mostly to an increase in health and social service program expenses of \$1.457 billion.

**Business-type Activities:**

Net position of business-type activities increased \$798 million during the fiscal year 2014. This increase was attributed mainly to a \$453 million increase in net position of the Unemployment Compensation Trust Fund, which had a decrease in unemployment benefit expenses of \$824 million, partially offset by a decrease in employer contributions of \$566 million.

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

**General Fund**

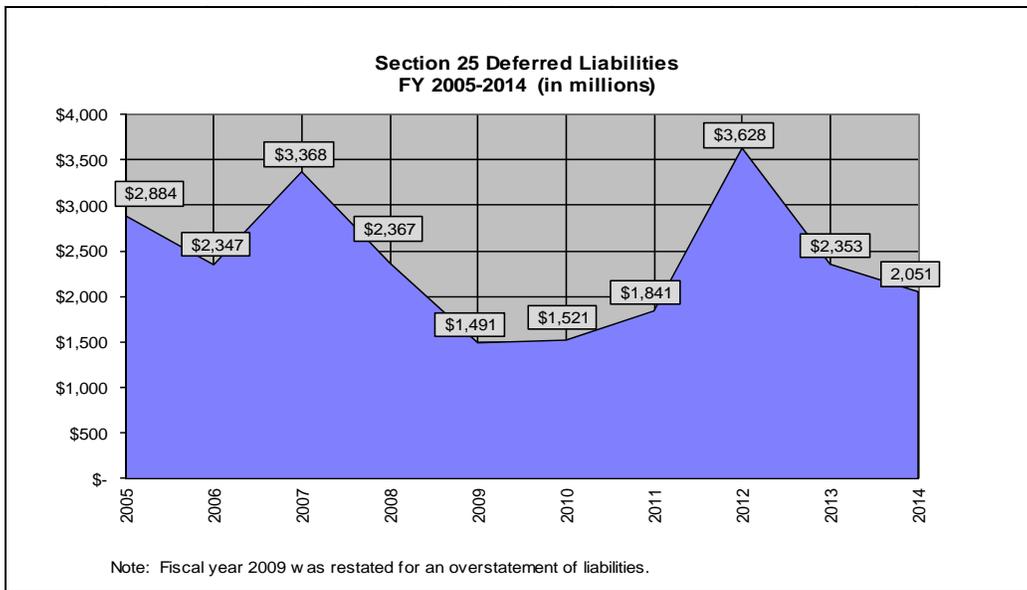
The General Fund accounts for resources obtained and used for those services traditionally provided by the State which are not accounted for in another fund. Accordingly, the majority of the State's tax revenues and program support expenses are accounted for in the General Fund. For financial reporting purposes, the General Fund consists of several accounts of the State which are described on page 163. 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 2014 with a deficit for the thirteenth consecutive year. At June 30, 2014, the General Funds' budgetary fund balance was a deficit of \$3.931 billion compared to a \$3.988 billion deficit recorded at June 30, 2013. The original budget projected a \$4.556 billion deficit at the end of the fiscal year. The final budget projected a \$5.510 billion deficit.

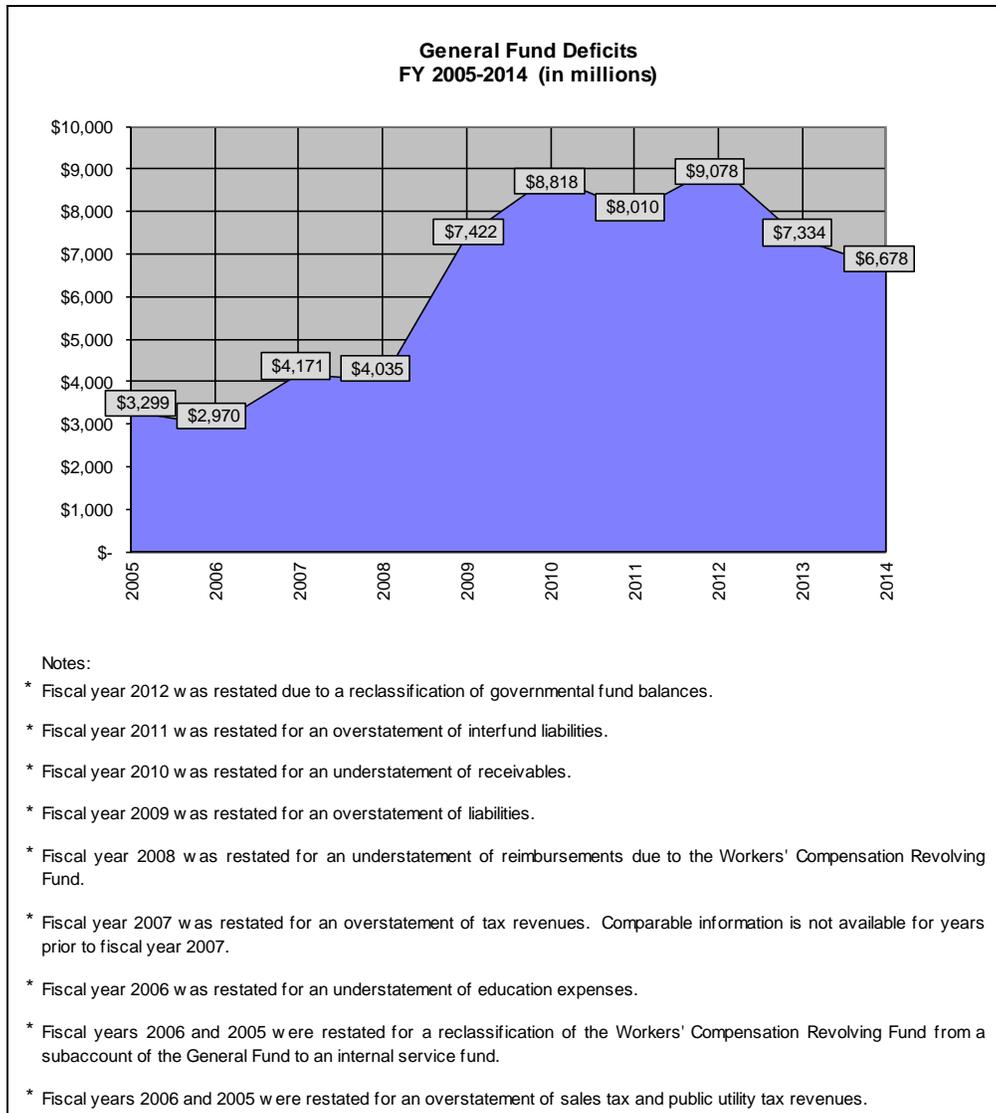
The majority of the \$1.579 billion increase in the General Funds' budgetary balance between the final budget and the actual results was due to \$985 million more in actual revenues than budgeted revenues and \$595 million less in actual expenditures than budgeted expenditures. Actual income tax revenues and sales tax revenues were \$880 million and \$290 million more than budgeted, respectively. Health and social services expenditures were \$526 million less than budgeted.

The General Fund's assets at June 30, 2014, were \$9.204 billion, which is a decrease of \$932 million from the June 30, 2013, balance of \$10.136 billion. Securities lending collateral balances decreased \$371 million and cash equity with the State Treasurer decreased \$466 million from June 30, 2013, offset by an increase in other receivables of \$132 million.

The General Fund's liabilities and deferred inflows of resources at June 30, 2014, were \$15.883 billion, which is a decrease of \$1.587 billion from the June 30, 2013, balance of \$17.470 billion. A 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 \$302 million from \$2.353 billion at June 30, 2013, to \$2.051 billion at June 30, 2014.



During fiscal year 2014, the General Fund's fund deficit decreased from \$7.334 billion to \$6.678 billion, a \$656 million decrease. For the second consecutive year, the fund deficit decreased despite an increase in transfers to other State funds in fiscal year 2014 of \$198 million.



During fiscal year 2014, General Fund revenues increased \$1.853 billion to \$42.481 billion. An increase in federal government revenues of \$909 million was the largest increase in revenues. The increase was the result of increased federal match related to the Affordable Care Act. Medical providers' assessment taxes also increased \$528 million, mostly due to an increase in assessments charged to medical providers. General Fund expenditures increased \$2.734 billion to \$40.396 billion in fiscal year 2014 due mainly to increased spending on health and social services programs of \$1.640 billion and education programs of \$936 million. Cash flow problems caused the State to hold over \$3.115 billion in payments and interfund transfers from the General Fund at June 30, 2014.

### Road Fund

The Road Fund incurred a \$161 million increase in fund balance in the current year and has an \$807 million fund balance. Revenues increased \$358 million to \$2.993 billion in fiscal year 2014, due mostly to an increase in federal government revenue of \$270 million, as compared to fiscal year 2013.

## State Construction Account

The State Construction Account's fund balance increased \$79 million in the current year, with a fund balance of \$316 million. Transportation and capital outlay expenditures decreased by \$58 million and \$9 million, respectively, in fiscal year 2014 compared to fiscal year 2013. Revenues from licenses and fees increased from \$487 million in fiscal year 2013 to \$494 million in fiscal year 2014.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets:

At June 30, 2014, the State had \$21.490 billion in capital assets, net of accumulated depreciation, in the following categories:

Capital Assets as of June 30 (net of depreciation, in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and land improvements	\$ 3,279	\$ 3,157	\$ -	\$ -	\$ 3,279	\$ 3,157
Site improvements	285	300	-	-	285	300
Buildings and building improvements	1,873	1,911	2	1	1,875	1,912
Equipment	266	240	2	2	268	242
Intangible assets	307	261	3	3	310	264
Infrastructure	15,287	14,998	-	-	15,287	14,998
Other	39	39	-	-	39	39
Subtotal	21,336	20,906	7	6	21,343	20,912
Construction in progress	147	124	-	-	147	124
<b>Total</b>	<b>\$ 21,483</b>	<b>\$21,030</b>	<b>\$ 7</b>	<b>\$ 6</b>	<b>\$21,490</b>	<b>\$21,036</b>

Infrastructure assets consist of 71% of the State's net capital assets and comprise \$1.376 billion of the \$1.814 billion (76%) 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 91.

### Debt Administration:

#### Bonded Indebtedness

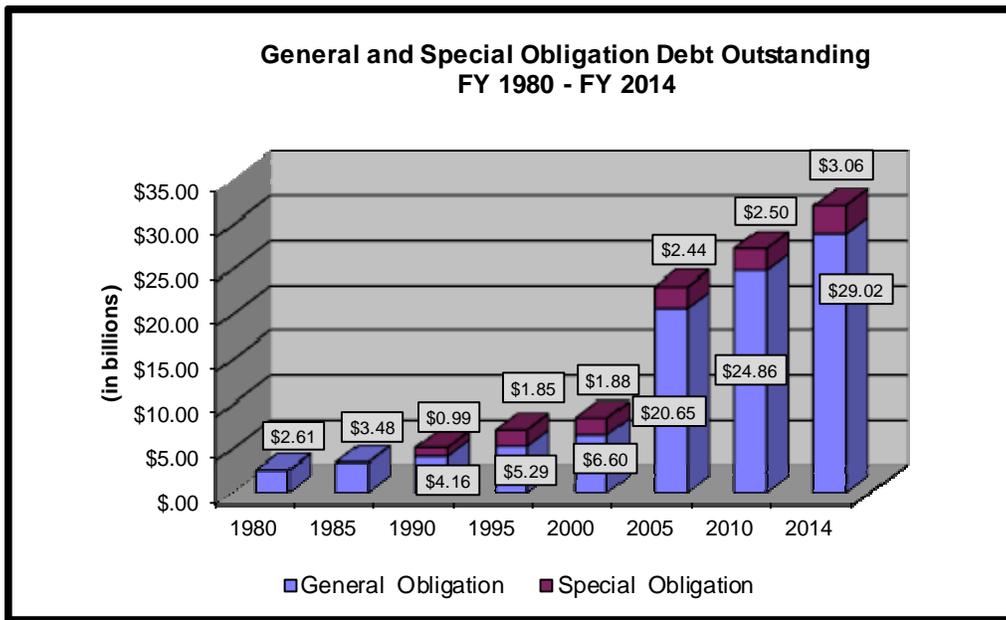
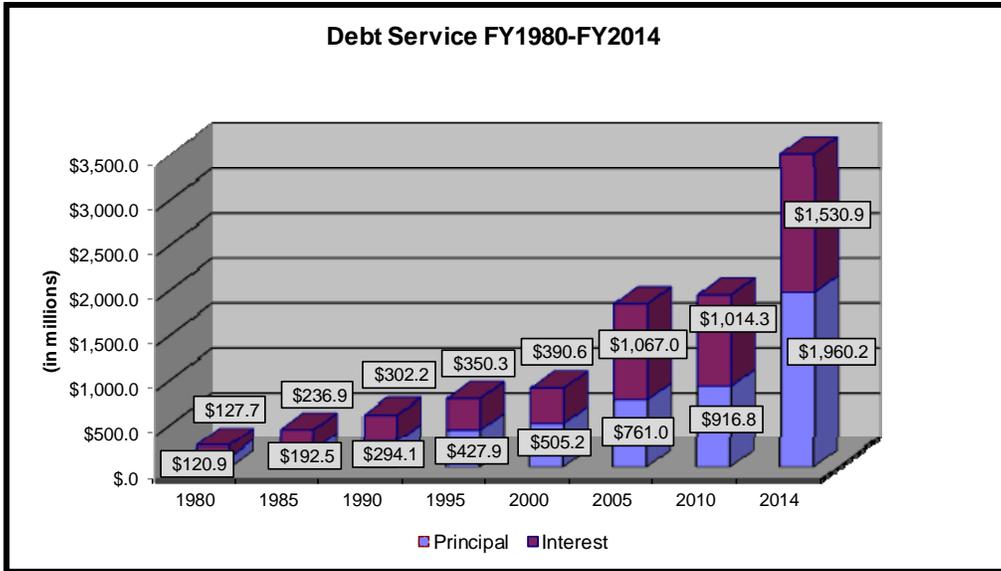
The State, certain State agencies and component units of the State are empowered by law to authorize, issue, and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation 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, any amount necessary to make up the deficiency will be included in the budget recommendation made to the State legislature, which may appropriate moneys to make up the shortfall. The legislature, however, is not legally obligated to make such an appropriation. 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 100.

Outstanding Bonded Debt as of June 30 (in millions of dollars)						
Primary Government	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
	General obligation bonds (backed by the State)	\$ 29,019	\$ 27,055	\$ -	\$ -	\$29,019
Special obligation bonds (backed by specific fee revenue)	3,064	2,896	-	-	3,064	2,896
Revenue bonds (backed by specific tax and fee revenue)	1,310	1,380	1,382	1,650	2,692	3,030
	<u>\$ 33,393</u>	<u>\$ 31,331</u>	<u>\$ 1,382</u>	<u>\$ 1,650</u>	<u>\$34,775</u>	<u>\$ 32,981</u>

As shown above, Illinois had outstanding general and special obligation bonds at June 30, 2014 totaling \$32.083 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 \$9.500 billion, \$693 million and \$3.600 billion for pension purposes, issued in 2003, 2010, and 2011 respectively, are included in the outstanding general obligation bonds as of June 30, 2014.

General obligation bonds aggregating \$3.675 billion were issued during fiscal year 2014 at interest rates ranging from 1.00% to 5.65%. In addition, special obligation bonds aggregating \$402 million were issued during fiscal year 2014 at interest rates ranging from 0.30% to 4.62%. Debt service principal of \$1.960 billion and interest costs of \$1.531 billion were paid and charged, respectively, in fiscal year 2014. 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 \$2.692 billion of revenue bonds and \$14.090 billion of non-pension long-term obligations outstanding as of June 30, 2014.

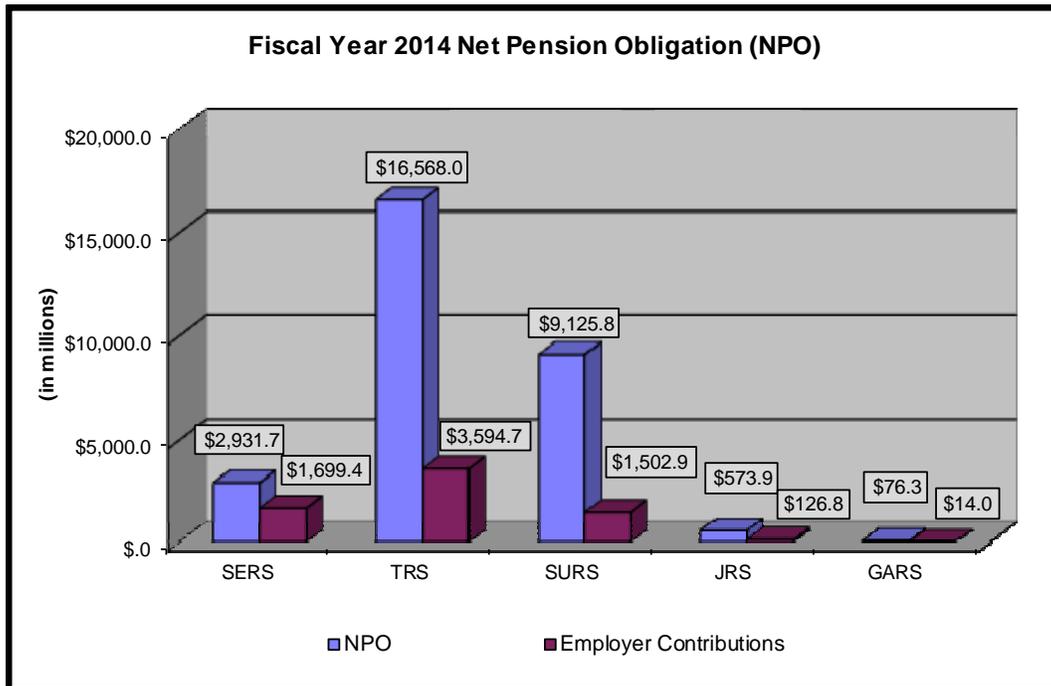
The State’s general obligation bond ratings were A3 with a Negative Outlook by Moody’s Investor Services, A- with a Developing Outlook by Standard and Poor’s, and A- with a Negative Outlook by Fitch Ratings as of June 30, 2014. The Standard and Poor’s rating was upgraded from A- with a Negative Outlook at June 30, 2013; however, since June 30, 2014, the Standard and Poor’s rating has been downgraded to A- with a Negative 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, 2014.

## Retirement Systems

Besides general and special obligation bond indebtedness, the State’s largest liability is its net pension obligation. During fiscal year 2014, this obligation increased \$1.372 billion from \$27.904 billion at June 30, 2013, to \$29.276 billion at June 30, 2014. Of the \$1.372 billion increase, \$828 million occurred at Teachers’ Retirement System where the annual pension cost (“APC”) was calculated to be \$4.423 billion and employer contributions were \$3.595 billion. In addition, at State Universities Retirement System the APC was calculated to be \$1.743 billion and employer contributions were \$1.503 billion while at State Employees Retirement System the APC was calculated to be \$1.993 billion and employer contributions were \$1.699 billion.

During fiscal year 2014, all of the State systems were substantially funded in accordance with the *statutory funding* requirement. The 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 5<sup>th</sup>, 2013, the Governor signed into law Public Act 98-0599, which provided 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 included a reduction of the automatic annual increase, capping of pensionable earnings of Tier I employees and delaying the retirement age for members under age 46. The State would have also been 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.

The Act was scheduled to become effective on June 1, 2014; however, several lawsuits were subsequently filed to challenge the constitutionality of Public Act 98-0599. In May 2014, the circuit court issued a temporary injunction delaying the implementation of the new law until the court ruled on the consolidated lawsuit. In November 2014, the circuit court ruled the act unconstitutional under the Pension Protection Clause stating the pension benefits cannot be diminished or impaired. The State has appealed the ruling to the Illinois Supreme Court.

## **ECONOMIC CONDITION AND OUTLOOK**

### **Fiscal Year 2014**

Economic growth continued at a steady pace in Illinois during fiscal year 2014. Each of the measures of Illinois economic activity has shown gradual improvement since the sharp decline recognized in 2009 and 2010. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.813 million workers in fiscal year 2014, an increase of 38,000 jobs or 0.66% above 2013 employment and 232,000 jobs or 3.8% 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 5.992 million Illinoisans was employed in fiscal year 2014, up 22,000 or 0.4% from the prior year employment level.

The average Illinois unemployment rate decreased from 9.4% and 9.1% in fiscal years 2012 and 2013, respectively, to 8.4% in fiscal year 2014. At June 30, 2014, the rate was 7.1%. 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 598,000 during fiscal year 2013 to 553,000 for fiscal year 2014.

The shift in Illinois employment from the manufacturing to the service sectors continued in fiscal year 2014. Average fiscal year 2014 manufacturing employment of 575,100 jobs was down 331,500 jobs or 36.6% 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 0.6% in fiscal year 2014 as nominal personal income rose 2.3% and the consumer price index was up 1.6%. State personal income adjusted for inflation had shown an increase in 2012 of 1.1% and an increase of 2.0% in 2013.

### **Outlook**

Although the State continued to see a decrease in the General Fund deficit in fiscal year 2014, budgetary challenges exist. The State's two largest revenue sources, income tax and sales tax, are especially susceptible to changes in the economy.

These budgetary challenges along with the accumulated deficit in the General Fund, continued growth in unfunded actuarial postemployment benefit costs, and rating 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, 2014. If you have any questions about this report or need additional financial information, contact the Office of the Comptroller at (217) 782-6000.

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

State of Illinois

Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Cash equity with State Treasurer	\$ 10,187,064	\$ 544,135	\$ 10,731,199	\$ 800,719
Cash and cash equivalents	304,527	165,509	470,036	1,698,023
Deposits held by federal government		1,341,107	1,341,107	
Securities lending collateral of State Treasurer	5,217,225	215,774	5,432,999	9,826
Investments	41,196	1,430,837	1,472,033	2,423,692
Securities lending collateral				25,544
Receivables, net:				
Taxes	1,950,523	649,128	2,599,651	
Intergovernmental	3,308,917	101,731	3,410,648	147,230
Other	830,236	387,330	1,217,566	519,614
Internal balances	23,202	(23,202)	-	
Due from fiduciary funds	3,831	217	4,048	
Due from component units	446,988	54,580	501,568	65,056
Due from primary government				684,327
Inventories	91,333		91,333	48,827
Prepaid expenses	7,593	95	7,688	34,166
Unamortized bond insurance costs	5,771		5,771	11,149
Loans and notes receivable, net	72,367	793,065	865,432	1,676,380
Restricted assets:				
Cash equity with State Treasurer	362,716		362,716	182,622
Cash and cash equivalents	208,686	22,062	230,748	1,031,874
Investments	14,437		14,437	3,462,427
Intergovernmental receivables	4,663		4,663	
Other receivables	263,562	17,338	280,900	101,426
Loans and notes receivable, net		2,253,669	2,253,669	19,079
Other assets	38,540		38,540	4,060
Derivative instrument				42
Other assets	15,709		15,709	59,918
Capital assets not being depreciated	3,619,752	90	3,619,842	1,539,716
Capital assets being depreciated, net	17,863,237	6,442	17,869,679	10,351,308
<b>Total assets</b>	<b>44,882,075</b>	<b>7,959,907</b>	<b>52,841,982</b>	<b>24,897,025</b>
Deferred outflows of resources - accumulated decrease in fair value of derivatives	123,785		123,785	159,020
Deferred outflows of resources - unamortized deferred amounts on bond refundings	89,585	1,532	91,117	97,290
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings				4,996
<b>Total assets and deferred outflows of resources</b>	<b>\$ 45,095,445</b>	<b>\$ 7,961,439</b>	<b>\$ 53,056,884</b>	<b>\$ 25,158,331</b>

State of Illinois

Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Accounts payable and accrued liabilities	\$ 7,158,950	\$ 371,427	\$ 7,530,377	\$ 1,107,025
Intergovernmental payables	4,645,670	15,440	4,661,110	3,607
Due to fiduciary funds	643,567		643,567	
Due to component units	618,444	65,902	684,346	65,056
Due to primary government				499,669
Unearned revenue	909,248	16,790	926,038	450,894
Obligations under security lending of State Treasurer	5,217,225	215,774	5,432,999	9,826
Securities lending collateral				25,544
Assets held for others				221,941
Short-term notes payable		211,857	211,857	3,257
Derivative instrument	123,785		123,785	162,369
Other liabilities				10,900
Long-term obligations:				
Due within one year	2,657,721	411,581	3,069,302	453,415
Due subsequent to one year	72,290,908	2,779,836	75,070,744	9,274,258
<b>Total liabilities</b>	<b>94,265,518</b>	<b>4,088,607</b>	<b>98,354,125</b>	<b>12,287,761</b>
Deferred inflows of resources - accumulated increase in fair value of derivatives				42
Deferred inflows of resources - unamortized deferred amounts on bond refundings	99	49,744	49,843	391
<b>Total liabilities and deferred inflows of resources</b>	<b>94,265,617</b>	<b>4,138,351</b>	<b>98,403,968</b>	<b>12,288,194</b>
<b>NET POSITION</b>				
Net investment in capital assets	14,985,134	6,532	14,991,666	4,947,043
Restricted for:				
Debt service	2,981,337	6,013	2,987,350	435,165
Capital projects	346		346	68,176
Repayment of loan from component unit		1,699,399	1,699,399	
Unemployment compensation benefits		2,063,028	2,063,028	
Municipal lending		1,104,620	1,104,620	
Education	7,059	38,101	45,160	
Employment and economic development	228,608		228,608	
Health and social services	321,760		321,760	
Public protection and justice	68,168		68,168	
Environment and business regulation	200,612		200,612	
Transportation	74,509		74,509	
Other purposes	211,751		211,751	
Funds held as permanent investments:				
Nonexpendable purposes	44,508		44,508	1,352,899
Expendable purposes	3,426		3,426	2,743,910
Unrestricted	(68,297,390)	(1,094,605)	(69,391,995)	3,322,944
<b>Total net position</b>	<b>\$ (49,170,172)</b>	<b>\$ 3,823,088</b>	<b>\$ (45,347,084)</b>	<b>\$ 12,870,137</b>

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

**State of Illinois**

**Statement of Activities**

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities				
Health and social services	\$27,341,750	\$ 402,880	\$ 16,050,822	
Education	19,049,547	8,251	2,332,836	
General government	2,506,407	2,110,376	105,424	\$ 31,851
Employment and economic development	1,271,862	13,046	688,824	
Transportation	5,158,954	124,869	391,324	1,639,034
Public protection and justice	3,394,190	146,781	180,035	
Environment and business regulation	1,050,615	441,445	179,405	2,382
Intergovernmental-revenue sharing	5,669,666			
Interest	1,783,172			
Total governmental activities	<u>67,226,163</u>	<u>3,247,648</u>	<u>19,928,670</u>	<u>1,673,267</u>
Business-type activities				
Unemployment compensation trust	2,758,692	2,643,598	574,506	
Water revolving	37,355	43,823	207,422	
Prepaid tuition program	25,595	138,703		
Lottery	2,084,750	2,868,500		
Designated account purchase program	17,769	25,371		
Federal student loans	167,595	33,716	161,475	
Other	104,165	96,960		
Total business-type activities	<u>5,195,921</u>	<u>5,850,671</u>	<u>943,403</u>	
<b>Total primary government</b>	<u>\$72,422,084</u>	<u>\$9,098,319</u>	<u>\$ 20,872,073</u>	<u>\$ 1,673,267</u>
<b>Component units</b>				
Authorities				
Illinois Housing Development Authority	\$ 444,413	\$ 104,788	\$ 425,310	\$ 90
Toll Highway Authority	863,595	1,016,917		
Other Authorities	206,575	113,362	2,999	4,571
Universities				
Illinois State University	561,261	266,514	53,051	446
Northern Illinois University	617,281	261,158	105,751	
Southern Illinois University	1,195,043	521,184	155,908	558
University of Illinois	5,404,845	2,602,251	977,738	13,950
Other Universities	<u>1,025,571</u>	<u>372,213</u>	<u>171,505</u>	<u>1,088</u>
<b>Total component units</b>	<u>\$10,318,584</u>	<u>\$5,258,387</u>	<u>\$ 1,892,262</u>	<u>\$ 20,703</u>
<b>General revenues</b>				
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				
Transfers				
Total general revenues, payments from the State of Illinois, additions to permanent funds and transfers				
Change in net position				
Net position, July 1, 2013, as restated				
Net position, June 30, 2014				

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

<b>Net (Expense) Revenues and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (10,888,048)		\$ (10,888,048)	
(16,708,460)		(16,708,460)	
(258,756)		(258,756)	
(569,992)		(569,992)	
(3,003,727)		(3,003,727)	
(3,067,374)		(3,067,374)	
(427,383)		(427,383)	
(5,669,666)		(5,669,666)	
(1,783,172)		(1,783,172)	
(42,376,578)			
	\$ 459,412	459,412	
	213,890	213,890	
	113,108	113,108	
	783,750	783,750	
	7,602	7,602	
	27,596	27,596	
	(7,205)	(7,205)	
	<u>1,598,153</u>		
		<u>(40,778,425)</u>	
			\$ 85,775
			153,322
			(85,643)
			(241,250)
			(250,372)
			(517,393)
			(1,810,906)
			<u>(480,765)</u>
			<u>(3,147,232)</u>
20,992,371		20,992,371	
10,585,448		10,585,448	
1,272,818		1,272,818	
1,469,128		1,469,128	
521,092		521,092	
1,672,787		1,672,787	
2,306,427		2,306,427	
61,354	34,563	95,917	436,087
1,342,507		1,342,507	392,247
			3,184,368
			40,579
<u>834,412</u>	<u>(834,412)</u>	<u>-</u>	
41,058,344	(799,849)	40,258,495	4,053,281
(1,318,234)	798,304	(519,930)	906,049
(47,851,938)	3,024,784	(44,827,154)	11,964,088
<u>\$ (49,170,172)</u>	<u>\$ 3,823,088</u>	<u>\$ (45,347,084)</u>	<u>\$ 12,870,137</u>

State of Illinois

Balance Sheet -  
Governmental Funds

June 30, 2014 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 1,616,722	\$ 978,737	\$ 339,495	\$ 7,450,109	\$ 10,385,063
Cash and cash equivalents	17,632			417,036	434,668
Securities lending collateral of State Treasurer	3,528,745	515,074	131,716	975,583	5,151,118
Investments				55,116	55,116
Receivables, net:					
Taxes	1,538,975			411,548	1,950,523
Intergovernmental	1,790,195	435,610		1,085,154	3,310,959
Other	439,712	30,861	1,730	586,753	1,059,056
Due from other funds	210,329	59,255	39,686	856,267	1,165,537
Due from component units	16,330	70,461		349,079	435,870
Inventories	25,083	40,292		16,455	81,830
Loans and notes receivable, net	5,484			66,883	72,367
Other assets	15,000			39,249	54,249
<b>Total assets</b>	<b>9,204,207</b>	<b>2,130,290</b>	<b>512,627</b>	<b>12,309,232</b>	<b>24,156,356</b>
Deferred outflows of resources - intra-entity transfers of future revenues				904,992	904,992
<b>Total assets and deferred outflows of resources</b>	<b>\$ 9,204,207</b>	<b>\$ 2,130,290</b>	<b>\$ 512,627</b>	<b>\$13,214,224</b>	<b>\$ 25,061,348</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Accounts payable and accrued liabilities	\$ 3,945,743	\$ 245,777	\$ 55,521	\$ 770,852	\$ 5,017,893
Intergovernmental payables	2,550,036	108,706	1,767	1,976,046	4,636,555
Due to other funds	3,370,806	219,665		556,888	4,147,359
Due to component units	425,075	134,061		59,155	618,291
Unearned revenue	609,751	13,724	7,446	272,686	903,607
Obligations under security lending of State Treasurer	3,528,745	515,074	131,716	975,583	5,151,118
Matured portion of long-term liabilities	412	113			525
<b>Total liabilities</b>	<b>14,430,568</b>	<b>1,237,120</b>	<b>196,450</b>	<b>4,611,210</b>	<b>20,475,348</b>
Deferred inflows of resources - unavailable revenue	1,451,978	86,076		836,091	2,374,145
Deferred inflows of resources - intra-entity transfers of future revenues				904,992	904,992
<b>Total liabilities and deferred inflows of resources</b>	<b>15,882,546</b>	<b>1,323,196</b>	<b>196,450</b>	<b>6,352,293</b>	<b>23,754,485</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable - long-term portion of loans and notes receivable	5,484				5,484
Nonspendable - inventories	25,083	40,292		16,455	81,830
Nonspendable - endowments and similar funds				44,508	44,508
Restricted	58,852			3,623,415	3,682,267
Committed	1,138,836	766,802	316,177	4,397,921	6,619,736
Assigned				10,007	10,007
Unassigned	(7,906,594)			(1,230,375)	(9,136,969)
<b>Total fund balances (deficits)</b>	<b>(6,678,339)</b>	<b>807,094</b>	<b>316,177</b>	<b>6,861,931</b>	<b>1,306,863</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 9,204,207</b>	<b>\$ 2,130,290</b>	<b>\$ 512,627</b>	<b>\$13,214,224</b>	<b>\$ 25,061,348</b>

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

**State of Illinois  
Reconciliation of Governmental Funds Balance Sheet  
to Statement of Net Position  
June 30, 2014  
(Expressed in Thousands)**

**Total fund balances-governmental funds** \$ 1,306,863

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 \$310,057, are not financial resources and therefore are not reported in the funds. 21,172,932

Prepaid expenses for governmental activities are current uses of financial resources for funds. 7,583

Bond insurance costs are reported as current expenditures in governmental funds. However, bond insurance costs are deferred and amortized over the life of the bonds and are included as governmental activities in the Statement of Net Position. 5,771

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. 89,486

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. 516,306

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. 2,374,145

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 \$653,570, consist of:

Net pension obligation	\$ (29,275,731)	
Net other postemployment benefit obligation	(10,492,063)	
General obligation bonds	(29,018,657)	
Special obligation bonds	(3,063,964)	
Revenue bonds	(1,309,675)	
Unamortized premiums	(649,462)	
Unamortized discounts	1,563	
Compensated absences	(411,364)	
Certificates of participation	(25,750)	
Pollution remediation obligation	(29,550)	
Auto liability	(13,031)	
Capital leases	(6,042)	
Installment purchases	(808)	
Accrued interest	(348,724)	
	(74,643,258)	(74,643,258)

**Net position of governmental activities** \$ (49,170,172)

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, 2014 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Income taxes	\$ 18,458,146			\$ 2,490,846	\$ 20,948,992
Sales taxes	7,513,305			3,089,668	10,602,973
Motor fuel taxes		\$ 298,442	\$ 210,312	764,255	1,273,009
Public utility taxes	1,070,964			401,834	1,472,798
Riverboat taxes				521,092	521,092
Medical providers assessment taxes	1,677,667				1,677,667
Other taxes	1,996,296			349,785	2,346,081
Federal government	9,541,644	1,667,317		9,364,450	20,573,411
Licenses and fees	592,535	866,499	493,762	696,417	2,649,213
Interest and other investment income	26,053	4,006	779	28,490	59,328
Other	1,604,436	156,735		1,112,623	2,873,794
<b>Total revenues</b>	<b>42,481,046</b>	<b>2,992,999</b>	<b>704,853</b>	<b>18,819,460</b>	<b>64,998,358</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	20,804,659			6,219,719	27,024,378
Education	14,253,183			3,171,727	17,424,910
General government	1,853,228	239		433,517	2,286,984
Employment and economic development	168,278			1,122,824	1,291,102
Transportation	571,459	1,928,033	117,834	1,213,003	3,830,329
Public protection and justice	2,512,519			454,317	2,966,836
Environment and business regulation	184,037			764,615	948,652
Debt service:					
Principal	1,902	357		2,035,858	2,038,117
Interest	600	136		1,607,595	1,608,331
Capital outlays	46,565	522,687	507,781	699,430	1,776,463
Intergovernmental				5,669,666	5,669,666
<b>Total expenditures</b>	<b>40,396,430</b>	<b>2,451,452</b>	<b>625,615</b>	<b>23,392,271</b>	<b>66,865,768</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,084,616</b>	<b>541,547</b>	<b>79,238</b>	<b>(4,572,811)</b>	<b>(1,867,410)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
General and special obligation bonds issued				4,077,000	4,077,000
Premiums on general obligation bonds issued				169,216	169,216
Transfers-in	1,668,563			4,176,143	5,844,706
Transfers-out	(3,096,495)	(365,668)		(1,548,140)	(5,010,303)
Capital lease financing	1,836	112		58	2,006
<b>Net other sources (uses) of financial resources</b>	<b>(1,426,096)</b>	<b>(365,556)</b>		<b>6,874,277</b>	<b>5,082,625</b>
<b>Net change in fund balances</b>	<b>658,520</b>	<b>175,991</b>	<b>79,238</b>	<b>2,301,466</b>	<b>3,215,215</b>
Fund balances (deficits), July 1, 2013, as restated	(7,334,477)	645,707	236,939	4,558,546	(1,893,285)
Increase (decrease) for changes in inventories	(2,382)	(14,604)		1,919	(15,067)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (6,678,339)</b>	<b>\$ 807,094</b>	<b>\$ 316,177</b>	<b>\$ 6,861,931</b>	<b>\$ 1,306,863</b>

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

**State of Illinois**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For the Year Ended June 30, 2014**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>	\$ 3,215,215
Change in inventories	(15,067)
	3,200,148

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 increased by this amount during the year. 156

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	\$ 1,776,463	
Depreciation expense	(1,309,093)	
Excess of capital outlays over depreciation expense		467,370

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. 11,501

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 losses on capital assets scrapped, damaged or stolen. (26,026)

Transfers of capital assets to and from proprietary funds are not recorded in governmental funds. This amount represents the net transfers of capital assets between governmental funds and proprietary funds in the Statement of Activities. (8,015)

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. 15,457

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. 3,981

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 \$169,216	(4,246,216)	
Bond insurance costs deferred	1,028	
Bond principal retirements	2,031,050	
Amortization of bond premiums	84,710	
Amortization of bond discounts	(122)	
Amortization of bond insurance costs	(670)	
Amortization of deferred amounts on refundings of debt	(20,233)	
Capital lease and installment purchase agreement proceeds	(2,006)	
Capital lease and installment purchase principal retirements	2,662	
Certificates of participation principal retirements	4,405	
Net decrease in change in fund balance of governmental funds from long-term debt transactions		(2,145,392)

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	(1,371,962)	
Increase in net other postemployment benefits obligation	(1,439,025)	
Increase in compensated absences obligation	(6,259)	
Interest accreted on capital appreciation debt	(14,749)	
Increase in auto liability obligation	(1,859)	
Decrease in pollution remediation obligations	7,750	
Increase in accrued interest on obligations	(11,310)	
Net increase in expenses for net increase in long-term liabilities not reported in governmental funds		(2,837,414)

<b>Change in net position of governmental activities</b>	<b>\$ (1,318,234)</b>
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The accompanying notes to the financial statements are an integral part of this statement.

**State of Illinois**

**Statement of Net Position -  
Proprietary Funds**

June 30, 2014 (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	
<b>ASSETS</b>						
Cash equity with State Treasurer		\$ 307,558	\$ 3,453	\$ 233,124	\$ 544,135	\$ 164,717
Cash and cash equivalents	\$ 130,200		382	34,927	165,509	78,545
Deposits held by federal government	1,341,107				1,341,107	
Securities lending collateral of State Treasurer		155,860		59,914	215,774	66,107
Investments			163,186	71,839	235,025	517
Receivables, net:						
Taxes	649,128				649,128	
Intergovernmental	19,865	56,462		25,404	101,731	2,621
Other	211,366	8,954	22,078	90,964	333,362	34,742
Due from other funds	5,786			6,673	12,459	2,409,233
Due from component units	229	54,344		7	54,580	11,118
Loans and notes receivable, net		52,421			52,421	
Restricted assets:						
Cash and cash equivalents				22,062	22,062	
Other receivables, net		4,945		12,393	17,338	
Loans and notes receivable, net		109,718		78,290	188,008	
Inventories						9,503
Prepaid expenses				95	95	10
<b>Total current assets</b>	<b>2,357,681</b>	<b>750,262</b>	<b>189,099</b>	<b>635,692</b>	<b>3,932,734</b>	<b>2,777,113</b>
Investments			929,286	266,526	1,195,812	
Other receivables, net			53,968		53,968	
Loans and notes receivable, net		740,644			740,644	
Restricted loans and notes receivable, net		1,584,736		480,925	2,065,661	
Capital assets not being depreciated				90	90	38,720
Capital assets being depreciated, net		58		6,384	6,442	271,337
<b>Total noncurrent assets</b>		<b>2,325,438</b>	<b>983,254</b>	<b>753,925</b>	<b>4,062,617</b>	<b>310,057</b>
<b>Total assets</b>	<b>2,357,681</b>	<b>3,075,700</b>	<b>1,172,353</b>	<b>1,389,617</b>	<b>7,995,351</b>	<b>3,087,170</b>
Deferred outflows of resources - unamortized deferred amounts on bond refundings		1,532			1,532	
<b>Total assets and deferred outflows of resources</b>	<b>2,357,681</b>	<b>3,077,232</b>	<b>1,172,353</b>	<b>1,389,617</b>	<b>7,996,883</b>	<b>3,087,170</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	131,007	364	772	239,284	371,427	1,792,333
Intergovernmental payables	4,803	13		10,624	15,440	9,115
Due to other funds	2,188	15	253	32,988	35,444	43,945
Due to component units		65,284	617	1	65,902	153
Unearned revenue				16,790	16,790	5,641
Obligations under securities lending of State Treasurer		155,860		59,914	215,774	66,107
Short-term notes payable				211,857	211,857	
Current portion of long-term obligations	197,513	145	174,039	39,884	411,581	118,837
<b>Total current liabilities</b>	<b>335,511</b>	<b>221,681</b>	<b>175,681</b>	<b>611,342</b>	<b>1,344,215</b>	<b>2,036,131</b>
Noncurrent portion of long-term obligations	935,909	1,403	1,272,617	569,907	2,779,836	534,733
<b>Total liabilities</b>	<b>1,271,420</b>	<b>223,084</b>	<b>1,448,298</b>	<b>1,181,249</b>	<b>4,124,051</b>	<b>2,570,864</b>
Deferred inflows of resources - unamortized deferred amounts on bond refundings		560		49,184	49,744	
<b>Total liabilities and deferred inflows of resources</b>	<b>1,271,420</b>	<b>223,644</b>	<b>1,448,298</b>	<b>1,230,433</b>	<b>4,173,795</b>	<b>2,570,864</b>
<b>NET POSITION</b>						
Net investment in capital assets		58		6,474	6,532	294,716
Net position restricted for:						
Debt service				6,013	6,013	4,222
Repayment of loan from component unit		1,699,399			1,699,399	
Unemployment compensation benefits	2,063,028				2,063,028	
Municipal lending		1,104,620			1,104,620	
Education				38,101	38,101	
Unrestricted	(976,767)	49,511	(275,945)	108,596	(1,094,605)	217,368
<b>Total net position</b>	<b>\$ 1,086,261</b>	<b>\$ 2,853,588</b>	<b>\$ (275,945)</b>	<b>\$ 159,184</b>	<b>\$ 3,823,088</b>	<b>\$ 516,306</b>

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

State of Illinois

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

For the Year Ended June 30, 2014 (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	
<b>OPERATING REVENUES</b>						
Charges for sales and services			\$ 551	\$ 2,932,935	\$ 2,933,486	\$ 3,170,204
Interest income pledged as revenue bond security				25,371	25,371	
Interest and other investment income	\$ 7	\$ 43,823	119,427		163,257	
Participant contributions			18,725		18,725	
Employer contributions	2,643,591				2,643,591	
Federal government	574,093				574,093	4,101
Other				65,654	65,654	68
<b>Total operating revenues</b>	<b>3,217,691</b>	<b>43,823</b>	<b>138,703</b>	<b>3,023,960</b>	<b>6,424,177</b>	<b>3,174,373</b>
<b>OPERATING EXPENSES</b>						
Cost of sales and services				348,857	348,857	525,074
Benefit payments and refunds	2,736,614			34,470	2,771,084	2,303,562
Prizes and claims				1,755,271	1,755,271	
Interest				970	970	
General and administrative		22,777	6,111	203,731	232,619	112,475
Depreciation		25		1,054	1,079	26,322
Other		9,877	19,484	14,571	43,932	14,337
<b>Total operating expenses</b>	<b>2,736,614</b>	<b>32,679</b>	<b>25,595</b>	<b>2,358,924</b>	<b>5,153,812</b>	<b>2,981,770</b>
<b>Operating income (loss)</b>	<b>481,077</b>	<b>11,144</b>	<b>113,108</b>	<b>665,036</b>	<b>1,270,365</b>	<b>192,603</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and investment income	25,349	5,781		3,433	34,563	896
Interest expense	(22,078)	(2,211)		(13,255)	(37,544)	(213,137)
Federal government	413	207,422		161,475	369,310	25,824
Other revenues				587	587	1,383
Other expenses		(2,465)		(2,109)	(4,574)	(419)
<b>Income (loss) before transfers</b>	<b>484,761</b>	<b>219,671</b>	<b>113,108</b>	<b>815,167</b>	<b>1,632,707</b>	<b>7,150</b>
Contributions of capital assets						8,307
Transfers-in				35,518	35,518	
Transfers-out	(31,737)			(838,184)	(869,921)	
<b>Change in net position</b>	<b>453,024</b>	<b>219,671</b>	<b>113,108</b>	<b>12,501</b>	<b>798,304</b>	<b>15,457</b>
Net position, July 1, 2013, as restated	633,237	2,633,917	(389,053)	146,683	3,024,784	500,849
<b>NET POSITION, JUNE 30, 2014</b>	<b>\$ 1,086,261</b>	<b>\$ 2,853,588</b>	<b>\$ (275,945)</b>	<b>\$ 159,184</b>	<b>\$ 3,823,088</b>	<b>\$ 516,306</b>

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

State of Illinois

Statement of Cash Flows -  
Proprietary Funds

For the Year Ended June 30, 2014 (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	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from sales and services			\$ 551	\$ 226,973	\$ 227,524	\$ 166,805
Cash received from lottery sales				2,792,341	2,792,341	
Cash received from transactions with other funds						3,249,613
Cash payments to suppliers for goods and services		\$ (5,789)	(3,716)	(175,714)	(185,219)	(2,995,505)
Cash payments to employees for services		(16,663)	(2,185)	(40,037)	(58,885)	(147,672)
Cash payments for lottery prizes				(1,730,267)	(1,730,267)	
Cash payments for commissions and bonuses				(159,124)	(159,124)	
Cash receipts from unemployment taxes	\$ 2,701,847				2,701,847	
Cash receipts from federal unemployment grants	614,690				614,690	
Cash payments for unemployment benefits	(2,768,338)				(2,768,338)	
Cash receipts from prepaid tuition contract sales			35,600		35,600	
Cash payments for tuition			(112,549)		(112,549)	
Cash payments for tuition contract refunds			(15,399)		(15,399)	
Cash receipts from student loan principal				85,092	85,092	
Cash receipts from student loan interest				17,449	17,449	
Cash payments for student loans issued				(4,665)	(4,665)	
Cash receipts from refund of private management contract fee				38,584	38,584	
Cash payments for workers' compensation						(145,709)
Cash receipts from other operating activities				9,198	9,198	71,800
Cash payments for other operating activities				(282,544)	(282,544)	
Net cash provided (used) by operating activities	548,199	(22,452)	(97,698)	777,286	1,205,335	199,332
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Proceeds from borrowings, net of bond issuance costs		59,291			59,291	
Bond issuance costs paid on refunding of debt		(751)			(751)	
Principal paid on revenue bonds and other borrowings	(215,480)	(17,246)		(80,797)	(313,523)	
Interest paid on revenue bonds and other borrowings	(61,312)	(1,647)		(4,987)	(67,946)	(270,214)
Grants received		150,604		163,340	313,944	32,764
Grants paid				(6,710)	(6,710)	
Transfers-in from other funds				36,082	36,082	
Transfers-out to other funds	(32,785)			(857,301)	(890,086)	
Federal recovery funds	424				424	
Reimbursement for arbitrage		(2,123)			(2,123)	
Net cash provided (used) by noncapital financing activities	(309,153)	188,128		(750,373)	(871,398)	(237,450)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets				(2,001)	(2,001)	(26,592)
Principal paid on capital debt						(3,361)
Interest paid on capital debt						(1,035)
Proceeds from sales of capital assets						15
Net cash used by capital and related financing activities				(2,001)	(2,001)	(30,973)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investment securities		(54,041)	(335,561)	(58,640)	(448,242)	
Proceeds from sales and maturities of investment securities			411,058	83,153	494,211	
Cash paid to investment managers			(1,466)		(1,466)	
Cash paid for long-term annuity prizes payable				(49,438)	(49,438)	
Loan disbursements		(271,725)			(271,725)	
Loan repayments		163,461			163,461	
Interest and dividends on investments	25,356	46,302	20,504	616	92,778	941
Net cash provided (used) by investing activities	25,356	(116,003)	94,535	(24,309)	(20,421)	941
<b>Net increase (decrease) in cash and cash equivalents</b>	264,402	49,673	(3,163)	603	311,515	(68,150)
Cash and cash equivalents, July 1, 2013	1,206,905	257,885	6,998	289,510	1,761,298	311,412
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	<b>\$ 1,471,307</b>	<b>\$ 307,558</b>	<b>\$ 3,835</b>	<b>\$ 290,113</b>	<b>\$ 2,072,813</b>	<b>\$ 243,262</b>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>						
Total cash and cash equivalents per Statement of Net Position	\$ 130,200		\$ 382	\$ 34,927	\$ 165,509	\$ 78,545
Add: cash equity with State Treasurer		\$ 307,558	3,453	233,124	544,135	164,717
Add: deposits held by federal government	1,341,107				1,341,107	
Add: restricted cash equivalents				22,062	22,062	
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	<b>\$ 1,471,307</b>	<b>\$ 307,558</b>	<b>\$ 3,835</b>	<b>\$ 290,113</b>	<b>\$ 2,072,813</b>	<b>\$ 243,262</b>

State of Illinois

Statement of Cash Flows -  
Proprietary Funds

For the Year Ended June 30, 2014 (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	
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
<b>OPERATING INCOME (LOSS)</b>	\$ 481,077	\$ 11,144	\$ 113,108	\$ 665,036	\$ 1,270,365	\$ 192,603
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		25		1,054	1,079	26,322
Provision for uncollectible accounts	21,912	9,877		10,573	42,362	419
Amortization				1,395	1,395	
In-kind contribution of services		610			610	
Interest and investment income	(7)	(43,823)	(115,911)	(13)	(159,754)	
Interest expense				970	970	
Miscellaneous income						833
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	35,447		15,729	(6,809)	44,367	(4,813)
(Increase) decrease in intergovernmental receivables	43,404			120	43,524	18,126
(Increase) decrease in due from other funds	1,406			526	1,932	151,831
(Increase) decrease in due from component units				(3)	(3)	19,185
(Increase) decrease in loans and notes receivable				74,354	74,354	
(Increase) decrease in inventories						(829)
(Increase) decrease in prepaid expenses				(11)	(11)	23
Increase (decrease) in accounts payable and accrued liabilities	(35,402)	(3)	(311)	2,626	(33,090)	(261,487)
Increase (decrease) in intergovernmental payables	362	(131)		(558)	(327)	2,879
Increase (decrease) in due to other funds		(95)	(51)	167	21	5,880
Increase (decrease) in due to component units		19	571	1	591	(1,763)
Increase (decrease) in unearned revenue				(2,517)	(2,517)	4,007
Increase (decrease) in other liabilities		(75)	(110,833)	(238)	(111,146)	46,116
Increase (decrease) in long-term annuity prizes payable				30,613	30,613	
Total adjustments	67,122	(33,596)	(210,806)	112,250	(65,030)	6,729
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 548,199	\$ (22,452)	\$ (97,698)	\$ 777,286	\$ 1,205,335	\$ 199,332
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Gain (Loss) on disposal of capital assets				\$ (1)	\$ (1)	\$ (130)
Transfer of assets from (to) other state funds				(9)	(9)	8,024
Increase (decrease) in fair value of investments			\$ 96,873	(10,217)	86,656	
Interest accreted on investments				13,054	13,054	
Interest accreted on long-term annuity prizes payable				(13,054)	(13,054)	

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, 2014 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund Public Treasurers' External Investment Pool	Private-Purpose Trust Funds	Agency Funds
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 300,641		\$ 1,238	\$ 448,074
Cash and cash equivalents	1,056,525	\$ 2,737,503	504,477	23,512
Securities lending collateral of State Treasurer	186,867		627	127,922
Investments:				
Equities	34,933,586		4,286,853	
Fixed income	12,566,000	867,155	2,084,768	
Private equity	5,038,446			
Real estate	6,296,390			
Other	8,863,778			977,590
Equity in Illinois State Board of Investments	15,076,753			
Securities lending collateral	3,395,593			
Receivables, net:				
Taxes				226,892
Members	89,227			
Employers	22,075			
Investment income	146,552	691	20,456	
Intergovernmental	406			1,150
Pending investment sales	5,206,619			
Other	18,085			206,294
Due from other funds	101			
Due from primary government funds	566,430			77,137
Prepaid expenses	3,082			
Loans and notes receivable, net	31,413		30	
Other assets				166
Capital assets not being depreciated	1,741			
Capital assets being depreciated, net	12,649			
<b>Total assets</b>	<b>93,812,959</b>	<b>3,605,349</b>	<b>6,898,449</b>	<b>\$ 2,088,737</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	278,169	143	2,229	\$ 43,887
Intergovernmental payables	66			710,402
Due to other funds	101			
Due to primary government funds	3,831	217		
Due to component units				36
Obligations under securities lending of State Treasurer	186,867		627	127,922
Security lending collateral	3,395,341			
Payable to brokers for unsettled trades	5,687,528			
Depository and other liabilities			17,084	1,206,490
Long-term obligations:				
Due within one year	138			
Due subsequent to one year	4,404			
<b>Total liabilities</b>	<b>9,556,445</b>	<b>360</b>	<b>19,940</b>	<b>\$ 2,088,737</b>
<b>NET POSITION</b>				
Net position held in trust for:				
Pension and other employee benefits	84,256,514			
Pool participants		3,604,989		
Other purposes			6,878,509	
<b>Total net position</b>	<b>\$ 84,256,514</b>	<b>\$ 3,604,989</b>	<b>\$ 6,878,509</b>	

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, 2014 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund Public Treasurers' External Investment Pool	Private-Purpose Trust Funds
<b>ADDITIONS</b>			
Deposits/Contributions:			
Employer	\$ 429,947		
State	6,741,520		
Participants			\$ 2,403,456
Members:			
Employees	1,836,183		
Retirees	171,193		
Federal Medicare Part D	17,971		
Other contributions	7,149		12
Total contributions	9,203,963		2,403,468
Investment income:			
Interest and other investment income	2,163,429	\$ 3,701	71,669
Increase (decrease) in fair value of investments	10,777,567		811,701
Reimbursements of expenses not separable from investment income	3,077		
Less investment expense	(396,916)	(3,009)	
Net investment income	12,547,157	692	883,370
Capital share and individual account transactions:			
Shares sold		8,359,756	
Reinvested distributions		692	
Shares redeemed		(8,807,722)	
Net capital share and individual account transactions		(447,274)	
<b>Total additions</b>	<b>21,751,120</b>	<b>(446,582)</b>	<b>3,286,838</b>
<b>DEDUCTIONS</b>			
Benefit payments	10,002,118		
Refunds	227,220		
Payments in accordance with trust agreements			1,918,792
Distribution to pool investors		692	
Depreciation	1,975		
General and administrative	76,944		22,003
Other	827		35
<b>Total deductions</b>	<b>10,309,084</b>	<b>692</b>	<b>1,940,830</b>
<b>Change in fiduciary net position held in trust for:</b>			
<b>Pension and other employee benefits</b>	<b>11,442,036</b>		
<b>Pool participants</b>		<b>(447,274)</b>	
<b>Individuals, organizations, and other governments</b>			<b>1,346,008</b>
<b>Net Position, July 1, 2013</b>	<b>72,814,478</b>	<b>4,052,263</b>	<b>5,532,501</b>
<b>Net Position, June 30, 2014</b>	<b>\$ 84,256,514</b>	<b>\$ 3,604,989</b>	<b>\$ 6,878,509</b>

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, 2014 (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
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>							
Cash equity with State Treasurer	\$ 12,364	\$ 788,267					
Cash and cash equivalents	642,064	42,070	\$ 39,255	\$ 50,012	\$ 15,532	\$ 151,604	\$ 543,529
Securities lending collateral of State Treasurer	747		9,079				
Investments	92,546		31,176	293,984	230,862	141,908	1,615,886
Securities lending collateral							25,544
Receivables, net:							
Intergovernmental		16,841	220				122,246
Other	5,637	8,796	2,886	20,716	33,220	49,262	343,725
Due from component units			64,671	23	150	174	10
Due from primary government	22,584	128,803	65,962	15,204	19,966	58,907	340,026
Inventories				2,764	3,411	7,523	29,972
Prepaid expenses		1,650	81	2,222	96	561	26,851
Unamortized bond insurance costs		8,011		603	837	1,215	
Loans and notes receivable, net	1,530,170		32,734	8,616	8,907	18,491	63,233
Restricted assets:							
Cash equity with State Treasurer		164,702	17,920				
Cash and cash equivalents		666,494	116,265	9,310	23,732	35,829	145,625
Investments	419,596	60,000	51,678	14,093	22,020	214,849	2,552,731
Other receivables, net	99,583	1	272	3			
Loans and notes receivable, net			19,079				
Other assets							
Derivative instrument - asset	42						
Other assets	32,295		113	4,375	1,177	13,756	4,852
Capital assets not being depreciated		692,788	43,588	28,074	43,864	106,887	404,124
Capital assets being depreciated, net	25,637	4,736,718	20,471	423,621	450,659	763,346	3,163,877
<b>Total assets</b>	<b>2,883,265</b>	<b>7,315,141</b>	<b>515,450</b>	<b>873,620</b>	<b>854,433</b>	<b>1,564,312</b>	<b>9,382,231</b>
Deferred outflows of resources - accumulated decrease in fair value of derivatives	2,097	136,553					20,370
Deferred outflows of resources - unamortized deferred amounts on bond refundings	2,443	53,689	971		997	3,014	35,396
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings						318	4,678
<b>Total assets and deferred outflows of resources</b>	<b>2,887,805</b>	<b>7,505,383</b>	<b>516,421</b>	<b>873,620</b>	<b>855,430</b>	<b>1,567,644</b>	<b>9,442,675</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>							
Accounts payable and accrued liabilities	91,431	325,937	7,042	20,708	45,767	52,838	492,551
Intergovernmental payables							
Due to component units			30,665	5	6,198	31	28,077
Due to primary government	348,648	69,224	54,389			254	26,985
Unearned revenue	10,686	179,524	3,886	10,240	19,552	38,602	167,009
Obligations under securities lending collateral of State Treasurer	747		9,079				
Securities lending collateral							25,544
Assets held for others	156,652		42	8,112		21,603	29,155
Short-term notes payable			1,200				2,057
Derivative instrument - liability	2,097	136,553					23,719
Other liabilities			5,030				
Long-term obligations:							
Due within one year	39,933	118,726	30,175	12,093	11,350	37,702	178,429
Due subsequent to one year	1,242,786	4,429,083	194,591	162,241	386,734	371,950	2,138,145
<b>Total liabilities</b>	<b>1,892,980</b>	<b>5,259,047</b>	<b>336,099</b>	<b>213,399</b>	<b>469,601</b>	<b>522,980</b>	<b>3,111,671</b>
Deferred inflows of resources - accumulated increase in fair value of derivatives		42					
Deferred inflows of resources - unamortized deferred amounts on bond refundings		391					
<b>Total liabilities and deferred inflows of resources</b>	<b>1,893,413</b>	<b>5,259,047</b>	<b>336,099</b>	<b>213,399</b>	<b>469,601</b>	<b>522,980</b>	<b>3,111,671</b>
<b>NET POSITION</b>							
Net investment in capital assets	(4,948)	1,126,446	32,373	300,879	152,690	565,424	2,101,805
Restricted for:							
Debt service		364,205	1,684			14,426	50,132
Capital projects						58,820	9,230
Nonexpendable purposes				68,095	63,731	107,997	1,025,003
Other expendable purposes	855,838	62	71,704	60,418	24,808	98,451	1,574,612
Unrestricted	143,502	755,623	74,561	230,829	144,600	199,546	1,570,222
<b>Total net position</b>	<b>\$ 994,392</b>	<b>\$ 2,246,336</b>	<b>\$ 180,322</b>	<b>\$ 660,221</b>	<b>\$ 385,829</b>	<b>\$ 1,044,664</b>	<b>\$ 6,331,004</b>

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

Other Universities		Total	
\$	88	\$	800,719
	213,957		1,698,023
			9,826
	17,330		2,423,692
			25,544
	7,923		147,230
	55,372		519,614
	28		65,056
	32,875		684,327
	5,157		48,827
	2,705		34,166
	483		11,149
	14,229		1,676,380
			182,622
	34,619		1,031,874
	127,460		3,462,427
	1,567		101,426
			19,079
	4,060		4,060
			42
	3,350		59,918
	220,391		1,539,716
	766,979		10,351,308
	1,508,573		24,897,025
			159,020
	780		97,290
			4,996
	1,509,353		25,158,331
	70,751		1,107,025
	3,607		3,607
	80		65,056
	169		499,669
	21,395		450,894
			9,826
			25,544
	6,377		221,941
			3,257
			162,369
	5,870		10,900
	25,007		453,415
	348,728		9,274,258
	481,984		12,287,761
			42
			391
	481,984		12,288,194
	672,374		4,947,043
	4,718		435,165
	126		68,176
	88,073		1,352,899
	58,017		2,743,910
	204,061		3,322,944
\$	1,027,369	\$	12,870,137

**State of Illinois**

**Statement of Activities -  
Component Units**

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
<b>Authorities:</b>					
Illinois Housing Development Authority	\$ 444,413	\$ 104,788	\$ 425,310	\$ 90	\$ 85,775
Illinois State Toll Highway Authority	863,595	1,016,917			153,322
Other authorities	206,575	113,362	2,999	4,571	(85,643)
<b>Universities:</b>					
Illinois State University	561,261	266,514	53,051	446	(241,250)
Northern Illinois University	617,281	261,158	105,751		(250,372)
Southern Illinois University	1,195,043	521,184	155,908	558	(517,393)
University of Illinois	5,404,845	2,602,251	977,738	13,950	(1,810,906)
Other universities	1,025,571	372,213	171,505	1,088	(480,765)
Total	<u>\$ 10,318,584</u>	<u>\$ 5,258,387</u>	<u>\$ 1,892,262</u>	<u>\$ 20,703</u>	<u>\$ (3,147,232)</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, 2013, as restated	Net position, June 30, 2014
	Interest and investment income	Other					
	\$ 31,771	\$ 1,076		\$ 32,847	\$ 118,622	\$ 875,770	\$ 994,392
	946	50,504		51,450	204,772	2,041,564	2,246,336
\$ 115	3,625	63,264		67,004	(18,639)	198,961	180,322
202,164	19,396	47,220	\$ 1,465	270,245	28,995	631,226	660,221
231,457	15,362	4,746	1,895	253,460	3,088	382,741	385,829
496,709	30,737	32,225	4,754	564,425	47,032	997,632	1,044,664
1,757,683	314,033	185,798	25,516	2,283,030	472,124	5,858,880	6,331,004
496,240	20,217	7,414	6,949	530,820	50,055	977,314	1,027,369
<u>\$ 3,184,368</u>	<u>\$ 436,087</u>	<u>\$ 392,247</u>	<u>\$ 40,579</u>	<u>\$ 4,053,281</u>	<u>\$ 906,049</u>	<u>\$ 11,964,088</u>	<u>\$ 12,870,137</u>

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**STATE OF ILLINOIS**  
**Notes to the Financial Statements**  
**June 30, 2014**

***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 Authority was abolished on December 20, 2013 per 65 ILCS 5/8-12-22, and operations were suspended indefinitely.
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 has a moral obligation for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 160 North LaSalle Street, Suite C-800, 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 has a moral obligation 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 has a moral obligation 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 has a moral obligation 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 has a moral obligation 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 has a moral obligation for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 622 19<sup>th</sup> 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 has a moral obligation 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, 2013 was \$129.416 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 2013 of \$245 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 and additions are recorded when earned and expenses and deductions 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 combined contributions to the plans have been less than the combined retirement benefits paid during the year for the last thirty-three 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 Insurance/Issuance Costs**

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as bond insurance 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 insurance costs are reported as deferred charges and amortized over the term of the related debt. All other bond issuance costs are recognized as expense in the period incurred.

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. The deferred amounts on bond refundings are reported as deferred outflows of resources and deferred inflows of resources.

**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, deferred outflows of resources, liabilities, and deferred inflows of resources is “Net Position” on government-wide, proprietary fund, and fiduciary fund financial statements and “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 30<sup>th</sup> are available for subsequent expenditure to the extent that encumbrances for the purchase of equipment and commodities have been incurred at June 30<sup>th</sup>, provided the expenditure is presented for payment during the succeeding two months.

The State has a general policy to use restricted resources first 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, 2014, the State adopted GASB Statement No. 65, *Items Previously Reported 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 implementation of the provisions of this statement required the restatement of the beginning net position in the government-wide and component units' financial statements (see Note 2). The restatements represent items such as unamortized bond issuance costs, loan acquisition costs, and loan origination fees previously amortized over the life of the corresponding receivable or debt, which should now be recognized as revenue or expense in the period incurred. Additionally, as of June 30, 2014, the State has reported deferred outflows of resources and deferred inflows of resources in the government-wide and component unit financial statements associated with the reclassification of deferred amounts on refunding of bonds payable and certificates of participation previously reported as liabilities. In the governmental funds' financial statements, the State has reported deferred outflows of resources and deferred inflows of resources associated with the reclassification of intra-entity sales of future revenues and unavailable revenues which were previously reported as assets and/or liabilities.

Effective for the year ending June 30, 2014, the State adopted 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 implementation of this statement had no financial impact on the State's net position or results of operations.

Effective for the year ending June 30, 2014, the State adopted 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 reviewed all financial obligations held by the State and its component units in accordance with the provisions of this statement. The State does not have a legal obligation for payment on the component unit debt nor does the State have any guarantees for repayment by a third party on its financial obligations. Thus, the implementation of this statement had no impact on the State's net position or results of operations.

**T. Future Adoption of GASB Statements**

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 new accounting and reporting standards will impact the measurement and recognition of pension-related liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures in the State's financial statements. The requirements of this statement may require restatement of beginning net position. Additionally, the State believes the implementation of this statement will have a material impact on the financial statements.

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. No combinations or disposals of operations have occurred or are anticipated in the near term. Therefore, the adoption of this statement has no anticipated impact on the financial statements or results of operations.

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 provisions of this statement will be incorporated with the implementation of GASB Statement No. 68.

## 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, 2014 are as follows:

Table 2-1 (amounts expressed in thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
<b>Fund Balances Nonspendable:</b>					
Long-Term Portion of Loans and Notes Receivable	\$ 5,484	\$ -	\$ -	\$ -	\$ 5,484
Inventories	25,083	40,292	-	16,455	81,830
Endowments and Similar Funds	-	-	-	44,508	44,508
Total Nonspendable	30,567	40,292	-	60,963	131,822
<b>Restricted For:</b>					
Debt Service	-	-	-	2,841,504	2,841,504
Unclaimed Property	-	-	-	39,341	39,341
Health and Social Services	41,129	-	-	111,506	152,635
Education	-	-	-	1,684	1,684
General Government	5	-	-	136,568	136,573
Employment and Economic Development	-	-	-	218,399	218,399
Transportation	45	-	-	74,810	74,855
Public Protection and Justice	17,673	-	-	50,495	68,168
Environment and Business Regulation	-	-	-	149,108	149,108
Total Restricted	58,852	-	-	3,623,415	3,682,267
<b>Committed For:</b>					
Capital Projects - Transportation					
Construction/Maintenance	-	-	-	1,481,250	1,481,250
Capital Projects - Other	-	-	-	965,864	965,864
Healthcare/Pharmaceutical Provider Relief	982,508	-	-	-	982,508
Affordable Housing	-	-	-	377,236	377,236
State Universities Pension	-	-	-	84,571	84,571
Low Income Energy Assistance	-	-	-	91,949	91,949
Downstate Public Transportation	-	-	-	145,436	145,436
Health and Social Services	82,390	-	-	161,538	243,928
Education	-	-	-	22,899	22,899
General Government	12,924	-	-	246,245	259,169
Employment and Economic Development	19,281	-	-	129,895	149,176
Transportation	22,672	766,802	316,177	55,577	1,161,228
Public Protection and Justice	997	-	-	163,292	164,289
Environment and Business Regulation	18,064	-	-	472,169	490,233
Total Committed	1,138,836	766,802	316,177	4,397,921	6,619,736
<b>Assigned For:</b>					
Health and Social Services	-	-	-	1,063	1,063
Education	-	-	-	2,757	2,757
General Government	-	-	-	994	994
Employment and Economic Development	-	-	-	1,285	1,285
Public Protection and Justice	-	-	-	1,564	1,564
Environment and Business Regulation	-	-	-	2,344	2,344
Total Assigned	-	-	-	10,007	10,007
<b>Unassigned</b>	<b>(7,906,594)</b>	<b>-</b>	<b>-</b>	<b>(1,230,375)</b>	<b>(9,136,969)</b>
	<b>\$ (6,678,339)</b>	<b>\$ 807,094</b>	<b>\$ 316,177</b>	<b>\$ 6,861,931</b>	<b>\$ 1,306,863</b>

**B. Restatements**

As shown in Table 2-2, the financial statements have been restated as of July 1, 2013, due to the following:

Table 2-2 (amounts expressed in thousands)

	Governmental Activities		Business-Type Activities			
	Governmental Funds		Proprietary Funds			
	Nonmajor Governmental Funds	Governmental Activities	Unemployment Compensation Trust Fund	Water Revolving Fund	Nonmajor Enterprise Funds	Business-Type Activities
<b>Fund Balance/Net Position, June 30, 2013, as previously reported</b>	\$ 4,538,135	\$ (47,834,106)	\$ 637,673	\$ 2,634,178	\$ 152,033	\$ 3,034,831
<b>Correction of Prior Errors</b>						
Understatement of amounts earned and due from Federal Government	20,411	-	-	-	-	-
Understatement of accumulated depreciation	-	(41,758)	-	-	-	-
Understatement of income taxes receivable	-	121,815	-	-	-	-
<b>Implementation of New Accounting Standards</b>						
Implementation of GASB Statement No. 65	-	(97,889)	(4,436)	(261)	(5,350)	(10,047)
<b>Fund Balance/Net Position, June 30, 2013, as restated</b>	<b>\$ 4,558,546</b>	<b>\$ (47,851,938)</b>	<b>\$ 633,237</b>	<b>\$ 2,633,917</b>	<b>\$ 146,683</b>	<b>\$ 3,024,784</b>

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

	Component Units								Component Units
	Illinois Housing Development Authority	Illinois Toll Highway Authority	Other Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Other Universities	
<b>Net Position, June 30, 2013, as previously reported</b>	\$ 878,363	\$ 2,056,102	\$ 199,505	\$ 632,820	\$ 384,250	\$ 1,000,535	\$ 5,870,074	\$ 982,861	\$ 12,004,510
<b>Implementation of New Accounting Standards</b>									
Implementation of GASB Statement No. 65	(2,593)	(14,538)	(544)	(1,594)	(1,509)	(2,903)	(11,194)	(5,547)	(40,422)
<b>Net Position, June 30, 2013, as restated</b>	<b>\$ 875,770</b>	<b>\$ 2,041,564</b>	<b>\$ 198,961</b>	<b>\$ 631,226</b>	<b>\$ 382,741</b>	<b>\$ 997,632</b>	<b>\$ 5,858,880</b>	<b>\$ 977,314</b>	<b>\$ 11,964,088</b>

**C. Net Position Restricted by Enabling Legislation**

The government-wide statement of net position reports \$9.053 billion of restricted net position, of which \$4.432 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, 2014, consisted of the following:

Table 3-1 (amounts expressed in thousands)

Investment Type	Fair Value
Repurchase agreements	\$ 1,074,116
U.S. Treasury obligations	4,847,968
U.S. Agency obligations	2,143,384
Commercial paper	3,648,279
Corporate debt securities	25,000
Money market mutual funds	910,076
Private equity	43,373
Equity in Public Treasurers' Investment Pool	1,236,185
Equity in other investment pools	207
Securities lending collateral invested in repurchase agreements	5,758,769
Total fair value	\$ 19,687,357

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, 2014, 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	\$ 8,293
Negotiable certificates of deposit	667
U.S. Treasury obligations	1,046,901
U.S. Agency obligations	93,561
Municipal debt	178,033
Annuities	1,177
Corporate debt securities	64,174
Debt mutual funds	2,203,131
Equity in Public Treasurers' Investment Pool	3,751,266
Equity in Illinois State Board of Investments	32,622
Equity in other investment pools	3,843
Government notes - non U.S.	3,143
Foreign equity security	157,948
Cash and pending trades - Foreign currency	(2,090)
Money market mutual funds	1,054,092
Equity securities	276,778
Equity mutual funds	5,815,939
Blended mutual funds	781,728
Guaranteed investment contracts	873,346
Bond trust funds	162,318
Equity trust funds	635,847
Other	508,711
Total fair value	\$ 17,651,428

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 \$16.127 million less than the deposits and investments of the ISBI, due to net liabilities of the ISBI.

Investments held by ISBI at June 30, 2014, consisted of the following:

Table 3-3 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury obligations	\$ 380,522
U.S. Agency obligations	403,954
Corporate obligations	992,848
Common stock and equity funds	4,709,307
Foreign debt obligations	638,948
Foreign equity securities	2,190,479
Foreign preferred stock	73
Commingled funds	733,011
Hedge funds	1,485,145
Real estate	1,483,446
Private equity	667,730
Money market instruments	217,737
Infrastructure funds	524,285
Bank loans	689,257
Forward foreign currency contracts	(638)
Total Investments	<u>\$ 15,116,104</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 \$153.817 million and \$146.073 million at June 30, 2014, 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 \$163.767 million and \$169.285 million at June 30, 2014, respectively. Of the total bank balance of these cash deposits at June 30, 2014, \$900 thousand was uninsured with collateral held by the pledging financial institution in the State's name, \$8.693 million was uninsured with collateral held by the pledging financial institution but not in the State's name, and \$14.286 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 Aa3 rating by Moody's. The carrying amount and bank balance of ISBI's cash deposits at June 30, 2014, were both \$9.397 million.

TRS's foreign currency held by investment managers at June 30, 2014 totaled \$84.850 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 A1 rating by Moody's. At June 30, 2014, the carrying amount was \$467.128 million and the bank balance was \$474.261 million, of which \$24.036 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, 2014:

Table 3-4 (amounts expressed in thousands)

Investment Type	Aaa	A1	P-1	Not Rated	Total
Repurchase agreements	\$ -	\$ -	\$1,074,116	\$ -	\$ 1,074,116
U.S. Agency obligations	2,143,384	-	-	-	2,143,384
Commercial paper	-	-	3,648,279	-	3,648,279
Corporate debt securities	-	15,000	-	10,000	25,000
Money market mutual funds	910,076	-	-	-	910,076
Equity in Public Treasurers' Investment Pool	-	-	-	1,236,185 **	1,236,185
Equity in other investment pools	-	-	-	207	207
Securities lending collateral:					
Invested in repurchase agreements	-	-	-	5,758,769 *	5,758,769
<b>Total subject to credit risk</b>	<b>\$3,053,460</b>	<b>\$ 15,000</b>	<b>\$4,722,395</b>	<b>\$7,005,161</b>	<b>14,796,016</b>
U.S. Treasury obligations					4,847,968
<b>Total fixed income securities</b>					<b>\$ 19,643,984</b>

\* The breakdown of Moody's credit ratings of the collateral for securities lending collateral invested in repurchase agreements was as follows: 8.39% Aaa, 2.82% Aa, 7.3% A, 10.42% Baa, 1.42% Ba, 1.29% B, 1.68% Caa, 0.03% Ca, 0.95% P-1, 2.62% P-2, 63.08% 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, 2014:

Table 3-5 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	Not Rated*	Withdrawn	Total
Negotiable certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 667	\$ -	\$ 667
U.S. Agency obligations	84,565	-	440	-	-	-	-	8,440	116	93,561
Municipal debt	25,440	96,489	41,043	5,387	-	-	-	9,486	188	178,033
Corporate debt securities	9,054	5,155	12,056	19,454	10,213	165	1,909	6,168	-	64,174
Government notes - non U.S.	-	563	368	977	-	-	-	1,235	-	3,143
Mutual funds	-	160	-	-	-	-	-	2,202,971	-	2,203,131
Equity in Public Treasurers' Investment Pool	-	-	-	-	-	-	-	3,751,266	-	3,751,266
Equity in other investment pools	-	-	-	-	-	-	-	3,843	-	3,843
Money market mutual funds	456,832	-	-	-	-	-	-	597,260	-	1,054,092
Bond trust funds	-	69,165	-	-	-	-	-	93,153	-	162,318
<b>Total subject to credit risk</b>	<b>\$ 575,891</b>	<b>\$171,532</b>	<b>\$ 53,907</b>	<b>\$25,818</b>	<b>\$10,213</b>	<b>\$ 165</b>	<b>\$ 1,909</b>	<b>\$6,674,489</b>	<b>\$ 304</b>	<b>7,514,228</b>
U.S. Treasury obligations										1,046,901
Repurchase agreements backed by U.S. Treasury obligations										8,293
<b>Total fixed income securities</b>										<b>\$8,569,422</b>

\* All of the Equity in Public Treasurers' Investment Pool amounts were rated AAA by Standard and Poor's.  
\$492.312 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, 2014:

Table 3-6 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Money Market Instruments	Total
Aaa	\$ 1,521	\$ 141,563	\$ 106,221	\$ -	\$ 249,305
Aa	17,745	182,388	7,345	-	207,478
A	89,692	71,492	12,943	-	174,127
Baa	212,118	138,821	-	-	350,939
Ba	279,522	329	-	-	279,851
B	334,106	-	-	-	334,106
Caa	6,993	-	-	-	6,993
Not rated	51,151	104,355	277,445	217,737	650,688
<b>Total subject to credit risk</b>	<b>\$ 992,848</b>	<b>\$ 638,948</b>	<b>\$ 403,954</b>	<b>\$ 217,737</b>	<b>\$ 2,253,487</b>

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2014:

Table 3-7 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Municipal Obligations	Commingled Funds	Securities Lending	Total
Aaa	\$ 386,630	\$ 343,126	\$ 1,088,139	\$ 1,788	\$ -	\$ -	\$ 1,819,683
Aa	154,928	447,597	-	24,413	116,435	-	743,373
A	567,870	236,836	1,071	12,509	-	-	818,286
Baa	1,316,405	477,032	-	308	-	-	1,793,745
Ba	683,424	86,436	-	-	599,972	-	1,369,832
B	440,940	72,444	-	-	218,136	-	731,520
Caa	116,517	1,798	-	-	-	-	118,315
Ca	10,239	-	-	-	-	-	10,239
C	6,485	-	-	-	99,114	-	105,599
Not rated	54,501	112,790	3,421	-	497,136	12,966	680,814
<b>Total subject to credit risk</b>	<b>\$ 3,737,939</b>	<b>\$ 1,778,059</b>	<b>\$ 1,092,631</b>	<b>\$ 39,018</b>	<b>\$ 1,530,793</b>	<b>\$ 12,966</b>	<b>8,191,406</b>
U.S. Treasury obligations							235,145
<b>Total fixed income securities</b>							<b>\$ 8,426,551</b>

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2014:

Table 3-8 (amounts expressed in thousands)

Quality Rating	Corporate Debt Securities	Foreign Debt Securities	U.S. Agency Obligations	Municipal Obligations	Total
AAA	\$ 125,029	\$ 9,307	\$ -	\$ 3,607	\$ 137,943
AA	133,028	8,944	1,304,921	12,718	1,459,611
A	304,532	41,338	103,683	8,174	457,727
BBB	341,729	167,489	-	1,127	510,345
BB	109,956	17,636	-	288	127,880
B	20,781	6,903	-	2,001	29,685
CCC	30,158	-	-	-	30,158
CC	3,514	-	-	-	3,514
D	6,475	-	-	-	6,475
Not rated	224,288	35,319	10,523	-	270,130
<b>Total subject to credit risk</b>	<b>\$ 1,299,490</b>	<b>\$ 286,936</b>	<b>\$ 1,419,127</b>	<b>\$ 27,915</b>	<b>3,033,468</b>
U.S. Treasury obligations					1,475,732
U.S. Agency obligations explicitly guaranteed by U.S. government					268
Less cash equivalents					(325,158)
<b>Total fixed income securities</b>					<b>\$4,184,310</b>

**INTEREST RATE RISK**

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

*Primary Government:*

As a means of limiting its exposure to fair value losses arising from rising interest rates, the State Treasurer's investment policy for the State Treasury limits investments to maturities not to exceed five years with no limit to the amount allocated to investments with less than a two-year maturity. No more than 55% of the investment portfolio shall be allocated to investments with a 2 to 3 year maturity band. No more than 30% of the investment portfolio shall be allocated to investments with a 3 to 4 year maturity band (not including Foreign Government Securities). No more than 15% 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, 2014:

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years
Repurchase agreements	\$ 1,074,116	\$ 1,074,116	\$ -	\$ -
U.S. Treasury obligations	4,847,968	4,747,689	100,279	-
U.S. Agency obligations	2,143,384	-	2,143,384	-
Commercial paper	3,648,279	3,648,279	-	-
Corporate debt securities	25,000	10,000	15,000	-
Money market mutual funds	910,076	910,076	-	-
Equity in Public Treasurers' Investment Pool	1,236,185	1,236,185	-	-
Equity in other investment pools	207	-	29	178
Securities lending collateral:				
Invested in repurchase agreements	5,758,769	5,758,769	-	-
<b>Total fixed income investments</b>	<b>\$ 19,643,984</b>	<b>\$17,385,114</b>	<b>\$2,258,692</b>	<b>\$ 178</b>

The following table summarizes the Weighted Average Maturity ("WAM") for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2014. 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	\$ 8,293	0.003
Negotiable certificates of deposit	667	1.410
U.S. Treasury obligations	1,046,901	5.535
U.S. Agency obligations	93,561	5.479
Municipal debt	178,033	10.702
Corporate debt securities	64,174	10.570
Government notes - non U.S.	3,143	6.633
Mutual funds	2,203,131	4.063
Equity in Public Treasurers' Investment Pool	3,751,266	0.090
Equity in other investment pools	3,843	0.036
Money market mutual funds	1,054,092	0.111
Bond trust funds	162,318	7.485
<b>Total fixed income investments</b>	<b>\$8,569,422</b>	

*Pensions:*

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

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's portfolio. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. ISBI benchmarks its debt security portfolio to Barclay's Capital Intermediate U.S. Government/Credit Bond Index. At June 30, 2014, the effective duration of the Barclay's Capital Intermediate U.S. Government/Credit Bond Index was 5.6 years. At the same point in time, the effective duration of the ISBI debt security portfolio was 5.3 years. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2014:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Effective Weighted Duration (Years)
Government and agency obligations:		
U.S. Treasury obligations	\$ 380,522	6.7
U.S. Agency obligations	403,954	3.5
	\$ 784,476	
Corporate obligations:		
Bank and finance	208,156	5.8
Industrials	465,408	4.7
Other	319,284	5.2
	992,848	
Foreign obligations:		
Foreign debt obligations	638,948	5.8
<b>Total subject to interest rate risk</b>	<b>\$2,416,272</b>	

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, 2014:

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	\$ 235,145	\$ 15,443	\$ 102,416	\$ 79,719	\$ 6,405	\$ 31,162	\$ -
U.S. Agency obligations	1,092,631	28,826	386,777	227,789	189,708	259,531	-
Municipal obligations	39,018	595	264	1,295	6,619	30,245	-
Corporate debt securities	3,737,939	173,071	1,473,301	1,237,443	204,660	649,464	-
Foreign debt securities	1,778,059	278,538	671,095	491,973	191,607	144,846	-
Commingled funds	1,530,793	-	242,135	769,175	-	-	519,483 *
Securities lending collateral	12,966	12,966	-	-	-	-	-
Derivatives	2,806	(1,850)	8,010	(641)	1,208	(3,921)	-
Total subject to interest rate risk	8,429,357	\$ 507,589	\$ 2,883,998	\$ 2,806,753	\$ 600,207	\$ 1,111,327	\$ 519,483
Less derivatives	(2,806)						
<b>Total fixed income securities</b>	<b>\$ 8,426,551</b>						

\* 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, 2014:

Table 3-13 (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
U.S. Treasury and Agency obligations	\$ 2,895,127	\$ 806,432	\$ 540,886	\$ 684,202	\$ 286,933	\$ 576,674
Municipal obligations	27,915	251	4,602	4,226	5,670	13,166
Corporate debt securities	1,299,490	90,745	440,205	357,729	59,797	351,014
Foreign debt securities	286,936	23,780	186,666	40,614	17,741	18,135
Derivatives - swaps	7,218	6,697	7,397	(4,570)	(210)	(2,096)
Total subject to interest rate risk	4,516,686	\$ 927,905	\$ 1,179,756	\$ 1,082,201	\$ 369,931	\$ 956,893
Less derivatives - swaps	(7,218)					
Less cash equivalents	(325,158)					
<b>Total fixed income securities</b>	<b>\$ 4,184,310</b>					

## 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's investment policy establishes targets for long-term and interim asset allocations and rebalancing ranges. As of June 30, 2014, the long-term and interim targets for international equities were 20% and 15%, respectively, with a rebalancing range of 12% to 18% for the lower and upper limits.

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, 2014:

Table 3-14 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>	<u>Foreign Debt Securities</u>	<u>Foreign Equity Securities</u>	<u>Foreign Currency and Pending Currency Transactions</u>
Australian Dollar	\$ -	\$ -	\$ 2,579	\$ (455)
Brazilian Real	-	-	1,276	-
British Pound Sterling	-	698	35,233	(1,316)
Canadian Dollar	14	-	5,470	(310)
Danish Krone	-	-	3,533	-
Euro	37	-	49,394	(1,671)
Hong Kong Dollar	69	-	10,018	1,920
Japanese Yen	60	-	12,859	(911)
Malaysian Ringgit	-	302	4,314	-
Mexican Peso	40	155	549	1,059
New Israeli Shekel	-	1,268	1,784	(161)
Norwegian Krone	-	-	2,256	-
Singapore Dollar	-	-	3,602	-
South African Rand	-	523	2,656	(519)
Swedish Krona	-	-	6,136	292
Swiss Franc	-	-	14,243	-
Other currencies	21	197	2,046	(18)
Total deposits and investments subject to foreign currency risk	<u>\$ 241</u>	<u>\$ 3,143</u>	<u>\$ 157,948</u>	<u>\$ (2,090)</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, 2014:

Table 3-15 (amounts expressed in thousands)

Currency Denomination	Foreign Equity Securities and Foreign Preferred Stock	Foreign Debt Obligations	Foreign FX Forwards	Foreign Rights	Foreign Warrants
Australian Dollar	\$ 90,774	\$ 23,031	\$ (10)	\$ -	\$ -
Brazilian Real	20,079	29,522	(468)	-	-
British Pound Sterling	410,712	46,016	(16)	-	-
Canadian Dollar	141,783	36,443	19	-	-
Danish Krone	44,416	5,392	(2)	-	-
Euro	614,325	144,113	(109)	8	140
Hong Kong Dollar	129,948	2,551	(1)	-	4
Japanese Yen	302,711	66,877	126	-	-
Mexican Peso	11,149	41,011	5	-	-
New Russian Ruble	-	41,670	73	-	-
Norwegian Krone	30,066	5,799	(2)	-	-
Singapore Dollar	34,481	5,122	(4)	-	-
South African Rand	14,852	23,600	(45)	-	-
South Korean Won	72,779	21,003	(21)	-	-
Swedish Krona	41,872	2,241	8	-	-
Swiss Franc	219,283	12,141	(66)	-	-
Other currencies	11,322	132,417	(124)	12	-
Total investments subject to foreign currency risk	<u>\$ 2,190,552</u>	<u>\$ 638,949</u>	<u>\$ (637)</u>	<u>\$ 20</u>	<u>\$ 144</u>

In addition, certain investments held in infrastructure funds trade in a reported currency of Euro based dollars valued at \$61.343 million at June 30, 2014.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2014:

Table 3-16 (amounts expressed in thousands)

Currency Denomination	Foreign Currency	Foreign Equity Securities	Foreign Debt Obligations	Foreign Derivative Obligations	Total
Australian Dollar	\$ 144	\$ 317,794	\$ 57,857	\$ 794	\$ 376,589
Brazilian Real	3,740	149,579	91,026	(935)	243,410
British Pound Sterling	11,616	1,553,357	278,268	(162)	1,843,079
Canadian Dollar	4,842	563,571	53,519	844	622,776
Danish Krone	347	85,009	21,764	-	107,120
Euro	30,642	1,941,545	614,173	(1,511)	2,584,849
Hong Kong Dollar	2,831	524,697	-	-	527,528
Indian Rupee	531	148,552	5,443	-	154,526
Japanese Yen	11,993	1,177,759	6,414	(1,890)	1,194,276
Mexican Peso	2,000	60,482	153,629	422	216,533
New Taiwan Dollar	585	233,257	-	66	233,908
Singapore Dollar	1,418	185,083	23,224	-	209,725
South African Rand	749	155,257	-	-	156,006
South Korean Won	4,537	290,685	93,716	(87)	388,851
Swedish Krona	2,232	169,587	31,161	-	202,980
Swiss Franc	502	645,708	-	-	646,210
Other currencies	6,141	548,970	347,866	(200)	902,777
Total deposits and investments subject to foreign currency risk	<u>\$ 84,850</u>	<u>\$8,750,892</u>	<u>\$1,778,060</u>	<u>\$ (2,659)</u>	<u>\$10,611,143</u>

In addition, TRS has foreign currency investments in private equity with fair values totaling \$285.226 million (payable in Euros), \$25.899 million (payable in Canadian dollars), and \$41.635 million (payable in South Korean Won) and real estate with fair values totaling \$84.846 million (payable in Euros) and \$7.753 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, 2014:

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	\$ 84,159	\$ 9,833	\$ (7,203)	\$ (166)	\$ 1,543	\$ 88,166
Brazilian Real	8,579	23,835	(1,918)	(36)	(1,004)	29,456
British Pound Sterling	388,222	14,007	(8,818)	(435)	-	392,976
Canadian Dollar	92,903	-	(8,750)	(216)	-	83,937
Danish Krone	33,064	-	-	3	-	33,067
Euro	555,860	181,767	(164,231)	(621)	920	573,695
Hong Kong Dollar	95,351	3,266	71	-	-	98,688
Japanese Yen	318,410	5,686	(6,143)	(39)	(205)	317,709
New Taiwan Dollar	34,794	-	108	-	-	34,902
Norwegian Krone	25,354	-	-	-	-	25,354
Singapore Dollar	28,242	-	130	-	-	28,372
South African Rand	24,000	-	-	-	-	24,000
South Korean Won	15,661	-	13,191	668	-	29,520
Swedish Krona	48,658	-	(48)	2	-	48,612
Swiss Franc	143,872	-	112	2	-	143,986
Other currencies	47,161	10,443	(10,163)	(523)	696	47,614
Total investments subject to foreign currency risk	<u>\$ 1,944,290</u>	<u>\$ 248,837</u>	<u>\$ (193,662)</u>	<u>\$ (1,361)</u>	<u>\$ 1,950</u>	<u>\$ 2,000,054</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	\$ 487,516	\$ 190,711	\$ 19,904	\$ -	\$ 276,901
Municipal debt	AA/Aa3	400	400	-	-	-
Money market fund - sweep account	- /Aaa	273,021	273,021	-	-	-
Repurchase agreements backed by U.S. Agency obligations	AA+/Aaa	32,560	32,360	200	-	-
Total subject to credit risk		<u>793,497</u>	<u>496,492</u>	<u>20,104</u>	<u>-</u>	<u>276,901</u>
U.S. Treasury obligations		24,003	10,123	5,829	6,883	1,168
Repurchase agreements backed by U.S. Treasury obligations		39,603	39,580	-	-	23
Total subject to interest rate risk		<u>\$ 857,103</u>	<u>\$ 546,195</u>	<u>\$ 25,933</u>	<u>\$ 6,883</u>	<u>\$ 278,092</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 (\$110.405 million), Federal National Mortgage Association (\$96.398 million), and Federal Home Loan Mortgage Corporation (\$63.551 million).

## ILLINOIS STATE TOLL HIGHWAY AUTHORITY (“THA”)

## Investments

Table 3-19 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard &amp; Poors/Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>
U.S. Agency obligations	AA/Aaa	\$ 60,000	\$ 60,000
Money market mutual funds	AAA/Aaa	666,494	666,494
Total subject to credit risk and interest rate risk		726,494	<u>\$ 726,494</u>
Less cash equivalents		(666,494)	
Total investments		<u>\$ 60,000</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 &amp; 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	\$ 133,135	\$ 29,560	\$ 103,575
Illinois Public Treasurers' Investment Pool	Not Rated/AAA	11,663	11,663	-
Money market mutual funds	Aaa/AAA	7,497	7,497	-
Total subject to credit risk		152,295	48,720	103,575
U.S. Treasury obligations		65,296	2,749	62,547
Total subject to interest rate risk		217,591	<u>\$ 51,469</u>	<u>\$ 166,122</u>
Less cash equivalents		(19,160)		
Total investments of the University		198,431		
Investments of component units		109,646		
Total investments		<u>\$ 308,077</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 (\$23.092 million) and Federal Home Loan Bank (\$104.995 million).

## NORTHERN ILLINOIS UNIVERSITY (“NIU”)

## Investments

Table 3-21 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard &amp; Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	AA	\$ 81,229	\$ 5,007	\$ 76,222
Money market mutual funds	AAA	21,453	21,453	-
Illinois Public Treasurers' Investment Pool	AAA	47,163	47,163	-
Total subject to credit risk		149,845	73,623	76,222
U.S. Treasury obligations		32,023	32,023	-
Total subject to interest rate risk		181,868	\$ 105,646	\$ 76,222
Less cash equivalents		(21,453)		
Total investments of the University		160,415		
Investments of component units		92,467		
Total investments		\$ 252,882		

**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 (\$29.275 million), Federal Home Loan Bank (\$18.140 million), Federal Home Loan Mortgage Corporation (\$9.492 million), and Federal National Mortgage Association (\$24.321 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	\$ 49,758	\$ 10,684	\$ 28,664	\$ 10,410
Money market mutual funds	AAA	1,024	1,024	-	-
Equity in Public Treasurers' Investment Pool	AAA	113,445	113,445	-	-
Total subject to credit risk		164,227	125,153	28,664	10,410
U.S. Treasury obligations		91,456	14,851	69,192	7,413
Total subject to interest rate risk		255,683	\$ 140,004	\$ 97,856	\$ 17,823
Common stock		44			
Less cash equivalents		(113,445)			
Total investments of the University		142,282			
Investments of component units		214,475			
Total investments		\$ 356,757			

**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 \$196.200 million and \$213.838 million, respectively. Of the total bank balance of these deposits at June 30, 2014, \$717 thousand was not 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, each of which 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 using the Barclay’s Capital 90-day and Bank of America Merrill Lynch 12-month Treasury Bill Index as performance benchmarks. 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 positions, 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, 2014 are illustrated below:

Table 3-23 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Treasury obligations	\$ 340,592	\$ 46,470	\$ 261,054	\$ 30,254	\$ 2,814
U.S. Agency obligations	342,258	58,911	126,096	26,813	130,438
Commercial paper	132,617	132,617	-	-	-
Corporate bonds	618,966	173,205	418,750	26,894	117
Bond mutual funds	99,034	99,034	-	-	-
Money market mutual funds	457,664	457,664	-	-	-
Illinois Public Treasurers' Investment Pool	4,082	4,082	-	-	-
Non government mortgage-backed securities	95,030	-	2,117	-	92,913
Other asset-backed securities	229,290	1,143	207,705	13,241	7,201
Government bonds - non U.S.	38,492	1,133	32,620	1,862	2,877
Repurchase agreements	205	205	-	-	-
Total subject to interest rate risk	2,358,230	\$ 974,464	\$ 1,048,342	\$ 99,064	\$ 236,360
U.S. equities	38,344				
U.S. equity mutual funds	309,937				
U.S. debt and equity mutual funds	51,023				
Limited partnerships	24,568				
Real estate	79,628				
Real estate index funds	17,351				
Deposits with maturities greater than 90 days at time of purchase	300				
Less cash equivalents	(485,191)				
Total investments of the University	2,394,190				
Investments of component units	1,774,427				
Total investments	\$4,168,617				

At June 30, 2014, the U of I's operating funds pool portfolio had an effective duration of 1.5 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. Per the University's investment policy, fixed-income securities shall be rated Baa or better by Moody's or equivalent.

At June 30, 2014, 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	\$ 342,258	\$ -	\$ 341,908	\$ -	\$ -	\$ -	\$ 350
Commercial paper	132,617	-	39,876	92,741	-	-	-
Corporate bonds	618,966	9,436	177,680	321,150	108,386	-	2,314
Bond mutual funds	99,034	95,805	2,692	292	224	8	13
Money market mutual funds	457,664	424,787	32,877	-	-	-	-
Illinois Public Treasurers' Investment Pool	4,082	4,082	-	-	-	-	-
Non government mortgage-backed securities	95,030	78,338	12,133	2,694	1,012	615	238
Other asset-backed securities	229,290	219,342	5,660	3,579	-	-	709
Government bonds - non U.S.	38,492	11,468	17,999	6,691	1,208	-	1,126
Repurchase agreements	205	-	-	-	-	-	205
Total subject to credit risk	2,017,638	\$843,258	\$ 630,825	\$427,147	\$110,830	\$ 623	\$ 4,955
U.S. Treasury obligations	340,592						
Total fixed income securities	\$ 2,358,230						

## 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 22 days. Cash collateral is generally invested in the lending agents' short-term investment pools, which at year-end had weighted average maturities of approximately 17 to 91 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, 2014.

<b>State Agency/Component Unit</b>	<b>Fair Value</b>	<b>Collateral Value</b>
State Treasurer	\$5,758,769	\$5,727,658
Illinois State Board of Investments	168,534	182,644
Teachers' Retirement System	2,652,759	2,735,112
State Universities Retirement System	646,400	664,300
University of Illinois	25,026	25,544

## 4 TAXES RECEIVABLE

Taxes receivable for the primary government at June 30, 2014 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	\$ 1,273,286	\$ 121,015	\$ 1,394,301	\$ -	\$ -
Less allowance	(459,591)	(39,002)	(498,593)	-	-
Net income tax	813,695	82,013	895,708	-	-
Sales tax	606,853	226,659	833,512	-	-
Less allowance	(233,115)	(73,945)	(307,060)	-	-
Net sales tax	373,738	152,714	526,452	-	-
Motor fuel tax	-	130,297	130,297	-	-
Less allowance	-	(17,914)	(17,914)	-	-
Net motor fuel tax	-	112,383	112,383	-	-
Public utility tax	12,367	14,055	26,422	-	-
Less allowance	(5,198)	(791)	(5,989)	-	-
Net public utility tax	7,169	13,264	20,433	-	-
Riverboat tax	-	1,741	1,741	-	-
Less allowance	-	-	-	-	-
Net riverboat tax	-	1,741	1,741	-	-
Medical providers assessment tax	44,076	-	44,076	-	-
Less allowance	(1,458)	-	(1,458)	-	-
Net medical providers assessment tax	42,618	-	42,618	-	-
Other tax	310,934	50,629	361,563	-	-
Less allowance	(9,179)	(1,196)	(10,375)	-	-
Net other tax	301,755	49,433	351,188	-	-
Unemployment compensation tax	-	-	-	944,683	-
Less allowance	-	-	-	(295,555)	-
Net unemployment compensation tax	-	-	-	649,128	-
Taxes assessed by other governments	-	-	-	-	226,892
<b>Total taxes receivable, net</b>	<b>\$ 1,538,975</b>	<b>\$ 411,548</b>	<b>\$ 1,950,523</b>	<b>\$ 649,128</b>	<b>\$ 226,892</b>

## 5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2014 consisted of the following:

Table 5-1 (amounts expressed in thousands)

Due From	Due To										Total
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds		
General Fund	\$ -	\$ 959	\$ 173,864	\$ -	\$ -	\$ -	\$ 25,913	\$ 9,585	\$ 8	\$ 210,329	
Road Fund	20	-	59,235	-	-	-	-	-	-	59,255	
State Construction Account	-	2,472	37,214	-	-	-	-	-	-	39,686	
Nonmajor Governmental Funds	641,212	3,017	209,669	2,188	-	-	13	168	-	856,267	
Unemployment Compensation Trust Fund	5,661	73	52	-	-	-	-	-	-	5,786	
Nonmajor Enterprise Funds	-	-	113	-	-	185	6,121	37	217	6,673	
Internal Service Funds	2,114,879	213,144	42,690	-	15	68	941	33,673	3,823	2,409,233	
Fiduciary Funds	609,034	-	34,051	-	-	-	-	482	101	643,668	
<b>Total</b>	<b>\$ 3,370,806</b>	<b>\$ 219,665</b>	<b>\$ 556,888</b>	<b>\$ 2,188</b>	<b>\$ 15</b>	<b>\$ 253</b>	<b>\$ 32,988</b>	<b>\$ 43,945</b>	<b>\$ 4,149</b>	<b>\$ 4,230,897</b>	

Interfund due to and due from balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. 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 transfers activity at June 30, 2014 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	
General Fund	\$ -	\$ -	\$ 871,759	\$ -	\$ 796,804	\$ 1,668,563
Nonmajor Governmental Funds	3,096,495	365,668	676,381	31,737	5,862	4,176,143
Nonmajor Enterprise Funds	-	-	-	-	35,518	35,518
<b>Total</b>	<b>\$ 3,096,495</b>	<b>\$ 365,668</b>	<b>\$ 1,548,140</b>	<b>\$ 31,737</b>	<b>\$ 838,184</b>	<b>\$ 5,880,224</b>

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, 2014, 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	Southern Illinois University	University of Illinois	Nonmajor Universities	
General Fund	\$ 98	\$ -	\$ -	\$ 254	\$ 15,961	\$ 17	\$ 16,330
Road Fund	-	70,461	-	-	-	-	70,461
Nonmajor Governmental Funds	348,550	-	-	-	528	1	349,079
Unemployment Compensation Trust Fund	-	-	-	-	185	44	229
Water Revolving Fund	-	-	54,344	-	-	-	54,344
Nonmajor Enterprise Funds	-	-	7	-	-	-	7
Internal Service Funds	-	662	38	-	10,311	107	11,118
<b>Total</b>	<b>\$ 348,648</b>	<b>\$ 71,123</b>	<b>\$ 54,389</b>	<b>\$ 254</b>	<b>\$ 26,985</b>	<b>\$ 169</b>	<b>\$501,568</b>

\* The Illinois State Toll Highway Authority reported \$69.224 at December 31, 2013, its fiscal year-end.

The due to amounts for the State of Illinois to its component units, as of June 30, 2014, 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	\$ 35	\$ 14	\$ 663	\$ 14,474	\$ 18,341	\$ 53,979	\$ 309,219	\$ 28,350	\$ 425,075
Road Fund	-	128,660	-	-	38	108	5,253	2	134,061
Nonmajor Governmental Funds	22,549	137	60	730	1,583	4,818	25,366	3,912	59,155
Water Revolving Fund	-	-	65,239	-	-	-	45	-	65,284
Prepaid Tuition Fund	-	-	-	-	-	1	7	609	617
Nonmajor Enterprise Funds	-	-	-	-	-	1	-	-	1
Internal Service Funds	-	11	-	-	4	-	136	2	153
Fiduciary Funds	-	36	-	-	-	-	-	-	36
<b>Total</b>	<b>\$ 22,584</b>	<b>\$128,858</b>	<b>\$ 65,962</b>	<b>\$ 15,204</b>	<b>\$ 19,966</b>	<b>\$ 58,907</b>	<b>\$ 340,026</b>	<b>\$ 32,875</b>	<b>\$ 684,382</b>

\* The Illinois State Toll Highway Authority reported \$128.803 at December 31, 2013, its fiscal year-end.

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, 2014, consisted of the following:

Table 6-1 (amounts expressed in thousands)

	Primary Government						
	Governmental Activities			Business-type Activities			Fiduciary Funds
	General Fund	Nonmajor Governmental Funds	Total	Water Revolving Fund	Nonmajor Enterprise Funds	Total	
Student loan program	\$ 32,945	\$ 1,467	\$ 34,412	\$ -	\$ 616,839	\$ 616,839	\$ 95
Deferred compensation loan program	-	-	-	-	-	-	31,413
Local government infrastructure	-	-	-	2,487,519	-	2,487,519	-
Port district construction	14,968	-	14,968	-	-	-	-
Other	468	65,646	66,114	-	-	-	-
	48,381	67,113	115,494	2,487,519	616,839	3,104,358	31,508
Less: Allowance for uncollectible accounts	42,897	230	43,127	-	57,624	57,624	65
Total	5,484	66,883	72,367	2,487,519	559,215	3,046,734	31,443
Less: Amounts representing restricted assets	-	-	-	1,694,454	559,215	2,253,669	-
Loans and notes receivable, net	\$ 5,484	\$ 66,883	\$ 72,367	\$ 793,065	\$ -	\$ 793,065	\$ 31,443

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	\$ 1,604,689	\$ -	\$ -	\$ -	\$ -
Student loan program	-	9,601	9,000	18,748	66,563
Other	-	-	-	30	75
	1,604,689	9,601	9,000	18,778	66,638
Less: Allowance for uncollectible accounts	74,519	985	93	287	3,405
Loans and notes receivable, net	\$ 1,530,170	\$ 8,616	\$ 8,907	\$ 18,491	\$ 63,233

## 7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

Table 7-1 (amounts expressed in thousands)

	Beginning Balance, as Restated	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Primary Government</b>					
<b>Governmental activities</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 3,156,885	\$ 127,046	\$ 4,950	\$ 60	\$ 3,279,041
Intangible assets	177,942	41,361	-	(64,757)	154,546
Historical treasures and works of art	38,698	34	-	459	39,191
Construction in progress	123,907	160,803	1,224	(136,512)	146,974
Total capital assets not being depreciated	<u>3,497,432</u>	<u>329,244</u>	<u>6,174</u>	<u>(200,750)</u>	<u>3,619,752</u>
<b>Capital assets being depreciated:</b>					
Infrastructure	26,321,866	1,375,585	821,350	59,080	26,935,181
Site improvements	771,212	2,207	5,793	4,924	772,550
Buildings and building improvements	4,431,731	5,630	45,056	104,852	4,497,157
Equipment	1,123,598	89,421	67,672	(12,952)	1,132,395
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	109,965	12,201	467	66,928	188,627
Total capital assets being depreciated	<u>32,759,472</u>	<u>1,485,044</u>	<u>940,338</u>	<u>222,832</u>	<u>33,527,010</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	11,323,489	1,145,861	821,350	-	11,648,000
Site improvements	471,351	18,262	3,698	1,704	487,619
Buildings and building improvements	2,520,613	102,469	32,237	33,643	2,624,488
Equipment	883,463	58,139	62,598	(13,274)	865,730
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	26,610	10,684	458	-	36,836
Total accumulated depreciation	<u>15,226,626</u>	<u>1,335,415</u>	<u>920,341</u>	<u>22,073</u>	<u>15,663,773</u>
Total capital assets being depreciated, net	<u>17,532,846</u>	<u>149,629</u>	<u>19,997</u>	<u>200,759</u>	<u>17,863,237</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 21,030,278</u>	<u>\$ 478,873</u>	<u>\$ 26,171</u>	<u>\$ 9</u>	<u>\$ 21,482,989</u>
<b>Depreciation expense for governmental activities was charged to functions as follows:</b>					
Health and social services					\$ 18,694
Education					4,542
General government					18,339
Employment and economic development					10,780
Transportation					1,172,363
Public protection and justice					60,036
Environmental and business regulation					24,339
Internal service funds					26,322
Total					<u>\$ 1,335,415</u>

Table 7-2 (amounts expressed in thousands)					
	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Primary Government</b>					
<b>Business-type activities</b>					
<b>Water Revolving Fund:</b>					
<b>Capital assets being depreciated:</b>					
Equipment	\$ 424	\$ -	\$ -	\$ -	\$ 424
Total capital assets being depreciated	424	-	-	-	424
<b>Less accumulated depreciation for:</b>					
Equipment	341	25	-	-	366
Total accumulated depreciation	341	25	-	-	366
Total capital assets being depreciated, net	83	(25)	-	-	58
<b>Water Revolving Fund capital assets, net</b>	<b>83</b>	<b>(25)</b>	<b>-</b>	<b>-</b>	<b>58</b>
<b>Nonmajor enterprise funds:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	-	-	-	-	-
Construction in progress	299	90	-	(299)	90
Intangible assets	132	-	-	(132)	-
Total capital assets not being depreciated	431	90	-	(431)	90
<b>Capital assets being depreciated:</b>					
Buildings and building improvements	1,158	1,303	-	-	2,461
Equipment	7,444	441	972	(156)	6,757
Intangible assets	2,759	167	-	431	3,357
Total capital assets being depreciated	11,361	1,911	972	275	12,575
<b>Less accumulated depreciation for:</b>					
Buildings and building improvements	273	53	-	-	326
Equipment	5,680	695	951	(147)	5,277
Intangible assets	282	306	-	-	588
Total accumulated depreciation	6,235	1,054	951	(147)	6,191
Total capital assets being depreciated, net	5,126	857	21	422	6,384
<b>Nonmajor enterprise funds capital assets, net</b>	<b>5,557</b>	<b>947</b>	<b>21</b>	<b>(9)</b>	<b>6,474</b>
<b>Total Business-type activities</b>					
Capital assets not being depreciated	431	90	-	(431)	90
Capital assets being depreciated, net	5,209	832	21	422	6,442
<b>Business-type activities capital assets, net</b>	<b>\$ 5,640</b>	<b>\$ 922</b>	<b>\$ 21</b>	<b>\$ (9)</b>	<b>\$ 6,532</b>
<b>Depreciation expense for business-type activities was charged to functions as follows:</b>					
Water revolving					\$ 25
Lottery					73
Other					981
Total					<u>\$ 1,079</u>

Table 7-3 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Fiduciary Funds</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 1,738	\$ -	\$ -	\$ -	\$ 1,738
Intangible assets	3	-	-	-	3
Total capital assets not being depreciated	1,741	-	-	-	1,741
<b>Capital assets being depreciated:</b>					
Site improvements	1,089	-	-	-	1,089
Buildings and building improvements	18,044	502	-	-	18,546
Equipment	20,796	1,009	424	-	21,381
Intangible assets	1,574	1,510	-	-	3,084
Total capital assets being depreciated	41,503	3,021	424	-	44,100
<b>Less accumulated depreciation for:</b>					
Site improvements	456	77	-	-	533
Buildings and building improvements	10,305	708	-	-	11,013
Equipment	18,606	857	390	-	19,073
Intangible assets	499	333	-	-	832
Total accumulated depreciation	29,866	1,975	390	-	31,451
Total capital assets being depreciated, net	11,637	1,046	34	-	12,649
<b>Fiduciary funds capital assets, net</b>	<b>\$ 13,378</b>	<b>\$ 1,046</b>	<b>\$ 34</b>	<b>\$ -</b>	<b>\$ 14,390</b>

Table 7-4 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Major Component Units</b>					
<b>Illinois Housing Development Authority:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 2,600	\$ -	\$ 2,600	\$ -	\$ -
Total capital assets not being depreciated	2,600	-	2,600	-	-
<b>Capital assets being depreciated:</b>					
Buildings and building improvements	45,763	540	3,780	-	42,523
Equipment	638	182	10	-	810
Intangible assets	1,956	750	41	-	2,665
Total capital assets being depreciated	48,357	1,472	3,831	-	45,998
<b>Less accumulated depreciation for:</b>					
Buildings and building improvements	17,452	886	74	-	18,264
Equipment	229	130	-	-	359
Intangible assets	1,583	155	-	-	1,738
Total accumulated depreciation	19,264	1,171	74	-	20,361
Total capital assets being depreciated, net	29,093	301	3,757	-	25,637
<b>Capital assets, net</b>	<b>\$ 31,693</b>	<b>\$ 301</b>	<b>\$ 6,357</b>	<b>\$ -</b>	<b>\$ 25,637</b>
<b>Illinois State Toll Highway Authority:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 327,977	\$ 9,287	\$ -	\$ -	\$ 337,264
Construction in progress	132,755	549,972	15,078	(312,125)	355,524
Total capital assets not being depreciated	460,732	559,259	15,078	(312,125)	692,788
<b>Capital assets being depreciated:</b>					
Infrastructure	7,056,363	19,168	73,540	312,125	7,314,116
Buildings and building improvements	54,025	456	-	-	54,481
Equipment	216,834	15,572	1,318	-	231,088
Total capital assets being depreciated	7,327,222	35,196	74,858	312,125	7,599,685
<b>Less accumulated depreciation for:</b>					
Infrastructure	2,453,863	293,651	73,540	-	2,673,974
Buildings and building improvements	39,134	934	-	-	40,068
Equipment	136,551	13,533	1,159	-	148,925
Total accumulated depreciation	2,629,548	308,118	74,699	-	2,862,967
Total capital assets being depreciated, net	4,697,674	(272,922)	159	312,125	4,736,718
<b>Capital assets, net</b>	<b>\$ 5,158,406</b>	<b>\$ 286,337</b>	<b>\$ 15,237</b>	<b>\$ -</b>	<b>\$ 5,429,506</b>

Table 7-4 (continued)					
(amounts expressed in thousands)					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers and Reclassifications</u>	<u>Ending Balance</u>
<b>Major Component Units, continued</b>					
<b>Illinois State University:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 15,469	\$ 774	\$ -	\$ -	\$ 16,243
Construction in progress	38,605	14,638	13,891	(27,521)	11,831
Total capital assets not being depreciated	<u>54,074</u>	<u>15,412</u>	<u>13,891</u>	<u>(27,521)</u>	<u>28,074</u>
<b>Capital assets being depreciated:</b>					
Infrastructure	12,683	-	-	464	13,147
Site improvements	37,722	-	263	-	37,459
Buildings and building improvements	557,430	1,956	12,107	27,057	574,336
Equipment	179,904	8,430	2,455	-	185,879
Total capital assets being depreciated	<u>787,739</u>	<u>10,386</u>	<u>14,825</u>	<u>27,521</u>	<u>810,821</u>
<b>Less accumulated depreciation for:</b>					
Infrastructure	7,002	295	-	-	7,297
Site improvements	13,527	1,191	173	-	14,545
Buildings and building improvements	217,517	13,306	11,610	-	219,213
Equipment	138,162	10,158	2,175	-	146,145
Total accumulated depreciation	<u>376,208</u>	<u>24,950</u>	<u>13,958</u>	<u>-</u>	<u>387,200</u>
Total capital assets being depreciated, net	<u>411,531</u>	<u>(14,564)</u>	<u>867</u>	<u>27,521</u>	<u>423,621</u>
<b>Capital assets, net</b>	<u>\$ 465,605</u>	<u>\$ 848</u>	<u>\$ 14,758</u>	<u>\$ -</u>	<u>\$ 451,695</u>
<b>Northern Illinois University:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 23,110	\$ -	\$ -	\$ -	\$ 23,110
Construction in progress	34,226	29,224	-	(42,696)	20,754
Total capital assets not being depreciated	<u>57,336</u>	<u>29,224</u>	<u>-</u>	<u>(42,696)</u>	<u>43,864</u>
<b>Capital assets being depreciated:</b>					
Site improvements	72,353	-	-	5,325	77,678
Buildings and building improvements	660,499	-	7,958	37,371	689,912
Equipment	184,065	4,902	3,860	-	185,107
Intangible assets	3,820	-	-	-	3,820
Total capital assets being depreciated	<u>920,737</u>	<u>4,902</u>	<u>11,818</u>	<u>42,696</u>	<u>956,517</u>
<b>Less accumulated depreciation for:</b>					
Site improvements	42,240	-	-	-	42,240
Buildings and building improvements	277,995	539	5,972	-	272,562
Equipment	164,565	26,454	3,783	-	187,236
Intangible assets	3,820	-	-	-	3,820
Total accumulated depreciation	<u>488,620</u>	<u>26,993</u>	<u>9,755</u>	<u>-</u>	<u>505,858</u>
Total capital assets being depreciated, net	<u>432,117</u>	<u>(22,091)</u>	<u>2,063</u>	<u>42,696</u>	<u>450,659</u>
<b>Capital assets, net</b>	<u>\$ 489,453</u>	<u>\$ 7,133</u>	<u>\$ 2,063</u>	<u>\$ -</u>	<u>\$ 494,523</u>

Table 7-4 (continued)					
(amounts expressed in thousands)					
	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
<b>Major Component Units, continued</b>					
<b>Southern Illinois University:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 22,273	\$ 7	\$ 57	\$ -	\$ 22,223
Historic treasures and works of art	11,523	39	-	-	11,562
Construction in progress	142,402	47,853	273	(116,880)	73,102
Total capital assets not being depreciated	176,198	47,899	330	(116,880)	106,887
<b>Capital assets being depreciated:</b>					
Infrastructure	8,608	3,728	-	1,013	13,349
Site improvements	68,541	497	26	695	69,707
Buildings and building improvements	1,083,467	9,141	226	111,451	1,203,833
Equipment	357,564	18,309	5,830	3,721	373,764
Intangible assets	7,341	-	-	-	7,341
Total capital assets being depreciated	1,525,521	31,675	6,082	116,880	1,667,994
<b>Less accumulated depreciation for:</b>					
Infrastructure	8,608	64	-	-	8,672
Site improvements	41,735	2,962	26	-	44,671
Buildings and building improvements	498,784	31,818	207	-	530,395
Equipment	303,169	18,918	5,259	-	316,828
Intangible assets	3,363	719	-	-	4,082
Total accumulated depreciation	855,659	54,481	5,492	-	904,648
Total capital assets being depreciated, net	669,862	(22,806)	590	116,880	763,346
<b>Capital assets, net</b>	<b>\$ 846,060</b>	<b>\$ 25,093</b>	<b>\$ 920</b>	<b>\$ -</b>	<b>\$ 870,233</b>
<b>University of Illinois:</b>					
<b>Capital assets not being depreciated:</b>					
Land and land improvements	\$ 137,338	\$ -	\$ -	\$ -	\$ 137,338
Intangible assets	130	-	-	-	130
Historic treasures and works of art	21,809	671	-	-	22,480
Construction in progress	207,852	212,700	-	(176,376)	244,176
Total capital assets not being depreciated	367,129	213,371	-	(176,376)	404,124
<b>Capital assets being depreciated:</b>					
Site improvements	681,910	-	-	17,847	699,757
Buildings and building improvements	3,720,508	288	1,310	150,122	3,869,608
Equipment	1,790,172	103,733	66,904	5,643	1,832,644
Intangible assets	174,196	53	-	2,764	177,013
Total capital assets being depreciated	6,366,786	104,074	68,214	176,376	6,579,022
<b>Less accumulated depreciation for:</b>					
Site improvements	372,721	23,264	-	-	395,985
Buildings and building improvements	1,416,084	94,341	-	-	1,510,425
Equipment	1,277,441	122,374	59,811	-	1,340,004
Intangible assets	158,541	10,190	-	-	168,731
Total accumulated depreciation	3,224,787	250,169	59,811	-	3,415,145
Total capital assets being depreciated, net	3,141,999	(146,095)	8,403	176,376	3,163,877
<b>Capital assets, net</b>	<b>\$ 3,509,128</b>	<b>\$ 67,276</b>	<b>\$ 8,403</b>	<b>\$ -</b>	<b>\$ 3,568,001</b>

## 8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for governmental activities for the year ended June 30, 2014 are summarized below:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
<b>Primary Government</b>					
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds (note 9)	\$ 27,054,828	\$ 3,687,881 *	\$ (1,724,052)	\$ 29,018,657	\$ 2,068,383 ^
Special obligation bonds (note 10)	2,896,234	403,869 **	(236,139)	3,063,964	252,410
Revenue bonds (note 11)	1,380,535	-	(70,860)	1,309,675	76,820
Unamortized premiums:					
General obligation bonds (note 9)	420,580	169,216	(63,308)	526,488	64,144
Special obligation bonds (note 10)	138,745	-	(21,025)	117,720	19,281
Revenue bonds (note 11)	5,631	-	(377)	5,254	-
Unamortized (discounts):					
General obligation bonds (note 9)	(1,685)	-	122	(1,563)	-
Total bonds payable	<u>31,894,868</u>	<u>4,260,966</u>	<u>(2,115,639)</u>	<u>34,040,195</u>	<u>2,481,038</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	6,818	2,006	(2,751)	6,073	2,097
Installment purchases (note 13C)	1,155	-	(347)	808	366
Certificates of participation (note 13B)	49,020	-	(7,755)	41,265	8,205
Workers compensation (note 19)	579,166	200,115	(153,669)	625,612	113,854
Auto liability (note 19)	11,538	4,594	(2,576)	13,556	4,825
Pollution remediation obligation (note 13D)	37,300	-	(7,750)	29,550	30
Compensated absences (note 1L)	417,847	373,561	(367,632)	423,776	47,306
Net pension obligation (note 16)	27,903,769	1,371,962	-	29,275,731	-
Net other postemployment benefits obligation (note 17)	9,053,038	1,439,025	-	10,492,063	-
Total other long-term obligations	<u>38,059,651</u>	<u>3,391,263</u>	<u>(542,480)</u>	<u>40,908,434</u>	<u>176,683</u>
<b>Total Governmental Activities</b>	<u>\$ 69,954,519</u>	<u>\$ 7,652,229</u>	<u>\$ (2,658,119)</u>	<u>\$ 74,948,629</u>	<u>\$ 2,657,721</u>

\* Includes \$12,881 of interest accreted on capital appreciation debt.  
\*\* Includes \$1,869 of interest accreted on capital appreciation debt.  
^ \$242 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, 2014 are summarized below:

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
<b>Primary Government</b>					
<b>Business-type Activities</b>					
<b>Unemployment Compensation Trust Fund:</b>					
Bonds payable:					
Revenue bonds (note 11)	\$ 1,266,885	\$ -	\$ (215,480)	\$ 1,051,405	\$ 168,320
Unamortized premiums (note 11)	120,833	-	(38,816)	82,017	29,193
<b>Total Unemployment Compensation Trust Fund</b>	<b>1,387,718</b>	<b>-</b>	<b>(254,296)</b>	<b>1,133,422</b>	<b>197,513</b>
<b>Water Revolving Fund:</b>					
Other long-term obligations:					
Compensated absences (note 1L)	1,623	815	(890)	1,548	145
<b>Total Water Revolving Fund</b>	<b>1,623</b>	<b>815</b>	<b>(890)</b>	<b>1,548</b>	<b>145</b>
<b>Prepaid Tuition Fund:</b>					
Tuition and related accretion payable (note 13F)	1,557,489	35,512	(146,345)	1,446,656	174,039
<b>Total Prepaid Tuition Fund</b>	<b>1,557,489</b>	<b>35,512</b>	<b>(146,345)</b>	<b>1,446,656</b>	<b>174,039</b>
<b>Nonmajor Enterprise Funds:</b>					
Bonds payable:					
Revenue bonds (note 11)	382,836	-	(52,047)	330,789	-
Unamortized (discounts) (note 11)	(6,674)	-	208	(6,466)	-
Total bonds payable	376,162	-	(51,839)	324,323	-
Other long-term obligations:					
Lottery prize awards (note 13E)	273,083	48,466	(49,981)	271,568	37,867
Compensated absences (note 1L)	6,063	3,319	(3,662)	5,720	380
Other obligations (note 13G)	8,075	1,443	(1,338)	8,180	1,637
Total other long-term obligations	287,221	53,228	(54,981)	285,468	39,884
<b>Total Nonmajor Enterprise Funds</b>	<b>663,383</b>	<b>53,228</b>	<b>(106,820)</b>	<b>609,791</b>	<b>39,884</b>
<b>Total Business-type Activities</b>	<b>\$ 3,610,213</b>	<b>\$ 89,555</b>	<b>\$ (508,351)</b>	<b>\$ 3,191,417</b>	<b>\$ 411,581</b>

Changes in long-term obligations for fiduciary funds for the year ended June 30, 2014 are summarized below:

Table 8-3 (amounts expressed in thousands)

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
<b>Fiduciary Funds</b>					
Capital lease obligations (note 13A)	\$ 2	\$ 47	\$ (14)	\$ 35	\$ 16
Compensated absences (note 1L)	4,424	2,569	(2,486)	4,507	122
<b>Total Fiduciary Funds</b>	<b>\$ 4,426</b>	<b>\$ 2,616</b>	<b>\$ (2,500)</b>	<b>\$ 4,542</b>	<b>\$ 138</b>

Changes in long-term obligations for component units for the year ended June 30, 2014 are summarized below:

Table 8-4 (amounts expressed in thousands)

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
<b>Major Component Units</b>					
<b>Illinois Housing Development Authority:</b>					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,397,496	\$ 28,928	\$ (218,678)	\$ 1,207,746	\$ 35,829
Notes payable (note 12)	36,661	41,397	(4,179)	73,879	3,175
Unamortized premiums (note 11)	1,809	-	(326)	1,483	326
Unamortized (discounts) (note 11)	(1,072)	-	40	(1,032)	(40)
Total bonds and notes payable	<u>1,434,894</u>	<u>70,325</u>	<u>(223,143)</u>	<u>1,282,076</u>	<u>39,290</u>
Other long-term obligations:					
Compensated absences (note 1L)	745	1,633	(1,735)	643	643
Other obligations (note 13G)	14,885	-	(14,885)	-	-
Total other long-term obligations	<u>15,630</u>	<u>1,633</u>	<u>(16,620)</u>	<u>643</u>	<u>643</u>
<b>Total Illinois Housing Development Authority</b>	<b>\$ 1,450,524</b>	<b>\$ 71,958</b>	<b>\$ (239,763)</b>	<b>\$ 1,282,719</b>	<b>\$ 39,933</b>
<b>Illinois State Toll Highway Authority:</b>					
Bonds payable:					
Revenue bonds (note 11)	\$ 3,963,725	\$ 717,390	\$ (284,560)	\$ 4,396,555	\$ 92,855
Unamortized premiums (note 11)	55,006	95,728	(20,515)	130,219	14,287
Unamortized (discounts) (note 11)	(7,566)	-	378	(7,188)	(378)
Total bonds payable	<u>4,011,165</u>	<u>813,118</u>	<u>(304,697)</u>	<u>4,519,586</u>	<u>106,764</u>
Other long-term obligations:					
Accrued self-insurance (note 19)	13,603	16,290	(11,515)	18,378	6,295
Compensated absences (note 1L)	9,812	5,382	(5,507)	9,687	5,667
Other obligations (note 13G)	187	-	(29)	158	-
Total other long-term obligations	<u>23,602</u>	<u>21,672</u>	<u>(17,051)</u>	<u>28,223</u>	<u>11,962</u>
<b>Total Illinois State Toll Highway Authority</b>	<b>\$ 4,034,767</b>	<b>\$ 834,790</b>	<b>\$ (321,748)</b>	<b>\$ 4,547,809</b>	<b>\$ 118,726</b>
<b>Illinois State University:</b>					
Bonds payable:					
Revenue bonds (note 11)	\$ 100,232	\$ 654	\$ (2,755)	\$ 98,131	\$ 6,918 <sup>^</sup>
Unamortized premiums (note 11)	522	-	(27)	495	28
Unamortized (discounts) (note 11)	(679)	-	38	(641)	(38)
Total bonds payable	<u>100,075</u>	<u>654</u>	<u>(2,744)</u>	<u>97,985</u>	<u>6,908</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	1,485	-	(482)	1,003	495
Certificates of participation (note 13B)	32,835	25,000	(1,555)	56,280	2,570
Unamortized premiums (note 13B)	55	-	(3)	52	3
Unamortized (discounts) (note 13B)	(69)	(193)	6	(256)	(14)
Installment purchase obligations (note 13C)	2,979	-	(78)	2,901	84
Compensated absences (note 1L)	16,689	1,796	(2,366)	16,119	2,022
Other obligations (note 13G)	220	85	(55)	250	25
Total other long-term obligations	<u>54,194</u>	<u>26,688</u>	<u>(4,533)</u>	<u>76,349</u>	<u>5,185</u>
<b>Total Illinois State University</b>	<b>\$ 154,269</b>	<b>\$ 27,342</b>	<b>\$ (7,277)</b>	<b>\$ 174,334</b>	<b>\$ 12,093</b>

<sup>^</sup> \$242 of interest will be accreted on capital appreciation debt in the next year.

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
<b>Major Component Units, continued</b>					
<b>Northern Illinois University:</b>					
Bonds payable:					
Revenue bonds (note 11)	\$ 198,154	\$ 593	\$ (3,729)	\$ 195,018	\$ 3,890
Total bonds payable	<u>198,154</u>	<u>593</u>	<u>(3,729)</u>	<u>195,018</u>	<u>3,890</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	134,163	-	(136)	134,027	1,321
Certificates of participation (note 13B)	2,855	11,975	(485)	14,345	515
Unamortized premiums (note 13B)	-	1,140	-	1,140	104
Compensated absences (note 1L)	18,552	2,608	(3,320)	17,840	3,320
Other obligations (note 13G)	31,023	8,131	(3,440)	35,714	2,200
Total other long-term obligations	<u>186,593</u>	<u>23,854</u>	<u>(7,381)</u>	<u>203,066</u>	<u>7,460</u>
<b>Total Northern Illinois University</b>	<b>\$ 384,747</b>	<b>\$ 24,447</b>	<b>\$ (11,110)</b>	<b>\$ 398,084</b>	<b>\$ 11,350</b>
<b>Southern Illinois University:</b>					
Bonds payable:					
Revenue bonds (note 11)	\$ 286,921	\$ 3,953	\$ (17,805)	\$ 273,069	\$ 18,316 <sup>^</sup>
Unamortized premiums (note 11)	10,275	-	(573)	9,702	531
Total bonds payable	<u>297,196</u>	<u>3,953</u>	<u>(18,378)</u>	<u>282,771</u>	<u>18,847</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	1,592	2,937	(432)	4,097	1,111
Certificates of participation (note 13B)	15,750	42,995	(15,750)	42,995	2,020
Unamortized premiums (note 13B)	-	1,018	(19)	999	51
Unamortized (discounts) (note 13B)	(49)	-	49	-	-
Accrued self-insurance (note 19)	23,707	13,720	(7,467)	29,960	10,463
Compensated absences (note 1L)	47,167	3,499	(5,321)	45,345	4,799
Other obligations (note 13G)	3,855	-	(370)	3,485	411
Total other long-term obligations	<u>92,022</u>	<u>64,169</u>	<u>(29,310)</u>	<u>126,881</u>	<u>18,855</u>
<b>Total Southern Illinois University</b>	<b>\$ 389,218</b>	<b>\$ 68,122</b>	<b>\$ (47,688)</b>	<b>\$ 409,652</b>	<b>\$ 37,702</b>
<b>University of Illinois:</b>					
Bonds payable:					
Revenue bonds (note 11)	\$ 1,081,656	\$ 307,019	\$ (46,130)	\$ 1,342,545	\$ 45,952 <sup>^^</sup>
Unamortized premiums (note 11)	59,612	7,304	(3,157)	63,759	3,304
Total bonds payable	<u>1,141,268</u>	<u>314,323</u>	<u>(49,287)</u>	<u>1,406,304</u>	<u>49,256</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	10,673	2,717	(4,548)	8,842	2,623
Certificates of participation (note 13B)	398,415	-	(32,690)	365,725	34,270
Unamortized premiums (note 13B)	8,577	-	(1,368)	7,209	1,229
Accrued self-insurance (note 19)	232,322	22,894	(31,472)	223,744	58,567
Compensated absences (note 1L)	201,535	18,511	(19,659)	200,387	22,617
Other obligations (note 13G)	70,672	43,810	(10,119)	104,363	9,867
Total other long-term obligations	<u>922,194</u>	<u>87,932</u>	<u>(99,856)</u>	<u>910,270</u>	<u>129,173</u>
<b>Total University of Illinois</b>	<b>\$ 2,063,462</b>	<b>\$ 402,255</b>	<b>\$ (149,143)</b>	<b>\$ 2,316,574</b>	<b>\$ 178,429</b>

<sup>^</sup> \$329 of interest will be accreted on capital appreciation debt in the next year.

<sup>^^</sup> \$918 of interest will be accreted on capital appreciation debt in the next year.

**9 GENERAL OBLIGATION BONDS**

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2014 are as follows:

Table 9-1 (amounts expressed in thousands)

		Original Issue Amount	Final Maturity	Interest Rate Ranges	Anti-Pollution	Capital Development	Coal Development	Pension
<b>Governmental Activities</b>								
<b>Multiple Purpose Series:</b>								
October	1993	\$ 169,399	8/1/2015	Accreted*	\$ 1,798	\$ 7,081	\$ 106	\$ -
October	1994	209,816	8/1/2016	Accreted*	2,563	20,484	745	-
November	1997	168,330	8/1/2019	Accreted*	-	69,234	-	-
November	1998	122,334	8/1/2020	Accreted*	-	32,024	-	-
October	2000	101,855	8/1/2022	Accreted*	-	19,458	-	-
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*	1,940	-	776	-
June	2003	460,000	6/1/2028	4.25% to 5.0%	3,198	33,045	-	-
June	2003	10,000,000	6/1/2033	4.050% to 5.1%	-	-	-	9,500,000
A-October	2003	363,000	10/1/2020	5.0% to 5.25%	1,636	8,566	-	-
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%	9,935	-	-	-
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%	-	54,400	-	-
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%	-	80,240	2,040	-
June	2006	274,950	1/1/2021	5.0%	-	-	-	-
A-June	2006	285,000	6/1/2031	5.0%	-	127,159	2,560	-
April	2007	150,000	4/1/2032	4.5% to 5.0%	-	68,400	-	-
A-June	2007	108,000	6/1/2025	5.0% to 5.50%	-	25,983	-	-
B-June	2007	329,000	1/1/2021	5.0% to 5.25%	-	-	-	-
April	2008	125,000	4/1/2033	4.0% to 5.0%	-	76,000	-	-
April	2009	150,000	4/1/2034	4.0% to 5.25%	-	53,360	4,000	-
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	4.421%	-	-	-	693,200
B.A.B.^	2010-1	1,000,000	2/1/2035	3.986% to 6.63%	-	313,068	-	-
February	2010	1,501,300	1/1/2025	3.0% to 5.0%	-	-	-	-
B.A.B.^	2010-2	300,000	3/1/2035	4.35% to 6.9%	-	-	-	-
March	2010	56,000	3/1/2035	4.35% to 6.9%	-	-	-	-
B.A.B.^	2010-3	700,000	4/1/2035	4.422% to 6.725%	-	-	-	-
February	2011	3,700,000	3/1/2019	4.511% to 5.877%	-	-	-	3,600,000
B.A.B.^	2010-4	300,000	7/1/2035	4.2% to 7.1%	8,360	-	-	-
B.A.B.^	2010-5	900,000	7/1/2035	4.55% to 7.35%	25,080	-	-	-
A-January	2012	525,000	1/1/2037	3.0% to 5.0%	-	90,620	1,380	-
B-January	2012	275,000	1/1/2037	2.45% to 5.75%	46,000	3,680	19,320	-
March	2012	575,000	3/1/2037	4.0% to 5.0%	-	138,000	-	-
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%	-	45,000	-	-
A-April	2013	450,000	4/1/2038	4.0% to 5.0%	-	61,920	-	-
B-April	2013	350,000	4/1/2038	1.43% to 5.52%	-	26,533	-	-
June	2013	1,300,000	7/1/2038	4.0% to 5.50%	43,800	142,200	6,000	-
December	2013	350,000	12/1/2038	1.0% to 5.65%	-	80,000	-	-
February	2014	1,025,000	2/1/2039	1.0% to 5.25%	-	300,000	-	-
April	2014	250,000	4/1/2039	4.25% to 5.00%	-	-	-	-
May	2014	750,000	5/1/2039	2.0% to 5.00%	-	-	-	-
Total		\$ 38,125,688			171,696	2,351,135	54,905	13,793,200
<b>Authorized but Unissued</b>					\$ 88,654	\$ 1,873,435	\$ 587,894	\$ 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 6/30/14. Imputed interest rates on these capital appreciation bonds range from 4.12% 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, 2014, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2014 are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 2,068,625	\$ 1,477,209	\$ 3,545,834
2016	1,664,750	1,393,097	3,057,847
2017	1,955,945	1,316,897	3,272,842
2018	1,946,640	1,221,291	3,167,931
2019	1,935,305	1,121,971	3,057,276
2020-2024	5,591,890	4,544,521	10,136,411
2025-2029	6,302,925	3,019,856	9,322,781
2030-2034	6,366,430	1,229,681	7,596,111
2035-2039	1,222,240	151,964	1,374,204
	29,054,750	\$ 15,476,487	\$ 44,531,237
Less: Unaccrued appreciation	(36,093)		
	29,018,657		
Unamortized premiums	526,488		
Unamortized (discounts)	(1,563)		
<b>Total</b>	<b>\$ 29,543,582</b>		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2014 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, 2014 of \$4.2 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	\$ 490,570	\$ 10,602,973
50% of hotel operators tax	112,884	224,981
\$5 million of vehicle use tax	5,000	34,104
Total	<u>\$ 608,454</u>	<u>\$ 10,862,058</u>
Principal and interest requirements	\$ 351,658	
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, 2014 of \$91 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, 2014, are as follows:

Table 10-2 (amounts expressed in thousands)						
<b>Governmental Activities</b>						
	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*	9,737	461	1,140
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	5.5%	-	-	-
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
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%	2,764	437	2,328
Series of February 2005	75,000	6/15/2029	4.25% to 5.0%	7,930	8,750	4,922
Series of June 2005	125,000	6/15/2030	5.0%	14,161	-	2,079
Series of March 2006	65,000	6/15/2026	4.375% to 5.0%	11,863	1,318	5,932
Series of June 2006	150,000	6/15/2031	4.5% to 5.0%	31,755	-	13,610
Series of July 2007	50,000	6/15/2027	5.0%	8,623	-	3,069
Series of December 2009-A	154,920	6/15/2034	3.75% to 5.0%	86,600	-	41,250
Series of December 2009-B	375,000	6/15/2034	3.25% to 5.25%	189,264	-	81,006
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%	111,053	1,394	162,553
Series of May 2012	425,040	6/15/2036	1.064% to 4.08%	66,662	80,682	198,935
Series of May 2013	300,000	6/15/2037	0.75% to 3.88%	95,834	47,917	134,167
Series of June 2013	604,110	6/15/2026	4.0% to 5.0%	-	-	-
Series of March 2014	402,000	6/15/2038	0.3% to 4.62%	127,000	50,000	210,000
<b>Total</b>	<b>\$ 4,538,007</b>			<b>\$ 825,749</b>	<b>\$ 198,797</b>	<b>\$ 882,124</b>
<b>Authorized but Unissued</b>				<b>\$ 139,338</b>	<b>\$ 466,662</b>	<b>\$ 281,519</b>
* Accreted bonds are shown at their accreted values as of 6/30/14. Imputed interest rates on these capital appreciation bonds range from 7.4% to 7.5%.						

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

Environment	Refunding	Civic Centers			Principal Outstanding June 30, 2014	Amount Related to Capital Assets
		Civic Centers	Libraries	Refunding		
\$ -	\$ -	\$ 26,668	\$ -	\$ -	\$ 26,668	\$ -
62	-	-	-	-	11,400	1,535
-	-	27,389	4,221	-	31,610	-
259	-	-	-	-	14,160	4,577
-	-	-	-	4,525	4,525	-
-	-	-	-	11,240	11,240	-
-	29,245	-	-	-	29,245	795
2,333	-	-	-	-	70,000	4,195
-	94,815	-	-	-	94,815	35,086
279	-	-	-	-	10,185	661
291	-	-	-	-	5,820	403
273	-	-	-	-	21,875	3,688
-	-	-	-	-	16,240	9,452
2,307	-	-	-	-	21,420	7,755
-	-	-	-	-	45,365	16,773
2,923	-	-	-	-	14,615	1,268
1,250	-	-	-	-	129,100	-
5,890	-	-	-	-	276,160	1,441
-	317,760	-	-	-	317,760	29,783
-	-	-	-	-	275,000	633
43,341	-	-	-	-	389,620	370
9,583	-	-	-	-	287,501	1,176
-	557,640	-	-	-	557,640	111,109
15,000	-	-	-	-	402,000	-
<u>\$ 83,791</u>	<u>\$ 999,460</u>	<u>\$ 54,057</u>	<u>\$ 4,221</u>	<u>\$ 15,765</u>	3,063,964	230,700
<u>\$ 17,783</u>	<u>Unlimited</u>	<u>\$ 158,010</u>	<u>\$ 5,779</u>	<u>Unlimited</u>		
					Unamortized premiums	117,720
					<b>Total</b>	<b>\$ 3,181,684</b>
						<b>\$ 247,512</b>

Changes in special obligation bonds during the year ended June 30, 2014, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2014, are as follows:

Table 10-3 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	\$ 252,410	\$ 131,477	\$ 383,887
2016	246,450	121,061	367,511
2017	232,480	111,665	344,145
2018	217,990	102,374	320,364
2019	205,290	93,468	298,758
2020-2024	775,590	354,492	1,130,082
2025-2029	562,885	200,696	763,581
2030-2034	414,720	91,750	506,470
2035-2039	164,920	14,504	179,424
	3,072,735	\$ 1,221,487	\$ 4,294,222
Less: Unaccreted appreciation	(8,771)		
	3,063,964		
Unamortized premiums	117,720		
<b>Total</b>	<b>\$ 3,181,684</b>		

## 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, 2014 (except for the Illinois State Toll Highway Authority, which is as of December 31, 2013), 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
<b>Primary Government</b>			
<b>Governmental Activities</b>			
Blended component unit:			
Railsplitter Tobacco Settlement Authority	\$ 1,314,929	3.000% to 6.250%	2028
<b>Business-type Activities</b>			
Major enterprise fund:			
Illinois Department of Employment Security	1,133,422	2.000% to 5.000%	2020
Nonmajor enterprise fund:			
Illinois Designated Account Purchase Program	324,323	1.129% to 1.279%	2045
<b>Major Component Units</b>			
Illinois Housing Development Authority	1,208,197	0.050% to 25.000%	2051
Illinois State Toll Highway Authority	4,519,586	0.040% to 6.184%	2038
Illinois State University	97,985	1.300% to 5.000%	2033
Northern Illinois University	195,018	3.000% to 8.150%	2041
Southern Illinois University	282,771	1.000% to 6.200%	2036
University of Illinois	1,406,304	0.050% to 12.000%	2044

Changes in revenue bonds during the year ended June 30, 2014 are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2014, are as follows:

Table 11-2 (amounts expressed in thousands)

Primary Government						
Year Ending June 30	Governmental Activities		Business-type Activities			
	Railsplitter Tobacco Settlement Authority		Illinois Department of Employment Security		Illinois Designated Account Purchase Program	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 76,820	\$ 71,869	\$ 168,320	\$ 51,166	\$ -	\$ 3,999
2016	80,655	68,028	176,690	42,765	-	3,999
2017	84,700	64,184	185,635	33,939	-	3,999
2018	89,040	59,949	194,845	24,614	-	3,999
2019	93,620	55,496	198,885	14,768	-	3,999
2020-2024	524,325	198,788	127,030	4,573	176,789	15,084
2025-2029	360,515	49,539	-	-	-	8,691
2030-2034	-	-	-	-	-	8,691
2035-2039	-	-	-	-	-	8,691
2040-2044	-	-	-	-	-	8,691
2045-2049	-	-	-	-	154,000	1,854
	<u>1,309,675</u>	<u>\$ 567,853</u>	<u>1,051,405</u>	<u>\$ 171,825</u>	<u>330,789</u>	<u>\$ 71,697</u>
Unamortized premiums	5,254	-	82,017	-	-	-
Unamortized (discounts)	-	-	-	-	(6,466)	-
<b>Total</b>	<u>\$ 1,314,929</u>		<u>\$ 1,133,422</u>		<u>\$ 324,323</u>	

Table 11-3 (amounts expressed in thousands)

Major Component Units						
Year Ending June 30	Illinois Housing Development Authority		Illinois State Toll Highway Authority		Illinois State University	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 35,829	\$ 46,385	\$ 92,855	\$ 215,517	\$ 7,160	\$ 3,684
2016	41,351	44,943	97,795	207,320	7,195	3,644
2017	37,630	43,283	138,135	202,340	3,950	3,600
2018	38,471	41,762	158,060	196,576	4,070	3,464
2019	38,025	40,207	112,160	190,194	4,215	3,314
2020-2024	197,574	177,342	659,630	859,131	23,750	13,905
2025-2029	215,303	136,946	1,084,115	653,581	29,260	8,375
2030-2034	251,439	93,454	1,121,900	414,550	19,325	1,835
2035-2039	212,186	44,023	931,905	88,309	-	-
2040-2044	116,326	13,940	-	-	-	-
2045-2049	20,765	2,288	-	-	-	-
2050-2054	2,850	168	-	-	-	-
	<u>1,207,749</u>	<u>\$ 684,741</u>	<u>4,396,555</u>	<u>\$ 3,027,518</u>	<u>98,925</u>	<u>\$ 41,821</u>
Less: Unaccreted appreciation	(3)	-	-	-	(794)	-
	<u>1,207,746</u>		<u>4,396,555</u>		<u>98,131</u>	
Unamortized premiums	1,483	-	130,219	-	495	-
Unamortized (discounts)	(1,032)	-	(7,188)	-	(641)	-
<b>Total</b>	<u>\$ 1,208,197</u>		<u>\$ 4,519,586</u>		<u>\$ 97,985</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
2015	\$ 3,890	\$ 13,300	\$ 18,645	\$ 10,068	\$ 46,870	\$ 56,061
2016	3,900	13,295	19,070	9,591	50,155	54,850
2017	3,905	13,288	18,235	9,054	54,275	53,468
2018	4,065	13,129	20,030	8,590	54,885	52,002
2019	4,265	12,926	18,005	8,042	55,650	50,404
2020-2024	24,825	61,134	88,325	31,007	295,390	222,018
2025-2029	32,015	53,945	82,300	17,355	264,045	163,166
2030-2034	41,210	41,612	27,050	6,055	248,170	103,932
2035-2039	53,090	23,345	11,915	670	160,560	49,741
2040-2044	24,410	2,971	-	-	154,315	18,275
	195,575	\$ 248,945	303,575	\$ 100,432	1,384,315	\$ 823,917
Less: Unaccrued appreciation	(557)		(30,506)		(41,770)	
	195,018		273,069		1,342,545	
Unamortized premiums	-		9,702		63,759	
<b>Total</b>	<b>\$ 195,018</b>		<b>\$ 282,771</b>		<b>\$ 1,406,304</b>	

All but \$217 thousand of the \$1.208 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.

#### 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, 2014, the deferred amount is \$904.992 million.

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 \$1.878 billion. The total principal and interest paid for the current year and total TSRs received were \$145.798 million and \$271.222 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, 2014, \$124.409 million of residual revenues was paid to the State and \$58.637 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”)***

The majority of IDAPP’s \$324.323 million of outstanding revenue bonds at June 30, 2014 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 \$52.450 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, \$13.395 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, 2013, 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 \$15.300 million for the Series 1997B bonds, \$101.160 million for the three Series 2008 bonds, and \$50 million for the Series 2014C bonds. These bonds have final maturities in 2026, 2038, 2026, 2022, and 2044, 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, 2014, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding as reported by authority officials are as follows:

Table 11-4 (amounts expressed in thousands)

<b>Authority</b>	<b>Amount Outstanding</b>	<b>Annual Maturity To</b>
Illinois Finance Authority	\$ 23,905,013	2052
Illinois Housing Development Authority	403,379	2055
Southwestern Illinois Development Authority	772,805	2048
Upper Illinois River Valley Development Authority	83,271	2045
Will-Kankakee Regional Development Authority	16,325	2042
Illinois Medical District Commission	37,600	2031
Quad Cities Regional Economic Development Authority	71,575	2041
Southeastern Illinois Economic Development Authority	5,009	2031
Western Illinois Economic Development Authority	18,430	2037
Eastern Illinois Economic Development Authority	1,000	2029
Total	<u>\$ 25,314,407</u>	

## **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, 2014 were as follows:

Table 12-1 (amounts expressed in thousands)

<b>Fund Type/Agency</b>	<b>Amount Outstanding</b>	<b>Interest Rates</b>	<b>Maturity Date</b>
<b>Major Component Units</b>			
Illinois Housing Development Authority	<u>\$ 73,879</u>	0.33% to 2.70%	2027

Changes in notes payable during the year ended June 30, 2014 are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2014, are as follows:

Table 12-2 (amounts expressed in thousands)

<b>Year Ending June 30</b>	<b>Illinois Housing Development Authority</b>	
	<b>Principal</b>	<b>Interest</b>
	2015	\$ 3,175
2016	14,972	1,098
2017	24,578	909
2018	481	750
2019	502	738
2020-2024	21,790	2,558
2025-2029	8,381	756
	<u>\$ 73,879</u>	<u>\$ 7,970</u>

**B. Short-Term Borrowings****Primary Government – Business-type Activities**

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. The \$211.857 million outstanding under this line is shown as current at June 30, 2014.

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 2014, \$25.704 million of principal and \$6.870 million of interest was collected, all of which was transferred to the trust. During the same period, the trust paid \$1.327 million for interest expense and other professional fees and \$1.737 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 (1.003% at June 30, 2014). The line of credit is to be used to purchase property that is to be held for the U of I. The \$2.057 million outstanding under this line is shown as current at June 30, 2014.

Changes in short-term borrowing during the year ended June 30, 2014 are as follows:

	<b>Balance July 1, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b>Primary Government Business-type Activities</b>				
Nonmajor enterprise funds	\$ 240,607	\$ -	\$ (28,750)	\$ 211,857
<b>Major Component Units</b>				
University of Illinois	\$ 3,378	\$ -	\$ (1,321)	\$ 2,057

## 13 OTHER LONG-TERM OBLIGATIONS

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

Primary Government		Governmental Activities	Business-type Activities		Fiduciary Funds
			Prepaid Tuition Fund	Nonmajor Enterprise Funds	
Description	Reference				
Capital lease obligations	(A)	\$ 6,073	\$ -	\$ -	\$ 35
Certificates of participation	(B)	41,265	-	-	-
Installment purchase obligations	(C)	808	-	-	-
Pollution remediation obligations	(D)	29,550	-	-	-
Obligations to Lottery Prize Winners	(E)	-	-	271,568	-
Prepaid Tuition Fund obligations	(F)	-	1,446,656	-	-
Other obligations	(G)	-	-	8,180	-
<b>Total Other Long-Term Obligations</b>		<b>\$ 77,696</b>	<b>\$ 1,446,656</b>	<b>\$ 279,748</b>	<b>\$ 35</b>

Major Component Units		Illinois State Toll Highway Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Description	Reference					
Capital lease obligations	(A)	\$ -	\$ 1,003	\$ 134,027	\$ 4,097	\$ 8,842
Certificates of participation	(B)	-	56,076	15,485	43,994	372,934
Installment purchase obligations	(C)	-	2,901	-	-	-
Other obligations	(G)	158	250	35,714	3,485	104,363
<b>Total Other Long-Term Obligations</b>		<b>\$ 158</b>	<b>\$ 60,230</b>	<b>\$ 185,226</b>	<b>\$ 51,576</b>	<b>\$ 486,139</b>

### 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, 2014, assets capitalized under capitalized leases are as follows:

Primary Government		Governmental Activities	Fiduciary Funds
Buildings and building improvements		\$ 8,944	\$ -
Equipment		6,216	47
		15,160	47
Less: Accumulated depreciation		10,688	9
		<u>\$ 4,472</u>	<u>\$ 38</u>

Table 13-4 (amounts expressed in thousands)

Major Component Units	Illinois State	Northern Illinois	Southern Illinois	University of Illinois
	University	University	University	University
Land and land improvements	\$ -	\$ 5,995	\$ 288	\$ -
Buildings and building improvements	1,087	147,773	-	4,920
Equipment	941	1,762	4,266	18,890
	<u>2,028</u>	<u>155,530</u>	<u>4,554</u>	<u>23,810</u>
Less: Accumulated depreciation	910	15,501	1,082	11,901
	<u>\$ 1,118</u>	<u>\$ 140,029</u>	<u>\$ 3,472</u>	<u>\$ 11,909</u>

Future minimum commitments for non-cancelable capital leases as of June 30, 2014 are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Capitalized Leases			
	Governmental Activities		Fiduciary Funds	
	Principal	Interest	Principal	Interest
2015	\$ 2,097	\$ 545	\$ 16	\$ 2
2016	1,676	305	15	2
2017	1,183	148	4	-
2018	1,069	52	-	-
2019	48	-	-	-
Total minimum lease payments	<u>\$ 6,073</u>	<u>\$ 1,050</u>	<u>\$ 35</u>	<u>\$ 4</u>

Table 13-6 (amounts expressed in thousands)

Year Ending June 30	Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2015	\$ 495	\$ 27	\$ 1,321	\$ 8,841	\$ 1,111	\$ 70	\$ 2,623
2016	508	14	1,482	8,805	1,099	51	2,499	113
2017	-	-	1,208	8,759	1,029	31	2,214	63
2018	-	-	1,530	8,697	567	15	1,292	25
2019	-	-	1,823	8,618	291	5	214	4
2020-2024	-	-	12,358	41,367	-	-	-	-
2025-2029	-	-	16,285	37,083	-	-	-	-
2030-2034	-	-	22,605	30,771	-	-	-	-
2035-2039	-	-	31,500	21,880	-	-	-	-
2040-2044	-	-	43,915	9,459	-	-	-	-
Total minimum lease payments	<u>\$ 1,003</u>	<u>\$ 41</u>	<u>\$ 134,027</u>	<u>\$ 184,280</u>	<u>\$ 4,097</u>	<u>\$ 172</u>	<u>\$ 8,842</u>	<u>\$ 375</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, 2014 was \$11.395 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, 2014 was \$488.489 million, which includes unamortized premiums of \$9.400 million and unamortized discounts of \$256 thousand 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, 2014 was \$29.870 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, 2014 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
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	96	6,675	511	9,815	607
2019	-	-	2,590	236	2,590	236
2020-2024	-	-	2,745	80	2,745	80
	<u>\$ 11,395</u>	<u>\$ 1,438</u>	<u>\$ 29,870</u>	<u>\$ 4,584</u>	<u>\$ 41,265</u>	<u>\$ 6,022</u>

Table 13-8 (amounts expressed in thousands)

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
Year Ending June 30								
2015	\$ 2,570	\$ 2,124	\$ 515	\$ 582	\$ 2,020	\$ 1,712	\$ 34,270	\$ 16,158
2016	2,645	2,139	1,490	612	2,155	1,652	30,425	14,657
2017	2,710	2,050	2,330	522	2,210	1,592	31,400	13,241
2018	2,795	1,959	1,060	446	2,285	1,515	32,830	11,803
2019	2,885	1,864	1,105	402	2,360	1,435	34,330	10,332
2020-2024	16,150	7,715	6,325	1,192	13,255	5,759	135,515	30,878
2025-2029	16,430	4,173	1,520	40	8,290	3,624	66,955	6,456
2030-2034	10,095	1,244	-	-	10,420	1,494	-	-
	<u>56,280</u>	<u>\$ 23,268</u>	<u>14,345</u>	<u>\$ 3,796</u>	<u>42,995</u>	<u>\$ 18,783</u>	<u>365,725</u>	<u>\$ 103,525</u>
Unamortized premiums	52		1,140		999		7,209	
Unamortized (discounts)	(256)		-		-		-	
	<u>\$ 56,076</u>		<u>\$ 15,485</u>		<u>\$ 43,994</u>		<u>\$ 372,934</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, 2014 are as follows:

Table 13-9 (amounts expressed in thousands)

Primary Government			
Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2015	\$ 366	\$ 67	\$ 433
2016	406	27	433
2017	36	-	36
	<u>\$ 808</u>	<u>\$ 94</u>	<u>\$ 902</u>

Table 13-10 (amounts expressed in thousands)

Major Component Unit			
Year Ending June 30	Illinois State University		
	Principal	Interest	Total
2015	\$ 84	\$ 186	\$ 270
2016	90	180	270
2017	95	174	269
2018	102	168	270
2019	2,530	14	2,544
	<u>\$ 2,901</u>	<u>\$ 722</u>	<u>\$ 3,623</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 \$29.150 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, 2014, of \$400 thousand.

**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 \$433 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 \$296.250 million at June 30, 2014, with interest rates ranging from 1.8% to 7.7%. The present value of these liabilities owed to prize winners, approximating \$271.568 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, 2014 are as follows:

Primary Government Business-type Activities		State Lottery Fund
Year Ending June 30		Amount
2015		\$ 40,133
2016		35,194
2017		27,494
2018		20,107
2019		18,476
2020-2038		232,078
		373,482
Less: Present value adjustments		(101,914)
Present value of future prizes		\$ 271,568

**F. Prepaid Tuition Fund Obligations**

Tuition payable in the Illinois Prepaid Tuition Fund, a major enterprise fund, as of June 30, 2014, represents net principal payments received for contracts held by the fund in the amount of \$1,446.656 million, of which \$174.039 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, 2014, 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 \$8.180 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 \$143.970 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 produced a synthetic fixed rate on the bonds that was expected to provide a lower rate than what was available in the primary market, if the State issued traditional fixed rate bonds.

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 variable interest received under the Agreements were designed to be equivalent, thus resulting in a net synthetic fixed rate obligation.

In November 2013, the State replaced Depfa Bank, PLC with a syndicate of five banks. Under the new Letter of Credit agreement, the State will pay the syndicate 2.35% of the outstanding par amount of the bonds. Although the new fee is substantially higher than Depfa’s 0.32% fee, the State has experienced a nominal increase of 0.04% in its total cost, reflecting lower interest rates the State pays for the bonds due to the higher credit ratings of the bank syndicate.

Details of the Agreements are summarized below:

Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (2)	Change in Fair Value	Swap Termination Date	Counterparty Credit Rating (3)
<b>Primary Government</b>								
<b>Governmental Activities</b>								
<b>Interest Rate Swap Contracts</b>								
Series 2003B	\$ 384,000	10/03	3.890%	67% of 1 mo. LIBOR <sup>^</sup>	\$ (80,174)		10/33	A/A3/A+
General Obligation Bonds	54,000	10/03	3.890%	when 1 mo. LIBOR <sup>^</sup>	(10,731)		10/33	A-/Baa1/BBB+
	54,000	10/03	3.890%	is $\geq$ 2.5%, or	(11,096)		10/33	A/A2/A
	54,000	10/03	3.890%	SIFMA <sup>^</sup> , when 1 mo.	(11,024)		10/33	A-/Baa2/A
	54,000	10/03	3.890%	LIBOR <sup>^</sup> is $<$ 2.5%	(10,760)		10/33	A+/Aa3/A+
	<u>\$ 600,000</u>				<u>\$ (123,785)</u>	<u>\$ (236)</u>		
<sup>^</sup> Securities Industry and Financial Market Association <sup>^^</sup> London Interbank Offered Rate (1) All bond issues are tax-exempt debt instruments. (2) Includes accrued interest. (3) 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 (0.06% was in effect on June 30, 2014) as the LIBOR rate was below 2.5%.

During all of fiscal year 2014, the floating rate received was SIFMA. The payments are computed on a notional amount, equal to the 2003B bonds’ principal outstanding and reduce in conjunction with the amortization of principal. Further, the frequency of rate resets of the 2003B bonds and the Agreements are identical, currently resetting weekly.

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 of resources, respectively.

## Risks

### Credit risk

As of June 30, 2014, 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 State or the Letter of Credit providers deteriorate, the amount of floating rate

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. Note that since the Letters of Credit were executed, the bonds have traded with no spread over the floating rate index. If the credit ratings of the State or Letter of Credit providers improve, the floating interest rate paid on the bonds and received under the Agreements would not change.

***Interest rate risk***

During fiscal year 2014, declining interest rates adversely affected the fair value of the Agreements.

***Basis risk***

Since the floating rate 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, 2014).

***Rollover risk***

All of the swap agreements discussed above have been structured to protect the State from exposure to rollover risk. The Letter of Credit Agreement has a three-year term with options for renewal for two one-year terms that must be mutually agreed to. Movement in the State's credit rating may subject it to an increase/decrease in facility fees when procuring a new Letter of Credit.

As of June 30, 2014, debt service requirements of outstanding variable rate debt and net swap payments, assuming interest rates remain at current levels, for their terms are as follows:

Table 14-2 (amounts expressed in thousands)

<b>Swap Payments and Associated Debt</b>				
<b>Variable Rate Debt</b>				
<b>Primary Government</b>				
<b>Year Ending</b>	<b>Governmental Activities</b>			
	<b>Principal</b>	<b>Interest</b>	<b>Interest Rate Swaps, Net</b>	<b>Total</b>
<b>June 30</b>				
2015	\$ -	\$ 360	\$ 22,980	\$ 23,340
2016	-	360	22,980	23,340
2017	-	360	22,980	23,340
2018	-	360	22,980	23,340
2019	-	360	22,980	23,340
2020-2024	243,000	1,541	98,389	342,930
2025-2029	217,100	861	54,951	272,912
2030-2034	139,900	205	13,093	153,198
<b>Total</b>	<b>\$ 600,000</b>	<b>\$ 4,407</b>	<b>\$ 281,333</b>	<b>\$ 885,740</b>

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, 2014, 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, 2014:

## ISBI

Table 14-3 (amounts expressed in thousands)

Investment Derivatives	Fair Value at June 30, 2014	Change in Fair Value	Notional*
Currency Forwards	\$ (638)	\$ (4,557)	N/A
Futures	N/A	N/A	\$ (19,492)
Options	(2,635)	(9,152)	3,451
Rights	21	688	32
Warrants	146	43	77
<b>Grand Totals</b>	<b>\$ (3,106)</b>	<b>\$ (12,978)</b>	<b>\$ (15,932)</b>

\* 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, 2014	Change in Fair Value	Notional*
Rights	\$ 386	\$ 1,820	\$ 2,463
Warrants	-	487	242
Currency Forwards			
Purchases	4,267,338		
Sales	(4,281,213)		
	<u>(13,875)</u>	<u>(8,608)</u>	<u>-</u>
Futures**			
Equity Futures Long	-	27,671	253,635
Equity Futures Short	-	(11,099)	(87,166)
Fixed Income Futures Long	-	9,974	1,779,414
Fixed Income Futures Short	-	(12,777)	(970,341)
Commodity Futures Long	-	(2,995)	80,007
Commodity Futures Short	-	5,910	(57,987)
Currency Futures Long	-	(191)	-
Currency Futures Short	-	(69)	-
	<u>-</u>	<u>16,424</u>	<u>997,562</u>
Options**			
Equity Options Purchased	1,906	(5,047)	13,229
Equity Options Written	(1,521)	3,272	12,695
Currency Forward Options Purchased	119	(1,364)	3,054
Currency Forward Options Written	(222)	1,466	6,299
Options on Futures Purchased	424	(469)	17,543
Options on Futures Written	(336)	1,558	4,581
	<u>370</u>	<u>(584)</u>	<u>57,401</u>
Swaptions			
Swaptions Purchased	1,862	(3,373)	23,389
Swaptions Written	(3,057)	14,299	244,448
	<u>(1,195)</u>	<u>10,926</u>	<u>267,837</u>
Credit Default Swaps			
Credit Default Swaps Buying Protection	695	(1,312)	45,190
Credit Default Swaps Selling Protection	5,104	3,285	358,379
	<u>5,799</u>	<u>1,973</u>	<u>403,569</u>
Index Swaps	252	3,036	63,559
Interest Rate Swaps			
Pay Fixed Interest Rate Swaps	(6,990)	(9,769)	280,247
Receive Fixed Interest Rate Swaps	5,255	(435)	633,479
	<u>(1,735)</u>	<u>(10,204)</u>	<u>913,726</u>
Inflation-linked Swaps			
Pay Fixed Inflation Swaps	(686)	244	52,315
	<u>(686)</u>	<u>244</u>	<u>52,315</u>
<b>Grand Totals</b>	<b>\$ (10,684)</b>	<b>\$ 15,514</b>	<b>\$ 2,758,674</b>

\* 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, 2014.

Interest Rate and Inflation Swaps						
Asset Description	Par	Gross Notional*	TRS Receives	TRS Pays	Maturity Date	Fair Value June 30, 2014
Pay Fixed Interest						
Rate Swaps						
United States Dollar	20,200	\$ 20,406	U.S. CPI <sup>***</sup> URNSA <sup>****</sup>	1.77%	3/26/2016	\$ 206
United States Dollar	16,800	16,915	U.S. CPI <sup>***</sup> URNSA <sup>****</sup>	1.75%	3/27/2016	115
United States Dollar	39,970	39,994	3 mo. LIBOR <sup>^^</sup>	2.79%	3/31/2024	(681)
United States Dollar	3,600	3,600	3 mo. LIBOR <sup>^^</sup>	2.75%	6/18/2024	(45)
United States Dollar	1,300	1,301	3 mo. LIBOR <sup>^^</sup>	2.75%	6/20/2042	137
United States Dollar	15,000	15,001	3 mo. LIBOR <sup>^^</sup>	2.75%	6/19/2043	1,628
United States Dollar	14,000	14,001	3 mo. LIBOR <sup>^^</sup>	3.25%	12/18/2043	157
United States Dollar	12,600	12,601	3 mo. LIBOR <sup>^^</sup>	3.50%	12/18/2043	(483)
United States Dollar	19,030	19,041	3 mo. LIBOR <sup>^^</sup>	3.49%	3/31/2044	(603)
United States Dollar	18,300	18,301	3 mo. LIBOR <sup>^^</sup>	3.75%	6/18/2044	(1,612)
United States Dollar	7,300	7,300	3 mo. LIBOR <sup>^^</sup>	3.50%	12/17/2044	(167)
Canadian Dollar	26,500	24,879	3 mo. CDOR <sup>*****</sup>	3.50%	6/20/2044	(1,191)
Euro	8,500	11,658	6 mo. EURIBOR <sup>*****</sup>	2.00%	1/29/2024	(658)
Euro	9,900	13,555	6 mo. EURIBOR <sup>*****</sup>	2.75%	9/17/2044	(1,712)
British Pound Sterling	900	1,539	6 mo. LIBOR <sup>^^</sup>	3.50%	9/17/2044	(71)
Japanese Yen	6,090,000	60,154	6 mo. Japanese Yen LIBOR <sup>^^</sup>	1.00%	9/18/2023	(2,010)
		<u>\$ 280,246</u>				<u>\$ (6,990)</u>
Receive Fixed Interest						
Rate Swaps						
Mexican Peso	312,900	\$ 24,563	5.50% to 7.74%	4 wk. Mexican TIIE <sup>^</sup>	9/6/2016-5/30/2024	\$ 422
Australian Dollar	36,800	35,627	3.50% to 4.00%	6 mo. Australian Bank Bill	12/11/2018-6/18/2019	831
Canadian Dollar	47,000	46,205	3.30% to 3.40%	3 mo. CDOR <sup>*****</sup>	6/19/2024-6/20/2029	2,035
United States Dollar	401,300	404,413	0.75% to 4.00%	Fed Fund Effective Rate/3 mo. LIBOR <sup>^^</sup>	9/17/2015-6/19/2024	3,102
Brazilian Real	79,900	35,316	8.22% to 12.56%	3 mo. Brazilian CDI <sup>***</sup> /12 mo. Brazilian CDI <sup>***</sup>	1/2/2015-1/4/2021	(935)
New Zealand Dollar	100,000	87,355	4.00%	3 mo. NZD <sup>*****</sup> Bank Bill	12/11/2015	(200)
		<u>\$ 633,479</u>				<u>\$ 5,255</u>
Pay Fixed Inflation						
Linked Swaps						
United States Dollar	53,000	\$ 52,315	U.S. CPI <sup>***</sup> URNSA <sup>****</sup>	2.09% to 2.56%	2/12/2017-5/8/2023	\$ (686)
* Includes income/accrued payable amounts						
<sup>^</sup> TIIE - Mexico Interbank Equilibrium Interest Rate						
<sup>^^</sup> LIBOR - London Interbank Offered Rate						
<sup>***</sup> CDI - Cetip Interbank Deposit (interbank lending rate)						
<sup>****</sup> CPI - Consumer Price Index						
<sup>*****</sup> URNSA - Urban Consumers NSA Index Rate						
<sup>*****</sup> CDOR - Canadian Dealer Offered Rate						
<sup>*****</sup> EURIBOR - Euro Interbank Offered Rate						
<sup>*****</sup> NZD - New Zealand Dollar						

## SURS

Table 14-6 (amounts expressed in thousands)

Investment Derivatives	Fair Value at		Notional*
	June 30, 2014	Changes in Fair Value	
Rights and Warrants	\$ 44	\$ (30)	\$ 420
Currency Forwards			
Purchases	2,134	(2,555)	-
Sales	(3,557)	1,555	-
	<u>(1,423)</u>	<u>(1,000)</u>	<u>-</u>
Futures			
Equity Derivatives Long	444	1,237	287,857
Equity Derivatives Short	-	(26)	-
Fixed Income Long	228	176	845,552
Fixed Income Short	(20)	(34)	(57,343)
	<u>652</u>	<u>1,353</u>	<u>1,076,066</u>
Options			
Fixed Income Call	(395)	(287)	(86,898)
Fixed Income Put	(38)	163	(41,398)
Cash and Cash Equivalents Call	(586)	(586)	(34,082)
Cash and Cash Equivalents Put	238	247	12,603
	<u>(781)</u>	<u>(463)</u>	<u>(149,775)</u>
Swaptions			
Call	(216)	(204)	(34,900)
Put	(60)	2,102	(105,009)
	<u>(276)</u>	<u>1,898</u>	<u>(139,909)</u>
Swaps			
Credit Default			
Buying Protection	(1,117)	(439)	57,881
Selling Protection	3,335	1,924	151,304
	<u>2,218</u>	<u>1,485</u>	<u>209,185</u>
Pay Fixed Inflation-linked Swaps	109	419	59,100
Receive Fixed Inflation-linked Swaps	226	50	5,614
Total Return	6,730	3,443	19
Pay Fixed Interest Rate	-	(56)	-
Receive Fixed Interest Rate	(2,065)	(10,522)	1,013,502
	<u>7,218</u>	<u>(5,181)</u>	<u>1,287,420</u>
<b>Grand Totals</b>	<b>\$ 5,434</b>	<b>\$ (3,423)</b>	<b>\$ 2,074,222</b>

\* 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, 2014.

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, 2014
pay fixed	\$ 59,100	1.7275% to 2.50%	US CPI Urban Consumers NSA <sup>*****</sup>	\$ 109
	<u>\$ 59,100</u>			<u>\$ 109</u>
receive fixed	\$ 25,740	6 mo. EURIBOR-Act/360-Bloomberg <sup>*****</sup>	0.55% to 2.75%	\$ (2,186)
receive fixed	300,994	3 mo. AUD-BBR-BBSW-Bloomberg <sup>^^</sup>	3.50%	1,256
receive fixed	161,493	6 mo. AUD-BBR-BBSW-Bloomberg <sup>^^</sup>	4.00% to 4.75%	287
receive fixed	26,888	BCID <sup>^^</sup>	8.15% to 11.68%	(1,004)
receive fixed	20,500	Fed Fund Effective Rate	0.25%	(174)
receive fixed	5,613	France CPI Ex-Tobacco <sup>****</sup>	1.95% to 2.1075%	225
receive fixed	5,725	6 mo. JPY-LIBOR BBA-Bloomberg <sup>*****</sup>	1.00%	(205)
receive fixed	19,163	28 day TIIE <sup>****</sup>	5.60%	695
receive fixed	453,000	3 mo. USD-LIBOR BBA-Bloomberg <sup>^</sup>	1.50% to 3.50%	(733)
	<u>\$ 1,019,116</u>			<u>\$ (1,839)</u>

<sup>^</sup> US Dollar London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen  
<sup>^^</sup> BCID - Brazil Cetip Interbank Deposit  
<sup>\*\*\*</sup> Australian Bank Bill Swap Rate published by the Australian Financial Markets Association on the Bloomberg screen  
<sup>\*\*\*\*</sup> France Consumer Price Index Excluding Tobacco  
<sup>\*\*\*\*\*</sup> Japanese Yen London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen  
<sup>\*\*\*\*\*</sup> TIIE - Mexico Interbank Equilibrium Interest Rate  
<sup>\*\*\*\*\*</sup> US Consumer Price Index for All Urban Consumers (not seasonally adjusted)  
<sup>\*\*\*\*\*</sup> Euro Interbank Offered Rate on the Bloomberg screen

**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, 2014 for each of the counterparties are as follows:

Table 14-8 (expressed in thousands)

<b>Moody's Rating</b>	<b>Fair Value</b>	<b>Net Exposure</b>	<b>Percentage of Net Exposure</b>
Aa3	\$ 32	\$ 32	6%
Aa2	136	136	23%
A2	292	292	50%
A1	2	2	0%
Baa1	17	17	3%
Baa2	106	106	18%
	<u>\$ 585</u>	<u>\$ 585</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, 2014 was \$35.623 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)

<b>Moody's Quality Rating</b>	
Aa2	\$ 312
Aa3	6,771
A1	8,549
A2	7,354
A3	4,091
Baa1	8,087
Baa2	387
Baa3	72
<b>Total subject to credit risk</b>	<u>\$ 35,623</u>

Although the derivative instruments held within the TRS investment portfolio are executed with various counterparties, approximately 94 percent of the net market value exposure to credit risk is for non-exchange traded derivative contracts held with ten counterparties.

SURS: The maximum loss that would be recognized at June 30, 2014, if all counterparties fail to perform as contracted is \$21.3 million. This maximum exposure is reduced by \$3.4 million in collateral held and approximately \$16.5 million in liabilities, resulting in approximately \$1.4 million net exposure to credit risk. At June 30, 2014, 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	\$ -	\$ -	\$ 348	\$ 348
A	-	(259)	8,418	8,159
No Rating	(1,423)	(17)	(1,547)	(2,987)
Total Subject to Credit Risk	<u>\$ (1,423)</u>	<u>\$ (276)</u>	<u>\$ 7,219</u>	<u>\$ 5,520</u>

### **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 derivative instrument – assets, deferred outflows of resources, derivative instrument liabilities, and deferred inflows of resources. 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 2008 Series 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, 2013 (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 \$295 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, 2014 (except for the THA, for which the fiscal year end is December 31, 2013), along with the credit rating of the associated counterparty.



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, 2013 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, 2014 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, 2014, 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, 2014. 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, 2013. 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 2014, 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, 2013 (THA's fiscal year-end), the SIFMA rate in effect for the swaps was 0.09%.

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 2014, 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 approximately 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 bonds 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 final maturity of the related bonds.

THA: The THA is not exposed to rollover risk, as all swap agreements have final maturities and amortizations that approximately match the final maturities and amortizations 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, 2014, (except for the THA which is as of December 31, 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:

Table 14-12 (amounts expressed in thousands)								
<b>Swap Payments and Associated Debt</b>								
<b>Variable Rate Debt</b>								
<b>Major Component Units</b>								
Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority			
	Principal	Interest	Swaps, Net	Total	Principal	Interest	Swaps, Net	Total
2015	\$ 2,060	\$ 90	\$ 606	\$ 2,756	\$ -	\$ 1,083	\$ 50,125	\$ 51,208
2016	3,070	88	607	3,765	-	1,083	50,125	51,208
2017	4,290	79	515	4,884	53,900	990	49,094	103,984
2018	4,295	66	394	4,755	69,200	774	46,564	116,538
2019	4,510	54	273	4,837	2,375	650	45,151	48,176
2020-2024	17,200	137	182	17,519	13,625	3,222	224,282	241,129
2025-2029	22,135	63	-	22,198	722,438	2,308	169,976	894,722
2030-2034	2,600	19	-	2,619	440,437	276	22,792	463,505
2035-2039	1,485	6	-	1,491	-	-	-	-
2040-2044	805	1	-	806	-	-	-	-
<b>Total</b>	<b>\$ 62,450</b>	<b>\$ 603</b>	<b>\$ 2,577</b>	<b>\$ 65,630</b>	<b>\$ 1,301,975</b>	<b>\$ 10,386</b>	<b>\$ 658,109</b>	<b>\$ 1,970,470</b>
Year Ending June 30	University of Illinois-Revenue Bonds				University of Illinois-Certificates of Participation			
	Principal	Interest	Swaps, Net	Total	Principal	Interest	Swaps, Net	Total
2015	\$ 6,830	\$ 45	\$ 3,003	\$ 9,878	\$ 7,710	\$ 89	\$ 3,936	\$ 11,735
2016	7,050	41	2,737	9,828	8,015	82	3,646	11,743
2017	7,735	38	2,454	10,227	8,345	76	3,345	11,766
2018	8,095	33	2,148	10,276	15,990	69	2,893	18,952
2019	8,375	29	1,832	10,236	16,635	57	2,292	18,984
2020-2024	34,685	77	4,239	39,001	54,055	87	3,019	57,161
2025-2029	9,895	12	456	10,363	-	-	-	-
<b>Total</b>	<b>\$ 82,665</b>	<b>\$ 275</b>	<b>\$ 16,869</b>	<b>\$ 99,809</b>	<b>\$ 110,750</b>	<b>\$ 460</b>	<b>\$ 19,131</b>	<b>\$ 130,341</b>

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

## **15 REFUNDINGS OF LONG-TERM OBLIGATIONS**

### **A. Advance Refundings**

During the year ended June 30, 2014, Illinois State Toll Highway Authority, a major component unit, issued advanced refunding debt to reduce future debt service payments. These revenue bonds were issued to refund portions of an earlier bond issuance. The principal of the refunded debt will be redeemed at a redemption price of 100%. The outstanding balance of the refunded debt of Illinois State Toll Highway Authority was \$228.195 and will be redeemed on July 1, 2015.

Proceeds from the bond sales were placed in an irrevocable trust 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 Illinois State Toll Highway Authority.

Advance refundings issued during fiscal year 2014 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)
<b>Major Component Units</b>							
Illinois State Toll Highway Authority							
Toll Highway Senior Revenue Bonds							
Series 2013 B-1	\$ 217,390	5.00%	\$ 228,195	5.00%	\$ 14,477	\$ 13,286	\$ (9,391)

**B. Current Year Refundings**

During the year ended June 30, 2014, Southern Illinois University, a major component unit, issued current refunding debt to defease a certificate of participation which was currently outstanding. Proceeds from the sale, together with other funds, were used to currently refund earlier issues maturing on dates ranging from February 15, 2015, to February 15, 2024, at a redemption price of 100%. Current refunding debt issued during fiscal year 2014 was as follows:

Table 15-2 (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 (Increased)/ Reduced by Refunding	Refunding Economic Gain/(Loss)	Accounting Gain/(Loss)
<b>Major Component Units</b>							
<b>Certificate of Participation</b>							
Southern Illinois University							
COPS Series 2014A-3	\$ 12,910	2.00% to 5.00%	\$ 13,990	4.25% to 5.00%	\$ 1,365	\$ 1,174	\$ (330)

**C. 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, 2014, 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, 2013):

Table 15-3 (amounts expressed in thousands)

	Primary Government		Major Component Units	
	Governmental Activities	Illinois Housing Development Authority	Illinois State Toll Highway Authority	University of Illinois
General obligation bonds	\$ 47,470	\$ -	\$ -	\$ -
Special obligation bonds	253,975	-	-	-
Revenue bonds	-	23,500	708,340	215,410
	<u>\$ 301,445</u>	<u>\$ 23,500</u>	<u>\$ 708,340</u>	<u>\$ 215,410</u>

**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 859 local school districts, 136 special districts, and 18 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 19 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. \$1.585 billion of the \$18.976 billion total net position relate to the Self-Managed Plan. Plan member contributions were \$65.531 million and the State contributions, along with employer contributions consisting of grant reimbursements, were \$57.162 million for the year ended June 30, 2014.

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, 2014. 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")	\$ 17,110	\$ 125,062	\$ 1,956,841	\$ 4,091,978	\$ 1,560,524
Plus: Interest on net pension obligation ("NPO")	5,056	39,762	204,441	1,259,203	688,629
Adjustment to the ARC	(4,088)	(32,152)	(168,086)	(928,457)	(506,070)
Annual pension cost ("APC")	18,078	132,672	1,993,196	4,422,724	1,743,083
Employer contributions	(13,957)	(126,816)	(1,699,448)	(3,594,706)	(1,502,864)
Increase in NPO	4,121	5,856	293,748	828,018	240,219
NPO at June 30, 2013	72,227	568,033	2,637,948	15,740,028	8,885,533
NPO at June 30, 2014	\$ 76,348	\$ 573,889	\$ 2,931,696	\$ 16,568,046	\$ 9,125,752

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
<b>Annual Pension Cost ("APC")</b>					
6/30/2014	\$ 18,078	\$ 132,672	\$ 1,993,196	\$ 4,422,724	\$ 1,743,083
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
<b>% of APC Contributed</b>					
6/30/2014	77.20%	95.59%	85.26%	81.28%	86.22%
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%
<b>Net Pension Obligation</b>					
6/30/2014	\$ 76,348	\$ 573,889	\$ 2,931,696	\$ 16,568,046	\$ 9,125,752
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

**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	6/30/2014	\$ 51,598	\$ 323,379	\$ 271,781	16.0%	\$ 14,515	1872.4%
JRS	6/30/2014	\$ 705,250	\$ 2,229,277	\$ 1,524,027	31.6%	\$ 171,152	890.5%
SERS	6/30/2014	\$ 13,315,613	\$ 39,526,845	\$ 26,211,232	33.7%	\$ 4,416,153	593.5%
TRS	6/30/2014	\$ 42,150,765	\$ 103,740,377	\$ 61,589,612	40.6%	\$ 9,512,810	647.4%
SURS	6/30/2014	\$ 15,844,714	\$ 37,429,515	\$ 21,584,801	42.3%	\$ 3,522,246	612.8%

**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)

	<b>GARS</b>	<b>JRS</b>	<b>SERS</b>	<b>TRS</b>	<b>SURS</b>
Required contribution amounts/rates:					
Statutory required contribution * Members	\$ 13,856 11.5%	\$ 126,808 11%	\$ 1,697,348 4%-12.5%	\$ 3,592,578 9.4%	\$ 1,502,864 8%-9.5%
Actuarial valuation date of the ARC	6/30/2012	6/30/2012	6/30/2012	6/30/2012	6/30/2013
Actuarial valuation date of the UAAL	6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014
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%	8.0%	7.75%
Projected salary increases **	4%	4%	4% - 8.87%	5% - 10.15%***	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 <sup>^</sup> , compounded	Lesser of 3% or annual increase in CPI <sup>^</sup> , compounded	Lesser of 3% or 1/2 of CPI <sup>^</sup> , on original benefit	Lesser of 3% or 1/2 of CPI <sup>^</sup> , not compounded	1.375%, not compounded
Inflation rate	3%	3%	3%	3.25%	2.75%

Note: The above actuarial assumptions are the actuarial assumptions used at June 30, 2012, to calculate the ARC for the year ended June 30, 2014. The actuarial assumptions used at June 30, 2014 to calculate the actuarial accrued liability as reported in the required supplementary information were the same except for the following:

	<b>GARS</b>	<b>JRS</b>	<b>SERS</b>	<b>TRS</b>	<b>SURS</b>
Investment rate of return	7%, net of investment expenses	7%, net of investment expenses	7.25%, net of investment expenses	7.5%	7.25%
Projected salary increases	3.5%	3.75%	3.5% - 7.92%	4.75% - 9.9%****	
Inflation rate				3.00%	

<sup>^</sup> 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 6.0%

\*\*\*\* Composite, approximately 5.75%

**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 2014, the annual cost of the basic program of group health, dental, and vision benefits before the State’s contribution was \$8,869.20 (\$4,542.96 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$11,535.84 (\$4,421.04 if Medicare eligible) if the annuitant chose other benefits.

Public Act 97-0695, effective July 1, 2012, altered the contributions to be paid by the State, annuitants, survivors, and retired employees under the State Employees Group Insurance Act. Public Act 97-0695 also required the Director of Central Management Services to annually determine the amount the State would contribute toward the basic program of group health benefits. The remainder of the cost of coverage was to be the responsibility of the annuitant, survivor or retired employee. Several lawsuits were subsequently filed challenging the constitutionality of this act.

The costs were assessed to the annuitants, survivors or retired employees beginning July 1, 2013. In accordance with the July 2, 2013 Sangamon County Circuit Court order, the State established a trust fund to hold the disputed additional health insurance premiums received. On July 3, 2014, the Illinois Supreme Court sent the case back to the circuit court for further action, and on August 29, 2014, the circuit court directed the State Employees’ Retirement System to discontinue withholding, as soon as possible, the retiree and survivor health insurance premiums that were in effect since July 2013. On November 21, 2014, the circuit court ordered the State to implement a plan to refund the premiums collected.

**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 17-1.

Actuarially required contribution ("ARC")	\$ 2,238,820
Plus: Interest on net other postemployment benefits obligation ("NOPEBO")	407,387
Adjustment to the ARC	(301,768)
Annual other postemployment benefits cost	<u>2,344,439</u>
Benefits paid during the year	(905,414)
Increase in NOPEBO	<u>1,439,025</u>
NOPEBO at June 30, 2013	9,053,038
NOPEBO at June 30, 2014	<u>\$ 10,492,063</u>

The annual other postemployment benefits cost, the percentage of annual other postemployment benefits cost contributed for the year, and the net other postemployment benefits obligation at the end of the year for the current fiscal year and the two preceding fiscal years are presented in the following Table 17-2.

<b>Annual Other Postemployment Benefits Cost ("AOPEBC")</b>	
6/30/2014	\$ 2,344,439
6/30/2013	\$ 2,377,627
6/30/2012	\$ 2,463,426
<b>% of AOPEBC Contributed</b>	
6/30/2014	38.62%
6/30/2013	26.27%
6/30/2012	31.56%
<b>Net Other Postemployment Benefits Obligation</b>	
6/30/2014	\$ 10,492,063
6/30/2013	\$ 9,053,038
6/30/2012	\$ 7,300,079

**Funded Status.** The funded status and funding progress of the State’s OPEB is presented in Table 17-3.

	(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 17-4.

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, 2014, there were 995 school districts participating with 72,991 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 2014, contributors to TRS contributed .97% of salary and employers contributed .72% 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 .97% 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 \$90.430, \$86.683, and \$87.622 million for fiscal years 2014, 2013, and 2012, 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, 2014, 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 6,473 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 \$4.399, \$40.176, and \$4.396 million for fiscal years 2014, 2013, and 2012, 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 \$6.678 billion at June 30, 2014. This deficit results from spending in excess of revenues recognized.

##### **Nonmajor Governmental Funds**

The Personal Property Tax Replacement Fund of the Department of Revenue has a deficit aggregating \$209.509 million at June 30, 2014, 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, 2014, aggregating \$819.055 million and \$100.445 million, respectively, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

**Nonmajor Enterprise Funds**

The State Lottery Fund of the Lottery has a deficit aggregating \$9.895 million at June 30, 2014, resulting from spending and transfers to other state funds in excess of revenues recognized.

**B. Cash Flow Deficits**

As of June 30, 2014, transactions totaling \$3.450 billion that had been approved for payment by the State remained unpaid at year end due to the State's cash flow difficulties. Of this total, \$269.110 million related to intra-governmental transactions and \$1.320 billion 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.

**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, 2014, aggregating \$87.555 million and \$18.613 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 \$412 thousand and \$113 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 \$3.178 million and \$9.853 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 \$625.612 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 \$615.087 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, 2014:

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:				
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>
2014				
Auto Liability	\$ 11,538	\$ 4,594	\$ (2,576)	\$ 13,556
Workers' Compensation	579,166	200,115	(153,669)	625,612
Health Insurance	702,196	822,379	(909,488)	615,087
Total	<u>\$ 1,292,900</u>	<u>\$ 1,027,088</u>	<u>\$ (1,065,733)</u>	<u>\$ 1,254,255</u>
Component Units, (Information for the Illinois State Toll Highway Authority is as of December 31):				
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>
2014				
Illinois State Toll Highway Authority	\$ 13,603	\$ 16,290	\$ (11,515)	\$ 18,378
Southern Illinois University	23,707	13,720	(7,467)	29,960
University of Illinois	232,322	22,894	(31,472)	223,744
Total	<u>\$ 269,632</u>	<u>\$ 52,904</u>	<u>\$ (50,454)</u>	<u>\$ 272,082</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 \$18.378 million at December 31, 2013.

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 \$29.960 million at June 30, 2014.

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 \$223.744 million at June 30, 2014.

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 \$4.730 billion as of June 30, 2014, which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$605.300 million as of June 30, 2014, 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 \$1.350 billion as of December 31, 2013. Southern Illinois University and the University of Illinois have outstanding construction commitments for various building and building improvement projects of \$55.072 and \$298.937 million, respectively, as of June 30, 2014.

### **B.** Investment Commitments

The Illinois State Board of Investments had outstanding commitments at June 30, 2014, to limited partnerships, real estate, and real assets of approximately \$426 million, \$61 million, and \$32 million, respectively. The Teachers' Retirement System had outstanding commitments at June 30, 2014, for the future purchase of investments in real estate and private equity partnerships of \$819.4 million and \$3.7 billion, respectively. The State Universities Retirement System had

outstanding commitments at June 30, 2014, to private equity limited partnerships, real estate partnerships and infrastructure partnerships of approximately \$579.7 million, \$144.8 million and \$8.9 million, respectively. Office of the Treasurer – Fiscal Office had outstanding commitments at June 30, 2014 to provide venture capital to technology businesses of approximately \$75 million.

### C. Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$50.700 million for the purchase of various home loans as of June 30, 2014.

### D. 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, 2014 are as follows:

Table 20-1 (amounts expressed in thousands)

Year Ending June 30	Primary Government	Major Component Units			
		Illinois Housing Development Authority	Illinois State University	Northern Illinois University	University of Illinois
2015	\$ 99,012	\$ 1,329	\$ 1,482	\$ 1,510	\$ 10,653
2016	78,140	1,365	885	1,389	6,685
2017	52,647	115	868	1,036	4,307
2018	33,846	-	663	337	2,906
2019	14,125	-	82	319	1,289
2020-2024	15,788	-	-	638	901
2025-2029	3,455	-	-	-	1
2030-2034	-	-	-	-	1
2035-2039	-	-	-	-	1
Total minimum lease payments	<u>\$ 297,013</u>	<u>\$ 2,809</u>	<u>\$ 3,980</u>	<u>\$ 5,229</u>	<u>\$ 26,744</u>

Rental payments for operating leases charged to operations during the year ended June 30, 2014, aggregated \$261.138 million for the governmental and business-type activities and \$651 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, 2014, of \$2.050 million, \$1.557 million, \$1.419 million, \$17.887 million, and \$13.694 million, respectively.

***E. Tax Litigation***

At June 30, 2014, the State of Illinois has \$121.528 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.

***F. 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, 2014, 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.

***G. 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 discovery stage.

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.

***H. 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 \$12.830 million, \$10.200 million, and \$45 million, respectively, as of June 30, 2014.

***I. 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, 2014, the outstanding balance of bonds which the State is morally obligated to repay is \$217 thousand.

**J. 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 \$170 million in fiscal year 2014, \$179 million in fiscal year 2015, \$189 million in fiscal year 2016, \$199 million in fiscal year 2017, \$210 million in fiscal year 2018, and graduating to \$350 million in fiscal year 2032 until fiscal year 2060. During fiscal year 2014, debt service requirements for these bonds were \$138.386 million. The amount paid to the Authority based on their annual certification was \$138.385 million. During fiscal year 2014, 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 \$93.900 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.

**K. 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 1<sup>st</sup> 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 1<sup>st</sup> 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 2014, the State provided \$130.188 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.

**L. 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 2014 was \$42.730 million plus \$10 million for a total of \$52.730 million.

The ISFA’s annual certification for fiscal year 2014 was in the amount of \$44 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 \$55.130 million in fiscal year 2015, \$57.665 million in fiscal year 2016, \$60.342 million in fiscal year 2017, \$63.169 million in fiscal year 2018, and graduating to \$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State’s share.

**M. 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 3.4% to 9.0% 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, 2014, the outstanding balance of bonds, which the State is morally obligated to repay, is \$25.134 million.

**N. 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 7.125% 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, 2014, the outstanding balance, which the State is morally obligated to repay, is \$15.300 million.

**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, 2014, the outstanding balance of these bonds, which the State is morally obligated to repay, is \$37.600 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, 2014 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
<b>Condensed Statement of Net Position:</b>				
<b>Assets</b>				
Current assets	\$ 71,193	\$ 7,502	\$ 186,657	\$ 294,412
Noncurrent assets:				
Capital assets, net of accumulated depreciation	285,666	32,214	1,009,217	186,123
Other noncurrent assets	3,423	50	248,447	53,607
Deferred outflows of resources	2,444	571	27,653	6,687
<b>Total assets and deferred outflows of resources</b>	<b>362,726</b>	<b>40,337</b>	<b>1,471,974</b>	<b>540,829</b>
<b>Liabilities</b>				
Current liabilities	27,979	2,767	99,327	88,834
Noncurrent liabilities	252,553	15,378	1,204,176	149,666
<b>Total liabilities</b>	<b>280,532</b>	<b>18,145</b>	<b>1,303,503</b>	<b>238,500</b>
<b>Net Position</b>				
Net investment in capital assets	20,014	18,114	10,952	101,159
Restricted-other expendable purposes	40,744	1,291	25,493	10,695
Unrestricted	21,436	2,787	132,026	190,475
<b>Total net position</b>	<b>\$ 82,194</b>	<b>\$ 22,192</b>	<b>\$ 168,471</b>	<b>\$ 302,329</b>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position:</b>				
Operating revenues	\$ 110,427	\$ 40,301	\$ 334,535	\$ 604,918
Operating expenses	(104,388)	(62,482)	(293,105)	(772,038)
Depreciation expense	(15,566)	(1,675)	(32,581)	(17,895)
Operating income (loss)	(9,527)	(23,856)	8,849	(185,015)
Nonoperating revenues (expenses)	13,982	21,931	(167)	199,666
Other revenues	6,935	178	-	-
<b>Increase (decrease) in net position</b>	<b>11,390</b>	<b>(1,747)</b>	<b>8,682</b>	<b>14,651</b>
Net position, July 1, 2013, as restated	70,804	23,939	159,789	287,678
<b>Net position, June 30, 2014</b>	<b>\$ 82,194</b>	<b>\$ 22,192</b>	<b>\$ 168,471</b>	<b>\$ 302,329</b>

## 22 SUBSEQUENT EVENTS

### A. Debt Issuances

Subsequent to June 30, 2014, the State of Illinois' primary government and its major component units have issued the following debt instruments:

Table 22-1 (amounts expressed in millions)

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
<b>Major Component Units:</b>				
Revenue bonds:				
Illinois Housing Development Authority				
Housing Revenue Bonds				
Series 2014 A	7/24/2014	\$ 94.1	0.50%-4.00%	2035
Series 2014 B	7/24/2014	\$ 17.2	0.50%-4.45%	2044
Series 2015 A	1/21/2015	\$ 66.5	0.50%-4.07%	2045
Illinois State Toll Highway Authority				
Series 2014 A (Toll Highway Senior Refunding)	2/26/2014	\$ 378.7	4.50%-5.00%	2022
Series 2014 B (Toll Highway Senior)	6/4/2014	\$ 500.0	5.00%	2039
Series 2014 C (Toll Highway Senior)	12/4/2014	\$ 400.0	5.00%	2039
Series 2014 D (Toll Highway Senior Refunding)	12/18/2014	\$ 264.6	5.00%	2025
Southern Illinois University				
Series 2015 A (Medical Facilities System Revenue Bonds)	2/12/2015	\$ 13.4	1.65%	2023
University of Illinois				
Series 2015 A (Auxiliary Facilities System Refunding)	2/11/2015	\$ 109.3	2.00%-5.00%	2038
Certificate of Participation:				
University of Illinois				
Series 2014 A (Refunding)	12/23/2014	\$ 25.1	4.00%-5.00%	2026
Series 2014 B (Refunding)	12/23/2014	\$ 11.0	1.31%-3.72%	2024
Series 2014 C (Refunding)	12/23/2014	\$ 29.2	5.00%	2026

### B. Pension Reform

On December 5, 2013, the Governor signed into law Public Act 98-0599, effective June 1, 2014, which provided 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 included 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 would have also been required to make additional contributions, with funding guarantees, which would have aided in reducing the unfunded actuarially accrued liability.

The Act was scheduled to become effective on June 1, 2014; however, several lawsuits were subsequently filed to challenge the constitutionality of Public Act 98-0599. In May 2014, the circuit court issued a temporary injunction delaying the implementation of the new law until the court ruled on the consolidated lawsuit. In November 2014, the circuit court ruled the act unconstitutional under the Pension Protection Clause stating the pension benefits cannot be diminished or impaired. The State has appealed the ruling to the Illinois Supreme Court.

## 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.

## **Required Supplementary Information**

State of Illinois

Budgetary Comparison Schedule  
Major Governmental Funds

For the Year Ended June 30, 2014 (Expressed in Thousands)

	General Funds				Road Fund			
	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>								
Income taxes	\$ 18,970,000	\$ 18,970,000	\$ 19,850,247	\$ 880,247	\$ -	\$ -	\$ -	\$ -
Sales taxes	7,385,000	7,385,000	7,675,447	290,447	-	-	-	-
Public utility taxes	1,079,000	1,079,000	1,013,265	(65,735)	-	-	-	-
Federal government	4,107,000	4,107,000	3,868,168	(238,832)	1,299,100	1,299,100	1,502,867	203,767
Other	2,100,000	2,100,000	2,218,659	118,659	1,003,600	1,003,600	1,003,825	225
Less:								
Refunds	-	5,047	5,031	(16)	-	2,647	2,616	(31)
<b>Total revenues</b>	<b>33,641,000</b>	<b>33,635,953</b>	<b>34,620,755</b>	<b>984,802</b>	<b>2,302,700</b>	<b>2,300,053</b>	<b>2,504,076</b>	<b>204,023</b>
<b>EXPENDITURES:</b>								
Current:								
Health and social services	12,155,127	12,844,262	12,317,925	(526,337)	-	-	-	-
Education	13,531,611	13,531,995	13,521,283	(10,712)	-	-	-	-
General government	3,184,161	3,323,450	3,290,977	(32,473)	132,758	132,935	121,777	(11,158)
Employment and economic development	102,099	101,494	100,875	(619)	1,900	1,900	1,900	-
Transportation	5,690	22,190	21,860	(330)	5,913,438	2,589,384	2,149,419	(439,965)
Public protection and justice	2,102,075	2,204,826	2,182,943	(21,883)	-	-	-	-
Environment and business regulation	72,184	72,838	70,551	(2,287)	-	-	-	-
Capital outlays	12,203	13,526	13,105	(421)	106,609	45,418	44,571	(847)
<b>Total expenditures</b>	<b>31,165,150</b>	<b>32,114,581</b>	<b>31,519,519</b>	<b>(595,062)</b>	<b>6,154,705</b>	<b>2,769,637</b>	<b>2,317,667</b>	<b>(451,970)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,475,850</b>	<b>1,521,372</b>	<b>3,101,236</b>	<b>1,579,864</b>	<b>(3,852,005)</b>	<b>(469,584)</b>	<b>186,409</b>	<b>655,993</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>								
Transfers-in	9,610,280	9,610,280	9,610,280	-	296,358	296,358	296,358	-
Transfers-out	(12,653,779)	(12,653,779)	(12,653,779)	-	(381,870)	(381,870)	(381,870)	-
<b>Total other sources (uses) of financial resources</b>	<b>(3,043,499)</b>	<b>(3,043,499)</b>	<b>(3,043,499)</b>	<b>-</b>	<b>(85,512)</b>	<b>(85,512)</b>	<b>(85,512)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(567,649)</b>	<b>(1,522,127)</b>	<b>57,737</b>	<b>1,579,864</b>	<b>(3,937,517)</b>	<b>(555,096)</b>	<b>100,897</b>	<b>655,993</b>
Budgetary fund balances (deficits), July 1, 2013	(3,988,363)	(3,988,363)	(3,988,363)	-	730,977	730,977	730,977	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (4,556,012)</b>	<b>\$ (5,510,490)</b>	<b>\$ (3,930,626)</b>	<b>\$ 1,579,864</b>	<b>\$ (3,206,540)</b>	<b>\$ 175,881</b>	<b>\$ 831,874</b>	<b>\$ 655,993</b>

State Construction Account			
Original Budget	Final Budget	Actual	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
476,916	476,916	493,645	16,729
-	-	-	-
476,916	476,916	493,645	16,729
-	-	-	-
-	-	-	-
-	-	-	-
1,352,002	641,418	641,274	(144)
-	-	-	-
-	-	-	-
-	-	-	-
1,352,002	641,418	641,274	(144)
(875,086)	(164,502)	(147,629)	16,873
208,473	208,473	208,473	-
(26)	(26)	(26)	-
208,447	208,447	208,447	-
(666,639)	43,945	60,818	16,873
209,558	209,558	209,558	-
\$ (457,081)	\$ 253,503	\$ 270,376	\$ 16,873

## Notes to Budgetary Comparison Schedule – Major Governmental Funds

For the Year Ended June 30, 2014

### 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 *Detailed Report of Revenues and Expenditures – Budget to Actual – Budgetary Basis*. 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.

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, 2014 is presented below for the major governmental funds (amounts expressed in thousands):

	<b>MAJOR GOVERNMENTAL FUNDS</b>		
	<b>General Fund</b>	<b>Road Fund</b>	<b>State Construction Account</b>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ 57,737	\$ 100,897	\$ 60,818
Reclassifications:			
Budgetary Special State Funds reported as part of the General Fund and Road Fund for GAAP reporting	(534,842)	500	-
Adjustments:			
To adjust revenues, related receivables and unavailable revenue	103,911	195,923	2,313
To adjust expenditures and related liabilities	<u>1,031,714</u>	<u>(121,329)</u>	<u>16,107</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	<u><b>\$ 658,520</b></u>	<u><b>\$ 175,991</b></u>	<u><b>\$ 79,238</b></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, 2014, 2013 and 2012.

	(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						
6/30/2014	\$ 51,598	\$ 323,379	\$ 271,781	16.0%	\$ 14,515	1872.4%
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%
Judges'						
6/30/2014	\$ 705,250	\$ 2,229,277	\$ 1,524,027	31.6%	\$ 171,152	890.5%
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%
State Employees'						
6/30/2014	\$ 13,315,613	\$ 39,526,845	\$ 26,211,232	33.7%	\$ 4,416,153	593.5%
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%
Teachers'						
6/30/2014	\$ 42,150,765	\$ 103,740,377	\$ 61,589,612	40.6%	\$ 9,512,810	647.4%
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%
State Universities						
6/30/2014	\$ 15,844,714	\$ 37,429,515	\$ 21,584,801	42.3%	\$ 3,522,246	612.8%
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%

**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, 2014 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 1,488,403	\$ 28,316	\$ 85,869	\$ 14,134		\$ 1,616,722
Cash and cash equivalents	17,632					17,632
Securities lending collateral of State Treasurer	3,400,959	12,823	114,963			3,528,745
Receivables, net:						
Taxes	1,336,677	42,222	106,437	53,639		1,538,975
Intergovernmental	1,504,073	286,122				1,790,195
Other	439,532	72	84	24		439,712
Due from other funds	174,264	31	449	35,945	\$ (360)	210,329
Due from component units	4,784	11,537		9		16,330
Inventories	25,083					25,083
Loans and notes receivable, net	5,484					5,484
Other assets	15,000					15,000
<b>Total assets</b>	<b>\$ 8,411,891</b>	<b>\$ 381,123</b>	<b>\$ 307,802</b>	<b>\$ 103,751</b>	<b>\$ (360)</b>	<b>\$ 9,204,207</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>						
Accounts payable and accrued liabilities	\$ 3,742,058	\$ 131,950	\$ 70,358	\$ 1,377		\$ 3,945,743
Intergovernmental payables	2,354,734	142,333		52,969		2,550,036
Due to other funds	2,988,175	440	372,913	9,638	\$ (360)	3,370,806
Due to component units	75,624	90,685		258,766		425,075
Unearned revenue	576,444			33,307		609,751
Obligations under securities lending of State Treasurer	3,400,959	12,823	114,963			3,528,745
Matured portion of long-term liabilities	412					412
<b>Total liabilities</b>	<b>13,138,406</b>	<b>378,231</b>	<b>558,234</b>	<b>356,057</b>	<b>(360)</b>	<b>14,430,568</b>
Deferred inflows of resources - unavailable revenue	1,215,763	210,991	6,056	19,168		1,451,978
<b>Total liabilities and deferred inflows of resources</b>	<b>14,354,169</b>	<b>589,222</b>	<b>564,290</b>	<b>375,225</b>	<b>(360)</b>	<b>15,882,546</b>
<b>FUND BALANCES (DEFICITS)</b>						
Long-term portion of:						
Loans and notes receivable	5,484					5,484
Nonspendable inventories	25,083					25,083
Restricted	58,852					58,852
Committed	1,129,463	9,373				1,138,836
Unassigned	(7,161,160)	(217,472)	(256,488)	(271,474)		(7,906,594)
<b>Total fund balances (deficits)</b>	<b>(5,942,278)</b>	<b>(208,099)</b>	<b>(256,488)</b>	<b>(271,474)</b>		<b>(6,678,339)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 8,411,891</b>	<b>\$ 381,123</b>	<b>\$ 307,802</b>	<b>\$ 103,751</b>	<b>\$ (360)</b>	<b>\$ 9,204,207</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
<b>REVENUES</b>						
Income taxes	\$ 17,020,295			\$ 1,437,851		\$ 18,458,146
Sales taxes	5,596,088		\$ 1,917,217			7,513,305
Public utility taxes	988,856		82,108			1,070,964
Medical providers assessment taxes	1,488,224	\$ 189,443				1,677,667
Other taxes	1,873,861	18,118	104,317			1,996,296
Federal government	7,977,430	1,564,214				9,541,644
Licenses and fees	591,210	669	656			592,535
Interest and other investment income	25,110	126	817			26,053
Other	657,644	946,444		348		1,604,436
<b>Total revenues</b>	<b>36,218,718</b>	<b>2,719,014</b>	<b>2,105,115</b>	<b>1,438,199</b>		<b>42,481,046</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services	18,113,464	2,691,195				20,804,659
Education	4,836,995		7,475,933	1,940,255		14,253,183
General government	1,853,228					1,853,228
Employment and economic development	168,278					168,278
Transportation	571,459					571,459
Public protection and justice	2,512,519					2,512,519
Environment and business regulations	184,037					184,037
Debt service:						
Principal	1,902					1,902
Interest	600					600
Capital outlays	46,360			205		46,565
<b>Total expenditures</b>	<b>28,288,842</b>	<b>2,691,195</b>	<b>7,475,933</b>	<b>1,940,460</b>		<b>40,396,430</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>7,929,876</b>	<b>27,819</b>	<b>(5,370,818)</b>	<b>(502,261)</b>		<b>2,084,616</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	694,573	75,000	5,289,035	925,313	\$ (5,315,358)	1,668,563
Transfers-out	(8,391,853)	(20,000)			5,315,358	(3,096,495)
Capital lease financing	1,836					1,836
<b>Net other sources (uses) of financial resources</b>	<b>(7,695,444)</b>	<b>55,000</b>	<b>5,289,035</b>	<b>925,313</b>	<b>-</b>	<b>(1,426,096)</b>
<b>Net change in fund balances</b>	<b>234,432</b>	<b>82,819</b>	<b>(81,783)</b>	<b>423,052</b>	<b>-</b>	<b>658,520</b>
Fund balances (deficits), July 1, 2013	(6,174,328)	(290,918)	(174,705)	(694,526)		(7,334,477)
(Decrease) for changes in inventory	(2,382)					(2,382)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (5,942,278)</b>	<b>\$ (208,099)</b>	<b>\$ (256,488)</b>	<b>\$ (271,474)</b>	<b>\$ -</b>	<b>\$ (6,678,339)</b>

State of Illinois

Combining Schedule of Accounts - General Fund  
 Medicaid Provider Assessment Program

June 30, 2014 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 1,018	\$ 17,507	\$ 9,791	\$ 28,316
Securities lending collateral of State Treasurer	862	6,089	5,872	12,823
Receivables, net:				
Taxes		41,906	316	42,222
Intergovernmental	138,616	74,923	72,583	286,122
Other	1	4	67	72
Due from other funds		31		31
Due from component units			11,537	11,537
<b>Total assets</b>	<b>\$ 140,497</b>	<b>\$ 140,460</b>	<b>\$ 100,166</b>	<b>\$ 381,123</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Accounts payable and accrued liabilities	\$ 145	\$ 131,091	\$ 714	\$ 131,950
Intergovernmental payables	139,385	2,948		142,333
Due to other funds	105	332	3	440
Due to component units			90,685	90,685
Obligations under securities lending of State Treasurer	862	6,089	5,872	12,823
<b>Total liabilities</b>	<b>140,497</b>	<b>140,460</b>	<b>97,274</b>	<b>378,231</b>
Deferred inflows of resources - unavailable revenue	87,582	65,815	57,594	210,991
<b>Total liabilities and deferred inflows of resources</b>	<b>228,079</b>	<b>206,275</b>	<b>154,868</b>	<b>589,222</b>
<b>FUND BALANCES (DEFICITS)</b>				
Committed			9,373	9,373
Unassigned	(87,582)	(65,815)	(64,075)	(217,472)
<b>Total fund balances (deficits)</b>	<b>(87,582)</b>	<b>(65,815)</b>	<b>(54,702)</b>	<b>(208,099)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 140,497</b>	<b>\$ 140,460</b>	<b>\$ 100,166</b>	<b>\$ 381,123</b>

State of Illinois

**Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances - General Fund  
Medicaid Provider Assessment Program**

For the Year Ended June 30, 2014 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
<b>REVENUES</b>				
Medical providers assessment taxes		\$ 170,325	\$ 19,118	\$ 189,443
Other taxes		18,118		18,118
Federal government	\$ 1,158,648	232,186	173,380	1,564,214
Licenses and fees			669	669
Interest and other investment income	20	76	30	126
Other	870,073		76,371	946,444
<b>Total revenues</b>	<b>2,028,741</b>	<b>420,705</b>	<b>269,568</b>	<b>2,719,014</b>
<b>EXPENDITURES</b>				
Current:				
Health and social services	1,995,530	416,332	279,333	2,691,195
<b>Total expenditures</b>	<b>1,995,530</b>	<b>416,332</b>	<b>279,333</b>	<b>2,691,195</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>33,211</b>	<b>4,373</b>	<b>(9,765)</b>	<b>27,819</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-in		30,000	45,000	75,000
Transfers-out		(20,000)		(20,000)
<b>Net other sources (uses) of financial resources</b>		<b>10,000</b>	<b>45,000</b>	<b>55,000</b>
<b>Net change in fund balances</b>	<b>33,211</b>	<b>14,373</b>	<b>35,235</b>	<b>82,819</b>
Fund balances (deficits), July 1, 2013	(120,793)	(80,188)	(89,937)	(290,918)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (87,582)</b>	<b>\$ (65,815)</b>	<b>\$ (54,702)</b>	<b>\$ (208,099)</b>

State of Illinois

Combining Balance Sheet -  
Nonmajor Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 3,133,571	\$ 1,611,095	\$ 2,690,744	\$ 14,699	\$ 7,450,109
Cash and cash equivalents	226,784	174,980	15,059	213	417,036
Securities lending collateral of State Treasurer	300,010	674,455		1,118	975,583
Investments	21,279			33,837	55,116
Receivables, net:					
Taxes	411,548				411,548
Intergovernmental	1,070,648	10,969	3,537		1,085,154
Other	586,238	493	21	1	586,753
Due from other funds	819,101	3,596	33,100	470	856,267
Due from component units	349,079				349,079
Inventories	16,455				16,455
Loans and notes receivable, net	57,598	9,285			66,883
Other assets	39,249				39,249
<b>Total assets</b>	<b>7,031,560</b>	<b>2,484,873</b>	<b>2,742,461</b>	<b>50,338</b>	<b>12,309,232</b>
Deferred outflows of resources - intra-entity transfers of future revenues	904,992				904,992
<b>Total assets and deferred outflows of resources</b>	<b>\$ 7,936,552</b>	<b>\$ 2,484,873</b>	<b>\$ 2,742,461</b>	<b>\$ 50,338</b>	<b>\$ 13,214,224</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Accounts payable and accrued liabilities	\$ 634,035		\$ 136,817		\$ 770,852
Intergovernmental payables	1,820,548		155,498		1,976,046
Due to other funds	554,111		1,491	\$ 1,286	556,888
Due to component units	59,119		36		59,155
Unearned revenue	271,527		1,159		272,686
Obligations under securities lending of State Treasurer	300,010	\$ 674,455		1,118	975,583
<b>Total liabilities</b>	<b>3,639,350</b>	<b>674,455</b>	<b>295,001</b>	<b>2,404</b>	<b>4,611,210</b>
Deferred inflows of resources - unavailable revenue	836,091				836,091
Deferred inflows of resources - intra-entity transfers of future revenues	904,992				904,992
<b>Total liabilities and deferred inflows of resources</b>	<b>5,380,433</b>	<b>674,455</b>	<b>295,001</b>	<b>2,404</b>	<b>6,352,293</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable - inventories	16,455				16,455
Nonspendable - endowments and similar funds				44,508	44,508
Restricted	1,809,225	1,810,418	346	3,426	3,623,415
Committed	1,950,807		2,447,114		4,397,921
Assigned	10,007				10,007
Unassigned	(1,230,375)				(1,230,375)
<b>Total fund balances (deficits)</b>	<b>2,556,119</b>	<b>1,810,418</b>	<b>2,447,460</b>	<b>47,934</b>	<b>6,861,931</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 7,936,552</b>	<b>\$ 2,484,873</b>	<b>\$ 2,742,461</b>	<b>\$ 50,338</b>	<b>\$ 13,214,224</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Income taxes	\$ 2,490,846				\$ 2,490,846
Sales taxes	3,089,668				3,089,668
Motor fuel taxes	764,255				764,255
Public utility taxes	401,834				401,834
Riverboat taxes	521,092				521,092
Other taxes	349,785				349,785
Federal government	9,276,389	\$ 56,210	\$ 31,851		9,364,450
Licenses and fees	696,220	150		\$ 47	696,417
Interest and other investment income	17,468	5,854		5,168	28,490
Other	1,094,727	5	17,889	2	1,112,623
<b>Total revenues</b>	<b>18,702,284</b>	<b>62,219</b>	<b>49,740</b>	<b>5,217</b>	<b>18,819,460</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	6,159,488		60,191	40	6,219,719
Education	2,565,737		605,990		3,171,727
General government	323,737	60	109,720		433,517
Employment and economic development	922,023	20	200,779	2	1,122,824
Transportation	428,659	1	784,343		1,213,003
Public protection and justice	454,289		28		454,317
Environment and business regulation	725,115		39,500		764,615
Debt service:					
Principal	71,263	1,964,595			2,035,858
Interest	75,080	1,532,515			1,607,595
Capital outlays	73,090	269	626,071		699,430
Intergovernmental	5,669,666				5,669,666
<b>Total expenditures</b>	<b>17,468,147</b>	<b>3,497,460</b>	<b>2,426,622</b>	<b>42</b>	<b>23,392,271</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,234,137</b>	<b>(3,435,241)</b>	<b>(2,376,882)</b>	<b>5,175</b>	<b>(4,572,811)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
General and special obligation bonds issued			4,077,000		4,077,000
Premiums on general obligation bonds issued			169,216		169,216
Transfers-in	519,271	3,655,087	1,312	473	4,176,143
Transfers-out	(1,497,052)	(50,699)		(389)	(1,548,140)
Capital lease financing	58				58
<b>Net other sources (uses) of financial resources</b>	<b>(977,723)</b>	<b>3,604,388</b>	<b>4,247,528</b>	<b>84</b>	<b>6,874,277</b>
<b>Net change in fund balances</b>	<b>256,414</b>	<b>169,147</b>	<b>1,870,646</b>	<b>5,259</b>	<b>2,301,466</b>
Fund balances, July 1, 2013, as restated	2,297,786	1,641,271	576,814	42,675	4,558,546
Increase for changes in inventories	1,919				1,919
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ 2,556,119</b>	<b>\$ 1,810,418</b>	<b>\$ 2,447,460</b>	<b>\$ 47,934</b>	<b>\$ 6,861,931</b>

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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.

#### **Illinois Power Agency**

Illinois Power Agency Renewable Energy Resources Fund--to account for the procurement of renewable energy resources.

#### **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, 2014 (Expressed in Thousands)

	Treasurer	Children and Family Services DCFS Childrens' Services Fund	Commerce and Economic Opportunity Supplemental Low Income Energy Assistance Fund	Human Services	Illinois Power Agency Illinois Power Agency Renewable Energy Resources Fund
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 165,862	\$ 31,471	\$ 99,151	\$ 14,373	\$ 52,803
Cash and cash equivalents		328			
Securities lending collateral of State Treasurer					
Investments					
Receivables, net:					
Taxes			7,725		
Intergovernmental	40,842	194,267		45,874	
Other	2		905	144,344	76,881
Due from other funds	58,637	188	5,000		
Due from component units					
Inventories					
Loans and notes receivable, net					
Other assets					
<b>Total assets</b>	<b>265,343</b>	<b>226,254</b>	<b>112,781</b>	<b>204,591</b>	<b>129,684</b>
Deferred outflows of resources - intra-entity transfers of future revenues					
<b>Total assets and deferred outflows of resources</b>	<b>\$ 265,343</b>	<b>\$ 226,254</b>	<b>\$ 112,781</b>	<b>\$ 204,591</b>	<b>\$ 129,684</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
Accounts payable and accrued liabilities	\$ 29,246	\$ 68,099	\$ 19,404	\$ 48,729	\$ 1,229
Intergovernmental payables	1,982	228	1,410	1,768	
Due to other funds	16,107	290	18	7,802	
Due to component units	353	5,076		240	
Unearned revenue		146			
Obligations under securities lending of State Treasurer					
<b>Total liabilities</b>	<b>47,688</b>	<b>73,839</b>	<b>20,832</b>	<b>58,539</b>	<b>1,229</b>
Deferred inflows of resources - unavailable revenue	7,806	133,110		142,875	7,222
Deferred inflows of resources - intra-entity transfers of future revenues	904,992				
<b>Total liabilities and deferred inflows of resources</b>	<b>960,486</b>	<b>206,949</b>	<b>20,832</b>	<b>201,414</b>	<b>8,451</b>
<b>FUND BALANCES (DEFICITS)</b>					
Nonspendable inventories					
Restricted	39,341			3,177	121,233
Committed	84,571	19,305	91,949		
Assigned					
Unassigned	(819,055)				
<b>Total fund balances (deficits)</b>	<b>(695,143)</b>	<b>19,305</b>	<b>91,949</b>	<b>3,177</b>	<b>121,233</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 265,343</b>	<b>\$ 226,254</b>	<b>\$ 112,781</b>	<b>\$ 204,591</b>	<b>\$ 129,684</b>

		Railsplitter Tobacco Settlement Authority		Illinois Gaming Board					
Revenue	Transportation	Railsplitter Trustee Account Fund	State Gaming Fund	State Board of Education	Other	Total			
\$ 642,555	\$ 158,038		\$ 45,908	\$ 1,760	\$ 1,921,650	\$ 3,133,571			
		\$ 189,731			36,725	226,784			
81,897					218,113	300,010			
					21,279	21,279			
207,983	106,346		1,741		87,753	411,548			
				399,703	389,962	1,070,648			
60		135,611	115	551	227,769	586,238			
442,771	179,329			81	133,095	819,101			
348,550				212	317	349,079			
				2,704	13,751	16,455			
					57,598	57,598			
					39,249	39,249			
1,723,816	443,713	325,342	47,764	405,011	3,147,261	7,031,560			
		904,992				904,992			
\$ 1,723,816	\$ 443,713	\$ 1,230,334	\$ 47,764	\$ 405,011	\$ 3,147,261	\$ 7,936,552			
\$ 64,540	\$ 5,522		\$ 1,058	\$ 25,897	\$ 370,311	\$ 634,035			
1,059,962	118,469		10,066	365,267	261,396	1,820,548			
90,745	101,609	\$ 63,637	36,576	7,513	229,814	554,111			
2,969			64	1,152	49,265	59,119			
188,471				458	82,452	271,527			
81,897					218,113	300,010			
1,488,584	225,600	63,637	47,764	400,287	1,211,351	3,639,350			
25,184		135,611		103,306	280,977	836,091			
						904,992			
1,513,768	225,600	199,248	47,764	503,593	1,492,328	5,380,433			
				2,704	13,751	16,455			
	72,677	1,031,086		238	541,473	1,809,225			
419,557	145,436				1,189,989	1,950,807			
					10,007	10,007			
(209,509)				(101,524)	(100,287)	(1,230,375)			
210,048	218,113	1,031,086		(98,582)	1,654,933	2,556,119			
\$ 1,723,816	\$ 443,713	\$ 1,230,334	\$ 47,764	\$ 405,011	\$ 3,147,261	\$ 7,936,552			

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Treasurer	Children and Family Services	Commerce and Economic Opportunity	Supplemental Low Income Energy	Human Services	Illinois Power Agency Illinois Power Agency Renewable Energy
		DCFS Childrens' Services Fund	Assistance Fund			Resources Fund
<b>REVENUES</b>						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes			\$ 87,920			
Riverboat taxes						
Other taxes						
Federal government	\$ 71,540	\$ 412,038			\$ 3,766,628	
Licenses and fees						
Interest and other investment income	2					
Other	224,500	5,270			9,606	\$ 108,041
<b>Total revenues</b>	<b>296,042</b>	<b>417,308</b>	<b>87,920</b>	<b>3,776,234</b>	<b>108,041</b>	
<b>EXPENDITURES</b>						
Current:						
Health and social services	211,066	438,759	121,854	3,776,576		
Education	198,000					
General government	8,632					
Employment and economic development						1,719
Transportation						
Public protection and justice						
Environment and business regulations						
Debt service:						
Principal						
Interest						
Capital outlays	127		39			
Intergovernmental						
<b>Total expenditures</b>	<b>417,825</b>	<b>438,759</b>	<b>121,893</b>	<b>3,776,576</b>	<b>1,719</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(121,783)</b>	<b>(21,451)</b>	<b>(33,973)</b>	<b>(342)</b>	<b>106,322</b>	
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	224,518					
Transfers-out					(8,819)	
Capital lease financing						
<b>Net other sources (uses) of financial resources</b>	<b>224,518</b>				<b>(8,819)</b>	
<b>Net change in fund balances</b>	<b>102,735</b>	<b>(21,451)</b>	<b>(33,973)</b>	<b>(9,161)</b>	<b>106,322</b>	
Fund balances (deficits), July 1, 2013	(797,878)	40,756	125,922	12,338	14,911	
Increase (decrease) for changes in inventories						
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (695,143)</b>	<b>\$ 19,305</b>	<b>\$ 91,949</b>	<b>\$ 3,177</b>	<b>\$ 121,233</b>	

		Railsplitter Tobacco Settlement Authority		Illinois Gaming Board			
Revenue	Transportation	Railsplitter Trustee Account Fund	State Gaming Fund	State Board of Education	Other	Total	
\$ 2,490,808					\$ 38	\$ 2,490,846	
2,370,425	\$ 217,829				501,414	3,089,668	
	694,403				69,852	764,255	
222,865					91,049	401,834	
			\$ 521,092			521,092	
146,358					203,427	349,785	
	24			\$ 2,263,529	2,762,630	9,276,389	
76	934		4,357		690,853	696,220	
2,578		\$ 262		2	14,624	17,468	
32,378	63	268,722	1	15	446,131	1,094,727	
5,265,488	913,253	268,984	525,450	2,263,546	4,780,018	18,702,284	
13,075			843		1,597,315	6,159,488	
	550			2,280,790	86,397	2,565,737	
100,953	42,300	49			171,803	323,737	
					920,304	922,023	
	193,916				234,743	428,659	
			40,332		413,957	454,289	
					725,115	725,115	
		70,860			403	71,263	
		74,938			142	75,080	
	950			3,009	68,965	73,090	
4,525,732	565,138		96,823		481,973	5,669,666	
4,639,760	802,854	145,847	137,998	2,283,799	4,701,117	17,468,147	
625,728	110,399	123,137	387,452	(20,253)	78,901	1,234,137	
39,466					255,287	519,271	
(665,653)	(76,620)	(222,349)	(387,452)		(136,159)	(1,497,052)	
					58	58	
(626,187)	(76,620)	(222,349)	(387,452)		119,186	(977,723)	
(459)	33,779	(99,212)	-	(20,253)	198,087	256,414	
210,507	184,334	1,130,298		(79,950)	1,456,548	2,297,786	
				1,621	298	1,919	
\$ 210,048	\$ 218,113	\$ 1,031,086	\$ -	\$ (98,582)	\$ 1,654,933	\$ 2,556,119	

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Treasurer

June 30, 2014 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 125,177	\$ 40,685	\$ 165,862
Receivables, net:			
Intergovernmental		40,842	40,842
Other		2	2
Due from other funds		58,637	58,637
<b>Total assets</b>	<b>\$ 125,177</b>	<b>\$ 140,166</b>	<b>\$ 265,343</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Accounts payable and accrued liabilities	\$ 1,251	\$ 27,995	\$ 29,246
Intergovernmental payables	1	1,981	1,982
Due to other funds	13	16,094	16,107
Due to component units		353	353
<b>Total liabilities</b>	<b>1,265</b>	<b>46,423</b>	<b>47,688</b>
Deferred inflows of resources - unavailable revenue		7,806	7,806
Deferred inflows of resources - intra-entity transfers of future revenues		904,992	904,992
<b>Total liabilities and deferred inflows of resources</b>	<b>1,265</b>	<b>959,221</b>	<b>960,486</b>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted	39,341		39,341
Committed	84,571		84,571
Unassigned		(819,055)	(819,055)
<b>Total fund balances (deficits)</b>	<b>123,912</b>	<b>(819,055)</b>	<b>(695,143)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 125,177</b>	<b>\$ 140,166</b>	<b>\$ 265,343</b>

State of Illinois

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

Treasurer

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
<b>REVENUES</b>			
Federal government		\$ 71,540	\$ 71,540
Interest and other investment income		2	2
Other	\$ 188,842	35,658	224,500
<b>Total revenues</b>	<b>188,842</b>	<b>107,200</b>	<b>296,042</b>
<b>EXPENDITURES</b>			
Current:			
Health and social services		211,066	211,066
Education	198,000		198,000
General government	8,632		8,632
Capital outlays	127		127
<b>Total expenditures</b>	<b>206,759</b>	<b>211,066</b>	<b>417,825</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(17,917)</b>	<b>(103,866)</b>	<b>(121,783)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-in	2,169	222,349	224,518
<b>Net other sources (uses) of financial resources</b>	<b>2,169</b>	<b>222,349</b>	<b>224,518</b>
<b>Net change in fund balances</b>	<b>(15,748)</b>	<b>118,483</b>	<b>102,735</b>
Fund balances (deficits), July 1, 2013	139,660	(937,538)	(797,878)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 123,912</b>	<b>\$ (819,055)</b>	<b>\$ (695,143)</b>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Human Services

June 30, 2014 (Expressed in Thousands)

	Employment and Training Fund	DHS Recoveries Trust Fund	Food Stamp and Commodity Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 2,689	\$ 11,684		\$ 14,373
Receivables, net:				
Intergovernmental	45,874			45,874
Other		144,344		144,344
<b>Total assets</b>	<b>\$ 48,563</b>	<b>\$ 156,028</b>	<b>\$ -</b>	<b>\$ 204,591</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Accounts payable and accrued liabilities	\$ 47,835	\$ 894		\$ 48,729
Intergovernmental payables	476	1,292		1,768
Due to other funds	12	7,790		7,802
Due to component units	240			240
<b>Total liabilities</b>	<b>48,563</b>	<b>9,976</b>		<b>58,539</b>
Deferred inflows of resources - unavailable revenue		142,875		142,875
<b>Total liabilities and deferred inflows of resources</b>	<b>48,563</b>	<b>152,851</b>		<b>201,414</b>
<b>FUND BALANCES</b>				
Restricted		3,177		3,177
<b>Total fund balances</b>		<b>3,177</b>		<b>3,177</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 48,563</b>	<b>\$ 156,028</b>	<b>\$ -</b>	<b>\$ 204,591</b>

**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, 2014 (Expressed in Thousands)

	Employment and Training Fund	DHS Recoveries Trust Fund	Food Stamp and Commodity Fund	Total
<b>REVENUES</b>				
Federal government	\$ 530,044		\$ 3,236,584	\$ 3,766,628
Other		\$ 9,606		9,606
<b>Total revenues</b>	<b>530,044</b>	<b>9,606</b>	<b>3,236,584</b>	<b>3,776,234</b>
<b>EXPENDITURES</b>				
Current:				
Health and social services	530,044	9,948	3,236,584	3,776,576
<b>Total expenditures</b>	<b>530,044</b>	<b>9,948</b>	<b>3,236,584</b>	<b>3,776,576</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(342)</b>	<b>-</b>	<b>(342)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-out		(8,819)		(8,819)
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>(8,819)</b>	<b>-</b>	<b>(8,819)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(9,161)</b>	<b>-</b>	<b>(9,161)</b>
Fund balances, July 1, 2013		12,338		12,338
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ 3,177</b>	<b>\$ -</b>	<b>\$ 3,177</b>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds  
Revenue

June 30, 2014 (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
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 313,493	\$ 33,179	\$ 28	\$ 257,621	\$ 38,234	\$ 642,555
Securities lending collateral of State Treasurer		15,571		54,491	11,835	81,897
Receivables, net:						
Taxes	86,284			83,523	38,176	207,983
Other		11		40	9	60
Due from other funds			433,321		9,450	442,771
Due from component units		348,550				348,550
<b>Total assets</b>	<b>\$ 399,777</b>	<b>\$ 397,311</b>	<b>\$ 433,349</b>	<b>\$ 395,675</b>	<b>\$ 97,704</b>	<b>\$ 1,723,816</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>						
Accounts payable and accrued liabilities		\$ 10		\$ 47,642	\$ 16,888	\$ 64,540
Intergovernmental payables	\$ 396,467	1,524	\$ 433,349	228,622		1,059,962
Due to other funds		1		65,513	25,231	90,745
Due to component units		2,969				2,969
Unearned revenue				188,471		188,471
Obligations under securities lending of State Treasurer		15,571		54,491	11,835	81,897
<b>Total liabilities</b>	<b>396,467</b>	<b>20,075</b>	<b>433,349</b>	<b>584,739</b>	<b>53,954</b>	<b>1,488,584</b>
Deferred inflows of resources - unavailable revenue	3,310			20,445	1,429	25,184
<b>Total liabilities and deferred inflows of resources</b>	<b>399,777</b>	<b>20,075</b>	<b>433,349</b>	<b>605,184</b>	<b>55,383</b>	<b>1,513,768</b>
<b>FUND BALANCES (DEFICITS)</b>						
Committed		377,236			42,321	419,557
Unassigned				(209,509)		(209,509)
<b>Total fund balances (deficits)</b>		<b>377,236</b>		<b>(209,509)</b>	<b>42,321</b>	<b>210,048</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 399,777</b>	<b>\$ 397,311</b>	<b>\$ 433,349</b>	<b>\$ 395,675</b>	<b>\$ 97,704</b>	<b>\$ 1,723,816</b>

State of Illinois

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

Revenue

For the Year Ended June 30, 2014 (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
<b>REVENUES</b>						
Income taxes			\$ 1,228,974	\$ 1,261,834		\$ 2,490,808
Sales taxes	\$ 1,735,318		182,337		\$ 452,770	2,370,425
Public utility taxes				222,865		222,865
Other taxes		\$ 28,474			117,884	146,358
Licenses and fees		76				76
Interest and other investment income		2,145		348	85	2,578
Other		32,378				32,378
<b>Total revenues</b>	<b>1,735,318</b>	<b>63,073</b>	<b>1,411,311</b>	<b>1,485,047</b>	<b>570,739</b>	<b>5,265,488</b>
<b>EXPENDITURES</b>						
Current:						
Health and social services		13,075				13,075
General government		53,311		47,642		100,953
Intergovernmental	1,735,318		1,406,311	1,384,103		4,525,732
<b>Total expenditures</b>	<b>1,735,318</b>	<b>66,386</b>	<b>1,406,311</b>	<b>1,431,745</b>		<b>4,639,760</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(3,313)</b>	<b>5,000</b>	<b>53,302</b>	<b>570,739</b>	<b>625,728</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in					39,466	39,466
Transfers-out			(5,000)	(50,700)	(609,953)	(665,653)
<b>Net other sources (uses) of financial resources</b>			<b>(5,000)</b>	<b>(50,700)</b>	<b>(570,487)</b>	<b>(626,187)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(3,313)</b>	<b>-</b>	<b>2,602</b>	<b>252</b>	<b>(459)</b>
Fund balances (deficits), July 1, 2013		380,549		(212,111)	42,069	210,507
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ 377,236</b>	<b>\$ -</b>	<b>\$ (209,509)</b>	<b>\$ 42,321</b>	<b>\$ 210,048</b>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Transportation

June 30, 2014 (Expressed in Thousands)

	Motor Fuel Tax Fund	Downstate Public Transportation Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 112,937	\$ 45,101	\$ 158,038
Taxes receivables, net	106,346		106,346
Due from other funds		179,329	179,329
<b>Total assets</b>	<b>\$ 219,283</b>	<b>\$ 224,430</b>	<b>\$ 443,713</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 5,447	\$ 75	\$ 5,522
Intergovernmental payables	112,227	6,242	118,469
Due to other funds	101,609		101,609
<b>Total liabilities</b>	<b>219,283</b>	<b>6,317</b>	<b>225,600</b>
<b>FUND BALANCES</b>			
Restricted		72,677	72,677
Committed		145,436	145,436
<b>Total fund balances</b>		<b>218,113</b>	<b>218,113</b>
<b>Total liabilities and fund balances</b>	<b>\$ 219,283</b>	<b>\$ 224,430</b>	<b>\$ 443,713</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Motor Fuel Tax Fund	Downstate Public Transportation Fund	Total
<b>REVENUES</b>			
Sales taxes		\$ 217,829	\$ 217,829
Motor fuel taxes	\$ 694,403		694,403
Federal government	24		24
Licenses and fees	934		934
Other		63	63
<b>Total revenues</b>	<b>695,361</b>	<b>217,892</b>	<b>913,253</b>
<b>EXPENDITURES</b>			
Current:			
Education		550	550
General government	42,300		42,300
Transportation	10,353	183,563	193,916
Capital outlays	950		950
Intergovernmental	565,138		565,138
<b>Total expenditures</b>	<b>618,741</b>	<b>184,113</b>	<b>802,854</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>76,620</b>	<b>33,779</b>	<b>110,399</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Transfers-out	(76,620)		(76,620)
<b>Net other sources (uses) of financial resources</b>	<b>(76,620)</b>		<b>(76,620)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>33,779</b>	<b>33,779</b>
Fund balances, July 1, 2013		184,334	184,334
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ -</b>	<b>\$ 218,113</b>	<b>\$ 218,113</b>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

State Board of Education

June 30, 2014 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 644	\$ 1,116	\$ 1,760
Receivables, net:			
Intergovernmental	34,944	364,759	399,703
Other	551		551
Due from other funds	1	80	81
Due from component units		212	212
Inventories	2,704		2,704
<b>Total assets</b>	<b>\$ 38,844</b>	<b>\$ 366,167</b>	<b>\$ 405,011</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Accounts payable and accrued liabilities	\$ 17,415	\$ 8,482	\$ 25,897
Intergovernmental payables	18,205	347,062	365,267
Due to other funds	201	7,312	7,513
Due to component units	81	1,071	1,152
Unearned revenue		458	458
<b>Total liabilities</b>	<b>35,902</b>	<b>364,385</b>	<b>400,287</b>
Deferred inflows of resources - unavailable revenue	1,079	102,227	103,306
<b>Total liabilities and deferred inflows of resources</b>	<b>36,981</b>	<b>466,612</b>	<b>503,593</b>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable inventories	2,704		2,704
Restricted	238		238
Unassigned	(1,079)	(100,445)	(101,524)
<b>Total fund balances (deficits)</b>	<b>1,863</b>	<b>(100,445)</b>	<b>(98,582)</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 38,844</b>	<b>\$ 366,167</b>	<b>\$ 405,011</b>

*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, 2014 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
<b>REVENUES</b>			
Federal government	\$ 765,584	\$ 1,497,945	\$ 2,263,529
Interest and other investment income		2	2
Other	15		15
<b>Total revenues</b>	<b>765,599</b>	<b>1,497,947</b>	<b>2,263,546</b>
<b>EXPENDITURES</b>			
Current:			
Education	765,856	1,514,934	2,280,790
Capital outlays	785	2,224	3,009
<b>Total expenditures</b>	<b>766,641</b>	<b>1,517,158</b>	<b>2,283,799</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,042)</b>	<b>(19,211)</b>	<b>(20,253)</b>
<b>Net change in fund balances</b>	<b>(1,042)</b>	<b>(19,211)</b>	<b>(20,253)</b>
Fund balances (deficits), July 1, 2013	1,284	(81,234)	(79,950)
Increase for changes in inventories	1,621		1,621
<b>FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 1,863</b>	<b>\$ (100,445)</b>	<b>\$ (98,582)</b>

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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, 2014 (Expressed in Thousands)

	Treasurer		Governor's Office of Management and Budget		Total
	General Obligation Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Other	Total	
<b>ASSETS</b>					
Cash equity with State Treasurer	\$ 1,568,722	\$ 32,495	\$ 9,878		\$ 1,611,095
Cash and cash equivalents	8,907	143,824	22,249		174,980
Securities lending collateral of State Treasurer	658,925	15,530			674,455
Receivables, net:					
Intergovernmental	10,969				10,969
Other	481	12			493
Due from other funds	3,596				3,596
Loans and notes receivable, net	9,285				9,285
<b>Total assets</b>	<b>\$ 2,260,885</b>	<b>\$ 191,861</b>	<b>\$ 32,127</b>		<b>\$ 2,484,873</b>
<b>LIABILITIES</b>					
Obligations under securities lending of State Treasurer	\$ 658,925	\$ 15,530			\$ 674,455
<b>Total liabilities</b>	<b>658,925</b>	<b>15,530</b>			<b>674,455</b>
<b>FUND BALANCES</b>					
Restricted	1,601,960	176,331	\$ 32,127		1,810,418
<b>Total fund balances</b>	<b>1,601,960</b>	<b>176,331</b>	<b>32,127</b>		<b>1,810,418</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,260,885</b>	<b>\$ 191,861</b>	<b>\$ 32,127</b>		<b>\$ 2,484,873</b>

State of Illinois

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

For the Year Ended June 30, 2014 (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			
<b>REVENUES</b>						
Federal government	\$ 56,210					\$ 56,210
Licenses and fees	150					150
Interest and other investment income	5,767	\$ 85		\$ 2		5,854
Other	5					5
<b>Total revenues</b>	<b>62,132</b>	<b>85</b>		<b>2</b>		<b>62,219</b>
<b>EXPENDITURES</b>						
Current:						
General government		60				60
Employment and economic development				20		20
Transportation				1		1
Debt service:						
Principal	1,724,050	225,435		15,110		1,964,595
Interest	1,401,530	126,223		4,762		1,532,515
Capital outlays				269		269
<b>Total expenditures</b>	<b>3,125,580</b>	<b>351,718</b>		<b>20,162</b>		<b>3,497,460</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,063,448)</b>	<b>(351,633)</b>		<b>(20,160)</b>		<b>(3,435,241)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>						
Transfers-in	3,212,800	421,652		20,635		3,655,087
Transfers-out		(50,699)				(50,699)
<b>Net other sources (uses) of financial resources</b>	<b>3,212,800</b>	<b>370,953</b>		<b>20,635</b>		<b>3,604,388</b>
<b>Net change in fund balances</b>	<b>149,352</b>	<b>19,320</b>		<b>475</b>		<b>169,147</b>
Fund balances, July 1, 2013, as restated	1,452,608	157,011		31,652		1,641,271
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ 1,601,960</b>	<b>\$ 176,331</b>		<b>\$ 32,127</b>		<b>\$ 1,810,418</b>

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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, 2014 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board		Other	Total
	Build Illinois Bond Fund	Transportation				
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 412,958	\$ 1,677,434	\$ 545,852	\$ 54,500	\$ 2,690,744	
Cash and cash equivalents			14,798	261	15,059	
Receivables, net:						
Intergovernmental			3,537		3,537	
Other		21			21	
Due from other funds	14,422		18,582	96	33,100	
<b>Total assets</b>	<b>\$ 427,380</b>	<b>\$ 1,677,455</b>	<b>\$ 582,769</b>	<b>\$ 54,857</b>	<b>\$ 2,742,461</b>	
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 246	\$ 59,996	\$ 76,575		\$ 136,817	
Intergovernmental payables	17,929	136,209	1,360		155,498	
Due to other funds	61		1,430		1,491	
Due to component units	36				36	
Unearned revenue			1,159		1,159	
<b>Total liabilities</b>	<b>18,272</b>	<b>196,205</b>	<b>80,524</b>		<b>295,001</b>	
<b>FUND BALANCES</b>						
Restricted				\$ 346	346	
Committed	409,108	1,481,250	502,245	54,511	2,447,114	
<b>Total fund balances</b>	<b>409,108</b>	<b>1,481,250</b>	<b>502,245</b>	<b>54,857</b>	<b>2,447,460</b>	
<b>Total liabilities and fund balances</b>	<b>\$ 427,380</b>	<b>\$ 1,677,455</b>	<b>\$ 582,769</b>	<b>\$ 54,857</b>	<b>\$ 2,742,461</b>	

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board	Other	Total
	Build Illinois Bond Fund	Transportation			
<b>REVENUES</b>					
Federal government			\$ 31,851		\$ 31,851
Other	\$ 6		17,883		17,889
<b>Total revenues</b>	<b>6</b>		<b>49,734</b>		<b>49,740</b>
<b>EXPENDITURES</b>					
Current:					
Health and social services	60,191				60,191
Education	102,799		503,191		605,990
General government	72,034	\$ 6,990	30,696		109,720
Employment and economic development	194,043		4,359	\$ 2,377	200,779
Transportation		782,992		1,351	784,343
Public protection and justice				28	28
Environment and business regulation	21,320		17,913	267	39,500
Capital outlays	552	510,858	114,661		626,071
<b>Total expenditures</b>	<b>450,939</b>	<b>1,300,840</b>	<b>670,820</b>	<b>4,023</b>	<b>2,426,622</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(450,933)</b>	<b>(1,300,840)</b>	<b>(621,086)</b>	<b>(4,023)</b>	<b>(2,376,882)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>					
General and special obligation bonds issued	402,000	2,553,000	1,072,200	49,800	4,077,000
Premiums on general obligation bonds issued		129,901	38,072	1,243	169,216
Transfers-in				1,312	1,312
<b>Net other sources (uses) of financial resources</b>	<b>402,000</b>	<b>2,682,901</b>	<b>1,110,272</b>	<b>52,355</b>	<b>4,247,528</b>
<b>Net change in fund balances</b>	<b>(48,933)</b>	<b>1,382,061</b>	<b>489,186</b>	<b>48,332</b>	<b>1,870,646</b>
Fund balances, July 1, 2013	458,041	99,189	13,059	6,525	576,814
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ 409,108</b>	<b>\$ 1,481,250</b>	<b>\$ 502,245</b>	<b>\$ 54,857</b>	<b>\$ 2,447,460</b>

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Transportation

June 30, 2014 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 110,473	\$ 556,615	\$ 1,010,346	\$ 1,677,434
Other receivables, net			21	21
<b>Total assets</b>	<b>\$ 110,473</b>	<b>\$ 556,615</b>	<b>\$ 1,010,367</b>	<b>\$ 1,677,455</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 5,305	\$ 10,673	\$ 44,018	\$ 59,996
Intergovernmental payables	10,516	115,565	10,128	136,209
<b>Total liabilities</b>	<b>15,821</b>	<b>126,238</b>	<b>54,146</b>	<b>196,205</b>
<b>FUND BALANCES</b>				
Committed	94,652	430,377	956,221	1,481,250
<b>Total fund balances</b>	<b>94,652</b>	<b>430,377</b>	<b>956,221</b>	<b>1,481,250</b>
<b>Total liabilities and fund balances</b>	<b>\$ 110,473</b>	<b>\$ 556,615</b>	<b>\$ 1,010,367</b>	<b>\$ 1,677,455</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	Total
<b>EXPENDITURES</b>				
Current:				
General government			\$ 6,990	\$ 6,990
Transportation	\$ 44,989	\$ 452,744	285,259	782,992
Capital outlays	81,200	27,558	402,100	510,858
<b>Total expenditures</b>	<b>126,189</b>	<b>480,302</b>	<b>694,349</b>	<b>1,300,840</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(126,189)</b>	<b>(480,302)</b>	<b>(694,349)</b>	<b>(1,300,840)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
General obligation bonds issued	200,000	925,000	1,428,000	2,553,000
Premiums on general obligation bonds issued	8,243	37,843	83,815	129,901
<b>Net other sources (uses) of financial resources</b>	<b>208,243</b>	<b>962,843</b>	<b>1,511,815</b>	<b>2,682,901</b>
<b>Net change in fund balances</b>	<b>82,054</b>	<b>482,541</b>	<b>817,466</b>	<b>1,382,061</b>
Fund balances (deficits), July 1, 2013	12,598	(52,164)	138,755	99,189
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ 94,652</b>	<b>\$ 430,377</b>	<b>\$ 956,221</b>	<b>\$ 1,481,250</b>

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Capital Development Board

June 30, 2014 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 278,011	\$ 254,661	\$ 13,180	\$ 545,852
Cash and cash equivalents	14,798			14,798
Intergovernmental receivables, net			3,537	3,537
Due from other funds	13,027		5,555	18,582
<b>Total assets</b>	<b>\$ 305,836</b>	<b>\$ 254,661</b>	<b>\$ 22,272</b>	<b>\$ 582,769</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 67,148		\$ 9,427	\$ 76,575
Intergovernmental payables	1,360			1,360
Due to other funds	1,429		1	1,430
Unearned revenue			1,159	1,159
<b>Total liabilities</b>	<b>69,937</b>		<b>10,587</b>	<b>80,524</b>
<b>FUND BALANCES</b>				
Committed	235,899	\$ 254,661	11,685	502,245
<b>Total fund balances</b>	<b>235,899</b>	<b>254,661</b>	<b>11,685</b>	<b>502,245</b>
<b>Total liabilities and fund balances</b>	<b>\$ 305,836</b>	<b>\$ 254,661</b>	<b>\$ 22,272</b>	<b>\$ 582,769</b>

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, 2014 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
<b>REVENUES</b>				
Federal government			\$ 31,851	\$ 31,851
Other			17,883	17,883
<b>Total revenues</b>			49,734	49,734
<b>EXPENDITURES</b>				
Current:				
Education	\$ 143,452	\$ 342,744	16,995	503,191
General government	30,696			30,696
Employment and economic development	4,359			4,359
Environment and business regulation	17,913			17,913
Capital outlays	92,804		21,857	114,661
<b>Total expenditures</b>	289,224	342,744	38,852	670,820
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(289,224)	(342,744)	10,882	(621,086)
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
General obligation bonds issued	522,200	550,000		1,072,200
Premiums on general obligation bonds issued	19,373	18,699		38,072
<b>Net other sources (uses) of financial resources</b>	541,573	568,699		1,110,272
<b>Net change in fund balances</b>	252,349	225,955	10,882	489,186
Fund balances (deficits), July 1, 2013	(16,450)	28,706	803	13,059
<b>FUND BALANCES, JUNE 30, 2014</b>	\$ 235,899	\$ 254,661	\$ 11,685	\$ 502,245

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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, 2014 (Expressed in Thousands)

	Natural Resources	Illinois Power Agency Trust Fund	Other	Total
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 14,046	\$ 653		\$ 14,699
Cash and cash equivalents			\$ 213	213
Securities lending collateral of State Treasurer	1,074	44		1,118
Investments		32,622	1,215	33,837
Other receivables, net	1			1
Due from other funds		470		470
<b>Total assets</b>	<b>\$ 15,121</b>	<b>\$ 33,789</b>	<b>\$ 1,428</b>	<b>\$ 50,338</b>
<b>LIABILITIES</b>				
Due to other funds		\$ 1,123	\$ 163	\$ 1,286
Obligations under securities lending of State Treasurer	\$ 1,074	44		1,118
<b>Total liabilities</b>	<b>1,074</b>	<b>1,167</b>	<b>163</b>	<b>2,404</b>
<b>FUND BALANCES</b>				
Nonspendable endowments and similar funds	10,793	32,622	1,093	44,508
Restricted	3,254		172	3,426
<b>Total fund balances</b>	<b>14,047</b>	<b>32,622</b>	<b>1,265</b>	<b>47,934</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,121</b>	<b>\$ 33,789</b>	<b>\$ 1,428</b>	<b>\$ 50,338</b>

State of Illinois

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Natural Resources	Illinois Power Agency Illinois Power Agency Trust Fund	Other	Total
<b>REVENUES</b>				
Licenses and fees	\$ 47			\$ 47
Interest and other investment income	11	\$ 5,124	\$ 33	5,168
Other		2		2
<b>Total revenues</b>	<b>58</b>	<b>5,126</b>	<b>33</b>	<b>5,217</b>
<b>EXPENDITURES</b>				
Current:				
Health and social services			40	40
Employment and economic development		2		2
<b>Total expenditures</b>		<b>2</b>	<b>40</b>	<b>42</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>58</b>	<b>5,124</b>	<b>(7)</b>	<b>5,175</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>				
Transfers-in		470	3	473
Transfers-out		(387)	(2)	(389)
<b>Net other sources (uses) of financial resources</b>		<b>83</b>	<b>1</b>	<b>84</b>
<b>Net change in fund balances</b>	<b>58</b>	<b>5,207</b>	<b>(6)</b>	<b>5,259</b>
Fund balances, July 1, 2013	13,989	27,415	1,271	42,675
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ 14,047</b>	<b>\$ 32,622</b>	<b>\$ 1,265</b>	<b>\$ 47,934</b>

State of Illinois

Combining Balance Sheet - Permanent Funds

Natural Resources

June 30, 2014 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 2,124	\$ 11,922	\$ 14,046
Securities lending collateral of State Treasurer	1,074		1,074
Other receivables, net	1		1
<b>Total assets</b>	<b>\$ 3,199</b>	<b>\$ 11,922</b>	<b>\$ 15,121</b>
<b>LIABILITIES</b>			
Obligations under securities lending of State Treasurer	\$ 1,074		\$ 1,074
<b>Total liabilities</b>	<b>1,074</b>		<b>1,074</b>
<b>FUND BALANCES</b>			
Nonspendable endowments and similar funds	2,125	\$ 8,668	10,793
Restricted		3,254	3,254
<b>Total fund balances</b>	<b>2,125</b>	<b>11,922</b>	<b>14,047</b>
<b>Total liabilities and fund balances</b>	<b>\$ 3,199</b>	<b>\$ 11,922</b>	<b>\$ 15,121</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
<b>REVENUES</b>			
Licenses and fees	\$ 47		\$ 47
Interest and other investment income	9	\$ 2	11
<b>Total revenues</b>	<b>56</b>	<b>2</b>	<b>58</b>
<b>Net change in fund balances</b>	<b>56</b>	<b>2</b>	<b>58</b>
Fund balances, July 1, 2013	2,069	11,920	13,989
<b>FUND BALANCES, JUNE 30, 2014</b>	<b>\$ 2,125</b>	<b>\$ 11,922</b>	<b>\$ 14,047</b>

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## ENTERPRISE FUNDS

Enterprise Funds are maintained to account for the operations where the intent of the State is to provide services to the general public in a manner similar to private business enterprises.

### SIGNIFICANT 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, 2014 (Expressed in Thousands)

	Lottery		Other	Total
	State Lottery Fund	Student Assistance Commission		
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ 108,497	\$ 34,361	\$ 90,266	\$ 233,124
Cash and cash equivalents	17,945	13,471	3,511	34,927
Securities lending collateral of State Treasurer		16,902	43,012	59,914
Investments	39,348	4,009	28,482	71,839
Receivables, net:				
Intergovernmental		24,553	851	25,404
Other	81,370	12	9,582	90,964
Due from other funds		2,014	4,659	6,673
Due from component units			7	7
Restricted assets:				
Cash and cash equivalents		22,062		22,062
Other receivables, net		12,393		12,393
Loans and notes receivable, net		78,290		78,290
Prepaid expenses			95	95
<b>Total current assets</b>	<b>247,160</b>	<b>208,067</b>	<b>180,465</b>	<b>635,692</b>
Investments	257,335		9,191	266,526
Restricted loans and notes receivable, net		480,925		480,925
Capital assets not being depreciated			90	90
Capital assets being depreciated, net	151		6,233	6,384
<b>Total noncurrent assets</b>	<b>257,486</b>	<b>480,925</b>	<b>15,514</b>	<b>753,925</b>
<b>Total assets</b>	<b>504,646</b>	<b>688,992</b>	<b>195,979</b>	<b>1,389,617</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>				
Accounts payable and accrued liabilities	214,082	13,339	11,863	239,284
Intergovernmental payables	184	10,400	40	10,624
Due to other funds	26,293	4,108	2,587	32,988
Due to component units	1			1
Unearned revenue	1,435		15,355	16,790
Obligations under securities lending of State Treasurer		16,902	43,012	59,914
Short-term notes payable		211,857		211,857
Current portion of long-term liabilities	37,916	7	1,961	39,884
<b>Total current liabilities</b>	<b>279,911</b>	<b>256,613</b>	<b>74,818</b>	<b>611,342</b>
Noncurrent portion of long-term liabilities	234,630	324,387	10,890	569,907
<b>Total liabilities</b>	<b>514,541</b>	<b>581,000</b>	<b>85,708</b>	<b>1,181,249</b>
Deferred inflows of resources - unamortized deferred amounts on refundings		49,184		49,184
<b>Total liabilities and deferred inflows of resources</b>	<b>514,541</b>	<b>630,184</b>	<b>85,708</b>	<b>1,230,433</b>
<b>NET POSITION</b>				
Net investment in capital assets	151		6,323	6,474
Restricted for:				
Debt service		6,013		6,013
Education		38,101		38,101
Unrestricted	(10,046)	14,694	103,948	108,596
<b>Total net position</b>	<b>\$ (9,895)</b>	<b>\$ 58,808</b>	<b>\$ 110,271</b>	<b>\$ 159,184</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Lottery		Student Assistance Commission	Other	Total
	State Lottery Fund				
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 2,802,310	\$ 33,716	\$ 96,909	\$ 2,932,935	
Interest income pledged as revenue bond security		25,371		25,371	
Other	65,654			65,654	
<b>Total operating revenues</b>	<b>2,867,964</b>	<b>59,087</b>	<b>96,909</b>	<b>3,023,960</b>	
<b>OPERATING EXPENSES</b>					
Cost of sales and services	159,124	167,595	22,138	348,857	
Benefit payments and refunds			34,470	34,470	
Prizes and claims	1,755,271			1,755,271	
Interest		970		970	
General and administrative	156,486	15,256	31,989	203,731	
Depreciation	73		981	1,054	
Other			14,571	14,571	
<b>Total operating expenses</b>	<b>2,070,954</b>	<b>183,821</b>	<b>104,149</b>	<b>2,358,924</b>	
<b>Operating income (loss)</b>	<b>797,010</b>	<b>(124,734)</b>	<b>(7,240)</b>	<b>665,036</b>	
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment income	2,783	134	516	3,433	
Interest expense	(13,240)		(15)	(13,255)	
Federal government		161,475		161,475	
Other revenues	536		51	587	
Other expenses	(556)	(1,543)	(10)	(2,109)	
<b>Income (loss) before transfers</b>	<b>786,533</b>	<b>35,332</b>	<b>(6,698)</b>	<b>815,167</b>	
Transfers-in		2,800	32,718	35,518	
Transfers-out	(796,803)	(32,718)	(8,663)	(838,184)	
<b>Change in net position</b>	<b>(10,270)</b>	<b>5,414</b>	<b>17,357</b>	<b>12,501</b>	
Net position, July 1, 2013, as restated	375	53,394	92,914	146,683	
<b>NET POSITION, JUNE 30, 2014</b>	<b>\$ (9,895)</b>	<b>\$ 58,808</b>	<b>\$ 110,271</b>	<b>\$ 159,184</b>	

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Lottery	Student		
	State Lottery	Assistance	Other	Total
	Fund	Commission		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from sales and services		\$ 133,373	\$ 93,600	\$ 226,973
Cash received from lottery sales	\$ 2,792,341			2,792,341
Cash payments to suppliers for goods and services	(132,736)	(3,624)	(39,354)	(175,714)
Cash payments to employees for services	14,841	(1,029)	(53,849)	(40,037)
Cash payments for lottery prizes	(1,730,267)			(1,730,267)
Cash payments for commissions and bonuses	(159,124)			(159,124)
Cash receipts from student loan principal		85,092		85,092
Cash receipts from student loan interest		17,449		17,449
Cash payments for student loans issued		(4,665)		(4,665)
Cash receipts from refund of private management contract fee	38,584			38,584
Cash receipts from other operating activities	8,602		596	9,198
Cash payments for other operating activities	(330)	(270,050)	(12,164)	(282,544)
Net cash provided (used) by operating activities	831,911	(43,454)	(11,171)	777,286
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal paid on revenue bonds and other borrowings		(80,797)		(80,797)
Interest paid on revenue bonds and other borrowings		(4,974)	(13)	(4,987)
Grants received		163,292	48	163,340
Grants paid		(6,710)		(6,710)
Transfers-in from other funds		2,990	33,092	36,082
Transfers-out to other funds	(815,356)	(33,092)	(8,853)	(857,301)
Net cash provided (used) by noncapital financing activities	(815,356)	40,709	24,274	(750,373)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets			(1,995)	(2,001)
Net cash provided (used) by capital and related financing activities			(1,995)	(2,001)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of investment securities	(30,613)	(2,012)	(26,015)	(58,640)
Proceeds from sales and maturities of investment securities	54,057	4,014	25,082	83,153
Cash paid for long-term annuity prizes payable	(49,438)			(49,438)
Interest and dividends on investments		142	474	616
Net cash provided (used) by investing activities	(25,994)	2,144	(459)	(24,309)
<b>Net increase (decrease) in cash and cash equivalents</b>	(9,445)	(601)	10,649	603
Cash and cash equivalents, July 1, 2013	135,887	70,495	83,128	289,510
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	<b>\$ 126,442</b>	<b>\$ 69,894</b>	<b>\$ 93,777</b>	<b>\$ 290,113</b>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>				
Total cash and cash equivalents per Statement of Net Position	\$ 17,945	\$ 13,471	\$ 3,511	\$ 34,927
Add: cash equity with State Treasurer	108,497	34,361	90,266	233,124
Add: restricted cash equivalents		22,062		22,062
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	<b>\$ 126,442</b>	<b>\$ 69,894</b>	<b>\$ 93,777</b>	<b>\$ 290,113</b>

(continued)

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2014 (Expressed in Thousands)  
(continued)

	Lottery	Student		
	State Lottery	Assistance	Other	Total
	Fund	Commission		
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
<b>OPERATING INCOME (LOSS)</b>	\$ 797,010	\$ (124,734)	\$ (7,240)	\$ 665,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	73		981	1,054
Provision for uncollectible accounts	2,472	7,496	605	10,573
Amortization		1,395		1,395
Interest and investment income		(13)		(13)
Interest expense		970		970
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(5,222)	111	(1,698)	(6,809)
(Increase) decrease in intergovernmental receivables			120	120
(Increase) decrease in due from other funds		3	523	526
(Increase) decrease in due from component units			(3)	(3)
(Increase) decrease in loans and notes receivable		74,354		74,354
(Increase) decrease in prepaid expenses			(11)	(11)
Increase (decrease) in accounts payable and accrued liabilities	9,797	(2,220)	(4,951)	2,626
Increase (decrease) in intergovernmental payables	75	(637)	4	(558)
Increase (decrease) in due to other funds	397	(44)	(186)	167
Increase (decrease) in due to component units	1			1
Increase (decrease) in unearned revenue	(3,334)		817	(2,517)
Increase (decrease) in other liabilities	29	(135)	(132)	(238)
Increase (decrease) in long-term annuity prizes payable	30,613			30,613
Total adjustments	34,901	81,280	(3,931)	112,250
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 831,911</b>	<b>\$ (43,454)</b>	<b>\$ (11,171)</b>	<b>\$ 777,286</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Gain (Loss) on disposal of capital assets			\$ (1)	\$ (1)
Transfer of assets from (to) other state funds			(9)	(9)
Increase (decrease) in fair value of investments	\$ (10,270)	\$ 7	46	(10,217)
Interest accreted on investments	13,054			13,054
Interest accreted on long-term annuity prizes payable	(13,054)			(13,054)

State of Illinois

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

June 30, 2014 (Expressed in Thousands)

	Federal Student Loan Fund	Illinois Designated Account Purchase Program Fund	Total
<b>ASSETS</b>			
Cash equity with State Treasurer	\$ 34,361		\$ 34,361
Cash and cash equivalents		\$ 13,471	13,471
Securities lending collateral of State Treasurer	16,902		16,902
Investments		4,009	4,009
Receivables, net:			
Intergovernmental	24,553		24,553
Other	12		12
Due from other funds	2,014		2,014
Restricted assets:			
Cash and cash equivalents		22,062	22,062
Other receivables, net		12,393	12,393
Loans and notes receivable, net		78,290	78,290
<b>Total current assets</b>	<b>77,842</b>	<b>130,225</b>	<b>208,067</b>
Restricted loans and notes receivable, net		480,925	480,925
<b>Total noncurrent assets</b>		<b>480,925</b>	<b>480,925</b>
<b>Total assets</b>	<b>77,842</b>	<b>611,150</b>	<b>688,992</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Accounts payable and accrued liabilities	12,229	1,110	13,339
Intergovernmental payables	8,878	1,522	10,400
Due to other funds	1,732	2,376	4,108
Obligations under securities lending of State Treasurer	16,902		16,902
Short-term notes payable		211,857	211,857
Current portion of long-term liabilities		7	7
<b>Total current liabilities</b>	<b>39,741</b>	<b>216,872</b>	<b>256,613</b>
Noncurrent portion of long-term liabilities		324,387	324,387
<b>Total liabilities</b>	<b>39,741</b>	<b>541,259</b>	<b>581,000</b>
Deferred inflows of resources - unamortized deferred amounts on refundings		49,184	49,184
<b>Total liabilities and deferred inflows of resources</b>	<b>39,741</b>	<b>590,443</b>	<b>630,184</b>
<b>NET POSITION</b>			
Restricted for:			
Debt service		6,013	6,013
Education	38,101		38,101
Unrestricted		14,694	14,694
<b>Total net position</b>	<b>\$ 38,101</b>	<b>\$ 20,707</b>	<b>\$ 58,808</b>

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, 2014 (Expressed in Thousands)

	Federal Student Loan Fund	Illinois Designated Account Purchase Program Fund	Total
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 33,716		\$ 33,716
Interest income pledged as revenue bond security		\$ 25,371	25,371
<b>Total operating revenues</b>	<b>33,716</b>	<b>25,371</b>	<b>59,087</b>
<b>OPERATING EXPENSES</b>			
Cost of sales and services	167,595		167,595
Interest		970	970
General and administrative		15,256	15,256
<b>Total operating expenses</b>	<b>167,595</b>	<b>16,226</b>	<b>183,821</b>
<b>Operating income (loss)</b>	<b>(133,879)</b>	<b>9,145</b>	<b>(124,734)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and investment income	134		134
Federal government	161,475		161,475
Other expenses		(1,543)	(1,543)
<b>Income (loss) before transfers</b>	<b>27,730</b>	<b>7,602</b>	<b>35,332</b>
Transfers-in	2,800		2,800
Transfers-out	(32,718)		(32,718)
<b>Change in net position</b>	<b>(2,188)</b>	<b>7,602</b>	<b>5,414</b>
Net position, July 1, 2013, as restated	40,289	13,105	53,394
<b>NET POSITION, JUNE 30, 2014</b>	<b>\$ 38,101</b>	<b>\$ 20,707</b>	<b>\$ 58,808</b>

State of Illinois

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

Student Assistance Commission

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Federal Student Loan Fund	Illinois Designated Account Purchase Program Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from sales and services	\$ 133,373		\$ 133,373
Cash payments to suppliers for goods and services		\$ (3,624)	(3,624)
Cash payments to employees for services		(1,029)	(1,029)
Cash receipts from student loan principal		85,092	85,092
Cash receipts from student loan interest		17,449	17,449
Cash payments for student loans issued		(4,665)	(4,665)
Cash payments for other operating activities	(270,050)		(270,050)
Net cash provided (used) by operating activities	(136,677)	93,223	(43,454)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Principal paid on revenue bonds and other borrowings		(80,797)	(80,797)
Interest paid on revenue bonds and other borrowings		(4,974)	(4,974)
Grants received	163,292		163,292
Grants paid		(6,710)	(6,710)
Transfers-in from other funds	2,990		2,990
Transfers-out to other funds	(33,092)		(33,092)
Net cash provided (used) by noncapital financing activities	133,190	(92,481)	40,709
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of investment securities		(2,012)	(2,012)
Proceeds from sales and maturities of investment securities		4,014	4,014
Interest and dividends on investments	133	9	142
Net cash provided (used) by investing activities	133	2,011	2,144
<b>Net increase (decrease) in cash and cash equivalents</b>	(3,354)	2,753	(601)
Cash and cash equivalents, July 1, 2013	37,715	32,780	70,495
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	<b>\$ 34,361</b>	<b>\$ 35,533</b>	<b>\$ 69,894</b>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>			
Total cash and cash equivalents per statement of net position		\$ 13,471	\$ 13,471
Add: cash equity with State Treasurer	\$ 34,361		34,361
Add: restricted cash equivalents		22,062	22,062
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	<b>\$ 34,361</b>	<b>\$ 35,533</b>	<b>\$ 69,894</b>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>			
<b>OPERATING INCOME (LOSS)</b>	<b>\$ (133,879)</b>	<b>\$ 9,145</b>	<b>\$ (124,734)</b>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation			
Provision for uncollectible accounts		7,496	7,496
Amortization		1,395	1,395
Interest and investment income		(13)	(13)
Interest expense		970	970
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable		111	111
(Increase) decrease in due from other funds		3	3
(Increase) decrease in loans and notes receivable		74,354	74,354
Increase (decrease) in accounts payable and accrued liabilities	(2,161)	(59)	(2,220)
Increase (decrease) in intergovernmental payables	(637)		(637)
Increase (decrease) in due to other funds		(44)	(44)
Increase (decrease) in other liabilities		(135)	(135)
Total adjustments	(2,798)	84,078	81,280
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (136,677)</b>	<b>\$ 93,223</b>	<b>\$ (43,454)</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Increase (decrease) in fair value of investments		\$ 7	\$ 7

## 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, 2014 (Expressed in Thousands)

	Auditor General		Corrections			Total
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Other		
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 12,311	\$ 149,723	\$ 1,892	\$ 791	\$	\$ 164,717
Cash and cash equivalents		78,545				78,545
Securities lending collateral of State Treasurer		66,107				66,107
Investments				517		517
Receivables, net:						
Intergovernmental		2,571	50			2,621
Other	23	24,750	543	9,426		34,742
Due from other funds	19,664	2,371,716	12,375	5,478		2,409,233
Due from component units	488	10,342	10	278		11,118
Inventories		1,959	7,544			9,503
Prepaid expenses			10			10
<b>Total current assets</b>	<b>32,486</b>	<b>2,705,713</b>	<b>22,424</b>	<b>16,490</b>		<b>2,777,113</b>
Capital assets not being depreciated		38,720				38,720
Capital assets being depreciated, net		268,623	2,714			271,337
<b>Total noncurrent assets</b>		<b>307,343</b>	<b>2,714</b>			<b>310,057</b>
<b>Total assets</b>	<b>32,486</b>	<b>3,013,056</b>	<b>25,138</b>	<b>16,490</b>		<b>3,087,170</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	4,820	1,777,317	3,873	6,323		1,792,333
Intergovernmental payables	1	9,079	34	1		9,115
Due to other funds	1	32,334	2,417	9,193		43,945
Due to component units		151	2			153
Unearned revenue		5,641				5,641
Obligations under securities lending of State Treasurer		66,107				66,107
Current portion of long-term liabilities		118,572	265			118,837
<b>Total current liabilities</b>	<b>4,822</b>	<b>2,009,201</b>	<b>6,591</b>	<b>15,517</b>		<b>2,036,131</b>
Noncurrent portion of long-term liabilities		533,663	1,070			534,733
<b>Total liabilities</b>	<b>4,822</b>	<b>2,542,864</b>	<b>7,661</b>	<b>15,517</b>		<b>2,570,864</b>
<b>NET POSITION</b>						
Net investment in capital assets		292,033	2,683			294,716
Restricted for debt service		4,222				4,222
Unrestricted	27,664	173,937	14,794	973		217,368
<b>Total net position</b>	<b>\$ 27,664</b>	<b>\$ 470,192</b>	<b>\$ 17,477</b>	<b>\$ 973</b>		<b>\$ 516,306</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	<u>Auditor General</u>		<u>Corrections</u>			
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Other	Total	
<b>OPERATING REVENUES</b>						
Charges for sales and services	\$ 24,914	\$ 3,072,067	\$ 49,657	\$ 23,566	\$ 3,170,204	
Federal government		4,101			4,101	
Other		68			68	
<b>Total operating revenues</b>	<b>24,914</b>	<b>3,076,236</b>	<b>49,657</b>	<b>23,566</b>	<b>3,174,373</b>	
<b>OPERATING EXPENSES</b>						
Cost of sales and services	20,878	454,213	26,000	23,983	525,074	
Benefit payments and refunds		2,303,562			2,303,562	
General and administrative		88,915	23,495	65	112,475	
Depreciation		25,791	531		26,322	
Other		14,337			14,337	
<b>Total operating expenses</b>	<b>20,878</b>	<b>2,886,818</b>	<b>50,026</b>	<b>24,048</b>	<b>2,981,770</b>	
<b>Operating income (loss)</b>	<b>4,036</b>	<b>189,418</b>	<b>(369)</b>	<b>(482)</b>	<b>192,603</b>	
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest and investment income		813	3	80	896	
Interest expense		(213,107)	(30)		(213,137)	
Federal government		25,824			25,824	
Other revenues			866	517	1,383	
Other expenses		(283)	(136)		(419)	
<b>Income (loss) before transfers</b>	<b>4,036</b>	<b>2,665</b>	<b>334</b>	<b>115</b>	<b>7,150</b>	
Contributions of capital assets		8,307			8,307	
<b>Change in net position</b>	<b>4,036</b>	<b>10,972</b>	<b>334</b>	<b>115</b>	<b>15,457</b>	
Net position, July 1, 2013	23,628	459,220	17,143	858	500,849	
<b>NET POSITION, JUNE 30, 2014</b>	<b>\$ 27,664</b>	<b>\$ 470,192</b>	<b>\$ 17,477</b>	<b>\$ 973</b>	<b>\$ 516,306</b>	

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	<u>Auditor General</u>		<u>Corrections</u>			<u>Total</u>
	<u>Audit Expense Fund</u>	<u>Central Management Services</u>	<u>Working Capital Revolving Fund</u>	<u>Other</u>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from sales and services	\$ 2,738	\$ 162,562	\$ 1,505		\$	\$ 166,805
Cash received from transactions with other funds	19,415	3,149,450	49,963	\$ 30,785		3,249,613
Cash payments to suppliers for goods and services	(19,401)	(2,906,080)	(39,503)	(30,521)		(2,995,505)
Cash payments to employees for services	(982)	(135,899)	(10,791)			(147,672)
Cash payments for workers compensation		(145,709)				(145,709)
Cash receipts from other operating activities		70,967	833			71,800
Net cash provided (used) by operating activities	1,770	195,291	2,007	264		199,332
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Interest paid on other borrowings		(270,203)	(11)			(270,214)
Grants received		32,764				32,764
Net cash provided (used) by noncapital financing activities		(237,439)	(11)			(237,450)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition and construction of capital assets		(25,284)	(1,308)			(26,592)
Principal paid on capital debt		(3,350)	(11)			(3,361)
Interest paid on capital debt		(1,031)	(4)			(1,035)
Proceeds from sales of capital assets			15			15
Net cash provided (used) by capital and related financing activities		(29,665)	(1,308)			(30,973)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest and dividends on investments		861		80		941
Net cash provided (used) by investing activities		861		80		941
<b>Net increase (decrease) in cash and cash equivalents</b>	1,770	(70,952)	688	344		(68,150)
Cash and cash equivalents, July 1, 2013	10,541	299,220	1,204	447		311,412
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	\$ 12,311	\$ 228,268	\$ 1,892	\$ 791	\$	\$ 243,262
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>						
Total cash and cash equivalents per statement of net position		\$ 78,545			\$	\$ 78,545
Add: cash equity with State Treasurer	\$ 12,311	149,723	\$ 1,892	\$ 791	\$	164,717
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	\$ 12,311	\$ 228,268	\$ 1,892	\$ 791	\$	\$ 243,262

(continued)

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)  
(continued)

	<u>Auditor General</u>		<u>Central</u>	<u>Corrections</u>		
	Audit Expense Fund		Management Services	Working Capital Revolving Fund	Other	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
<b>OPERATING INCOME (LOSS)</b>	\$ 4,036	\$	189,418	\$ (369)	\$ (482)	\$ 192,603
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation			25,791	531		26,322
Provision for uncollectible accounts			(206)	625		419
Miscellaneous income				833		833
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(23)		2,373	64	(7,227)	(4,813)
(Increase) decrease in intergovernmental receivables			18,089	37		18,126
(Increase) decrease in due from other funds	(2,903)		152,568	1,176	990	151,831
(Increase) decrease in due from component units	213		18,466	(4)	510	19,185
(Increase) decrease in inventories			(60)	(769)		(829)
(Increase) decrease in prepaid expenses				23		23
Increase (decrease) in accounts payable and accrued liabilities	494		(262,763)	(218)	1,000	(261,487)
Increase (decrease) in intergovernmental payables	1		2,958	(81)	1	2,879
Increase (decrease) in due to other funds	(48)		256	200	5,472	5,880
Increase (decrease) in due to component units			(1,762)	(1)		(1,763)
Increase (decrease) in unearned revenue			4,007			4,007
Increase (decrease) in other liabilities			46,156	(40)		46,116
Total adjustments	(2,266)		5,873	2,376	746	6,729
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ 1,770</b>	<b>\$</b>	<b>195,291</b>	<b>\$ 2,007</b>	<b>\$ 264</b>	<b>\$ 199,332</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>						
Gain (loss) on disposal of capital assets		\$	(136)	\$ 6		\$ (130)
Transfer of assets from (to) other state funds			8,160	(136)		8,024

State of Illinois

Combining Statement of Net Position - Internal Service Funds

Central Management Services

June 30, 2014 (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
<b>ASSETS</b>								
Cash equity with State Treasurer	\$ 10,099	\$ 20,860	\$ 6,363	\$ 12,557	\$ 9,228	\$ 18,930	\$ 71,686	\$ 149,723
Cash and cash equivalents				4,222		5,885	68,438	78,545
Securities lending collateral of State Treasurer				5,878	4,439	9,918	45,872	66,107
Receivables, net:								
Intergovernmental	8		1,230				1,333	2,571
Other	23	9	2,745	7	3	7	21,956	24,750
Due from other funds	14,536	56,395	72,884	56,656	9,017	602,231	1,559,997	2,371,716
Due from component units	16	18	824	64			9,420	10,342
Inventories	1,959							1,959
<b>Total current assets</b>	<b>26,641</b>	<b>77,282</b>	<b>84,046</b>	<b>79,384</b>	<b>22,687</b>	<b>636,971</b>	<b>1,778,702</b>	<b>2,705,713</b>
Capital assets not being depreciated			351	38,369				38,720
Capital assets being depreciated, net	11,254	11,384	74,835	171,142			8	268,623
<b>Total noncurrent assets</b>	<b>11,254</b>	<b>11,384</b>	<b>75,186</b>	<b>209,511</b>			<b>8</b>	<b>307,343</b>
<b>Total assets</b>	<b>37,895</b>	<b>88,666</b>	<b>159,232</b>	<b>288,895</b>	<b>22,687</b>	<b>636,971</b>	<b>1,778,710</b>	<b>3,013,056</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	8,858	5,202	13,357	16,736	592	1,272	1,731,300	1,777,317
Intergovernmental payables	32	3,567	3,784	1,441	12	2	241	9,079
Due to other funds	1,318	27,717	928	1,210	210	19	932	32,334
Due to component units	37	8	11	91	4			151
Unearned revenue			5,430	211				5,641
Obligations under securities lending of State Treasurer				5,878	4,439	9,918	45,872	66,107
Current portion of long-term liabilities	169	599	90	3,765	56	113,879	14	118,572
<b>Total current liabilities</b>	<b>10,414</b>	<b>37,093</b>	<b>23,600</b>	<b>29,332</b>	<b>5,313</b>	<b>125,090</b>	<b>1,778,359</b>	<b>2,009,201</b>
Noncurrent portion of long-term liabilities	1,090	3,825	1,440	14,822	254	511,881	351	533,663
<b>Total liabilities</b>	<b>11,504</b>	<b>40,918</b>	<b>25,040</b>	<b>44,154</b>	<b>5,567</b>	<b>636,971</b>	<b>1,778,710</b>	<b>2,542,864</b>
<b>NET POSITION</b>								
Net investment in capital assets	11,254	11,589	75,186	193,996			8	292,033
Restricted for debt service				4,222				4,222
Unrestricted	15,137	36,159	59,006	46,523	17,120		(8)	173,937
<b>Total net position</b>	<b>\$ 26,391</b>	<b>\$ 47,748</b>	<b>\$ 134,192</b>	<b>\$ 244,741</b>	<b>\$ 17,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 470,192</b>

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, 2014 (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
<b>OPERATING REVENUES</b>								
Charges for sales and services	\$ 58,929	\$ 151,469	\$ 116,833	\$ 185,659	\$ 9,929	\$ 198,921	\$ 2,350,327	\$ 3,072,067
Federal government			4,101					4,101
Other	68							68
<b>Total operating revenues</b>	<b>58,997</b>	<b>151,469</b>	<b>120,934</b>	<b>185,659</b>	<b>9,929</b>	<b>198,921</b>	<b>2,350,327</b>	<b>3,076,236</b>
<b>OPERATING EXPENSES</b>								
Cost of sales and services	43,292	142,784	89,387	169,012	9,738			454,213
Benefit payments and refunds						199,027	2,104,535	2,303,562
General and administrative	9,727	1,798	7,485	9,449			60,456	88,915
Depreciation	3,194	4,185	5,167	13,241			4	25,791
Other	59		14,278					14,337
<b>Total operating expenses</b>	<b>56,272</b>	<b>148,767</b>	<b>116,317</b>	<b>191,702</b>	<b>9,738</b>	<b>199,027</b>	<b>2,164,995</b>	<b>2,886,818</b>
<b>Operating income (loss)</b>	<b>2,725</b>	<b>2,702</b>	<b>4,617</b>	<b>(6,043)</b>	<b>191</b>	<b>(106)</b>	<b>185,332</b>	<b>189,418</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Interest and investment income				36	42	106	629	813
Interest expense	(23)	(359)		(931)			(211,794)	(213,107)
Federal government							25,824	25,824
Other expenses	(231)	(42)	(10)					(283)
<b>Income (loss) before transfers</b>	<b>2,471</b>	<b>2,301</b>	<b>4,607</b>	<b>(6,938)</b>	<b>233</b>	<b>-</b>	<b>(9)</b>	<b>2,665</b>
Contributions of capital assets		1,798	3,698	2,802			9	8,307
<b>Change in net position</b>	<b>2,471</b>	<b>4,099</b>	<b>8,305</b>	<b>(4,136)</b>	<b>233</b>	<b>-</b>	<b>-</b>	<b>10,972</b>
Net position, July 1, 2013	23,920	43,649	125,887	248,877	16,887			459,220
<b>NET POSITION, JUNE 30, 2014</b>	<b>\$ 26,391</b>	<b>\$ 47,748</b>	<b>\$ 134,192</b>	<b>\$ 244,741</b>	<b>\$ 17,120</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 470,192</b>

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2014 (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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Cash received from sales and services	\$ 592		\$ 21,849	\$ 790			\$ 139,331	\$ 162,562
Cash received from transactions with other funds	62,873	\$ 169,681	86,591	199,676	\$ 10,747	\$ 106,772	2,513,110	3,149,450
Cash payments to suppliers for goods and services	(40,697)	(100,508)	(90,298)	(154,530)	(9,948)	(10,582)	(2,499,517)	(2,906,080)
Cash payments to employees for services	(15,097)	(53,297)	(21,935)	(40,105)			(5,465)	(135,899)
Cash payments for workers compensation						(145,709)		(145,709)
Cash receipts from other operating activities	68		21,428				49,471	70,967
Net cash provided (used) by operating activities	7,739	15,876	17,635	5,831	799	(49,519)	196,930	195,291
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Interest paid on other borrowings	(13)	(359)					(269,831)	(270,203)
Grants received							32,764	32,764
Net cash provided (used) by noncapital financing activities	(13)	(359)					(237,067)	(237,439)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and construction of capital assets	(6,875)	(1,847)	(16,504)	(58)				(25,284)
Principal paid on capital debt				(3,350)				(3,350)
Interest paid on capital debt				(1,031)				(1,031)
Net cash provided (used) by capital and related financing activities	(6,875)	(1,847)	(16,504)	(4,439)				(29,665)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest and dividends on investments				35	42	114	670	861
Net cash provided (used) by investing activities				35	42	114	670	861
<b>Net increase (decrease) in cash and cash equivalents</b>	851	13,670	1,131	1,427	841	(49,405)	(39,467)	(70,952)
Cash and cash equivalents, July 1, 2013	9,248	7,190	5,232	15,352	8,387	74,220	179,591	299,220
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	\$ 10,099	\$ 20,860	\$ 6,363	\$ 16,779	\$ 9,228	\$ 24,815	\$ 140,124	\$ 228,268
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>								
Total cash and cash equivalents per statement of net position				\$ 4,222		\$ 5,885	\$ 68,438	\$ 78,545
Add: cash equity with State Treasurer	\$ 10,099	\$ 20,860	\$ 6,363	12,557	\$ 9,228	18,930	71,686	149,723
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2014</b>	\$ 10,099	\$ 20,860	\$ 6,363	\$ 16,779	\$ 9,228	\$ 24,815	\$ 140,124	\$ 228,268
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>								
<b>OPERATING INCOME (LOSS)</b>	\$ 2,725	\$ 2,702	\$ 4,617	\$ (6,043)	\$ 191	\$ (106)	\$ 185,332	\$ 189,418
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	3,194	4,185	5,167	13,241			4	25,791
Provision for uncollectible accounts			(206)					(206)
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(11)	(4)	337				2,051	2,373
(Increase) decrease in intergovernmental receivables	28		17,360				701	18,089
(Increase) decrease in due from other funds	4,520	15,445	(9,585)	16,259	816	(92,149)	217,262	152,568
(Increase) decrease in due from component units	(5)	1,294	250	(29)			16,956	18,466
(Increase) decrease in inventories	(60)							(60)
Increase (decrease) in accounts payable and accrued liabilities	(1,829)	(10,877)	(4,831)	(15,826)	(70)	(3,648)	(225,682)	(262,763)
Increase (decrease) in intergovernmental payables	(17)	1,875	955	(77)		(4)	226	2,958
Increase (decrease) in due to other funds	(764)	1,499	(103)	(341)	(116)	(43)	124	256
Increase (decrease) in due to component units	29	8	(1,749)	(54)	4			(1,762)
Increase (decrease) in unearned revenue			5,430	(1,423)				4,007
Increase (decrease) in other liabilities	(71)	(251)	(7)	124	(26)	46,431	(44)	46,156
Total adjustments	5,014	13,174	13,018	11,874	608	(49,413)	11,598	5,873
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ 7,739	\$ 15,876	\$ 17,635	\$ 5,831	\$ 799	\$ (49,519)	\$ 196,930	\$ 195,291
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>								
Gain (loss) on disposal of capital assets	\$ (94)	\$ (32)	\$ (10)				\$	\$ (136)
Transfer of assets from (to) other state funds	(137)	1,788	3,698	2,802			9	8,160

## 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 135 for description of retirement systems.

State of Illinois

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

June 30, 2014 (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
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 3,158	\$ 46,813	\$ 2,235	\$ 4,768	\$ 32,056	\$ 200,752
Cash and cash equivalents	2,522	11,756	1,144			
Securities lending collateral of State Treasurer	1,470	17,155	1,028	2,269	13,475	84,013
Investments:						
Equities	2,943,922					
Fixed income	293,263					
Private equity						
Real estate						
Other	874,090					
Equity in Illinois State Board of Investments				51,549	738,705	14,286,499
Securities lending collateral						
Receivables, net:						
Members		6,029	259	8	109	13,660
Employers		4,475	260			
Investment income	1	13	1	2	10	61
Intergovernmental		374	32			
Pending investment sales						
Other	895	8,438	786	3	13	7,950
Due from other funds					71	30
Due from primary government funds				577	5,284	79,701
Prepaid expenses						
Loans and notes receivable, net	31,413					
Capital assets not being depreciated						971
Capital assets being depreciated, net				3	8	3,151
<b>Total assets</b>	<b>4,150,734</b>	<b>95,053</b>	<b>5,745</b>	<b>59,179</b>	<b>789,731</b>	<b>14,676,788</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	1,108	165,193	23,303	23	158	6,483
Intergovernmental payables	2	58	6			
Due to other funds	10	11	1	73	6	
Due to primary government funds	64	110	17		6	3,597
Obligations under securities lending of State Treasurer	1,470	17,155	1,028	2,269	13,475	84,013
Securities lending collateral						
Payable to brokers for unsettled trades						
Long term obligations:						
Due within one year		5				54
Due subsequent to one year	162	76	3	25	73	1,076
<b>Total liabilities</b>	<b>2,816</b>	<b>182,608</b>	<b>24,358</b>	<b>2,390</b>	<b>13,718</b>	<b>95,223</b>
<b>NET POSITION HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS</b>						
	\$ 4,147,918	\$ (87,555)	\$ (18,613)	\$ 56,789	\$ 776,013	\$ 14,581,565

**State Universities Retirement  
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 10,859			\$ 300,641
248,816	\$ 792,287		1,056,525
67,457			186,867
19,151,134	11,949,682	\$ 888,848	34,933,586
8,413,585	3,688,522	170,630	12,566,000
5,038,446			5,038,446
5,638,680	635,942	21,768	6,296,390
6,994,918	496,236	498,534	8,863,778
			15,076,753
2,731,092	664,501		3,395,593
57,529	8,531	3,102	89,227
14,367	1,164	1,809	22,075
106,358	40,106		146,552
			406
4,876,016	330,603		5,206,619
			18,085
			101
373,004	107,864		566,430
2,958	124		3,082
			31,413
238	532		1,741
3,876	5,611		12,649
<b>53,729,333</b>	<b>18,721,705</b>	<b>1,584,691</b>	<b>93,812,959</b>
			52,138
	29,763		278,169
			66
			101
37			3,831
67,457			186,867
2,731,006	664,335		3,395,341
5,052,430	635,098		5,687,528
			9
	70		138
1,873	1,116		4,404
<b>7,904,950</b>	<b>1,330,382</b>		<b>9,556,445</b>
<b>\$ 45,824,383</b>	<b>\$ 17,391,323</b>	<b>\$ 1,584,691</b>	<b>\$ 84,256,514</b>

State of Illinois

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

For the Year Ended June 30, 2014 (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			
<b>ADDITIONS</b>						
Contributions:						
Employer State		\$ 77,290	\$ 4,396	\$ 13,957	\$ 126,816	\$ 1,699,447
		90,430	4,399			
Members:						
Employees	\$ 163,376	104,400	4,396	1,502	15,919	269,232
Retirees		157,234	13,959			
Federal Medicare Part D		16,360	1,611			
Other	5,005	133				
<b>Total contributions</b>	<b>168,381</b>	<b>445,847</b>	<b>28,761</b>	<b>15,459</b>	<b>142,735</b>	<b>1,968,679</b>
Investment income:						
Interest and other investment income	147,745	152	15	1,529	20,429	399,861
Net increase (decrease) in fair value of investments	414,251			6,988	91,689	1,809,959
Reimbursements of expenses not separable from investment income	3,077					
Less investment expense	(2,072)			(154)	(2,059)	(40,473)
Net investment income	563,001	152	15	8,363	110,059	2,169,347
<b>Total additions</b>	<b>731,382</b>	<b>445,999</b>	<b>28,776</b>	<b>23,822</b>	<b>252,794</b>	<b>4,138,026</b>
<b>DEDUCTIONS</b>						
Benefit payments	234,192	434,088	30,932	20,800	118,591	1,917,063
Refunds	37			245	688	23,083
Depreciation				1	2	505
General and administrative	3,075	19,327	3,219	334	830	16,111
Other	827					
<b>Total deductions</b>	<b>238,131</b>	<b>453,415</b>	<b>34,151</b>	<b>21,380</b>	<b>120,111</b>	<b>1,956,762</b>
<b>Change in fiduciary net position held in trust for pension and other employee benefits</b>	<b>493,251</b>	<b>(7,416)</b>	<b>(5,375)</b>	<b>2,442</b>	<b>132,683</b>	<b>2,181,264</b>
Net position held in trust for pension and other employee benefits, July 1, 2013	3,654,667	(80,139)	(13,238)	54,347	643,330	12,400,301
<b>NET POSITION HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2014</b>	<b>\$ 4,147,918</b>	<b>\$ (87,555)</b>	<b>\$ (18,613)</b>	<b>\$ 56,789</b>	<b>\$ 776,013</b>	<b>\$ 14,581,565</b>

**State Universities Retirement  
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 157,228	\$ 43,899	\$ 6,361	\$ 429,947
3,437,478	1,458,965	50,801	6,741,520
928,746	283,081	65,531	1,836,183
			171,193
			17,971
2,011			7,149
4,525,463	1,785,945	122,693	9,203,963
1,277,611	316,087		2,163,429
5,804,678	2,403,714	246,288	10,777,567
			3,077
(300,257)	(51,901)		(396,916)
6,782,032	2,667,900	246,288	12,547,157
11,307,495	4,453,845	368,981	21,751,120
5,225,207	2,002,869	18,376	10,002,118
95,456	82,897	24,814	227,220
1,016	451		1,975
20,201	13,407	440	76,944
			827
5,341,880	2,099,624	43,630	10,309,084
5,965,615	2,354,221	325,351	11,442,036
39,858,768	15,037,102	1,259,340	72,814,478
\$ 45,824,383	\$ 17,391,323	\$ 1,584,691	\$ 84,256,514

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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 DESCRIPTION**

#### **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, 2014 (Expressed in Thousands)

	Treasurer		
	College		
	Savings Pool	Other	Total
	Fund		
<b>ASSETS</b>			
Cash equity with State Treasurer		\$ 1,238	\$ 1,238
Cash and cash equivalents	\$ 504,427	50	504,477
Securities lending collateral of State Treasurer		627	627
Investments:			
Equities	4,286,484	369	4,286,853
Fixed income	2,084,608	160	2,084,768
Investment income receivables, net	20,456		20,456
Loans and notes receivable, net		30	30
<b>Total assets</b>	<b>6,895,975</b>	<b>2,474</b>	<b>6,898,449</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	2,229		2,229
Obligations under securities lending of State Treasurer		627	627
Other liabilities	17,084		17,084
<b>Total liabilities</b>	<b>19,313</b>	<b>627</b>	<b>19,940</b>
<b>NET POSITION</b>			
Net position held in trust for other purposes	\$ 6,876,662	\$ 1,847	\$ 6,878,509

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Treasurer College Savings Pool Fund	Other	Total
<b>ADDITIONS</b>			
Contributions:			
Participants	\$ 2,403,456		\$ 2,403,456
Other		\$ 12	12
Total contributions	2,403,456	12	2,403,468
Investment income:			
Interest and other investment income	71,661	8	71,669
Net increase in fair value of investments	811,626	75	811,701
Net investment income	883,287	83	883,370
<b>Total additions</b>	<b>3,286,743</b>	<b>95</b>	<b>3,286,838</b>
<b>DEDUCTIONS</b>			
Payments in accordance with trust agreements	1,918,792		1,918,792
General and administrative	21,990	13	22,003
Other		35	35
<b>Total deductions</b>	<b>1,940,782</b>	<b>48</b>	<b>1,940,830</b>
<b>Change in net position held in trust for individuals, organizations, and other governments</b>	<b>1,345,961</b>	<b>47</b>	<b>1,346,008</b>
Net position held in trust for individuals, organizations, and other governments, July 1, 2013	5,530,701	1,800	5,532,501
<b>NET POSITION HELD IN TRUST FOR INDIVIDUALS, ORGANIZATIONS, AND OTHER GOVERNMENTS, JUNE 30, 2014</b>	<b>\$ 6,876,662</b>	<b>\$ 1,847</b>	<b>\$ 6,878,509</b>

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## AGENCY FUNDS

Agency funds are maintained to account for resources held by the State in a purely custodial capacity.

### SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

#### **Department of 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, 2014 (Expressed in Thousands)

	Insurance	Healthcare and Family Services Child Support Enforcement Trust	Revenue	Other	Total
	Security Deposit Fund	Administrative Fund			
<b>ASSETS</b>					
Cash equity with State Treasurer		\$ 14,832	\$ 324,752	\$ 108,490	\$ 448,074
Cash and cash equivalents	\$ 3,685	371		19,456	23,512
Securities lending collateral of State Treasurer			107,790	20,132	127,922
Investments	948,370			29,220	977,590
Receivables, net:					
Taxes			198,349	28,543	226,892
Intergovernmental				1,150	1,150
Other		202,021	78	4,195	206,294
Due from primary government funds			73,551	3,586	77,137
Other assets				166	166
<b>Total assets</b>	<b>\$ 952,055</b>	<b>\$ 217,224</b>	<b>\$ 704,520</b>	<b>\$ 214,938</b>	<b>\$ 2,088,737</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities		\$ 15,223	\$ 9,672	\$ 18,992	\$ 43,887
Intergovernmental payables			587,058	123,344	710,402
Due to component units				36	36
Obligations under securities lending of State Treasurer			107,790	20,132	127,922
Depository and other liabilities	\$ 952,055	202,001		52,434	1,206,490
<b>Total liabilities</b>	<b>\$ 952,055</b>	<b>\$ 217,224</b>	<b>\$ 704,520</b>	<b>\$ 214,938</b>	<b>\$ 2,088,737</b>

State of Illinois

Combining Statement of Changes in Assets and Liabilities  
Agency Funds

For the Year Ended June 30, 2014 (Expressed in Thousands)

Agency/Fund	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Insurance:</b>				
<b>Security Deposit Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 2,566	\$ 27,515	\$ 26,396	\$ 3,685
Investments	927,790	316,929	296,349	948,370
<b>Total assets</b>	<b>\$ 930,356</b>	<b>\$ 344,444</b>	<b>\$ 322,745</b>	<b>\$ 952,055</b>
<b>Liabilities</b>				
Depository and other liabilities	\$ 930,356	\$ 344,444	\$ 322,745	\$ 952,055
<b>Total liabilities</b>	<b>\$ 930,356</b>	<b>\$ 344,444</b>	<b>\$ 322,745</b>	<b>\$ 952,055</b>
<b>Healthcare and Family Services:</b>				
<b>Child Support Enforcement Trust</b>				
<b>Administrative Fund</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 11,930	\$ 160,009	\$ 157,107	\$ 14,832
Cash and cash equivalents	245	79,010	78,884	371
Other receivables, net	213,205	148,825	160,009	202,021
<b>Total assets</b>	<b>\$ 225,380</b>	<b>\$ 387,844</b>	<b>\$ 396,000</b>	<b>\$ 217,224</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 14,040	\$ 14,071	\$ 12,888	\$ 15,223
Depository and other liabilities	211,340	213,764	223,103	202,001
<b>Total liabilities</b>	<b>\$ 225,380</b>	<b>\$ 227,835</b>	<b>\$ 235,991</b>	<b>\$ 217,224</b>
<b>Revenue:</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 335,411	\$ 2,798,932	\$ 2,809,591	\$ 324,752
Securities lending collateral of State Treasurer	135,134	1,084,949	1,112,293	107,790
Taxes receivable, net	183,330	2,683,515	2,668,496	198,349
Other receivables, net	65	790	777	78
Due from primary government funds	55,405	147,805	129,659	73,551
<b>Total assets</b>	<b>\$ 709,345</b>	<b>\$ 6,715,991</b>	<b>\$ 6,720,816</b>	<b>\$ 704,520</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 10,443	\$ 15,761	\$ 16,532	\$ 9,672
Intergovernmental payables	563,768	2,816,349	2,793,059	587,058
Obligations under securities lending of State Treasurer	135,134	1,084,949	1,112,293	107,790
<b>Total liabilities</b>	<b>\$ 709,345</b>	<b>\$ 3,917,059</b>	<b>\$ 3,921,884</b>	<b>\$ 704,520</b>
<b>Other:</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 99,270	\$ 2,273,378	\$ 2,264,158	\$ 108,490
Cash and cash equivalents	24,910	1,231,634	1,237,088	19,456
Securities lending collateral of State Treasurer	26,575	242,905	249,348	20,132
Investments	28,456	4,733	3,969	29,220
Taxes receivable, net	37,758	563,035	572,250	28,543
Intergovernmental receivables, net	563	15,641	15,054	1,150
Other receivables, net	16,602	3,768	16,175	4,195
Due from primary government funds	3,330	9,205	8,949	3,586
Other assets	159	20	13	166
<b>Total assets</b>	<b>\$ 237,623</b>	<b>\$ 4,344,319</b>	<b>\$ 4,367,004</b>	<b>\$ 214,938</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 21,304	\$ 1,486,117	\$ 1,488,429	\$ 18,992
Intergovernmental payables	125,795	1,851,532	1,853,983	123,344
Due to component units	69	1,443	1,476	36
Obligations under securities lending of State Treasurer	26,575	242,905	249,348	20,132
Depository and other liabilities	63,880	158,393	169,839	52,434
<b>Total liabilities</b>	<b>\$ 237,623</b>	<b>\$ 3,740,390</b>	<b>\$ 3,763,075</b>	<b>\$ 214,938</b>

**State of Illinois**

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Total - All Funds</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 446,611	\$ 5,232,319	\$ 5,230,856	\$ 448,074
Cash and cash equivalents	27,721	1,338,159	1,342,368	23,512
Securities lending collateral of State Treasurer	161,709	1,327,854	1,361,641	127,922
Investments	956,246	321,662	300,318	977,590
Taxes receivable, net	221,088	3,246,550	3,240,746	226,892
Intergovernmental receivables, net	563	15,641	15,054	1,150
Other receivables, net	229,872	153,383	176,961	206,294
Due from primary government funds	58,735	157,010	138,608	77,137
Other assets	159	20	13	166
<b>Total assets</b>	<b>\$ 2,102,704</b>	<b>\$ 11,792,598</b>	<b>\$ 11,806,565</b>	<b>\$ 2,088,737</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 45,787	\$ 1,515,949	\$ 1,517,849	\$ 43,887
Intergovernmental payables	689,563	4,667,881	4,647,042	710,402
Due to component units	69	1,443	1,476	36
Obligations under securities lending of State Treasurer	161,709	1,327,854	1,361,641	127,922
Depository and other liabilities	1,205,576	716,601	715,687	1,206,490
<b>Total liabilities</b>	<b>\$ 2,102,704</b>	<b>\$ 8,229,728</b>	<b>\$ 8,243,695</b>	<b>\$ 2,088,737</b>

State of Illinois

Combining Statement of Fiduciary Net Position - Agency Funds

Revenue

June 30, 2014 (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
<b>ASSETS</b>						
Cash equity with State Treasurer	\$ 111,678	\$ 15,577	\$ 62,450	\$ 30,241	\$ 104,806	\$ 324,752
Securities lending collateral of State Treasurer	31,536	24,854	26,184		25,216	107,790
Receivables, net:						
Taxes	69,941	19,208	14,064	1,003	94,133	198,349
Other	23	18	19		18	78
Due from primary government funds				39,661	33,890	73,551
<b>Total assets</b>	<b>\$ 213,178</b>	<b>\$ 59,657</b>	<b>\$ 102,717</b>	<b>\$ 70,905</b>	<b>\$ 258,063</b>	<b>\$ 704,520</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 10		\$ 238	\$ 9,424		\$ 9,672
Intergovernmental payables	181,632	\$ 34,803	76,295	61,481	\$ 232,847	587,058
Obligations under securities lending of State Treasurer	31,536	24,854	26,184		25,216	107,790
<b>Total liabilities</b>	<b>\$ 213,178</b>	<b>\$ 59,657</b>	<b>\$ 102,717</b>	<b>\$ 70,905</b>	<b>\$ 258,063</b>	<b>\$ 704,520</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Home Rule Municipal Retailers</b>				
<b>Occupation Tax Fund</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 97,690	\$ 913,601	\$ 899,613	\$ 111,678
Securities lending collateral of State Treasurer	39,122	353,666	361,252	31,536
Taxes receivable, net	74,623	908,666	913,348	69,941
Other receivables, net	19	257	253	23
<b>Total assets</b>	<b>\$ 211,454</b>	<b>\$ 2,176,190</b>	<b>\$ 2,174,466</b>	<b>\$ 213,178</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 94	\$ 84	\$ 10
Intergovernmental payables	172,332	908,829	899,529	181,632
Obligations under securities lending of State Treasurer	39,122	353,666	361,252	31,536
<b>Total liabilities</b>	<b>\$ 211,454</b>	<b>\$ 1,262,589</b>	<b>\$ 1,260,865</b>	<b>\$ 213,178</b>
<b>Home Rule County Retailers</b>				
<b>Occupation Tax Fund</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 29,227	\$ 342,829	\$ 356,479	\$ 15,577
Securities lending collateral of State Treasurer	27,705	246,584	249,435	24,854
Taxes receivable, net	2,880	358,984	342,656	19,208
Other receivables, net	13	178	173	18
<b>Total assets</b>	<b>\$ 59,825</b>	<b>\$ 948,575</b>	<b>\$ 948,743</b>	<b>\$ 59,657</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 32,120	\$ 359,162	\$ 356,479	\$ 34,803
Obligations under securities lending of State Treasurer	27,705	246,584	249,435	24,854
<b>Total liabilities</b>	<b>\$ 59,825</b>	<b>\$ 605,746</b>	<b>\$ 605,914</b>	<b>\$ 59,657</b>
<b>Metropolitan Pier and Exposition Authority Trust Fund</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 55,222	\$ 132,313	\$ 125,085	\$ 62,450
Securities lending collateral of State Treasurer	31,353	180,236	185,405	26,184
Taxes receivable, net	13,905	132,345	132,186	14,064
Other receivables, net	15	131	127	19
<b>Total assets</b>	<b>\$ 100,495</b>	<b>\$ 445,025</b>	<b>\$ 442,803</b>	<b>\$ 102,717</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 273	\$ -	\$ 35	\$ 238
Intergovernmental payables	68,869	132,476	125,050	76,295
Obligations under securities lending of State Treasurer	31,353	180,236	185,405	26,184
<b>Total liabilities</b>	<b>\$ 100,495</b>	<b>\$ 312,712</b>	<b>\$ 310,490</b>	<b>\$ 102,717</b>
<b>Municipal Telecommunications Fund</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 52,444	\$ 236,960	\$ 259,163	\$ 30,241
Taxes receivable, net	1,647	236,316	236,960	1,003
Due from primary government funds	23,994	15,667	-	39,661
<b>Total assets</b>	<b>\$ 78,085</b>	<b>\$ 488,943</b>	<b>\$ 496,123</b>	<b>\$ 70,905</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 10,170	\$ 15,667	\$ 16,413	\$ 9,424
Intergovernmental payables	67,915	236,316	242,750	61,481
<b>Total liabilities</b>	<b>\$ 78,085</b>	<b>\$ 251,983</b>	<b>\$ 259,163</b>	<b>\$ 70,905</b>
<b>RTA Sales Tax Trust Fund</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 100,828	\$ 1,173,229	\$ 1,169,251	\$ 104,806
Securities lending collateral of State Treasurer	36,954	304,463	316,201	25,216
Taxes receivable, net	90,275	1,047,204	1,043,346	94,133
Other receivables, net	18	224	224	18
Due from primary government funds	31,411	132,138	129,659	33,890
<b>Total assets</b>	<b>\$ 259,486</b>	<b>\$ 2,657,258</b>	<b>\$ 2,658,681</b>	<b>\$ 258,063</b>
<b>Liabilities</b>				
Intergovernmental payables	\$ 222,532	\$ 1,179,566	\$ 1,169,251	\$ 232,847
Obligations under securities lending of State Treasurer	36,954	304,463	316,201	25,216
<b>Total liabilities</b>	<b>\$ 259,486</b>	<b>\$ 1,484,029</b>	<b>\$ 1,485,452</b>	<b>\$ 258,063</b>

State of Illinois

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
<b>Total - All Funds</b>				
<b>Assets</b>				
Cash equity with State Treasurer	\$ 335,411	\$ 2,798,932	\$ 2,809,591	\$ 324,752
Securities lending collateral of State Treasurer	135,134	1,084,949	1,112,293	107,790
Taxes receivable, net	183,330	2,683,515	2,668,496	198,349
Other receivables, net	65	790	777	78
Due from primary government funds	55,405	147,805	129,659	73,551
<b>Total assets</b>	<b>\$ 709,345</b>	<b>\$ 6,715,991</b>	<b>\$ 6,720,816</b>	<b>\$ 704,520</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ 10,443	\$ 15,761	\$ 16,532	\$ 9,672
Intergovernmental payables	563,768	2,816,349	2,793,059	587,058
Obligations under securities lending of State Treasurer	135,134	1,084,949	1,112,293	107,790
<b>Total liabilities</b>	<b>\$ 709,345</b>	<b>\$ 3,917,059</b>	<b>\$ 3,921,884</b>	<b>\$ 704,520</b>

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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, 2014 (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
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
Cash and cash equivalents	\$ 25,334		\$ 7,377	\$ 766	\$ 85	\$ 40
Securities lending collateral of State Treasurer			9,079			
Investments			30,777			340
Receivables, net:						
Intergovernmental	220					
Other	905		871	255		
Due from component units			36,863	27,808		
Due from primary government			65,300	662		
Prepaid expenses	3		53	21		
Loans and notes receivable, net			30,270			
Restricted assets:						
Cash equity with State Treasurer			17,920			
Cash and cash equivalents			115,640	625		
Investments			51,648			
Other receivables, net			272			
Loans and notes receivable, net			19,079			
Other assets	113					
Capital assets not being depreciated				43,488		
Capital assets being depreciated, net	14		119	20,059		
<b>Total assets</b>	<b>26,589</b>		<b>385,268</b>	<b>93,684</b>	<b>85</b>	<b>380</b>
Deferred outflows of resources - unamortized deferred amounts on bond refundings			971			
<b>Total assets and deferred outflows of resources</b>	<b>26,589</b>		<b>386,239</b>	<b>93,684</b>	<b>85</b>	<b>380</b>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	841		4,855	1,303		
Due to component units				30,665		
Due to primary government	3		54,386			
Unearned revenue	1,056		88	1,913		
Obligations under securities lending collateral of State Treasurer			9,079			
Assets held for others			42			
Short-term notes payable				1,200		
Other liabilities	5,030					
Long-term obligations:						
Due within one year	25		29,306	844		
Due subsequent to one year	155		171,536	22,900		
<b>Total liabilities</b>	<b>7,110</b>		<b>269,292</b>	<b>58,825</b>		
<b>NET POSITION</b>						
Net investment in capital assets	14		119	31,861		
Restricted for:						
Debt service			1,684			
Other expendable purposes	19,465		46,541			
Unrestricted			68,603	2,998	85	380
<b>Total net position</b>	<b>\$ 19,479</b>	<b>\$ -</b>	<b>\$ 116,947</b>	<b>\$ 34,859</b>	<b>\$ 85</b>	<b>\$ 380</b>

Southwestern Illinois Development Authority	Southeastern Illinois Economic Development Authority	Upper Illinois River Valley Development Authority	Will-Kankakee Regional Development Authority	Total
\$ 5,369	\$ 2	\$ 280	\$ 2	\$ 39,255
		59		9,079
				31,176
				220
855				2,886
				64,671
				65,962
4				81
2,464				32,734
				17,920
				116,265
30				51,678
				272
				19,079
				113
100				43,588
279				20,471
9,101	2	339	2	515,450
				971
9,101	2	339	2	516,421
				7,042
11	32			30,665
				54,389
829				3,886
				9,079
				42
				1,200
				5,030
				30,175
				194,591
840	32			336,099
				32,373
				1,684
5,698				71,704
2,184	(30)	339	2	74,561
\$ 8,261	\$ (30)	\$ 339	\$ 2	\$ 180,322

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue
		Charges for services	Operating grants and contributions	
Comprehensive Health Insurance Plan Board	\$ 173,781	\$ 80,562	\$ 2,599	\$ (90,620)
East St. Louis Financial Advisory Authority	7,100			(7,100)
Illinois Finance Authority	16,133	27,098		10,965
Illinois Medical District Commission	8,809	5,100		862
Quad Cities Regional Economic Development Authority	73	87		14
Western Illinois Economic Development Authority				
Southwestern Illinois Development Authority	484	448	400	364
Southeastern Illinois Economic Development Authority				
Upper Illinois River Valley Development Authority	172	60		(112)
Will-Kankakee Regional Development Authority	23	7		(16)
Total	<u>\$ 206,575</u>	<u>\$ 113,362</u>	<u>\$ 2,999</u>	<u>\$ (85,643)</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, 2013, as restated</u>	<u>Net position, June 30, 2014</u>
<u>State appropriations</u>	<u>Interest and investment income</u>	<u>Other</u>				
\$ 115	\$ 9	\$ 54,922	\$ 54,931	\$ (35,689)	\$ 55,168	\$ 19,479
			115	(6,985)	6,985	-
	2,209	8,278	10,487	21,452	95,495	116,947
	1,400		1,400	2,262	32,597	34,859
				14	71	85
		1	1	1	379	380
	7	61	68	432	7,829	8,261
		2	2	2	(32)	(30)
				(112)	451	339
				(16)	18	2
<u>\$ 115</u>	<u>\$ 3,625</u>	<u>\$ 63,264</u>	<u>\$ 67,004</u>	<u>\$ (18,639)</u>	<u>\$ 198,961</u>	<u>\$ 180,322</u>

*State of Illinois*

**Combining Statement of Net Position**

**Component Units - Other Universities**

June 30, 2014 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
Cash Equity with State Treasurer	\$ 88			
Cash and cash equivalents	10,113	\$ 42,109	\$ 35,994	\$ 65,188
Investments		2,356	2,457	1,092
Receivables, net:				
Intergovernmental			3,405	4,518
Other	8,663	14,274	6,811	7,598
Due from component units		3		
Due from primary government	7,034	6,017	4,773	7,732
Inventories	44	2,060	66	6
Prepaid expenses	633	393	310	1,180
Unamortized bond insurance costs		33	160	
Loans and notes receivable, net	752	6,551	3,473	1,598
Restricted assets:				
Cash and cash equivalents	5,961	12,871	6,743	8,869
Investments	5,074	76,331		8,819
Other receivables		1,567		
Other assets				
Other assets	254	1,134	169	518
Capital assets not being depreciated	16,811	82,979	24,972	45,036
Capital assets being depreciated, net	132,299	215,536	97,932	100,478
<b>Total assets</b>	<b>187,726</b>	<b>464,214</b>	<b>187,265</b>	<b>252,632</b>
Deferred outflows of resources - unamortized deferred amounts on bond refundings		232		
<b>Total assets and deferred outflows of resources</b>	<b>187,726</b>	<b>464,446</b>	<b>187,265</b>	<b>252,632</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	8,984	12,013	10,572	16,177
Intergovernmental payables			3,429	178
Due to component units	71			
Due to primary government		27		15
Unearned revenue	5,691	4,293	3,812	2,352
Assets held for others		6,026		351
Other liabilities		5,755		
Long-term obligations:				
Due within one year	2,443	8,936	2,981	2,786
Due subsequent to one year	18,314	112,459	45,650	66,249
<b>Total liabilities</b>	<b>35,503</b>	<b>149,509</b>	<b>66,444</b>	<b>88,108</b>
<b>NET POSITION</b>				
Net investment in capital assets	134,321	191,182	80,272	95,598
Restricted for:				
Debt service		2,173		2,545
Capital projects	126			
Nonexpendable purposes	4,008	48,905	1,683	7,739
Other expendable purposes	2,518	35,344	1,712	5,284
Unrestricted	11,250	37,333	37,154	53,358
<b>Total net position</b>	<b>\$ 152,223</b>	<b>\$ 314,937</b>	<b>\$ 120,821</b>	<b>\$ 164,524</b>

<b>Western Illinois University</b>		<b>Total</b>
	\$	88
\$ 60,553		213,957
11,425		17,330
		7,923
18,026		55,372
25		28
7,319		32,875
2,981		5,157
189		2,705
290		483
1,855		14,229
175		34,619
37,236		127,460
		1,567
4,060		4,060
1,275		3,350
50,593		220,391
220,734		766,979
416,736		1,508,573
548		780
417,284		1,509,353
23,005		70,751
		3,607
9		80
127		169
5,247		21,395
		6,377
115		5,870
7,861		25,007
106,056		348,728
142,420		481,984
171,001		672,374
		4,718
		126
25,738		88,073
13,159		58,017
64,966		204,061
\$ 274,864	\$	1,027,369

*State of Illinois*

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

For the Year Ended June 30, 2014 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue
		Charges for service	Operating grants and contributions	
Chicago State University	\$ 159,253	\$ 35,243	\$ 32,598	\$ (91,412)
Eastern Illinois University	254,873	111,231	29,394	(114,093)
Governors State University	113,315	41,140	15,158	(56,084)
Northeastern Illinois University	185,907	55,949	45,601	(84,357)
Western Illinois University	312,223	128,650	48,754	(134,819)
Total	<u>\$ 1,025,571</u>	<u>\$ 372,213</u>	<u>\$ 171,505</u>	<u>\$ (480,765)</u>

General revenues			Additions to permanent endowments	Total general revenues and additions to permanent endowments	Change in net position	Net position, July 1, 2013, as restated	Net position, June 30, 2014
State appropriations	Interest and investment income	Other					
\$ 81,817	\$ 558	\$ 3,702		\$ 86,077	\$ (5,335)	\$ 157,558	\$ 152,223
110,929	9,702	2,384	\$ 4,953	127,968	13,875	301,062	314,937
59,152	261	342	127	59,882	3,798	117,023	120,821
87,869	1,510		378	89,757	5,400	159,124	164,524
156,473	8,186	986	1,491	167,136	32,317	242,547	274,864
<u>\$ 496,240</u>	<u>\$ 20,217</u>	<u>\$ 7,414</u>	<u>\$ 6,949</u>	<u>\$ 530,820</u>	<u>\$ 50,055</u>	<u>\$ 977,314</u>	<u>\$ 1,027,369</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: Budget Stabilization 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 School Infrastructure Fund and 49 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 1 fund 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, 2014 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 18,970,000	\$ 19,850,247	\$ 880,247			
Sales taxes	7,385,000	7,675,447	290,447			
Motor fuel taxes				\$ 1,203,500	\$ 1,223,456	\$ 19,956
Public utility taxes	1,079,000	1,013,265	(65,735)			
Federal government	4,107,000	3,868,168	(238,832)	1,299,100	1,502,891	203,791
Other	2,100,000	2,218,659	118,659	1,480,516	1,498,398	17,882
Less:						
Refunds	5,047	5,031	(16)	24,647	20,163	(4,484)
<b>Total revenues</b>	<b>33,635,953</b>	<b>34,620,755</b>	<b>984,802</b>	<b>3,958,469</b>	<b>4,204,582</b>	<b>246,113</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	12,844,262	12,317,925	(526,337)			
Education	13,531,995	13,521,283	(10,712)			
General government	3,323,450	3,290,977	(32,473)	182,752	165,040	(17,712)
Employment and economic development	101,494	100,875	(619)	1,900	1,900	-
Transportation	22,190	21,860	(330)	3,878,976	3,394,735	(484,241)
Public protection and justice	2,204,826	2,182,943	(21,883)			
Environment and business regulation	72,838	70,551	(2,287)			
Debt service:						
Principal						
Interest						
Capital outlays	13,526	13,105	(421)	45,436	44,572	(864)
<b>Total expenditures</b>	<b>32,114,581</b>	<b>31,519,519</b>	<b>(595,062)</b>	<b>4,109,064</b>	<b>3,606,247</b>	<b>(502,817)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,521,372</b>	<b>3,101,236</b>	<b>1,579,864</b>	<b>(150,595)</b>	<b>598,335</b>	<b>748,930</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues						
Operating transfers-in	9,610,280	9,610,280	-	1,107,406	1,107,406	-
Operating transfers-out	(12,653,779)	(12,653,779)	-	(1,527,030)	(1,527,030)	-
<b>Total other sources (uses) of financial resources</b>	<b>(3,043,499)</b>	<b>(3,043,499)</b>	<b>-</b>	<b>(419,624)</b>	<b>(419,624)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>						
	(1,522,127)	57,737	1,579,864	(570,219)	178,711	748,930
Budgetary fund balances (deficits), July 1, 2013, as previously reported						
	(3,988,363)	(3,988,363)	-	1,032,705	1,032,705	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2013, as reclassified						
	(3,988,363)	(3,988,363)	-	1,032,705	1,032,705	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (5,510,490)</b>	<b>\$ (3,930,626)</b>	<b>\$ 1,579,864</b>	<b>\$ 462,486</b>	<b>\$ 1,211,416</b>	<b>\$ 748,930</b>

Special State Funds			Bond Financed Funds			Debt Service Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 3,688,925	\$ 3,688,925	\$ -				\$ 55,015	\$ 55,015	\$ -
875,670	913,600	37,930						
69,550	70,512	962						
450,183	436,835	(13,348)						
6,779,915	6,598,634	(181,281)				61,567	56,876	(4,691)
9,482,078	9,430,086	(51,992)	\$ -	\$ 6	\$ 6	725,832	723,150	(2,682)
2,487,424	2,477,113	(10,311)						
18,858,897	18,661,479	(197,418)	-	6	6	842,414	835,041	(7,373)
13,941,950	10,273,396	(3,668,554)	60,306	60,306	-			
334,344	291,324	(43,020)	156,769	156,769	-			
7,730,426	6,573,955	(1,156,471)	407,548	404,319	(3,229)			
1,049,461	686,158	(363,303)	251,011	206,563	(44,448)			
880,057	818,018	(62,039)	1,330,646	1,330,400	(246)			
630,300	267,667	(362,633)						
1,128,222	930,856	(197,366)	29,448	29,395	(53)			
						2,060,415	2,049,084	(11,331)
						1,539,347	1,539,347	-
20,838	17,190	(3,648)	457,093	206,183	(250,910)			
25,715,598	19,858,564	(5,857,034)	2,692,821	2,393,935	(298,886)	3,599,762	3,588,431	(11,331)
(6,856,701)	(1,197,085)	5,659,616	(2,692,821)	(2,393,929)	298,892	(2,757,348)	(2,753,390)	3,958
			4,227,127	4,227,127	-			
4,439,313	4,439,313	-				4,017,080	4,017,080	-
(3,677,700)	(3,677,700)	-				(846,923)	(846,923)	-
761,613	761,613	-	4,227,127	4,227,127	-	3,170,157	3,170,157	-
(177,226)	(177,226)	-						
(6,272,314)	(612,698)	5,659,616	1,534,306	1,833,198	298,892	412,809	416,767	3,958
2,464,384	2,464,384	-	842,556	842,556	-	1,472,561	1,472,561	-
2,464,384	2,464,384	-	842,556	842,556	-	1,472,561	1,472,561	-
\$ (3,807,930)	\$ 1,851,686	\$ 5,659,616	\$ 2,376,862	\$ 2,675,754	\$ 298,892	\$ 1,885,370	\$ 1,889,328	\$ 3,958

(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, 2014 (Expressed in Thousands)

(continued)

	Federal Trust Funds			Revolving Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 4,807,843	\$ 4,743,696	\$ (64,147)	\$ 12,210	\$ 26,977	\$ 14,767
Other	296,665	357,908	61,243	557,904	567,607	9,703
Less:						
Refunds	320	-	(320)	8,621	74	(8,547)
<b>Total revenues</b>	<b>5,104,188</b>	<b>5,101,604</b>	<b>(2,584)</b>	<b>561,493</b>	<b>594,510</b>	<b>33,017</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	2,133,046	1,640,924	(492,122)			
Education	3,383,435	2,455,782	(927,653)			
General government	23,331	15,121	(8,210)	870,864	645,647	(225,217)
Employment and economic development	1,428,792	626,259	(802,533)			
Transportation	82,833	82,732	(101)	750	675	(75)
Public protection and justice	154,079	77,714	(76,365)	53,366	49,500	(3,866)
Environment and business regulation	240,651	107,533	(133,118)			
Debt service:						
Principal						
Interest						
Capital outlays	7,275	650	(6,625)	19,681	8,424	(11,257)
<b>Total expenditures</b>	<b>7,453,442</b>	<b>5,006,715</b>	<b>(2,446,727)</b>	<b>944,661</b>	<b>704,246</b>	<b>(240,415)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,349,254)</b>	<b>94,889</b>	<b>2,444,143</b>	<b>(383,168)</b>	<b>(109,736)</b>	<b>273,432</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues						
Operating transfers-in	47,620	47,620	-	125,819	125,819	-
Operating transfers-out	(19,224)	(19,224)	-	(3,695)	(3,695)	-
<b>Total other sources (uses) of financial resources</b>	<b>28,396</b>	<b>28,396</b>	<b>-</b>	<b>122,124</b>	<b>122,124</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(8,341)</b>	<b>(8,341)</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(2,329,199)</b>	<b>114,944</b>	<b>2,444,143</b>	<b>(261,044)</b>	<b>12,388</b>	<b>273,432</b>
Budgetary fund balances (deficits), July 1, 2013, as previously reported	(358,888)	(358,888)	-	34,000	34,000	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2013, as reclassified	(358,888)	(358,888)	-	34,000	34,000	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (2,688,087)</b>	<b>\$ (243,944)</b>	<b>\$ 2,444,143</b>	<b>\$ (227,044)</b>	<b>\$ 46,388</b>	<b>\$ 273,432</b>

State Trust Funds			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 908,468	\$ 908,468	\$ -	\$ 22,658,925	\$ 23,539,172	\$ 880,247
32,220	32,220	-	9,224,153	9,552,530	328,377
236,379	236,379	-	1,305,270	1,326,188	20,918
103,397	183,259	79,862	1,765,562	1,686,479	(79,083)
3,176,173	3,364,182	188,009	17,171,032	16,980,501	(190,531)
			17,819,168	18,159,996	340,828
312	157	(155)	2,526,371	2,502,538	(23,833)
4,456,325	4,724,351	268,026	67,417,739	68,742,328	1,324,589
413,890	292,580	(121,310)	29,393,454	24,585,131	(4,808,323)
18,459	3,789	(14,670)	17,425,002	16,428,947	(996,055)
439,566	138,171	(301,395)	12,977,937	11,233,230	(1,744,707)
915	915	-	2,833,573	1,622,670	(1,210,903)
			6,195,452	5,648,420	(547,032)
15,500	10,648	(4,852)	3,058,071	2,588,472	(469,599)
12,527	3,619	(8,908)	1,483,686	1,141,954	(341,732)
			2,060,415	2,049,084	(11,331)
			1,539,347	1,539,347	-
1,686	232	(1,454)	565,535	290,356	(275,179)
902,543	449,954	(452,589)	77,532,472	67,127,611	(10,404,861)
3,553,782	4,274,397	720,615	(10,114,733)	1,614,717	11,729,450
			4,227,127	4,227,127	-
5,900	5,900	-	19,353,418	19,353,418	-
(244,453)	(244,453)	-	(18,972,804)	(18,972,804)	-
(238,553)	(238,553)	-	4,607,741	4,607,741	-
(3,898,346)	(3,898,346)	-	(4,083,913)	(4,083,913)	-
(583,117)	137,498	720,615	(9,590,905)	2,138,545	11,729,450
441,119	441,119	-	1,940,074	1,940,074	-
(20,629)	(20,629)	-	(20,629)	(20,629)	-
420,490	420,490	-	1,919,445	1,919,445	-
\$ (162,627)	\$ 557,988	\$ 720,615	\$ (7,671,460)	\$ 4,057,990	\$ 11,729,450

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, 2014 (Expressed in Thousands)

	General Revenue			Common School Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes	\$ 17,585,000	\$ 18,404,379	\$ 819,379			
Sales taxes	5,539,000	5,766,057	227,057	\$ 1,846,000	\$ 1,909,390	\$ 63,390
Public utility taxes	992,000	930,874	(61,126)			
Federal government	4,107,000	3,868,168	(238,832)			
Other	1,998,000	2,114,545	116,545			
Less:						
Refunds	5,047	5,031	(16)			
<b>Total revenues</b>	<b>30,215,953</b>	<b>31,078,992</b>	<b>863,039</b>	<b>1,846,000</b>	<b>1,909,390</b>	<b>63,390</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	12,844,262	12,317,925	(526,337)			
Education	4,125,623	4,116,201	(9,422)			
General government	3,323,377	3,290,904	(32,473)			
Employment and economic development	101,494	100,875	(619)			
Transportation	22,190	21,860	(330)			
Public protection and justice	2,204,826	2,182,943	(21,883)			
Environment and business regulation	72,838	70,551	(2,287)			
Capital outlays	9,659	9,239	(420)			
<b>Total expenditures</b>	<b>22,704,269</b>	<b>22,110,498</b>	<b>(593,771)</b>			
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>7,511,684</b>	<b>8,968,494</b>	<b>1,456,810</b>	<b>1,846,000</b>	<b>1,909,390</b>	<b>63,390</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	1,462,136	1,462,136	-			
Operating transfers-out	(10,708,630)	(10,708,630)	-	(1,936,818)	(1,936,818)	-
<b>Total other sources (uses) of financial resources</b>	<b>(9,246,494)</b>	<b>(9,246,494)</b>	<b>-</b>	<b>(1,936,818)</b>	<b>(1,936,818)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(1,734,810)</b>	<b>(278,000)</b>	<b>1,456,810</b>	<b>(90,818)</b>	<b>(27,428)</b>	<b>63,390</b>
Budgetary fund balances (deficits), July 1, 2013	(3,017,307)	(3,017,307)	-	83,810	83,810	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (4,752,117)</b>	<b>\$ (3,295,307)</b>	<b>\$ 1,456,810</b>	<b>\$ (7,008)</b>	<b>\$ 56,382</b>	<b>\$ 63,390</b>

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,385,000	\$ 1,445,868	\$ 60,868				\$ 18,970,000	\$ 19,850,247	\$ 880,247
						7,385,000	7,675,447	290,447
			\$ 87,000	\$ 82,391	\$ (4,609)	1,079,000	1,013,265	(65,735)
						4,107,000	3,868,168	(238,832)
-	381	381	102,000	103,733	1,733	2,100,000	2,218,659	118,659
						5,047	5,031	(16)
1,385,000	1,446,249	61,249	189,000	186,124	(2,876)	33,635,953	34,620,755	984,802
						12,844,262	12,317,925	(526,337)
1,930,576	1,929,286	(1,290)	7,475,796	7,475,796	-	13,531,995	13,521,283	(10,712)
73	73	-				3,323,450	3,290,977	(32,473)
						101,494	100,875	(619)
						22,190	21,860	(330)
						2,204,826	2,182,943	(21,883)
						72,838	70,551	(2,287)
3,867	3,866	(1)				13,526	13,105	(421)
1,934,516	1,933,225	(1,291)	7,475,796	7,475,796	-	32,114,581	31,519,519	(595,062)
(549,516)	(486,976)	62,540	(7,286,796)	(7,289,672)	(2,876)	1,521,372	3,101,236	1,579,864
921,696	921,696	-	7,226,448	7,226,448	-	9,610,280	9,610,280	-
(8,194)	(8,194)	-	(137)	(137)	-	(12,653,779)	(12,653,779)	-
913,502	913,502	-	7,226,311	7,226,311	-	(3,043,499)	(3,043,499)	-
363,986	426,526	62,540	(60,485)	(63,361)	(2,876)	(1,522,127)	57,737	1,579,864
(745,313)	(745,313)	-	(309,553)	(309,553)	-	(3,988,363)	(3,988,363)	-
\$ (381,327)	\$ (318,787)	\$ 62,540	\$ (370,038)	\$ (372,914)	\$ (2,876)	\$ (5,510,490)	\$ (3,930,626)	\$ 1,579,864

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, 2014 (Expressed in Thousands)

	Road			Motor Fuel Tax - State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Motor fuel taxes				\$ 1,203,500	\$ 1,223,456	\$ 19,956
Federal government	\$ 1,299,100	\$ 1,502,867	\$ 203,767	-	24	24
Other	1,003,600	1,003,825	225	-	928	928
Less:						
Refunds	2,647	2,616	(31)	22,000	17,547	(4,453)
<b>Total revenues</b>	<b>2,300,053</b>	<b>2,504,076</b>	<b>204,023</b>	<b>1,181,500</b>	<b>1,206,861</b>	<b>25,361</b>
<b>EXPENDITURES:</b>						
Current:						
General government	132,935	121,777	(11,158)	49,817	43,263	(6,554)
Employment and economic development	1,900	1,900	-			
Transportation	2,589,384	2,149,419	(439,965)	14,568	12,847	(1,721)
Capital outlays	45,418	44,571	(847)	18	1	(17)
<b>Total expenditures</b>	<b>2,769,637</b>	<b>2,317,667</b>	<b>(451,970)</b>	<b>64,403</b>	<b>56,111</b>	<b>(8,292)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(469,584)</b>	<b>186,409</b>	<b>655,993</b>	<b>1,117,097</b>	<b>1,150,750</b>	<b>33,653</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	296,358	296,358	-	5	5	-
Operating transfers-out	(381,870)	(381,870)	-	(1,142,133)	(1,142,133)	-
<b>Total other sources (uses) of financial resources</b>	<b>(85,512)</b>	<b>(85,512)</b>	<b>-</b>	<b>(1,142,128)</b>	<b>(1,142,128)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(555,096)</b>	<b>100,897</b>	<b>655,993</b>	<b>(25,031)</b>	<b>8,622</b>	<b>33,653</b>
Budgetary fund balances (deficits), July 1, 2013	730,977	730,977	-	97,135	97,135	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 175,881</b>	<b>\$ 831,874</b>	<b>\$ 655,993</b>	<b>\$ 72,104</b>	<b>\$ 105,757</b>	<b>\$ 33,653</b>

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)
			\$ 476,916	\$ 493,645	\$ 16,729			
			476,916	493,645	16,729			
\$ 298,040	\$ 277,482	\$ (20,558)	641,418	641,274	(144)	\$ 335,566	\$ 313,713	\$ (21,853)
298,040	277,482	(20,558)	641,418	641,274	(144)	335,566	313,713	(21,853)
(298,040)	(277,482)	20,558	(164,502)	(147,629)	16,873	(335,566)	(313,713)	21,853
275,240	275,240	-	208,473	208,473	-	327,330	327,330	-
			(26)	(26)	-	(3,001)	(3,001)	-
275,240	275,240	-	208,447	208,447	-	324,329	324,329	-
(22,800)	(2,242)	20,558	43,945	60,818	16,873	(11,237)	10,616	21,853
(19,423)	(19,423)	-	209,558	209,558	-	14,458	14,458	-
\$ (42,223)	\$ (21,665)	\$ 20,558	\$ 253,503	\$ 270,376	\$ 16,873	\$ 3,221	\$ 25,074	\$ 21,853

(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, 2014 (Expressed in Thousands)

(continued)

	Total		Variance Over (Under)
	Final Budget	Actual	
<b>REVENUES:</b>			
Motor fuel taxes	\$ 1,203,500	\$ 1,223,456	\$ 19,956
Federal government	1,299,100	1,502,891	203,791
Other	1,480,516	1,498,398	17,882
Less:			
Refunds	24,647	20,163	(4,484)
<b>Total revenues</b>	<b>3,958,469</b>	<b>4,204,582</b>	<b>246,113</b>
<b>EXPENDITURES:</b>			
Current:			
General government	182,752	165,040	(17,712)
Employment and economic development	1,900	1,900	-
Transportation	3,878,976	3,394,735	(484,241)
Capital outlays	45,436	44,572	(864)
<b>Total expenditures</b>	<b>4,109,064</b>	<b>3,606,247</b>	<b>(502,817)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(150,595)</b>	<b>598,335</b>	<b>748,930</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-in	1,107,406	1,107,406	-
Operating transfers-out	(1,527,030)	(1,527,030)	-
<b>Total other sources (uses) of financial resources</b>	<b>(419,624)</b>	<b>(419,624)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(570,219)</b>	<b>178,711</b>	<b>748,930</b>
Budgetary fund balances (deficits), July 1, 2013	1,032,705	1,032,705	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 462,486</b>	<b>\$ 1,211,416</b>	<b>\$ 748,930</b>

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State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds**

For the Year Ended June 30, 2014 (Expressed in Thousands)

	Elected Officials Comptroller			Code Departments		
	Budget Stabilization Fund			Final Budget	Actual	Variance Over (Under)
	Final Budget	Actual	Variance Over (Under)			
<b>REVENUES:</b>						
Income taxes				\$ 3,688,925	\$ 3,688,925	\$ -
Sales taxes				728,728	766,786	38,058
Motor fuel taxes						
Public utility taxes				188,966	188,966	-
Federal government				4,996,897	5,074,128	77,231
Other	\$ -	\$ 1	\$ 1	7,052,946	7,002,591	(50,355)
Less:						
Refunds				2,464,722	2,456,587	(8,135)
<b>Total revenues</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>14,191,740</b>	<b>14,264,809</b>	<b>73,069</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				12,125,265	8,906,204	(3,219,061)
Education				16,351	15,189	(1,162)
General government				7,083,192	6,112,333	(970,859)
Employment and economic development						
Transportation				473,743	472,931	(812)
Public protection and justice						
Environment and business regulation						
Capital outlays				860	17	(843)
<b>Total expenditures</b>				<b>19,699,411</b>	<b>15,506,674</b>	<b>(4,192,737)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>(5,507,671)</b>	<b>(1,241,865)</b>	<b>4,265,806</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	275,000	275,000	-	2,992,473	2,992,473	-
Operating transfers-out	(275,000)	(275,000)	-	(2,220,957)	(2,220,957)	-
<b>Total other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>771,516</b>	<b>771,516</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(145,000)</b>	<b>(145,000)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>(4,881,155)</b>	<b>(615,349)</b>	<b>4,265,806</b>
Budgetary fund balances (deficits), July 1, 2013	275,704	275,704	-	286,790	286,790	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 275,704</b>	<b>\$ 275,705</b>	<b>\$ 1</b>	<b>\$(4,594,365)</b>	<b>\$ (328,559)</b>	<b>\$ 4,265,806</b>

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 146,942	\$ 146,814	\$ (128)	\$ 3,688,925	\$ 3,688,925	\$ -
			69,550	70,512	962	875,670	913,600	37,930
			175,761	177,478	1,717	69,550	70,512	962
\$ 85,456	\$ 70,391	\$ (15,065)	1,679,018	1,373,902	(305,116)	450,183	436,835	(13,348)
104,000	150,604	46,604	1,566,202	1,606,307	40,105	6,779,915	6,598,634	(181,281)
862,930	821,187	(41,743)				9,482,078	9,430,086	(51,992)
50	-	(50)	22,652	20,526	(2,126)	2,487,424	2,477,113	(10,311)
1,052,336	1,042,182	(10,154)	3,614,821	3,354,487	(260,334)	18,858,897	18,661,479	(197,418)
1,023	846	(177)	1,815,662	1,366,346	(449,316)	13,941,950	10,273,396	(3,668,554)
600	212	(388)	317,393	275,923	(41,470)	334,344	291,324	(43,020)
176,061	145,970	(30,091)	471,173	315,652	(155,521)	7,730,426	6,573,955	(1,156,471)
			1,049,461	686,158	(363,303)	1,049,461	686,158	(363,303)
			406,314	345,087	(61,227)	880,057	818,018	(62,039)
			630,300	267,667	(362,633)	630,300	267,667	(362,633)
295,928	294,092	(1,836)	832,294	636,764	(195,530)	1,128,222	930,856	(197,366)
25	2	(23)	19,953	17,171	(2,782)	20,838	17,190	(3,648)
473,637	441,122	(32,515)	5,542,550	3,910,768	(1,631,782)	25,715,598	19,858,564	(5,857,034)
578,699	601,060	22,361	(1,927,729)	(556,281)	1,371,448	(6,856,701)	(1,197,085)	5,659,616
237,934	237,934	-	933,906	933,906	-	4,439,313	4,439,313	-
(964,040)	(964,040)	-	(217,703)	(217,703)	-	(3,677,700)	(3,677,700)	-
(726,106)	(726,106)	-	716,203	716,203	-	761,613	761,613	-
(31,672)	(31,672)	-	(554)	(554)	-	(177,226)	(177,226)	-
(179,079)	(156,718)	22,361	(1,212,080)	159,368	1,371,448	(6,272,314)	(612,698)	5,659,616
363,210	363,210	-	1,538,680	1,538,680	-	2,464,384	2,464,384	-
\$ 184,131	\$ 206,492	\$ 22,361	\$ 326,600	\$ 1,698,048	\$ 1,371,448	\$ (3,807,930)	\$ 1,851,686	\$ 5,659,616

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, 2014 (Expressed in Thousands)

	Central Management Services Health Insurance Reserve			Healthcare and Family Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	\$ 37,905	\$ 36,123	\$ (1,782)	\$ 4,546,603	\$ 4,564,747	\$ 18,144
Other	2,358,473	2,418,581	60,108	3,123,708	3,121,592	(2,116)
Less:						
Refunds				8,750	704	(8,046)
<b>Total revenues</b>	<b>2,396,378</b>	<b>2,454,704</b>	<b>58,326</b>	<b>7,661,561</b>	<b>7,685,635</b>	<b>24,074</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services				11,651,155	8,468,906	(3,182,249)
Education						
General government	2,943,502	2,626,370	(317,132)			
Transportation						
Capital outlays						
<b>Total expenditures</b>	<b>2,943,502</b>	<b>2,626,370</b>	<b>(317,132)</b>	<b>11,651,155</b>	<b>8,468,906</b>	<b>(3,182,249)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(547,124)</b>	<b>(171,666)</b>	<b>375,458</b>	<b>(3,989,594)</b>	<b>(783,271)</b>	<b>3,206,323</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				1,022,903	1,022,903	-
Operating transfers-out				(252,997)	(252,997)	-
<b>Total other sources (uses) of financial resources</b>				<b>769,906</b>	<b>769,906</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(547,124)</b>	<b>(171,666)</b>	<b>375,458</b>	<b>(3,219,688)</b>	<b>(13,365)</b>	<b>3,206,323</b>
Budgetary fund balances (deficits), July 1, 2013	32,209	32,209	-	(452,380)	(452,380)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (514,915)</b>	<b>\$ (139,457)</b>	<b>\$ 375,458</b>	<b>\$ (3,672,068)</b>	<b>\$ (465,745)</b>	<b>\$ 3,206,323</b>

Revenue			Transportation			Other		
			Public Transportation			Other Code Departments		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 3,688,925	\$ 3,688,925	\$ -						
728,728	766,786	38,058						
188,966	188,966	-						
42,752	42,752	-				\$ 369,637	\$ 430,506	\$ 60,869
119,045	119,045	-				1,451,720	1,343,373	(108,347)
2,455,872	2,455,872	-				100	11	(89)
2,312,544	2,350,602	38,058				1,821,257	1,773,868	(47,389)
						474,110	437,298	(36,812)
16,351	15,189	(1,162)						
2,907,023	2,889,811	(17,212)	\$ 1,611	\$ 1,236	\$ (375)	1,231,056	594,916	(636,140)
			473,743	472,931	(812)			
10	8	(2)				850	9	(841)
2,923,384	2,905,008	(18,376)	475,354	474,167	(1,187)	1,706,016	1,032,223	(673,793)
(610,840)	(554,406)	56,434	(475,354)	(474,167)	1,187	115,241	741,645	626,404
1,495,045	1,495,045	-	474,486	474,486	-	39	39	-
(1,299,168)	(1,299,168)	-	(18)	(18)	-	(668,774)	(668,774)	-
195,877	195,877	-	474,468	474,468	-	(668,735)	(668,735)	-
						(145,000)	(145,000)	-
(414,963)	(358,529)	56,434	(886)	301	1,187	(698,494)	(72,090)	626,404
676,014	676,014	-	(2,287)	(2,287)	-	33,234	33,234	-
\$ 261,051	\$ 317,485	\$ 56,434	\$ (3,173)	\$ (1,986)	\$ 1,187	\$ (665,260)	\$ (38,856)	\$ 626,404

(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, 2014 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
<b>REVENUES:</b>			
Income taxes	\$ 3,688,925	\$ 3,688,925	\$ -
Sales taxes	728,728	766,786	38,058
Public utility taxes	188,966	188,966	-
Federal government	4,996,897	5,074,128	77,231
Other	7,052,946	7,002,591	(50,355)
Less:			
Refunds	2,464,722	2,456,587	(8,135)
<b>Total revenues</b>	<u>14,191,740</u>	<u>14,264,809</u>	<u>73,069</u>
<b>EXPENDITURES:</b>			
Current:			
Health and social services	12,125,265	8,906,204	(3,219,061)
Education	16,351	15,189	(1,162)
General government	7,083,192	6,112,333	(970,859)
Transportation	473,743	472,931	(812)
Capital outlays	860	17	(843)
<b>Total expenditures</b>	<u>19,699,411</u>	<u>15,506,674</u>	<u>(4,192,737)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(5,507,671)</u>	<u>(1,241,865)</u>	<u>4,265,806</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-in	2,992,473	2,992,473	-
Operating transfers-out	(2,220,957)	(2,220,957)	-
<b>Total other sources (uses) of financial resources</b>	<u>771,516</u>	<u>771,516</u>	<u>-</u>
Budgetary funds-nonbudgeted accounts	(145,000)	(145,000)	-
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<u>(4,881,155)</u>	<u>(615,349)</u>	<u>4,265,806</u>
Budgetary fund balances (deficits), July 1, 2013	286,790	286,790	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<u>\$ (4,594,365)</u>	<u>\$ (328,559)</u>	<u>\$ 4,265,806</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, 2014 (Expressed in Thousands)

	University of Illinois Hospital Services			County Provider Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 130,553	\$ 148,772	\$ 18,219	\$ 1,137,605	\$ 1,137,605	\$ -
Other	76,186	73,905	(2,281)	862,558	862,558	-
Less:						
Refunds				1,000	-	(1,000)
<b>Total revenues</b>	<b>206,739</b>	<b>222,677</b>	<b>15,938</b>	<b>1,999,163</b>	<b>2,000,163</b>	<b>1,000</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	375,000	302,522	(72,478)	2,006,119	2,006,027	(92)
<b>Total expenditures</b>	<b>375,000</b>	<b>302,522</b>	<b>(72,478)</b>	<b>2,006,119</b>	<b>2,006,027</b>	<b>(92)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(168,261)</b>	<b>(79,845)</b>	<b>88,416</b>	<b>(6,956)</b>	<b>(5,864)</b>	<b>1,092</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	45,000	45,000	-			
Operating transfers-out	(6)	(6)	-			
<b>Total other sources (uses) of financial resources</b>	<b>44,994</b>	<b>44,994</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(123,267)</b>	<b>(34,851)</b>	<b>88,416</b>	<b>(6,956)</b>	<b>(5,864)</b>	<b>1,092</b>
Budgetary fund balances (deficits), July 1, 2013	(5,754)	(5,754)	-	(7,668)	(7,668)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (129,021)</b>	<b>\$ (40,605)</b>	<b>\$ 88,416</b>	<b>\$ (14,624)</b>	<b>\$ (13,532)</b>	<b>\$ 1,092</b>

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)
\$ 254,573	\$ 254,498	\$ (75)	\$ 1,274,163	\$ 1,274,163	\$ -	\$ 238,214	\$ 238,214	\$ -
199,445	199,445	-	1,486,991	1,486,991	-	86	251	165
2,750	704	(2,046)	5,000	-	(5,000)			
451,268	453,239	1,971	2,756,154	2,761,154	5,000	238,300	238,465	165
703,930	434,407	(269,523)	2,713,000	2,528,257	(184,743)	700,000	522,826	(177,174)
703,930	434,407	(269,523)	2,713,000	2,528,257	(184,743)	700,000	522,826	(177,174)
(252,662)	18,832	271,494	43,154	232,897	189,743	(461,700)	(284,361)	177,339
30,000	30,000	-				244,033	244,033	-
(20,019)	(20,019)	-	(232,915)	(232,915)	-	(18)	(18)	-
9,981	9,981	-	(232,915)	(232,915)	-	244,015	244,015	-
(242,681)	28,813	271,494	(189,761)	(18)	189,743	(217,685)	(40,346)	177,339
(49,065)	(49,065)	-	122,639	122,639	-	63,160	63,160	-
\$ (291,746)	\$ (20,252)	\$ 271,494	\$ (67,122)	\$ 122,621	\$ 189,743	\$ (154,525)	\$ 22,814	\$ 177,339

(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, 2014 (Expressed in Thousands)

(continued)

	Healthcare Provider Relief			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 1,511,495	\$ 1,511,495	\$ -	\$ 4,546,603	\$ 4,564,747	\$ 18,144
Other	498,442	498,442	-	3,123,708	3,121,592	(2,116)
Less:						
Refunds				8,750	704	(8,046)
<b>Total revenues</b>	<b>2,009,937</b>	<b>2,009,937</b>	<b>-</b>	<b>7,661,561</b>	<b>7,685,635</b>	<b>24,074</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	5,153,106	2,674,867	(2,478,239)	11,651,155	8,468,906	(3,182,249)
<b>Total expenditures</b>	<b>5,153,106</b>	<b>2,674,867</b>	<b>(2,478,239)</b>	<b>11,651,155</b>	<b>8,468,906</b>	<b>(3,182,249)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,143,169)</b>	<b>(664,930)</b>	<b>2,478,239</b>	<b>(3,989,594)</b>	<b>(783,271)</b>	<b>3,206,323</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	703,870	703,870	-	1,022,903	1,022,903	-
Operating transfers-out	(39)	(39)	-	(252,997)	(252,997)	-
<b>Total other sources (uses) of financial resources</b>	<b>703,831</b>	<b>703,831</b>	<b>-</b>	<b>769,906</b>	<b>769,906</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(2,439,338)</b>	<b>38,901</b>	<b>2,478,239</b>	<b>(3,219,688)</b>	<b>(13,365)</b>	<b>3,206,323</b>
Budgetary fund balances (deficits), July 1, 2013	(575,692)	(575,692)	-	(452,380)	(452,380)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$(3,015,030)</b>	<b>\$ (536,791)</b>	<b>\$ 2,478,239</b>	<b>\$ (3,672,068)</b>	<b>\$ (465,745)</b>	<b>\$ 3,206,323</b>

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State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources, and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Special State Funds - Department of Revenue**

For the Year Ended June 30, 2014 (Expressed in Thousands)

	State and Local Sales Tax Reform			Income Tax Refund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Income taxes				\$ 2,417,900	\$ 2,417,900	\$ -
Sales taxes	\$ 277,450	\$ 315,508	\$ 38,058			
Public utility taxes						
Federal government				42,752	42,752	-
Other						
Less:						
Refunds				2,455,872	2,455,872	-
<b>Total revenues</b>	<b>277,450</b>	<b>315,508</b>	<b>38,058</b>	<b>4,780</b>	<b>4,780</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
Education						
General government	66,614	65,150	(1,464)	-	(9,406)	(9,406)
Capital outlays						
<b>Total expenditures</b>	<b>66,614</b>	<b>65,150</b>	<b>(1,464)</b>	<b>-</b>	<b>(9,406)</b>	<b>(9,406)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>210,836</b>	<b>250,358</b>	<b>39,522</b>	<b>4,780</b>	<b>14,186</b>	<b>9,406</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	1	1	-	49,347	49,347	-
Operating transfers-out	(246,350)	(246,350)	-	(397,005)	(397,005)	-
<b>Total other sources (uses) of financial resources</b>	<b>(246,349)</b>	<b>(246,349)</b>	<b>-</b>	<b>(347,658)</b>	<b>(347,658)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(35,513)</b>	<b>4,009</b>	<b>39,522</b>	<b>(342,878)</b>	<b>(333,472)</b>	<b>9,406</b>
Budgetary fund balances (deficits), July 1, 2013	46,684	46,684	-	402,776	402,776	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 11,171</b>	<b>\$ 50,693</b>	<b>\$ 39,522</b>	<b>\$ 59,898</b>	<b>\$ 69,304</b>	<b>\$ 9,406</b>

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)
			\$ 1,271,025	\$ 1,271,025	\$ -	\$ 451,278	\$ 451,278	\$ -
			188,966	188,966	-			
			348	348	-	118,697	118,697	-
			1,460,339	1,460,339	-	569,975	569,975	-
			16,351	15,189	(1,162)			
\$ 1,407,476	\$ 1,403,924	\$ (3,552)	1,432,933	1,430,143	(2,790)			
			10	8	(2)			
1,407,476	1,403,924	(3,552)	1,449,294	1,445,340	(3,954)			
(1,407,476)	(1,403,924)	3,552	11,045	14,999	3,954	569,975	569,975	-
1,400,709	1,400,709	-	5,522	5,522	-	39,466	39,466	-
(34)	(34)	-	(45,826)	(45,826)	-	(609,953)	(609,953)	-
1,400,675	1,400,675	-	(40,304)	(40,304)	-	(570,487)	(570,487)	-
(6,801)	(3,249)	3,552	(29,259)	(25,305)	3,954	(512)	(512)	-
(26,563)	(26,563)	-	253,118	253,118	-	(1)	(1)	-
\$ (33,364)	\$ (29,812)	\$ 3,552	\$ 223,859	\$ 227,813	\$ 3,954	\$ (513)	\$ (513)	\$ -

(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, 2014 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
<b>REVENUES:</b>			
Income taxes	\$ 3,688,925	\$ 3,688,925	\$ -
Sales taxes	728,728	766,786	38,058
Public utility taxes	188,966	188,966	-
Federal government	42,752	42,752	-
Other	119,045	119,045	-
Less:			
Refunds	2,455,872	2,455,872	-
<b>Total revenues</b>	<u>2,312,544</u>	<u>2,350,602</u>	<u>38,058</u>
<b>EXPENDITURES:</b>			
Current:			
Education	16,351	15,189	(1,162)
General government	2,907,023	2,889,811	(17,212)
Capital outlays	10	8	(2)
<b>Total expenditures</b>	<u>2,923,384</u>	<u>2,905,008</u>	<u>(18,376)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(610,840)	(554,406)	56,434
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>			
Operating transfers-in	1,495,045	1,495,045	-
Operating transfers-out	(1,299,168)	(1,299,168)	-
<b>Total other sources (uses) of financial resources</b>	<u>195,877</u>	<u>195,877</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	(414,963)	(358,529)	56,434
Budgetary fund balances (deficits), July 1, 2013	676,014	676,014	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<u>\$ 261,051</u>	<u>\$ 317,485</u>	<u>\$ 56,434</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, 2014 (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)
<b>REVENUES:</b>						
Federal government	\$ 369,637	\$ 430,506	\$ 60,869			
Other	6,773	5,049	(1,724)	\$ 1,444,947	\$ 1,338,324	\$ (106,623)
Less:						
Refunds				100	11	(89)
<b>Total revenues</b>	<b>376,410</b>	<b>435,555</b>	<b>59,145</b>	<b>1,444,847</b>	<b>1,338,313</b>	<b>(106,534)</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	474,110	437,298	(36,812)			
General government	1,760	1,708	(52)	1,229,296	593,208	(636,088)
Capital outlays				850	9	(841)
<b>Total expenditures</b>	<b>475,870</b>	<b>439,006</b>	<b>(36,864)</b>	<b>1,230,146</b>	<b>593,217</b>	<b>(636,929)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(99,460)</b>	<b>(3,451)</b>	<b>96,009</b>	<b>214,701</b>	<b>745,096</b>	<b>530,395</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	39	39	-			
Operating transfers-out	(239)	(239)	-	(668,535)	(668,535)	-
<b>Total other sources (uses) of financial resources</b>	<b>(200)</b>	<b>(200)</b>	<b>-</b>	<b>(668,535)</b>	<b>(668,535)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(145,000)</b>	<b>(145,000)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(99,660)</b>	<b>(3,651)</b>	<b>96,009</b>	<b>(598,834)</b>	<b>(68,439)</b>	<b>530,395</b>
Budgetary fund balances (deficits), July 1, 2013	(39,352)	(39,352)	-	72,586	72,586	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (139,012)</b>	<b>\$ (43,003)</b>	<b>\$ 96,009</b>	<b>\$ (526,248)</b>	<b>\$ 4,147</b>	<b>\$ 530,395</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 369,637	\$ 430,506	\$ 60,869
1,451,720	1,343,373	(108,347)
100	11	(89)
1,821,257	1,773,868	(47,389)
474,110	437,298	(36,812)
1,231,056	594,916	(636,140)
850	9	(841)
1,706,016	1,032,223	(673,793)
115,241	741,645	626,404
39	39	-
(668,774)	(668,774)	-
(668,735)	(668,735)	-
(145,000)	(145,000)	-
(698,494)	(72,090)	626,404
33,234	33,234	-
\$ (665,260)	\$ (38,856)	\$ 626,404

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, 2014 (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)
<b>REVENUES:</b>						
Public utility tax						
Federal government				\$ 104,000	\$ 150,604	\$ 46,604
Other	\$ 597,675	\$ 522,659	\$ (75,016)	199,288	244,190	44,902
Less:						
Refunds	50	-	(50)			
<b>Total revenues</b>	<b>597,625</b>	<b>522,659</b>	<b>(74,966)</b>	<b>303,288</b>	<b>394,794</b>	<b>91,506</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	1,023	846	(177)			
Education						
General government	175,348	145,354	(29,994)			
Environment and business regulation				295,928	294,092	(1,836)
Capital outlays	25	2	(23)			
<b>Total expenditures</b>	<b>176,396</b>	<b>146,202</b>	<b>(30,194)</b>	<b>295,928</b>	<b>294,092</b>	<b>(1,836)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>421,229</b>	<b>376,457</b>	<b>(44,772)</b>	<b>7,360</b>	<b>100,702</b>	<b>93,342</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in						
Operating transfers-out	(503,591)	(503,591)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(503,591)</b>	<b>(503,591)</b>	<b>-</b>			
<b>Budgetary funds-nonbudgeted accounts</b>						
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(82,362)</b>	<b>(127,134)</b>	<b>(44,772)</b>	<b>7,360</b>	<b>100,702</b>	<b>93,342</b>
Budgetary fund balances (deficits), July 1, 2013	145,613	145,613	-	206,752	206,752	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 63,251</b>	<b>\$ 18,479</b>	<b>\$ (44,772)</b>	<b>\$ 214,112</b>	<b>\$ 307,454</b>	<b>\$ 93,342</b>

State Board of Education			Total		
School Infrastructure Fund					
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 85,456	\$ 70,391	\$ (15,065)	\$ 85,456	\$ 70,391	\$ (15,065)
65,967	54,338	(11,629)	104,000	150,604	46,604
			862,930	821,187	(41,743)
			50	-	(50)
151,423	124,729	(26,694)	1,052,336	1,042,182	(10,154)
			1,023	846	(177)
600	212	(388)	600	212	(388)
713	616	(97)	176,061	145,970	(30,091)
			295,928	294,092	(1,836)
			25	2	(23)
1,313	828	(485)	473,637	441,122	(32,515)
150,110	123,901	(26,209)	578,699	601,060	22,361
237,934	237,934	-	237,934	237,934	-
(460,449)	(460,449)	-	(964,040)	(964,040)	-
(222,515)	(222,515)	-	(726,106)	(726,106)	-
(31,672)	(31,672)	-	(31,672)	(31,672)	-
(104,077)	(130,286)	(26,209)	(179,079)	(156,718)	22,361
10,845	10,845	-	363,210	363,210	-
\$ (93,232)	\$ (119,441)	\$ (26,209)	\$ 184,131	\$ 206,492	\$ 22,361

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, 2014 (Expressed in Thousands)

	Commerce and Economic Opportunity			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Other	\$ -	\$ 6	\$ 6			
<b>Total revenues</b>	<b>-</b>	<b>6</b>	<b>6</b>			
<b>EXPENDITURES:</b>						
Current:						
Health and social services	60,306	60,306	-			
Education	90,000	90,000	-			
General government	82,169	82,076	(93)			
Employment and economic development	232,336	196,382	(35,954)			
Transportation				\$ 1,190,072	\$ 1,189,912	\$ (160)
Environment and business regulation	18,449	18,449	-			
Capital outlays	1,111	1,111	-			
<b>Total expenditures</b>	<b>484,371</b>	<b>448,324</b>	<b>(36,047)</b>	<b>1,190,072</b>	<b>1,189,912</b>	<b>(160)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(484,371)</b>	<b>(448,318)</b>	<b>36,053</b>	<b>(1,190,072)</b>	<b>(1,189,912)</b>	<b>160</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	400,770	400,770	-	2,463,114	2,463,114	-
<b>Total other sources (uses) of financial resources</b>	<b>400,770</b>	<b>400,770</b>	<b>-</b>	<b>2,463,114</b>	<b>2,463,114</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>(83,601)</b>	<b>(47,548)</b>	<b>36,053</b>	<b>1,273,042</b>	<b>1,273,202</b>	<b>160</b>
Budgetary fund balances (deficits), July 1, 2013	460,303	460,303	-	293,759	293,759	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 376,702</b>	<b>\$ 412,755</b>	<b>\$ 36,053</b>	<b>\$ 1,566,801</b>	<b>\$ 1,566,961</b>	<b>\$ 160</b>

Capital Development Board			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ -	\$ 6	\$ 6
						-	6	6
						60,306	60,306	-
\$ 66,769	\$ 66,769	\$ -				156,769	156,769	-
325,379	322,243	(3,136)				407,548	404,319	(3,229)
16,033	7,804	(8,229)	\$ 2,642	\$ 2,377	\$ (265)	251,011	206,563	(44,448)
			140,574	140,488	(86)	1,330,646	1,330,400	(246)
10,999	10,946	(53)				29,448	29,395	(53)
455,982	205,072	(250,910)				457,093	206,183	(250,910)
875,162	612,834	(262,328)	143,216	142,865	(351)	2,692,821	2,393,935	(298,886)
(875,162)	(612,834)	262,328	(143,216)	(142,865)	351	(2,692,821)	(2,393,929)	298,892
1,105,206	1,105,206	-	258,037	258,037	-	4,227,127	4,227,127	-
1,105,206	1,105,206	-	258,037	258,037	-	4,227,127	4,227,127	-
230,044	492,372	262,328	114,821	115,172	351	1,534,306	1,833,198	298,892
40,277	40,277	-	48,217	48,217	-	842,556	842,556	-
\$ 270,321	\$ 532,649	\$ 262,328	\$ 163,038	\$ 163,389	\$ 351	\$ 2,376,862	\$ 2,675,754	\$ 298,892

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, 2014 (Expressed in Thousands)

	Transportation Bond Series B			Transportation Bond Series D		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Transportation	\$ 513,239	\$ 513,235	\$ (4)	\$ 676,833	\$ 676,677	\$ (156)
<b>Total expenditures</b>	<b>513,239</b>	<b>513,235</b>	<b>(4)</b>	<b>676,833</b>	<b>676,677</b>	<b>(156)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(513,239)</b>	<b>(513,235)</b>	<b>4</b>	<b>(676,833)</b>	<b>(676,677)</b>	<b>156</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	958,289	958,289	-	1,504,825	1,504,825	-
<b>Total other sources (uses) of financial resources</b>	<b>958,289</b>	<b>958,289</b>	<b>-</b>	<b>1,504,825</b>	<b>1,504,825</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>445,050</b>	<b>445,054</b>	<b>4</b>	<b>827,992</b>	<b>828,148</b>	<b>156</b>
Budgetary fund balances (deficits), July 1, 2013	111,562	111,562	-	182,197	182,197	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 556,612</b>	<b>\$ 556,616</b>	<b>\$ 4</b>	<b>\$ 1,010,189</b>	<b>\$ 1,010,345</b>	<b>\$ 156</b>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,190,072	\$ 1,189,912	\$ (160)
1,190,072	1,189,912	(160)
(1,190,072)	(1,189,912)	160
2,463,114	2,463,114	-
2,463,114	2,463,114	-
1,273,042	1,273,202	160
293,759	293,759	-
\$ 1,566,801	\$ 1,566,961	\$ 160

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, 2014 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>EXPENDITURES:</b>						
Current:						
Education	\$ 19,840	\$ 19,840	\$ -	\$ 46,929	\$ 46,929	\$ -
General government	30,933	28,568	(2,365)	294,446	293,675	(771)
Employment and economic development	16,033	7,804	(8,229)			
Environment and business regulation	10,999	10,946	(53)			
Capital outlays	455,982	205,072	(250,910)			
<b>Total expenditures</b>	<b>533,787</b>	<b>272,230</b>	<b>(261,557)</b>	<b>341,375</b>	<b>340,604</b>	<b>(771)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(533,787)</b>	<b>(272,230)</b>	<b>261,557</b>	<b>(341,375)</b>	<b>(340,604)</b>	<b>771</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Proceeds from general and special obligation bond issues	539,074	539,074	-	566,132	566,132	-
<b>Total other sources (uses) of financial resources</b>	<b>539,074</b>	<b>539,074</b>	<b>-</b>	<b>566,132</b>	<b>566,132</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>5,287</b>	<b>266,844</b>	<b>261,557</b>	<b>224,757</b>	<b>225,528</b>	<b>771</b>
Budgetary fund balances (deficits), July 1, 2013	11,145	11,145	-	29,132	29,132	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 16,432</b>	<b>\$ 277,989</b>	<b>\$ 261,557</b>	<b>\$ 253,889</b>	<b>\$ 254,660</b>	<b>\$ 771</b>

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	Total		
Final			Variance
Budget	Actual		Over (Under)

\$ 66,769	\$ 66,769	\$ -
325,379	322,243	(3,136)
16,033	7,804	(8,229)
10,999	10,946	(53)
455,982	205,072	(250,910)
875,162	612,834	(262,328)
(875,162)	(612,834)	262,328

1,105,206	1,105,206	-
1,105,206	1,105,206	-

230,044	492,372	262,328
40,277	40,277	-
\$ 270,321	\$ 532,649	\$ 262,328

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, 2014 (Expressed in Thousands)

	General Obligation Bond, Retirement, and Interest			Capital Projects		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes				\$ 55,015	\$ 55,015	\$ -
Federal government	\$ 61,567	\$ 56,876	\$ (4,691)			
Other	47,168	44,452	(2,716)	678,639	678,639	-
<b>Total revenues</b>	<b>108,735</b>	<b>101,328</b>	<b>(7,407)</b>	<b>733,654</b>	<b>733,654</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Debt service:						
Principal	1,668,415	1,668,415	-			
Interest	1,468,096	1,468,096	-			
<b>Total expenditures</b>	<b>3,136,511</b>	<b>3,136,511</b>	<b>-</b>			
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,027,776)</b>	<b>(3,035,183)</b>	<b>(7,407)</b>	<b>733,654</b>	<b>733,654</b>	<b>-</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	3,580,934	3,580,934	-	311	311	-
Operating transfers-out				(846,923)	(846,923)	-
<b>Total other sources (uses) of financial resources</b>	<b>3,580,934</b>	<b>3,580,934</b>	<b>-</b>	<b>(846,612)</b>	<b>(846,612)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<b>553,158</b>	<b>545,751</b>	<b>(7,407)</b>	<b>(112,958)</b>	<b>(112,958)</b>	<b>-</b>
Budgetary fund balances (deficits), July 1, 2013	1,419,910	1,419,910	-	(5,747)	(5,747)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ 1,973,068</b>	<b>\$ 1,965,661</b>	<b>\$ (7,407)</b>	<b>\$ (118,705)</b>	<b>\$ (118,705)</b>	<b>\$ -</b>

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)
						\$ 55,015	\$ 55,015	\$ -
						61,567	56,876	(4,691)
\$ 25	\$ 59	\$ 34				725,832	723,150	(2,682)
25	59	34				842,414	835,041	(7,373)
378,000	366,852	(11,148)	\$ 14,000	\$ 13,817	\$ (183)	2,060,415	2,049,084	(11,331)
71,251	71,251	-				1,539,347	1,539,347	-
449,251	438,103	(11,148)	14,000	13,817	(183)	3,599,762	3,588,431	(11,331)
(449,226)	(438,044)	11,182	(14,000)	(13,817)	183	(2,757,348)	(2,753,390)	3,958
421,652	421,652	-	14,183	14,183	-	4,017,080	4,017,080	-
						(846,923)	(846,923)	-
421,652	421,652	-	14,183	14,183	-	3,170,157	3,170,157	-
(27,574)	(16,392)	11,182	183	366	183	412,809	416,767	3,958
48,888	48,888	-	9,510	9,510	-	1,472,561	1,472,561	-
\$ 21,314	\$ 32,496	\$ 11,182	\$ 9,693	\$ 9,876	\$ 183	\$ 1,885,370	\$ 1,889,328	\$ 3,958

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, 2014 (Expressed in Thousands)

	Code Departments			State Board of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 950,798	\$ 881,562	\$ (69,236)	\$ 2,270,580	\$ 2,338,218	\$ 67,638
Other	80,096	76,535	(3,561)	-	102	102
Less:						
Refunds	200	-	(200)			
<b>Total revenues</b>	<b>1,030,694</b>	<b>958,097</b>	<b>(72,597)</b>	<b>2,270,580</b>	<b>2,338,320</b>	<b>67,740</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	1,138,526	1,022,125	(116,401)			
Education				3,005,211	2,216,544	(788,667)
General government	451	451	-	10	10	-
Employment and economic development						
Transportation						
Public protection and justice						
Environment and business regulation						
Capital outlays				989	24	(965)
<b>Total expenditures</b>	<b>1,138,977</b>	<b>1,022,576</b>	<b>(116,401)</b>	<b>3,006,210</b>	<b>2,216,578</b>	<b>(789,632)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(108,283)</b>	<b>(64,479)</b>	<b>43,804</b>	<b>(735,630)</b>	<b>121,742</b>	<b>857,372</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in	11,095	11,095	-			
Operating transfers-out				(16,411)	(16,411)	-
<b>Total other sources (uses) of financial resources</b>	<b>11,095</b>	<b>11,095</b>	<b>-</b>	<b>(16,411)</b>	<b>(16,411)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>				<b>(790)</b>	<b>(790)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(97,188)</b>	<b>(53,384)</b>	<b>43,804</b>	<b>(752,831)</b>	<b>104,541</b>	<b>857,372</b>
Budgetary fund balances (deficits), July 1, 2013	25,183	25,183	-	(399,646)	(399,646)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (72,005)</b>	<b>\$ (28,201)</b>	<b>\$ 43,804</b>	<b>\$ (1,152,477)</b>	<b>\$ (295,105)</b>	<b>\$ 857,372</b>

	Other			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,586,465	\$ 1,523,916	\$ (62,549)	\$ 4,807,843	\$ 4,743,696	\$ (64,147)	
216,569	281,271	64,702	296,665	357,908	61,243	
120	-	(120)	320	-	(320)	
1,802,914	1,805,187	2,273	5,104,188	5,101,604	(2,584)	
994,520	618,799	(375,721)	2,133,046	1,640,924	(492,122)	
378,224	239,238	(138,986)	3,383,435	2,455,782	(927,653)	
22,870	14,660	(8,210)	23,331	15,121	(8,210)	
1,428,792	626,259	(802,533)	1,428,792	626,259	(802,533)	
82,833	82,732	(101)	82,833	82,732	(101)	
154,079	77,714	(76,365)	154,079	77,714	(76,365)	
240,651	107,533	(133,118)	240,651	107,533	(133,118)	
6,286	626	(5,660)	7,275	650	(6,625)	
3,308,255	1,767,561	(1,540,694)	7,453,442	5,006,715	(2,446,727)	
(1,505,341)	37,626	1,542,967	(2,349,254)	94,889	2,444,143	
36,525	36,525	-	47,620	47,620	-	
(2,813)	(2,813)	-	(19,224)	(19,224)	-	
33,712	33,712	-	28,396	28,396	-	
(7,551)	(7,551)	-	(8,341)	(8,341)	-	
(1,479,180)	63,787	1,542,967	(2,329,199)	114,944	2,444,143	
15,575	15,575	-	(358,888)	(358,888)	-	
\$ (1,463,605)	\$ 79,362	\$ 1,542,967	\$ (2,688,087)	\$ (243,944)	\$ 2,444,143	

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, 2014 (Expressed in Thousands)

	Employment & Training			DHS Special Purpose Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 506,500	\$ 471,812	\$ (34,688)	\$ 230,173	\$ 208,552	\$ (21,621)
Other				-	827	827
Less:						
Refunds						
<b>Total revenues</b>	<u>506,500</u>	<u>471,812</u>	<u>(34,688)</u>	<u>230,173</u>	<u>209,379</u>	<u>(20,794)</u>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	505,000	481,651	(23,349)	293,019	252,133	(40,886)
General government	12	12	-	5	5	-
<b>Total expenditures</b>	<u>505,012</u>	<u>481,663</u>	<u>(23,349)</u>	<u>293,024</u>	<u>252,138</u>	<u>(40,886)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,488</u>	<u>(9,851)</u>	<u>(11,339)</u>	<u>(62,851)</u>	<u>(42,759)</u>	<u>20,092</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in				11,095	11,095	-
<b>Total other sources (uses) of financial resources</b>				<u>11,095</u>	<u>11,095</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources</b>	<u>1,488</u>	<u>(9,851)</u>	<u>(11,339)</u>	<u>(51,756)</u>	<u>(31,664)</u>	<u>20,092</u>
Budgetary fund balances (deficits), July 1, 2013	(27,911)	(27,911)	-	63,592	63,592	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<u>\$ (26,423)</u>	<u>\$ (37,762)</u>	<u>\$ (11,339)</u>	<u>\$ 11,836</u>	<u>\$ 31,928</u>	<u>\$ 20,092</u>

USDA Women, Infants and Children			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 214,125	\$ 201,198	\$ (12,927)	\$ 950,798	\$ 881,562	\$ (69,236)
80,096	75,708	(4,388)	80,096	76,535	(3,561)
200	-	(200)	200	-	(200)
294,021	276,906	(17,115)	1,030,694	958,097	(72,597)
340,507	288,341	(52,166)	1,138,526	1,022,125	(116,401)
434	434	-	451	451	-
340,941	288,775	(52,166)	1,138,977	1,022,576	(116,401)
(46,920)	(11,869)	35,051	(108,283)	(64,479)	43,804
			11,095	11,095	-
			11,095	11,095	-
(46,920)	(11,869)	35,051	(97,188)	(53,384)	43,804
(10,498)	(10,498)	-	25,183	25,183	-
\$ (57,418)	\$ (22,367)	\$ 35,051	\$ (72,005)	\$ (28,201)	\$ 43,804

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, 2014 (Expressed in Thousands)

	S.B.E. Federal Department of Agriculture			S.B.E. Federal Department of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Federal government	\$ 643,058	\$ 753,786	\$ 110,728	\$ 1,627,522	\$ 1,584,432	\$ (43,090)
Other	-	14	14	-	88	88
<b>Total revenues</b>	<b>643,058</b>	<b>753,800</b>	<b>110,742</b>	<b>1,627,522</b>	<b>1,584,520</b>	<b>(43,002)</b>
<b>EXPENDITURES:</b>						
Current:						
Education	736,705	719,898	(16,807)	2,268,506	1,496,646	(771,860)
General government	1	1	-	9	9	-
Capital outlays	310	4	(306)	679	20	(659)
<b>Total expenditures</b>	<b>737,016</b>	<b>719,903</b>	<b>(17,113)</b>	<b>2,269,194</b>	<b>1,496,675</b>	<b>(772,519)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(93,958)</b>	<b>33,897</b>	<b>127,855</b>	<b>(641,672)</b>	<b>87,845</b>	<b>729,517</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out				(16,411)	(16,411)	-
<b>Total other sources (uses) of financial resources</b>				<b>(16,411)</b>	<b>(16,411)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(202)</b>	<b>(202)</b>	<b>-</b>	<b>(588)</b>	<b>(588)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(94,160)</b>	<b>33,695</b>	<b>127,855</b>	<b>(658,671)</b>	<b>70,846</b>	<b>729,517</b>
Budgetary fund balances (deficits), July 1, 2013	(68,187)	(68,187)	-	(331,459)	(331,459)	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (162,347)</b>	<b>\$ (34,492)</b>	<b>\$ 127,855</b>	<b>\$ (990,130)</b>	<b>\$ (260,613)</b>	<b>\$ 729,517</b>

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 2,270,580	\$ 2,338,218	\$ 67,638	
-	102	102	
2,270,580	2,338,320	67,740	

3,005,211	2,216,544	(788,667)
10	10	-
989	24	(965)
3,006,210	2,216,578	(789,632)

(735,630)	121,742	857,372
(16,411)	(16,411)	-
(16,411)	(16,411)	-
(790)	(790)	-

(752,831)	104,541	857,372
(399,646)	(399,646)	-
\$ (1,152,477)	\$ (295,105)	\$ 857,372

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, 2014 (Expressed in Thousands)

	Code Departments			Other Agencies, Boards and Commissions State Employees Retirement System		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes	\$ 908,468	\$ 908,468	\$ -			
Motor fuel taxes						
Public utility taxes						
Federal government	-	81,173	81,173			
Other	603,140	622,904	19,764	\$ 2,136,603	\$ 2,136,603	\$ -
Less:						
Refunds						
<b>Total revenues</b>	<b>1,511,608</b>	<b>1,612,545</b>	<b>100,937</b>	<b>2,136,603</b>	<b>2,136,603</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	179,380	104,136	(75,244)			
Education						
General government	2,494	609	(1,885)	300,000	27,878	(272,122)
Employment and Economic Development						
Public protection and justice						
Environment and business regulation						
Capital outlays	1,686	232	(1,454)			
<b>Total expenditures</b>	<b>183,560</b>	<b>104,977</b>	<b>(78,583)</b>	<b>300,000</b>	<b>27,878</b>	<b>(272,122)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,328,048</b>	<b>1,507,568</b>	<b>179,520</b>	<b>1,836,603</b>	<b>2,108,725</b>	<b>272,122</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-in						
Operating transfers-out	(244,253)	(244,253)	-	(63)	(63)	-
<b>Total other sources (uses) of financial resources</b>	<b>(244,253)</b>	<b>(244,253)</b>	<b>-</b>	<b>(63)</b>	<b>(63)</b>	<b>-</b>
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(1,226,750)</b>	<b>(1,226,750)</b>	<b>-</b>	<b>(2,008,784)</b>	<b>(2,008,784)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(142,955)</b>	<b>36,565</b>	<b>179,520</b>	<b>(172,244)</b>	<b>99,878</b>	<b>272,122</b>
Budgetary fund balances (deficits), July 1, 2013, as previously reported	67,009	67,009	-	142,345	142,345	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2013, as reclassified	67,009	67,009	-	142,345	142,345	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (75,946)</b>	<b>\$ 103,574</b>	<b>\$ 179,520</b>	<b>\$ (29,899)</b>	<b>\$ 242,223</b>	<b>\$ 272,122</b>

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 908,468	\$ 908,468	\$ -
\$ 32,220	\$ 32,220	\$ -	32,220	32,220	-
236,379	236,379	-	236,379	236,379	-
103,397	102,086	(1,311)	103,397	183,259	79,862
436,430	604,675	168,245	3,176,173	3,364,182	188,009
312	157	(155)	312	157	(155)
808,114	975,203	167,089	4,456,325	4,724,351	268,026
234,510	188,444	(46,066)	413,890	292,580	(121,310)
18,459	3,789	(14,670)	18,459	3,789	(14,670)
137,072	109,684	(27,388)	439,566	138,171	(301,395)
915	915	-	915	915	-
15,500	10,648	(4,852)	15,500	10,648	(4,852)
12,527	3,619	(8,908)	12,527	3,619	(8,908)
			1,686	232	(1,454)
418,983	317,099	(101,884)	902,543	449,954	(452,589)
389,131	658,104	268,973	3,553,782	4,274,397	720,615
5,900	5,900	-	5,900	5,900	-
(137)	(137)	-	(244,453)	(244,453)	-
5,763	5,763	-	(238,553)	(238,553)	-
(662,812)	(662,812)	-	(3,898,346)	(3,898,346)	-
(267,918)	1,055	268,973	(583,117)	137,498	720,615
231,765	231,765	-	441,119	441,119	-
(20,629)	(20,629)	-	(20,629)	(20,629)	-
211,136	211,136	-	420,490	420,490	-
\$ (56,782)	\$ 212,191	\$ 268,973	\$ (162,627)	\$ 557,988	\$ 720,615

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, 2014 (Expressed in Thousands)

	Healthcare and Family Services			Revenue		
	Public Aid Recoveries Trust			Home Rule Municipal ROT		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
<b>REVENUES:</b>						
Sales taxes				\$ 908,468	\$ 908,468	\$ -
Federal government	\$ -	\$ 81,173	\$ 81,173			
Other	602,883	622,647	19,764	257	257	-
<b>Total revenues</b>	<b>602,883</b>	<b>703,820</b>	<b>100,937</b>	<b>908,725</b>	<b>908,725</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Current:						
Health and social services	179,380	104,136	(75,244)			
General government	3	3	-	2,491	606	(1,885)
Capital outlays	1,686	232	(1,454)			
<b>Total expenditures</b>	<b>181,069</b>	<b>104,371</b>	<b>(76,698)</b>	<b>2,491</b>	<b>606</b>	<b>(1,885)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>421,814</b>	<b>599,449</b>	<b>177,635</b>	<b>906,234</b>	<b>908,119</b>	<b>1,885</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES:</b>						
Operating transfers-out	(244,253)	(244,253)	-			
<b>Total other sources (uses) of financial resources</b>	<b>(244,253)</b>	<b>(244,253)</b>	<b>-</b>			
<b>Budgetary funds-nonbudgeted accounts</b>	<b>(327,655)</b>	<b>(327,655)</b>	<b>-</b>	<b>(899,095)</b>	<b>(899,095)</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts</b>	<b>(150,094)</b>	<b>27,541</b>	<b>177,635</b>	<b>7,139</b>	<b>9,024</b>	<b>1,885</b>
Budgetary fund balances (deficits), July 1, 2013	(23,369)	(23,369)	-	90,378	90,378	-
<b>BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2014</b>	<b>\$ (173,463)</b>	<b>\$ 4,172</b>	<b>\$ 177,635</b>	<b>\$ 97,517</b>	<b>\$ 99,402</b>	<b>\$ 1,885</b>

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 908,468	\$ 908,468	\$ -	
-	81,173	81,173	
603,140	622,904	19,764	
1,511,608	1,612,545	100,937	

179,380	104,136	(75,244)
2,494	609	(1,885)
1,686	232	(1,454)
183,560	104,977	(78,583)

1,328,048	1,507,568	179,520
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(244,253)	(244,253)	-
(244,253)	(244,253)	-

(1,226,750)	(1,226,750)	-
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(142,955)	36,565	179,520
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67,009	67,009	-
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\$ (75,946)	\$ 103,574	\$ 179,520
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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.	304
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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.	312
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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.	316
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### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	324
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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.	326
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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				
	2014	2013	2012	2011	2010
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 14,985,134	\$ 14,805,078	\$ 14,990,452	\$ 14,696,923	\$ 14,770,681
Restricted	4,142,084	3,753,003	3,568,812	3,447,715	1,257,062
Unrestricted	(68,297,390)	(66,410,019)	(65,144,723)	(61,753,364)	(53,562,848)
<b>Total governmental activities net position</b>	<u>(49,170,172)</u>	<u>(47,851,938)</u>	<u>(46,585,459)</u>	<u>(43,608,726)</u>	<u>(37,535,105)</u>
<b>Business-type Activities</b>					
Net investment in capital assets	6,532	5,628	4,673	3,890	3,791
Restricted	4,911,161	4,291,086	2,253,093	2,362,947	2,182,492
Unrestricted	(1,094,605)	(1,271,930)	(422,682)	(1,129,243)	(1,227,648)
<b>Total business-type activities net position</b>	<u>3,823,088</u>	<u>3,024,784</u>	<u>1,835,084</u>	<u>1,237,594</u>	<u>958,635</u>
<b>Primary Government</b>					
Net investment in capital assets	14,991,666	14,810,706	14,995,125	14,700,813	14,774,472
Restricted	9,053,245	8,044,089	5,821,905	5,810,662	3,439,554
Unrestricted	(69,391,995)	(67,681,949)	(65,567,405)	(62,882,607)	(54,790,496)
<b>Total primary government net position</b>	<u>\$(45,347,084)</u>	<u>\$(44,827,154)</u>	<u>\$(44,750,375)</u>	<u>\$(42,371,132)</u>	<u>\$(36,576,470)</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				
	2014	2013	2012	2011	2010
<b>General fund (per GASB 54)</b>					
Nonspendable	\$ 30,567	\$ 32,395	\$ 34,652	\$ 32,108	
Restricted	58,852	65,729	40,572	37,247	
Committed	1,138,836	739,161	917,589	1,132,322	
Unassigned	(7,906,594)	(8,171,762)	(10,070,984)	(9,211,633)	
<b>General fund (prior to GASB 54)</b>					
Reserved					\$ 44,002
Unreserved					(8,861,844)
<b>Total general fund</b>	<u>(6,678,339)</u>	<u>(7,334,477)</u>	<u>(9,078,171)</u>	<u>(8,009,956)</u>	<u>(8,817,842)</u>
<b>All other governmental funds (per GASB 54)</b>					
Nonspendable	\$ 101,255	\$ 108,746	\$ 85,281	\$ 78,447	
Restricted	3,623,415	3,347,699	3,248,413	3,192,381	
Committed	5,480,900	3,408,438	3,783,223	3,437,839	
Assigned	10,007	9,265	7,959	20,984	
Unassigned	(1,230,375)	(1,432,956)	(1,553,553)	(1,698,486)	
<b>All other governmental funds (prior to GASB 54)</b>					
Reserved					\$ 501,514
Unreserved, reported in:					
Special revenue funds					1,287,511
Debt service funds					1,061,585
Capital projects funds					2,036,453
Permanent funds					13,648
<b>Total all other governmental funds</b>	<u>\$ 7,985,202</u>	<u>\$ 5,441,192</u>	<u>\$ 5,571,323</u>	<u>\$ 5,031,165</u>	<u>\$ 4,900,711</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**

<b>Ended June 30,</b>				
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 14,148,546	\$ 13,688,917	\$ 13,370,326	\$ 12,518,094	\$ 12,088,581
998,026	978,277	954,435	956,926	942,154
(44,608,334)	(39,213,817)	(35,169,568)	(32,218,061)	(30,611,904)
(29,461,762)	(24,546,623)	(20,844,807)	(18,743,041)	(17,581,169)
3,630	2,983	2,966	3,114	3,110
2,732,443	4,533,482	4,534,492	3,923,607	2,598,458
(161,927)	(840)	(15,145)	(111,414)	170,619
2,574,146	4,535,625	4,522,313	3,815,307	2,772,187
14,152,176	13,691,900	13,373,292	12,521,208	12,091,691
3,730,469	5,511,759	5,488,927	4,880,533	3,540,612
(44,770,261)	(39,214,657)	(35,184,713)	(32,329,475)	(30,441,285)
<u>\$ (26,887,616)</u>	<u>\$ (20,010,998)</u>	<u>\$ (16,322,494)</u>	<u>\$ (14,927,734)</u>	<u>\$ (14,808,982)</u>

**Schedule 2**

<b>Ended June 30,</b>				
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 40,803	\$ 67,135	\$ 53,544	\$ 49,921	\$ 50,375
(7,463,137)	(4,102,555)	(4,224,670)	(3,020,145)	(3,349,245)
(7,422,334)	(4,035,420)	(4,171,126)	(2,970,224)	(3,298,870)
\$ 507,169	\$ 488,365	\$ 165,428	\$ 180,970	\$ 158,571
1,990,761	2,215,352	2,441,850	2,506,755	1,830,925
837,423	850,615	834,197	823,784	836,740
15,991	46,248	143,539	465,974	32,959
916	1,248	1,131	1,108	418
<u>\$ 3,352,260</u>	<u>\$ 3,601,828</u>	<u>\$ 3,586,145</u>	<u>\$ 3,978,591</u>	<u>\$ 2,859,613</u>

**State of Illinois**

**Changes in Net Position**

**Last Ten Fiscal Years**

**(Accrual Basis of Accounting, Amounts in Thousands)**

	<b>For the Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Governmental Activities:</b>					
<b>Expenses</b>					
Health and social services	\$ 27,341,750	\$ 25,885,439	\$ 26,021,677	\$ 24,972,973	\$ 24,444,776
Education	19,049,547	18,363,509	17,703,469	17,839,554	17,255,748
General government	2,506,407	2,771,340	2,575,789	1,755,142	1,478,124
Employment and economic development	1,271,862	1,318,453	1,332,412	1,581,353	1,258,762
Transportation	5,158,954	5,007,079	4,471,245	4,867,065	4,852,940
Public protection and justice	3,394,190	3,460,726	3,621,072	3,579,498	3,391,692
Environment and business regulation	1,050,615	910,189	1,033,428	1,055,309	1,033,959
Intergovernmental-revenue sharing	5,669,666	5,397,613	5,329,498	5,191,373	4,205,934
Interest	1,783,172	1,518,871	1,608,440	1,368,509	1,183,995
<b>Total governmental activities expenses</b>	<b>67,226,163</b>	<b>64,633,219</b>	<b>63,697,030</b>	<b>62,210,776</b>	<b>59,105,930</b>
<b>Program revenues</b>					
Charges for services:					
Health and social services	402,880	298,154	175,218	228,431	173,099
Education	8,251	8,378	6,666	4,886	5,222
General government	2,110,376	2,177,257	2,177,712	2,195,738	1,891,921
Employment and economic development	13,046	18,468	17,107	22,681	29,567
Transportation	124,869	45,358	27,096	45,553	117,720
Public protection and justice	146,781	125,859	131,729	121,456	107,568
Environment and business regulation	441,445	388,894	446,925	316,821	436,716
Operating grants and contributions	19,928,670	18,650,189	18,378,500	19,734,925	20,733,921
Capital grants and contributions	1,673,267	1,344,794	1,555,210	1,586,140	964,434
<b>Total governmental activities program revenues</b>	<b>24,849,585</b>	<b>23,057,351</b>	<b>22,916,163</b>	<b>24,256,631</b>	<b>24,460,168</b>
<b>Total governmental activities net program expense</b>	<b>(42,376,578)</b>	<b>(41,575,868)</b>	<b>(40,780,867)</b>	<b>(37,954,145)</b>	<b>(34,645,762)</b>
<b>General revenues and other changes in net position</b>					
Taxes					
Income taxes	20,992,371	21,259,064	19,585,251	14,407,585	10,186,345
Sales taxes	10,585,448	10,213,130	9,800,153	9,619,503	8,840,841
Motor fuel taxes	1,272,818	1,253,806	1,269,484	1,302,295	1,295,473
Public utility taxes	1,469,128	1,475,677	1,487,570	1,572,930	1,558,036
Riverboat taxes	521,092	583,699	495,055	457,865	483,091
Medical providers assessment taxes	1,672,787	1,165,644	964,307	942,557	969,933
Other taxes	2,306,427	2,288,341	2,341,243	1,800,980	1,715,169
Interest and investment income	61,354	46,900	53,597	62,254	52,233
Other revenues	1,342,507	1,134,424	1,029,051	1,019,165	803,293
Gain on capital assets traded-in	-	-	-	-	19
Special items	-	64,598	-	-	-
Transfers	834,412	824,106	778,423	695,390	667,986
<b>Total general revenues and other changes in net position</b>	<b>41,058,344</b>	<b>40,309,389</b>	<b>37,804,134</b>	<b>31,880,524</b>	<b>26,572,419</b>
<b>Total governmental activities change in net position</b>	<b>(1,318,234)</b>	<b>(1,266,479)</b>	<b>(2,976,733)</b>	<b>(6,073,621)</b>	<b>(8,073,343)</b>

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

Revenue from income taxes increased significantly beginning in 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**

<b>Ended June 30,</b>				
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 23,532,863	\$ 21,687,952	\$ 21,417,224	\$ 18,591,748	\$ 19,553,743
16,337,431	15,242,711	14,433,190	13,544,450	13,623,467
1,956,817	1,935,074	1,668,454	1,502,362	492,374
861,955	874,861	988,866	1,091,298	968,262
4,275,112	4,198,002	3,818,291	3,484,409	3,615,977
3,246,422	3,223,783	2,730,219	2,560,566	2,851,184
803,815	926,138	835,328	733,128	899,723
4,631,525	5,139,754	5,036,015	4,565,480	4,197,679
1,123,866	1,137,058	1,200,754	1,222,382	1,218,077
<u>56,769,806</u>	<u>54,365,333</u>	<u>52,128,341</u>	<u>47,295,823</u>	<u>47,420,486</u>
177,666	154,884	137,591	119,559	110,330
4,446	4,529	14,650	4,381	6,685
2,109,969	2,100,042	2,046,175	1,968,930	1,986,302
20,208	19,714	22,075	22,933	20,351
53,885	78,574	44,292	30,483	28,829
57,543	97,923	89,335	92,988	87,934
346,929	344,794	361,174	365,324	377,194
18,041,268	14,287,548	14,537,244	13,498,279	13,897,415
1,495,709	1,274,394	1,025,947	1,040,220	866,924
<u>22,307,623</u>	<u>18,362,402</u>	<u>18,278,483</u>	<u>17,143,097</u>	<u>17,381,964</u>
<u>(34,462,183)</u>	<u>(36,002,931)</u>	<u>(33,849,858)</u>	<u>(30,152,726)</u>	<u>(30,038,522)</u>
11,845,194	13,413,993	12,337,762	11,224,605	10,391,204
9,157,404	10,147,458	9,846,437	9,603,316	9,150,521
1,349,275	1,405,713	1,443,544	1,426,605	1,425,794
1,678,023	1,691,688	1,605,502	1,523,795	1,521,187
533,271	696,835	817,590	813,489	664,569
978,248	804,168	1,538,512	75,515	707,619
2,181,647	2,134,966	1,973,612	1,986,155	2,112,874
139,553	325,057	358,191	271,291	144,455
1,006,261	1,013,148	1,173,423	1,404,974	1,108,333
4,814	-	-	-	-
-	-	-	-	-
673,354	668,089	653,519	661,109	641,422
<u>29,547,044</u>	<u>32,301,115</u>	<u>31,748,092</u>	<u>28,990,854</u>	<u>27,867,978</u>
<u>(4,915,139)</u>	<u>(3,701,816)</u>	<u>(2,101,766)</u>	<u>(1,161,872)</u>	<u>(2,170,544)</u>

**State of Illinois**

**Changes in Net Position**

**Last Ten Fiscal Years**

**(Accrual Basis of Accounting, Amounts in Thousands)**

(continued)

	<b>For the Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Business-Type Activities:</b>					
<b>Expenses</b>					
Unemployment compensation trust	2,758,692	3,594,082	5,087,631	6,424,471	8,259,960
Water revolving	37,355	45,840	85,366	84,114	113,383
Prepaid tuition program	25,595	94,691	193,523	94,405	86,447
Insurance programs	-	-	-	-	-
Lottery	2,084,750	2,097,604	1,941,324	1,601,387	1,544,196
Designated account purchase program	17,769	38,197	41,617	58,376	57,250
Federal student loans	167,595	177,412	189,251	238,507	214,905
Other	104,165	116,282	176,034	169,082	140,331
<b>Total business-type activities expenses</b>	<b>5,195,921</b>	<b>6,164,108</b>	<b>7,714,746</b>	<b>8,670,342</b>	<b>10,416,472</b>
<b>Program revenues</b>					
Charges for services:					
Unemployment compensation trust	2,643,598	3,209,935	3,216,031	2,626,928	1,849,486
Water revolving	43,823	43,516	42,958	44,393	44,940
Prepaid tuition program	138,703	126,025	35,294	170,250	90,249
Insurance programs	-	-	-	-	-
Lottery	2,868,500	2,902,357	2,682,379	2,269,675	2,196,315
Designated account purchase program	25,371	29,858	36,110	45,434	55,073
Federal student loans	33,716	29,797	23,688	31,179	22,451
Other	96,960	104,022	122,779	214,655	119,132
Operating grants and contributions	943,403	1,724,991	2,891,670	4,196,904	5,086,516
<b>Total business-type activities program revenues</b>	<b>6,794,074</b>	<b>8,170,501</b>	<b>9,050,909</b>	<b>9,599,418</b>	<b>9,464,162</b>
<b>Total business-type activities net program revenue (expense)</b>	<b>1,598,153</b>	<b>2,006,393</b>	<b>1,336,163</b>	<b>929,076</b>	<b>(952,310)</b>
<b>General revenues and other changes in net position</b>					
Interest and investment income	34,563	7,413	39,750	41,959	4,785
Other revenues	-	-	-	3,314	-
Special items	-	-	-	-	-
Transfers	(834,412)	(824,106)	(778,423)	(695,390)	(667,986)
<b>Total business-type activities general revenues and other changes in net position</b>	<b>(799,849)</b>	<b>(816,693)</b>	<b>(738,673)</b>	<b>(650,117)</b>	<b>(663,201)</b>
<b>Total business-type activities change in net position</b>	<b>798,304</b>	<b>1,189,700</b>	<b>597,490</b>	<b>278,959</b>	<b>(1,615,511)</b>
<b>Total primary government change in net position</b>	<b>\$ (519,930)</b>	<b>\$ (76,779)</b>	<b>\$ (2,379,243)</b>	<b>\$ (5,794,662)</b>	<b>\$ (9,688,854)</b>

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**

<b>Ended June 30,</b>				
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
5,086,053	1,991,147	1,795,169	1,731,262	1,982,556
18,085	17,689	22,820	22,620	23,988
74,718	73,559	61,641	50,730	41,148
-	-	-	409,726	379,752
1,443,717	1,411,951	1,370,559	1,334,373	1,196,982
62,622	101,174	303,817	267,707	167,074
199,964	192,771	180,554	146,053	123,694
122,312	148,273	212,217	93,633	95,892
<u>7,007,471</u>	<u>3,936,564</u>	<u>3,946,777</u>	<u>4,056,104</u>	<u>4,011,086</u>
1,600,817	1,998,139	2,391,445	2,678,643	2,602,747
46,007	44,163	62,818	55,557	49,833
(153,932)	(75,740)	127,123	52,090	49,979
-	-	-	421,950	376,730
2,082,039	2,062,048	2,003,739	1,968,755	1,818,422
50,809	74,913	192,214	163,023	107,734
19,756	25,629	172,003	134,277	117,980
130,858	136,975	166,230	96,398	120,799
1,866,986	246,854	178,263	140,578	120,347
<u>5,643,340</u>	<u>4,512,981</u>	<u>5,293,835</u>	<u>5,711,271</u>	<u>5,364,571</u>
<u>(1,364,131)</u>	<u>576,417</u>	<u>1,347,058</u>	<u>1,655,167</u>	<u>1,353,485</u>
76,006	115,694	86,036	48,698	27,679
-	145	1,900	364	1,465
-	(10,855)	-	-	-
<u>(673,354)</u>	<u>(668,089)</u>	<u>(653,519)</u>	<u>(661,109)</u>	<u>(641,422)</u>
<u>(597,348)</u>	<u>(563,105)</u>	<u>(565,583)</u>	<u>(612,047)</u>	<u>(612,278)</u>
<u>(1,961,479)</u>	<u>13,312</u>	<u>781,475</u>	<u>1,043,120</u>	<u>741,207</u>
<u>\$ (6,876,618)</u>	<u>\$ (3,688,504)</u>	<u>\$ (1,320,291)</u>	<u>\$ (118,752)</u>	<u>\$ (1,429,337)</u>

**State of Illinois**

**Changes in Fund Balances, Governmental Funds**

**Last Ten Fiscal Years**

**(Modified Accrual Basis of Accounting, Amounts in Thousands)**

	<b>For the Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Revenues</b>					
Income taxes	\$ 20,948,992	\$ 21,094,432	\$ 19,597,757	\$ 14,410,452	\$ 10,132,945
Sales taxes	10,602,973	10,218,389	9,794,571	9,627,310	8,820,201
Motor fuel taxes	1,273,009	1,254,260	1,275,042	1,299,397	1,302,000
Public utility taxes	1,472,798	1,463,308	1,495,251	1,578,941	1,564,966
Riverboat taxes	521,092	583,699	495,055	457,865	483,091
Medical providers assessment taxes	1,677,667	1,149,310	961,546	944,635	970,164
Other taxes	2,346,081	2,306,255	2,168,203	1,815,470	1,923,107
Federal government	20,573,411	19,605,267	18,213,961	20,389,879	21,084,394
Licenses and fees	2,649,213	2,491,802	2,587,031	2,406,475	2,294,068
Interest and other investment income	59,328	45,082	52,495	51,462	52,094
Other revenues	2,873,794	2,260,237	2,095,164	2,175,221	1,975,536
<b>Total revenues</b>	<b>64,998,358</b>	<b>62,472,041</b>	<b>58,736,076</b>	<b>55,157,107</b>	<b>50,602,566</b>
<b>Expenditures</b>					
Health and social services	27,024,378	25,403,862	25,643,420	24,571,136	24,130,047
Education	17,424,910	16,190,331	15,064,753	15,681,944	15,525,027
General government	2,286,984	2,243,536	2,214,383	1,383,859	1,316,201
Employment and economic development	1,291,102	1,291,834	1,298,303	1,534,519	1,193,374
Transportation	3,830,329	3,696,646	3,272,768	3,617,622	3,698,028
Public protection and justice	2,966,836	2,937,295	3,180,977	3,043,677	3,003,370
Environment and business regulation	948,652	808,257	930,414	945,980	944,869
Debt service:					
Principal	2,038,117	1,899,704	1,819,303	1,975,685	925,276
Interest	1,608,331	1,570,741	1,576,539	1,353,275	1,073,432
Capital outlay	1,776,463	1,600,425	1,916,674	2,024,842	1,882,840
Intergovernmental	5,669,666	5,397,613	5,329,498	5,191,373	4,205,934
<b>Total expenditures</b>	<b>66,865,768</b>	<b>63,040,244</b>	<b>62,247,032</b>	<b>61,323,912</b>	<b>57,898,398</b>
<b>Deficiency of revenues (under) expenditures</b>	<b>(1,867,410)</b>	<b>(568,203)</b>	<b>(3,510,956)</b>	<b>(6,166,805)</b>	<b>(7,295,832)</b>
<b>Other Financing Sources (Uses)</b>					
General and special obligation and revenue bonds issued	4,077,000	1,150,000	2,100,040	6,403,460	6,698,015
Premiums on general and special obligation and revenue bonds issued	169,216	41,540	80,268	6,607	42,840
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	5,844,706	6,057,771	6,099,132	9,694,259	11,375,512
Transfers-out	(5,010,303)	(5,233,178)	(5,334,744)	(9,068,773)	(10,691,690)
Payment to refunded bond escrow agent	-	(686,236)	(1,934,435)	-	(2,090,772)
Capital lease financing	2,006	1,006	2,788	1,282	1,001
Proceeds from disposition of capital assets	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,082,625</b>	<b>2,020,097</b>	<b>2,976,578</b>	<b>7,036,745</b>	<b>7,448,417</b>
<b>Special Items</b>	<b>-</b>	<b>165,001</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 3,215,215</b>	<b>\$ 1,616,895</b>	<b>\$ (534,378)</b>	<b>\$ 869,940</b>	<b>\$ 152,585</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>5.60%</b>	<b>5.65%</b>	<b>5.63%</b>	<b>5.61%</b>	<b>3.57%</b>

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

Revenue from income taxes increased significantly beginning in 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,				
2009	2008	2007	2006	2005
\$ 11,860,233	\$ 13,546,025	\$ 12,244,124	\$ 11,253,161	\$ 10,382,711
9,156,235	10,142,098	9,864,637	9,590,006	9,148,752
1,350,032	1,410,656	1,436,518	1,426,963	1,425,776
1,667,389	1,695,635	1,615,402	1,531,206	1,523,083
533,271	696,835	817,590	813,489	664,569
975,086	1,538,237	804,797	75,515	707,619
1,902,400	2,100,913	1,973,752	1,990,265	2,118,860
18,148,428	15,123,364	14,343,656	13,568,161	13,345,290
2,051,258	2,138,772	2,126,360	2,133,112	2,153,560
136,596	318,787	349,817	265,999	142,798
2,317,811	2,186,591	2,401,881	2,668,622	2,407,546
<u>50,098,739</u>	<u>50,897,913</u>	<u>47,978,534</u>	<u>45,316,499</u>	<u>44,020,564</u>
23,171,985	21,212,437	21,231,376	18,438,775	19,492,899
14,319,907	13,281,734	12,357,592	11,593,903	12,218,024
1,360,562	1,304,174	1,316,223	1,183,333	228,730
802,053	814,898	960,102	1,062,001	963,293
3,200,491	3,029,674	2,800,738	2,468,345	2,702,364
2,817,374	2,723,434	2,488,988	2,338,618	2,700,104
802,942	797,785	770,455	669,501	858,386
928,339	937,114	864,533	820,486	775,756
1,102,787	1,100,439	1,116,514	1,117,167	1,083,680
1,456,465	1,238,397	1,607,162	1,544,912	1,397,108
4,631,525	5,139,754	5,036,015	4,565,480	4,197,679
<u>54,594,430</u>	<u>51,579,840</u>	<u>50,549,698</u>	<u>45,802,521</u>	<u>46,618,023</u>
<u>(4,495,691)</u>	<u>(681,927)</u>	<u>(2,571,164)</u>	<u>(486,022)</u>	<u>(2,597,459)</u>
150,000	175,000	258,000	1,140,000	1,075,000
2,290	6,724	12,085	63,780	73,513
-	-	-	-	-
-	-	329,000	274,950	-
-	-	14,014	11,824	-
9,554,492	11,883,985	9,088,399	8,779,739	10,017,074
(8,864,876)	(11,214,684)	(8,402,727)	(8,073,119)	(9,331,080)
-	-	(341,849)	(285,778)	-
1,364	1,625	8,288	1,366	3,232
-	-	-	5,500	-
<u>843,270</u>	<u>852,650</u>	<u>965,210</u>	<u>1,918,262</u>	<u>1,837,739</u>
-	-	-	-	-
<u>\$ (3,652,421)</u>	<u>\$ 170,723</u>	<u>\$ (1,605,954)</u>	<u>\$ 1,432,240</u>	<u>\$ (759,720)</u>
<u>3.82%</u>	<u>4.05%</u>	<u>4.05%</u>	<u>4.38%</u>	<u>4.11%</u>

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

	<b>For the Calendar Year</b>				
	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
Farm earnings	\$ 10,077,379	\$ 4,365,880	\$ 6,293,126	\$ 3,482,293	\$ 3,675,328
Agricultural/forestry, fishing, and other	499,344	491,433	400,609	400,042	337,430
Mining	1,360,606	1,335,236	1,246,967	1,055,190	958,850
Construction/utilities	24,265,448	23,204,635	22,654,115	22,168,867	23,583,056
Manufacturing	50,248,699	50,269,160	47,774,172	44,739,656	44,218,451
Transportation and public utilities	18,915,393	18,563,803	17,509,749	15,909,648	15,504,381
Wholesale trade	28,798,416	28,246,965	26,716,403	24,751,332	24,685,079
Retail trade	23,350,893	22,735,675	22,002,402	21,188,835	21,193,604
Finance, insurance, and real estate	44,529,934	44,369,397	42,229,277	41,170,325	40,564,313
Services	182,418,866	178,017,731	169,685,656	161,269,661	159,690,997
Federal, civilian	8,287,000	8,478,549	8,651,107	8,688,814	8,013,486
Military	2,489,836	2,590,931	2,665,531	2,933,969	2,901,517
State and local government	54,571,849	53,426,024	53,066,987	52,872,660	50,758,390
Other	155,387,815	155,961,119	146,942,636	139,057,584	135,560,354
<b>Total personal income</b>	<b>\$ 605,201,478</b>	<b>\$ 592,056,538</b>	<b>\$ 567,838,737</b>	<b>\$ 539,688,876</b>	<b>\$ 531,645,236</b>
<b>Tax liability</b>	<b>\$ 14,701,925</b>	<b>\$ 15,703,310</b>	<b>\$ 12,855,244</b>	<b>\$ 8,131,062</b>	<b>\$ 7,812,307</b>
<b>Average effective rate</b>	<b>2.43%</b>	<b>2.65%</b>	<b>2.26%</b>	<b>1.51%</b>	<b>1.47%</b>

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)**

	<b>For the Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
General merchandise	\$ 20,909,371	\$ 20,984,402	\$ 21,379,802	\$ 12,406,368	\$ 12,014,343
Food	20,659,706	19,927,008	20,602,149	19,700,141	18,932,808
Drinking and eating places	20,728,370	19,171,381	19,377,805	18,408,341	16,857,284
Apparel	7,001,093	6,600,261	6,601,677	14,736,097	13,560,264
Furniture, household, and radio	9,327,989	8,827,231	9,201,686	8,833,159	8,249,837
Lumber, building, and hardware	8,976,058	8,503,130	8,593,170	8,332,430	8,040,005
Automotive and filling stations	34,835,154	36,601,135	35,771,184	33,575,575	29,714,908
Drugs and other retail	28,062,832	26,806,067	27,458,332	25,180,327	23,792,285
Agriculture and extractives	26,517,679	23,787,602	24,608,599	24,720,332	21,475,741
Manufacturing	4,772,007	4,308,047	4,308,079	4,294,155	3,980,846
<b>Total</b>	<b>\$ 181,790,259</b>	<b>\$ 175,516,264</b>	<b>\$ 177,902,483</b>	<b>\$ 170,186,925</b>	<b>\$ 156,618,321</b>

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,**

<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
\$ 5,422,610	\$ 3,189,921	\$ 2,078,022	\$ 1,830,007	\$ 3,740,372
303,781	353,138	344,059	335,074	317,432
1,649,272	2,380,656	2,765,061	2,317,874	2,055,374
27,041,713	27,690,823	28,794,477	26,932,201	25,869,656
50,343,959	49,625,389	48,647,548	47,039,206	45,944,451
16,443,681	16,598,805	16,486,056	15,541,871	14,768,596
26,518,608	26,280,719	24,612,794	23,160,257	21,925,351
22,157,215	23,039,406	22,162,856	21,515,885	20,897,006
42,836,772	44,827,372	44,379,687	41,569,224	40,520,637
163,105,293	159,925,967	151,644,458	142,590,569	134,818,796
7,842,572	8,429,172	8,172,661	7,975,398	7,678,762
2,742,642	3,107,053	2,911,719	2,834,733	2,741,011
49,244,161	42,813,098	40,860,095	39,567,981	41,849,193
136,783,471	124,325,490	110,633,528	98,862,396	92,163,935
<u>\$ 552,435,750</u>	<u>\$ 532,587,009</u>	<u>\$ 504,493,021</u>	<u>\$ 472,072,676</u>	<u>\$ 455,290,572</u>
<u>\$ 8,402,169</u>	<u>\$ 8,762,122</u>	<u>\$ 8,388,536</u>	<u>\$ 7,729,649</u>	<u>\$ 7,196,694</u>
<u>1.52%</u>	<u>1.65%</u>	<u>1.66%</u>	<u>1.64%</u>	<u>1.58%</u>

**Schedule 6**

**Ended June 30,**

<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 17,198,339	\$ 20,795,910	\$ 20,309,083	\$ 19,600,033	\$ 19,088,864
19,434,980	20,055,709	18,894,356	18,832,493	18,362,003
17,362,456	17,839,212	17,116,672	16,627,151	15,652,501
9,192,958	6,360,979	6,141,805	5,827,022	5,528,017
8,797,308	10,466,904	10,280,540	10,441,898	9,897,051
8,678,872	12,620,346	12,626,543	10,879,756	10,414,709
30,055,943	37,943,597	32,772,319	35,803,644	32,207,314
24,366,956	25,329,145	24,817,828	22,775,595	21,351,837
23,809,122	27,059,367	25,952,233	25,522,299	31,350,034
4,445,506	4,990,610	5,068,327	4,927,891	4,639,168
<u>\$ 163,342,440</u>	<u>\$ 183,461,779</u>	<u>\$ 173,979,706</u>	<u>\$ 171,237,782</u>	<u>\$ 168,491,498</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 2013 and 2004**  
**(Amounts in Thousands)**

**For the Calendar Year Ended December 31, 2013**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
\$500,001 and higher	44,302	0.79%	\$ 2,718,718	18.49%
\$100,001 - \$500,000	928,633	16.66%	6,209,974	42.24%
\$50,001 - \$100,000	1,301,228	23.35%	3,376,173	22.96%
\$25,001 - \$50,000	1,251,011	22.45%	1,639,400	11.15%
\$25,000 and less	2,047,464	36.75%	757,660	5.16%
<b>Total</b>	<b>5,572,638</b>	<b>100.00%</b>	<b>\$ 14,701,925</b>	<b>100.00%</b>

**For the Calendar Year Ended December 31, 2004**

<b>Income Level</b>	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Personal Income Tax Liability</b>	<b>Percentage of Total</b>
\$500,001 and higher	33,436	0.63%	\$ 1,447,415	20.11%
\$100,001 - \$500,000	568,415	10.74%	2,314,161	32.16%
\$50,001 - \$100,000	1,239,720	23.43%	1,972,772	27.41%
\$25,001 - \$50,000	1,289,474	24.37%	1,017,566	14.14%
\$25,000 and less	2,160,730	40.83%	444,780	6.18%
<b>Total</b>	<b>5,291,775</b>	<b>100.00%</b>	<b>\$ 7,196,694</b>	<b>100.00%</b>

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 2004 and \$2,100 for calendar year 2013. 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 2014 and 2005**  
**(Amounts in Thousands)**

	For the Fiscal Year Ended June 30, 2014			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	1,921	0.16%	\$ 1,317,017	10.54%
Food	7,096	0.58%	862,390	6.90%
Drinking and eating places	26,016	2.14%	1,722,632	13.79%
Apparel	7,771	0.64%	577,940	4.63%
Furniture, household, and radio	12,411	1.02%	738,970	5.91%
Lumber, building, and hardware	11,918	0.98%	742,375	5.94%
Automotive and filling stations	1,014,956	83.55%	2,475,085	19.81%
Drugs and other retail	52,827	4.35%	1,641,442	13.14%
Agriculture and extractives	66,708	5.49%	2,002,704	16.03%
Manufacturing	13,197	1.09%	413,933	3.31%
<b>Total</b>	<b>1,214,821</b>	<b>100.00%</b>	<b>\$ 12,494,488</b>	<b>100.00%</b>

	For the Fiscal Year Ended June 30, 2005			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,309	0.77%	\$ 1,222,258	11.59%
Food	9,355	3.12%	660,527	6.26%
Drinking and eating places	26,909	8.97%	1,187,654	11.26%
Apparel	8,591	2.86%	434,073	4.12%
Furniture, household, and radio	17,782	5.93%	741,846	7.03%
Lumber, building, and hardware	14,209	4.74%	795,388	7.54%
Automotive and filling stations	67,075	22.35%	2,214,106	20.99%
Drugs and other retail	68,314	22.76%	1,183,858	11.22%
Agriculture and extractives	72,423	24.13%	1,730,889	16.41%
Manufacturing	13,101	4.37%	377,596	3.58%
<b>Total</b>	<b>300,068</b>	<b>100.00%</b>	<b>\$ 10,548,195</b>	<b>100.00%</b>

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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>For the Fiscal 2010</u>
<b>Governmental activities</b>					
General obligation bonds	\$ 29,543,582	\$ 27,398,638	\$ 28,141,980	\$ 28,256,367	\$ 25,136,941
Special obligation bonds	3,181,684	3,000,345	2,934,527	2,394,597	2,591,591
Revenue bonds	1,314,929	1,386,166	1,450,094	1,509,846	-
Capital leases	6,073	6,818	7,648	6,632	6,477
Installment purchases	808	1,155	3,412	8,109	14,158
Certificates of participation	41,265	49,020	58,190	66,870	75,095
<b>Total governmental activities</b>	<u>34,088,341</u>	<u>31,842,142</u>	<u>32,595,851</u>	<u>32,242,421</u>	<u>27,824,262</u>
<b>Business-type activities</b>					
Revenue bonds	1,457,745	1,822,051	590,704	704,284	1,019,701
Notes payable	-	-	-	-	-
Capital leases	-	-	-	4	7
Installment purchases	-	-	-	-	-
<b>Total business-type activities</b>	<u>1,457,745</u>	<u>1,822,051</u>	<u>590,704</u>	<u>704,288</u>	<u>1,019,708</u>
<b>Total primary government</b>	<u>\$ 35,546,086</u>	<u>\$ 33,664,193</u>	<u>\$ 33,186,555</u>	<u>\$ 32,946,709</u>	<u>\$ 28,843,970</u>
<b>Total primary government debt as a percentage of personal income</b>	<u>5.87%</u>	<u>5.69%</u>	<u>5.84%</u>	<u>6.10%</u>	<u>5.43%</u>
<b>Total amount of primary government debt per capita</b>	<u>\$ 2.759</u>	<u>\$ 2.616</u>	<u>\$ 2.581</u>	<u>\$ 2.566</u>	<u>\$ 2.254</u>

Notes: Details regarding the State's debt can be found in Notes 9, 10, 11 and 13 of the financial statements.

Due to the implementation of GASB 65 in fiscal year 2014, deferred amounts on refundings are now reported as deferred inflows/outflows of resources on the statement of net position and are no longer included as liabilities. As such, outstanding debt as reported for fiscal year 2014 excludes deferred amounts on refundings.

## Schedule 9

<b>Year Ended June 30,</b>				
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
\$ 19,669,908	\$ 20,253,876	\$ 20,865,798	\$ 21,257,664	\$ 20,909,291
2,204,110	2,365,323	2,467,733	2,614,724	2,515,469
-	-	-	-	-
8,736	9,727	10,735	11,392	11,139
19,067	12,302	16,241	10,574	16,123
82,895	90,300	97,335	107,580	114,805
<u>21,984,716</u>	<u>22,731,528</u>	<u>23,457,842</u>	<u>24,001,934</u>	<u>23,566,827</u>
1,027,300	879,441	3,709,323	4,454,444	4,675,455
-	-	-	-	-
3	5	-	-	24
-	-	-	-	-
<u>1,027,303</u>	<u>879,446</u>	<u>3,709,323</u>	<u>4,454,444</u>	<u>4,675,479</u>
<u>\$ 23,012,019</u>	<u>\$ 23,610,974</u>	<u>\$ 27,167,165</u>	<u>\$ 28,456,378</u>	<u>\$ 28,242,306</u>
<u>4.17%</u>	<u>4.43%</u>	<u>5.39%</u>	<u>6.03%</u>	<u>6.20%</u>
<u>\$ 1.805</u>	<u>\$ 1.860</u>	<u>\$ 2.149</u>	<u>\$ 2.257</u>	<u>\$ 2.243</u>

**State of Illinois**

**Ratios of General Bonded Debt Outstanding and Debt Limitations**

**Last Ten Fiscal Years**

**(Amounts in Thousands)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>For the Fiscal 2010</u>
<b>General bonded debt</b>					
General obligation bonds	\$ 29,543,582	\$ 27,398,638	\$ 28,141,980	\$ 28,256,367	\$ 25,136,941
Special obligation bonds	3,181,684	3,000,345	2,934,527	2,394,597	2,591,591
	<u>\$ 32,725,266</u>	<u>\$ 30,398,983</u>	<u>\$ 31,076,507</u>	<u>\$ 30,650,964</u>	<u>27,728,532</u>
Less: Amounts restricted for debt service	1,804,967	1,615,537	1,478,072	1,366,885	1,071,220
<b>Net total general bonded debt</b>	<u>\$ 30,920,299</u>	<u>\$ 28,783,446</u>	<u>\$ 29,598,435</u>	<u>\$ 29,284,079</u>	<u>\$ 26,657,312</u>
<b>Total general bonded debt as a percentage of personal income</b>	<u>5.11%</u>	<u>4.86%</u>	<u>5.21%</u>	<u>5.43%</u>	<u>5.01%</u>
<b>Total general bonded debt as a percentage of taxable sales</b>	<u>17.01%</u>	<u>16.40%</u>	<u>16.64%</u>	<u>17.21%</u>	<u>17.02%</u>
<b>Total amount of general obligation debt per capita</b>	<u>\$ 2.400</u>	<u>\$ 2.237</u>	<u>\$ 2.302</u>	<u>\$ 2.281</u>	<u>\$ 2.083</u>
<b>Authorized general bonded debt</b>					
General obligation bonds	\$ 57,855,951	\$ 55,630,951	\$ 54,014,151	\$ 54,014,151	\$ 45,755,802
Special obligation bonds	6,446,009	5,903,509	5,903,509	4,815,509	4,815,509
<b>Total authorized general bonded debt</b>	<u>\$ 64,301,960</u>	<u>\$ 61,534,460</u>	<u>\$ 59,917,660</u>	<u>\$ 58,829,660</u>	<u>\$ 50,571,311</u>
<b>Issued general bonded debt</b>					
General obligation bonds	\$ 54,408,046	\$ 50,733,045	\$ 49,883,046	\$ 46,710,306	\$ 41,810,306
Special obligation bonds	5,512,193	5,110,193	4,810,193	4,085,153	4,085,153
<b>Total issued general bonded debt</b>	<u>\$ 59,920,239</u>	<u>\$ 55,843,238</u>	<u>\$ 54,693,239</u>	<u>\$ 50,795,459</u>	<u>\$ 45,895,459</u>
<b>General bonded debt margin (Authorized but unissued debt)</b>					
General obligation bonds	\$ 7,981,693	\$ 8,983,350	\$ 7,852,278	\$ 10,481,559	\$ 6,900,602
Special obligation bonds	1,069,091	925,101	1,221,821	852,891	852,891
<b>Total general bonded debt margin</b>	<u>\$ 9,050,784</u>	<u>\$ 9,908,451</u>	<u>\$ 9,074,099</u>	<u>\$ 11,334,450</u>	<u>\$ 7,753,493</u>
<b>Issued bonded debt to authorized bonded debt ratio</b>					
General obligation bonds	94.04%	91.20%	92.35%	86.48%	91.38%
Special obligation bonds	85.51%	86.56%	81.48%	84.83%	84.83%
<b>Total issued bonded debt to authorized bonded debt ratio</b>	93.19%	90.75%	91.28%	86.34%	90.75%

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.

Due to the implementation of GASB 65 in fiscal year 2014, deferred amounts on refundings are now reported as deferred inflows/outflows of resources on the statement of net position and are no longer included as liabilities. As such, outstanding debt as reported for fiscal year 2014 excludes deferred amounts on refundings.

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,				
2009	2008	2007	2006	2005
\$ 19,669,908	\$ 20,253,876	\$ 20,865,798	\$ 21,257,664	\$ 20,909,291
2,204,110	2,365,323	2,467,733	2,614,724	2,515,469
<u>21,874,018</u>	<u>22,619,199</u>	<u>23,333,531</u>	<u>23,872,388</u>	<u>23,424,760</u>
848,302	861,152	846,063	833,273	848,213
<u>\$ 21,025,716</u>	<u>\$ 21,758,047</u>	<u>\$ 22,487,468</u>	<u>\$ 23,039,115</u>	<u>\$ 22,576,547</u>
3.81%	4.09%	4.46%	4.88%	4.96%
12.87%	11.86%	12.93%	13.45%	13.40%
\$ 1.649	\$ 1.714	\$ 1.779	\$ 1.827	\$ 1.793
\$ 39,231,174	\$ 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>\$ 43,236,683</u>	<u>\$ 38,201,683</u>	<u>\$ 38,201,683</u>	<u>\$ 38,201,683</u>	<u>\$ 38,201,683</u>
\$ 34,140,911	\$ 33,990,911	\$ 33,865,911	\$ 33,278,911	\$ 32,078,961
3,555,233	3,437,968	3,387,968	3,387,968	3,172,968
<u>\$ 37,696,144</u>	<u>\$ 37,428,879</u>	<u>\$ 37,253,879</u>	<u>\$ 36,666,879</u>	<u>\$ 35,251,929</u>
\$ 7,809,162	\$ 2,765,379	\$ 2,732,465	\$ 3,110,369	\$ 4,167,371
570,096	567,541	617,541	617,541	832,541
<u>\$ 8,379,258</u>	<u>\$ 3,332,920</u>	<u>\$ 3,350,006</u>	<u>\$ 3,727,910</u>	<u>\$ 4,999,912</u>
87.02%	99.40%	99.03%	97.32%	93.81%
88.76%	85.83%	84.58%	84.58%	79.22%
87.19%	97.98%	97.52%	95.98%	92.28%

**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	
<b>PRIMARY GOVERNMENT</b>							
<b>Build Illinois Bond Fund - Pledged revenue of portion of sales tax collections</b>							
2014	\$ 570,824	\$ -	\$ 570,824	\$ 218,619	\$ 133,039	\$ 351,658	1.62
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
<b>Civic Center Bond Fund - Pledged revenue of portion of sales tax collections</b>							
2014	\$ 19,000	\$ -	\$ 19,000	\$ 10,705	\$ 3,112	\$ 13,817	1.38
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
<b>Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments (a)</b>							
2014	25,371	15,256	10,115	52,047	4,527	56,574	0.18
2013	29,858	18,899	10,959	92,362	6,765	99,127	0.11
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	57,142	57,292	0.78
2007	192,214	90,691	101,523	40,135	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
<b>Railsplitter Tobacco Settlement Authority - Pledged revenue of tobacco settlement funds (b)</b>							
2014	\$ 270,085	\$ 123,917	\$ 146,168	\$ 70,860	\$ 74,938	\$ 145,798	1.00
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
<b>Department of Employment Security - Pledged revenue of building receipts (c)</b>							
2014	344,952	-	344,952	215,480	61,312	276,792	1.25
2013	193,699	-	193,699	203,055	57,583	260,638	0.74

(a) The Commission redeemed \$59.950 million, \$2.608 billion, and \$690.180 million of principal by the sale of a portion of their student loan portfolio during fiscal years 2013, 2008, and 2007, respectively.

(b) The Railsplitter Tobacco Settlement Authority, a blended component unit of the State, issued \$1.510 billion of Tobacco Settlement Revenue Bonds in December 2010.

(c) 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	
<b>MAJOR COMPONENT UNITS</b>							
<b>Illinois Housing Development Authority - Pledged revenue of loans receivable repayments</b>							
2014	\$ 66,045	\$ 10,675	\$ 55,370	\$ 218,678	\$ 49,851	\$ 268,529	0.21
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
<b>Illinois State Toll Highway Authority - Pledged revenue of toll fees (d)</b>							
2013	\$ 1,068,367	\$ 296,793	\$ 771,574	\$ 56,365	\$ 211,314	\$ 267,679	2.88
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
<b>Illinois State University - Pledged revenue of usage fees and rental income</b>							
2014	\$ 84,936	\$ 60,890	\$ 24,046	\$ 2,755	\$ 3,720	\$ 6,475	3.71
2013	81,249	57,399	23,850	14,590	4,285	18,875	1.26
2012	87,124	64,890	22,234	6,190	3,758	9,948	2.24
2011	83,258	61,508	21,750	6,280	3,839	10,119	2.15
2010	82,139	64,864	17,275	5,380	3,894	9,274	1.86
2009	78,019	54,617	23,402	5,330	4,058	9,388	2.49
2008	75,181	53,912	21,269	5,265	2,647	7,912	2.69
2007	71,720	50,346	21,374	5,185	2,757	7,942	2.69
2006	64,599	49,513	15,086	5,095	1,175	6,270	2.41
2005	59,477	45,583	13,894	4,770	1,219	5,989	2.32
<b>Northern Illinois University - Pledged revenue of usage fees and rental income</b>							
2014	\$ 80,797	\$ 67,566	\$ 13,231	\$ 3,729	\$ 13,301	\$ 17,030	0.78
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

(d) The Illinois State Toll Highway Authority fiscal year is from January 1 to December 31.

**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	
<b>Southern Illinois University - Pledged revenue of usage fees, rental income, and medical fees</b>							
2014	\$ 155,028	\$ 117,631	\$ 37,397	\$ 17,805	\$ 10,495	\$ 28,300	1.32
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
<b>University of Illinois - Pledged revenue of usage fees, rental income, and medical fees</b>							
2014	\$ 1,196,041	\$ 1,117,078	\$ 78,963	\$ 46,130	\$ 46,754	\$ 92,884	0.85
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

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**State of Illinois****Demographic and Economic Statistics****Last Ten Calendar Years****(Amounts in Thousands)**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>For the 2010</b>
<b>Population</b>				
State	12,882	12,868	12,856	12,840
Percentage change	0.11%	0.09%	0.12%	0.34%
National	316,129	313,874	311,583	309,326
Percentage change	0.72%	0.74%	0.73%	0.83%
<b>Total Personal Income</b>				
State	\$ 605,201,478	\$ 592,056,538	\$ 567,838,737	\$ 539,688,876
Percentage change	2.22%	4.26%	5.22%	1.51%
National	\$ 14,151,427,000	\$ 13,873,161,000	\$ 13,189,935,000	\$ 12,417,659,000
Percentage change	2.01%	5.18%	6.22%	2.79%
<b>Per Capita Personal Income</b>				
State	\$ 46,980	\$ 46,010	\$ 44,169	\$ 42,032
Percentage change	2.11%	4.17%	5.08%	1.17%
National	\$ 44,765	\$ 44,200	\$ 42,332	\$ 40,144
Percentage change	1.28%	4.41%	5.45%	1.94%
<b>Labor Force</b>				
State labor force	6,554	6,570	6,575	6,617
Employed	5,954	5,982	5,937	5,925
Unemployed	600	588	638	692
Unemployment rate	9.2%	8.9%	9.7%	10.5%

Source: U.S. Bureau of Economic Analysis and Department of Employment Security

Calendar Year Ended,						
2009	2008	2007	2006	2005	2004	
12,797	12,747	12,696	12,644	12,610	12,590	
0.39%	0.40%	0.41%	0.27%	0.16%	0.27%	
306,772	304,094	301,231	298,380	295,517	292,805	
0.88%	0.95%	0.96%	0.97%	0.93%	0.93%	
\$ 531,645,236	\$ 552,295,230	\$ 536,525,695	\$ 508,081,357	\$ 475,352,326	\$ 455,496,017	
-3.74%	2.94%	5.60%	6.89%	4.36%	4.47%	
\$ 12,080,223,000	\$ 12,429,234,000	\$ 11,990,104,000	\$ 11,376,405,000	\$ 10,605,595,000	\$ 10,043,231,000	
-2.81%	3.66%	5.39%	7.27%	5.60%	5.95%	
\$ 41.545	\$ 43.327	\$ 42.259	\$ 40.184	\$ 37.696	\$ 36.179	
-4.11%	2.53%	5.16%	6.60%	4.19%	4.18%	
\$ 39.379	\$ 40.873	\$ 39.804	\$ 38.127	\$ 35.888	\$ 34.300	
-3.66%	2.69%	4.40%	6.24%	4.63%	4.97%	
6,599	6,673	6,660	6,527	6,404	6,366	
5,938	6,248	6,322	6,225	6,033	5,969	
661	424	338	302	371	397	
10.0%	6.4%	5.1%	4.6%	5.8%	6.2%	

**Principal Employers  
Fiscal Years 2014 and 2005**

<b>Employer</b>	<b>2014</b>	
	<b>Employees</b>	<b>Percentage of Total State Employment</b>
State of Illinois	64,055	1.08%
Sears Holding Corp.	63,078	1.06%
U.S. Government	51,400	0.86%
Wal-Mart	49,397	0.83%
AB Acquisitions LLC	43,503	0.73%
Chicago School Board	39,094	0.66%
Walgreen Co.	30,755	0.52%
City of Chicago	30,340	0.51%
University of Illinois	29,638	0.50%
U.S. Postal Service	28,200	0.47%
<b>Total</b>	<b>429,460</b>	<b>7.22%</b>

<b>Employer</b>	<b>2005</b>	
	<b>Employees</b>	<b>Percentage of Total State Employment</b>
State of Illinois	72,646	1.22%
U.S. Government	49,900	0.84%
Chicago School Board	40,651	0.68%
U.S. Postal Service	39,100	0.66%
City of Chicago	37,442	0.63%
Walmart	34,550	0.58%
Jewel Food Stores	29,860	0.50%
University of Illinois	28,377	0.48%
Caterpillar Inc.	21,710	0.36%
Advocate Health Care	21,160	0.35%
<b>Total</b>	<b>375,396</b>	<b>6.30%</b>

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**

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	<b>Employees</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Health and social services	20,466	19,275	19,976	21,519	21,258
Education	724	723	713	727	778
General government	11,476	11,396	11,286	11,905	11,534
Employment and economic development	2,305	2,466	2,990	3,119	3,303
Transportation	7,351	7,475	7,386	7,529	7,662
Public protection and justice	17,675	17,642	18,013	19,134	18,903
Environment and business regulation	4,058	3,859	3,964	4,213	4,304
<b>Total</b>	<b>64,055</b>	<b>62,836</b>	<b>64,328</b>	<b>68,146</b>	<b>67,742</b>

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**Schedule 14**

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<b>as of June 30,</b>				
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
21,912	22,701	22,784	23,230	22,767
767	758	750	763	766
12,205	12,366	12,515	12,421	12,256
3,287	3,074	3,213	3,366	3,394
7,574	7,638	8,407	8,098	8,261
18,886	18,913	19,793	20,181	20,414
4,398	4,694	4,850	4,844	4,788
<b>69,029</b>	<b>70,144</b>	<b>72,312</b>	<b>72,903</b>	<b>72,646</b>

**State of Illinois**

**Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>For the Fiscal Year</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Health and Social Services</b>					
Child abuse and neglect					
Calls to abuse/neglect hotline	231,536	236,589	253,444	258,999	256,492
Children investigated	109,769	108,594	106,220	101,508	109,186
Medical programs					
Number of children enrolled in medical programs	1,546,091	1,635,686	1,685,822	1,663,260	1,628,782
Number of non-senior adults enrolled in medical programs*	1,027,702	663,844	635,262	621,851	606,680
Child support					
Number of child support cases with orders	404,918	406,748	404,752	410,433	404,800
Persons with disabilities receiving in-home services to prevent institutionalization	30,357	31,406	32,820	38,682	39,165
Immunization rates of children under age two	76%	83%	77%	83%	81%
<b>General government</b>					
Taxes					
Number of individual income tax returns processed	6,143,408	5,946,121	5,961,003	5,961,385	5,946,127
Percent of individual income tax returns filed electronically	79%	79%	78%	71%	60%
Total number of payments processed through State Treasury	15,209,821	15,357,708	15,337,111	16,143,902	16,050,005
<b>Education</b>					
Elementary and secondary education					
Public school enrollment	2,073,480	2,081,731	2,087,628	2,087,762	2,112,132
Graduation rate	86.00%	83.2%	82.3%	83.8%	87.8%
Dropout rate	2.2%	2.4%	2.5%	2.7%	3.8%
Higher education					
Enrollment	Not available	863,542	884,053	924,749	914,763
<b>Transportation</b>					
Miles of pavement maintained/improved	894	661	921	931	2,620
Number of bridges maintained/improved	222	183	262	263	292
<b>Employment and economic development</b>					
Unemployment insurance **					
Number of claims	725,979	781,394	763,319	863,328	1,221,195
Average duration (weeks)	17.92	17.97	19.01	21.34	20.63
State Fair					
State Fair attendees	847,690	961,063	918,534	817,393	673,223
DuQuoin State Fair attendees	350,000	258,000	285,100	351,000	353,100
Tourism					
Historic site attendance (in thousands)	1,915	1,935	1,990	1,940	2,200
<b>Public protection and justice</b>					
Crime Rates					
Violent crime rates per 100,000 in population **	373	415	429	435	509
Property crime rates per 100,000 in population **	2,274	2,579	2,689	2,681	2,790
Total crime rates per 100,000 in population	2,647	2,994	3,118	3,116	3,299
Forensic services					
Number of original crime scenes processed	3,736	2,337	2,328	2,529	2,594
Number of Deoxyribonucleic Acid (DNA) cases worked	6,086	4,790	4,982	5,225	5,284
Total number of forensic cases worked	91,878	94,550	101,076	104,043	111,669
Number of DNA offender samples worked	33,901	31,766	29,589	30,736	33,025
<b>Environment and business regulation</b>					
Professional Regulation					
Professional complaints received	10,875	11,765	12,466	10,634	11,159
Licenses placed on probation	446	527	470	431	603

\* Fluctuation due to the implementation of the Affordable Care Act in fiscal year 2014.

\*\* Statistics for unemployment insurance and crime rates are based on the previous ending calendar year.

**Schedule 15**

<b>Ended or as of June 30,</b>				
<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
258,237	266,011	258,563	257,481	249,764
111,574	111,869	111,746	110,225	111,830
1,553,227	1,457,829	1,369,050	1,216,983	1,159,593
562,689	580,760	545,502	498,195	463,506
394,123	390,745	420,004	398,888	335,568
39,412	38,093	36,858	35,916	32,549
78%	78%	83%	87%	86%
6,132,529	6,119,040	5,963,636	5,712,563	5,798,585
56%	52%	46%	44%	42%
15,912,093	15,623,763	15,512,005	15,092,629	14,896,011
2,112,132	2,113,435	2,118,692	2,111,706	2,062,912
87.1%	86.5%	85.9%	87.8%	87.4%
3.5%	4.1%	3.5%	3.5%	4.0%
867,090	821,026	814,189	805,764	801,548
2,528	933	908	820	919
293	272	274	255	206
872,368	696,109	670,402	702,725	766,032
16.71	17.31	17.34	18.23	18.92
737,052	613,000	703,000	672,615	671,334
331,000	298,000	330,000	298,286	315,731
2,010	2,206	2,221	2,498	2,772
540	548	562	569	562
3,010	3,014	3,127	3,171	3,282
<u>3,550</u>	<u>3,562</u>	<u>3,689</u>	<u>3,740</u>	<u>3,844</u>
3,081	3,138	3,457	4,816	4,519
4,590	3,390	2,830	3,464	3,397
115,044	112,644	119,045	116,192	116,882
35,722	37,937	46,647	106,374	65,009
13,800	10,912	9,498	9,024	9,195
530	455	344	419	488

**State of Illinois**

**Capital Asset and Infrastructure Statistics by Function/Program  
Last Ten Fiscal Years**

	For the Fiscal Year				
	2014	2013	2012	2011	2010
Health and social services					
Mental health facilities	14	14	17	17	18
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	15,989	15,994	16,000	16,018	16,057
Bridges	7,770	7,770	7,734	7,726	7,708
Public protection and justice					
Adult correctional facilities	25	25	27	27	27
Juvenile correctional facilities	6	6	8	8	10
Environment and business regulation					
State park acreage	469,870	474,813	473,761	473,500	470,649
Protected natural area acreage	106,741	104,815	99,866	96,255	93,662

Note: No capital asset indicators are available for the education, general government, and employment and economic development functions.

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**Schedule 16**

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**Ended or as of June 30,**

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
18 4	18 4	18 4	18 4	18 4
16,075 7,693	16,090 7,844	16,398 8,284	16,430 8,296	16,459 8,232
28 8	28 8	28 8	27 8	27 8
469,244 89,399	373,857 89,764	371,793 89,731	499,515 87,731	387,753 85,375