

2007

FISCAL YEAR ENDED JUNE 30, 2007

COMPREHENSIVE ANNUAL FINANCIAL REPORT



ILLINOIS

DANIEL W. HYNES
COMPTROLLER

www.ioc.state.il.us



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



ON THE COVER: *Illinois State Symbols*

State Bird-Cardinal, State Reptile-Painted Turtle, State Soil-Drummer Silty Clay Loam,
State Amphibian-Eastern Tiger Salamander, State Dance-Square Dance, State Prairie Grass-Big
Bluestem, State Mineral-Fluorite, State Fish-Bluegill, State Tree-White Oak, State Flower-Violet,
State Insect-Monarch Butterfly, State Fossil-Tully Monster, State Animal-White Tailed Deer

STATE OF ILLINOIS

Comprehensive Annual Financial Report

~ 2007 ~

For Fiscal Year Ended June 30, 2007

Comptroller Daniel W. Hynes



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Introductory Section

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June 25, 2008

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

I am pleased to present to you the *State of Illinois Comprehensive Annual Financial Report (CAFR)* for the year ended June 30, 2007. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2007, and results of operations during the fiscal year. The report is intended to provide the State's taxpayers, managers, investors, creditors, lawmakers, and other users with information in accordance with generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management.

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

The Management's Discussion and Analysis (MD&A), which begins on page 3 of this report, provides a narrative introduction, overview, and analysis to the accompanying basic financial statements. This letter is intended to complement the MD&A and should be read in conjunction with it. The accompanying basic financial statements are prepared in conformity with GAAP applicable to State governments as prescribed by the Governmental Accounting Standards Board (GASB). This office supports the GASB, contributed to its formation and participates in the development of pronouncements by providing testimony at public hearings and submitting comments and recommendations as proposed standards are distributed for exposure.

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

The financial activities of the State are organized on the basis of individual funds, each of which is a separate accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions and limitations. Major funds are the focus of the State's financial statements and include the General Fund (including the General Revenue Account, the Education Assistance Account, the Common School Account, and the Medicaid Provider Assessment Accounts), the Road Fund, the Motor Fuel Tax Fund, the State Construction Account, the Unemployment Compensation Trust Fund, the Water Revolving Fund, the Prepaid Tuition Fund, and the Designated Account Purchase Program Fund. The reporting entity, major funds, and fund types are described in detail in Note 1 to the financial statements. To ensure readability of the financial statements, generally only funds with total assets, liabilities, fund balances/net assets, revenues or expenditures/expenses greater than 2% of the total for that fund type are presented separately in the individual fund financial statements, except component units where all component units are presented, and special revenue funds where funds with greater than .5% of the total is presented. Combination of funds is necessary due to the existence of more than 750 funds in the State's reporting entity. Funds used by more than one agency are classified with what is determined to be the primary administering agency.

Internal Controls

Each State agency's management is responsible for establishing and maintaining internal controls designed to ensure that the assets of the State are protected from loss, theft or misuse, and to ensure that adequate accounting data 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 unqualified opinion appears at the beginning of the financial section of this report. In addition, the Illinois Auditor General conducts an annual audit pursuant to the requirements set forth in the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This report is issued separately.

PROFILE OF THE STATE

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

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

The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development and recreation facilities and development. The State of Illinois is also financially accountable for 3 separate entities which have been included as a part of the State's financial statements. In addition, the State of Illinois is financially accountable for 25 legally separate entities which have been reported separately within the State's financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

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

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

Many State programs are accounted for in the General Fund. As analyzed in the MD&A, the GAAP basis financial position of the General Fund at June 30, 2007 decreased from June 30, 2006. The fund balance in the State's General Fund decreased by \$858 million on a GAAP basis (from a deficit of \$2.970 billion, as restated, to a deficit of \$3.828 billion). The unavailability of revenues on the modified accrual basis for the hospital assessment tax and federal financial participation in relation to \$1.199 billion in accrued access improvement to hospitals as a part of the State's Medicaid plan for fiscal year 2007 caused this deficit. In accordance with the State's revenue recognition policy on the modified accrual basis of accounting, this revenue will be recognized in the General Fund in fiscal year 2008. The fiscal year 2008 portion of the access improvements payments have already been paid so the unavailability of the associated revenues will not be an issue in relation to the June 30, 2008 GAAP basis financial position. On the *budgetary basis*, there was a \$135 million fund deficit at June 30, 2007 compared to a \$291 million fund deficit at June 30, 2006, resulting in a \$156 million increase in the budgetary basis.

FACTORS AFFECTING FINANCIAL CONDITION

Economy

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

According to the U.S. Bureau of Labor Statistics, Illinois averaged 5.963 million nonfarm payroll jobs and an unemployment rate of 4.5% in fiscal year 2007. These numbers showed continued improvement as Illinois continues its recovery from the 2001 recession.

Pensions

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

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.

Revenue Initiatives

Beginning in August 2005, legislation imposed a hospital assessment of 2.5835% of each provider's adjusted gross hospital revenue for inpatient and outpatient services for fiscal years 2006, 2007, and 2008. While no assessment was implemented during fiscal year 2006, upon federal government approval in November, 2006, the State was allowed to claim costs back to fiscal year 2006. After disbursement of \$1.198 billion in expenditures in February, 2007 related to fiscal year 2006 and \$1.199 billion of accrued expenditures in September, 2007 related to fiscal year 2007, in fiscal year 2007 revenue amounts for fiscal year 2006 and 2007 of \$733 million and \$734 million in assessment revenues, respectively and \$600 million and \$599 million in federal reimbursements, respectively were recognized on the accrual basis of accounting resulting in \$269 million in additional monies available for Medicaid spending: \$135 million related to fiscal year 2006 and \$134 million related to fiscal year 2007. Under the modified accrual basis of accounting, the hospital assessment revenues of \$734 million and the federal reimbursement of \$599 million associated with fiscal year 2007 will be recognized as revenue in fiscal year 2008 as the revenue was not collected during the State's sixty day availability period.

The Illinois Student Assistance Commission, in January 2007, sold \$662.5 million of its loan portfolio for \$670.8 million with most of the proceeds used to retire existing debt. A portion of the proceeds, \$26.5 million, was deposited into the Student Loan Operating Fund to fund the new MAP Plus program.

Short-term Borrowing

In fiscal year 2007, the State took several actions to help alleviate the ongoing financial problems. In August 2006, \$276 million was transferred from the Budget Stabilization Fund to the General Revenue Fund which was repaid by the end of the fiscal year. In February 2007, the State borrowed \$900 million in short-term notes with the proceeds deposited into the General Revenue Fund. Borrowing was repaid by June 30, 2007.

Transfers to Defray Operating Costs

The Governor can authorize the transfer from most of the funds held in the State Treasury to the General Revenue Fund to help defray the State's operating costs. These transfers, for which the statutory authorization ended after fiscal year 2007, transferred \$98 million to the General Revenue Fund. In addition, \$28 million in fee increase revenues was transferred to the General Revenue Fund at the end of the fiscal year.

Pursuant to statutory authorization as part of the fiscal year 2007 budget, an additional \$189 million in "surplus balances" was transferred from numerous funds to the General Revenue Fund.

Spending Initiatives

A major spending initiative that started in fiscal year 2007 was the All Kids program. This program is designed to provide health insurance coverage to uninsured children in the State. The program will include premiums on a sliding income scale and require other cost sharing.

One of the proposed initiatives to reduce spending and to make state government more efficient was to continue the process of reorganizing and consolidating state agencies and functions. Effective June 1, 2006, the Department of Juvenile Justice was created from the Department of Corrections to administer juvenile facilities including the Department of Corrections School District and provide transitional and post-release treatment programs for juveniles. By having a department that focuses on juveniles, it is expected that the number of juvenile offenders that return to the juvenile system will be reduced.

In an effort to address perceived duplicate functions within state agencies, effective June 1, 2006, divisions of shared services were created to perform administrative functions, including human resources, personnel, payroll, timekeeping, procurement, and accounting for agencies providing similar governmental functions. A division of shared services was created within the Department of Revenue to provide administrative functions for executive and regulatory agencies including the Departments of Central Management Services and Financial and Professional Regulation. A division of shared services was created within the Department of Corrections to provide administrative functions for public safety agencies including the Departments of State Police, Juvenile Justice, Military Affairs, the Prisoner Review Board, the Law Enforcement Training and Standards Board, the Criminal Justice Information Authority, the Emergency Management Agency, and the State Fire Marshal.

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.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The fiscal year 2007 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. The State ended fiscal year 2007 with \$3.4 billion in such costs. Over the past two decades, 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.

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. Fiscal year 2007 marked the sixth consecutive year that Illinois has had to engage in short-term borrowing to address various cash flow needs. For 2007, the short-term borrowing was for expenditures associated with the Hospital Assessment Program.

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 Funds revenues in any given year. As of June 30, 2007, 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 envisioned when the Act was created.

Pension Obligations

Legislation enacted in 1995 sets the long-term funded ratio (assets to actuarial accrued liabilities) target for the State's five retirement systems at 90% and set into statute a plan for the State to reach this target by fiscal year 2045. After fiscal year 2045, the State shall maintain annual contributions sufficient to keep the systems at a 90% funded ratio. At the time the legislation was passed, the funded ratio for the five systems stood at 52.5% with an unfunded liability of \$19.4 billion.

As of June 30, 2007, the five State-funded retirement systems were at a 62.6% funded ratio with a \$42.2 billion unfunded liability. In fiscal year 2004, the systems enjoyed an additional \$7.3 billion in contributions from a general obligation Pension Bond sale.

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 year 2008 and fiscal year 2009 before reaching the mandated levels of the 1995 law for fiscal year 2010.

Other Postemployment Obligations

On April 21, 2008, the State performed an actuarial valuation of the health, dental, vision, and life insurance benefits promised to retirees. The valuation reported a \$24.2 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 to retirees.

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, 2006. This is the twenty-third consecutive year that the State has received this prestigious award in governmental financial reporting. In order to be awarded a Certificate, the State of Illinois published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Sincerely,

Daniel W. Hynes
Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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

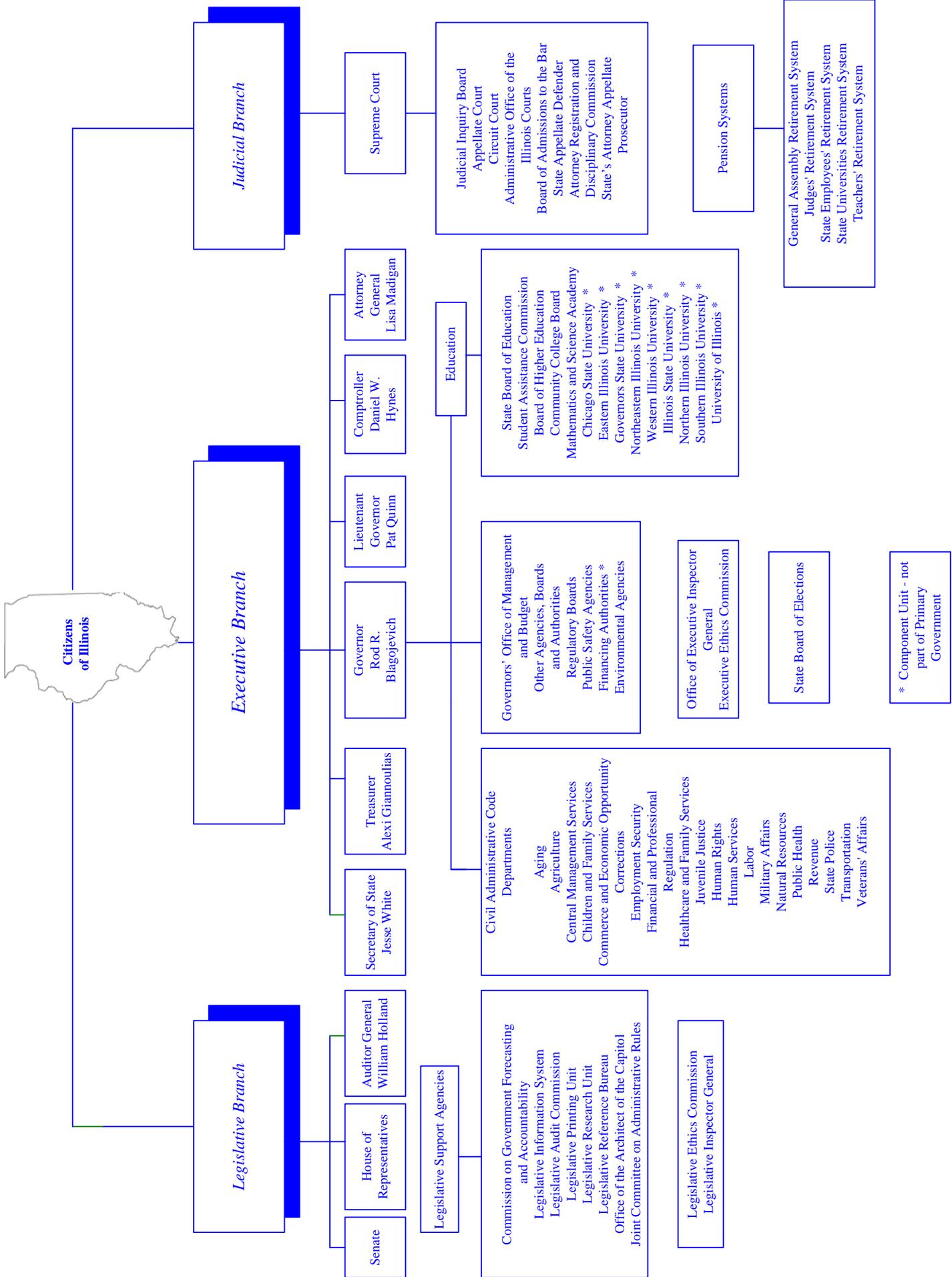


Charles S. Cox

President

Jeffrey R. Emery

Executive Director



Financial Section

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of and for the year ended June 30, 2007, which collectively comprise the State of Illinois' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the financial statements have been restated as of July 1, 2006 for prior year reporting errors.

The deficit for net assets of governmental activities in fiscal year 2007 continued to increase by \$1,725,413,000; from \$18,676,155,000 at June 30, 2006 to \$20,401,568,000 at June 30, 2007. This deficit, which is presented on an accrual basis, is the excess of total liabilities over total assets and represents a deferral of current and prior year costs to future periods.

In accordance with *Government Auditing Standards*, a report on our consideration of the State of Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters will be issued under a separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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



WILLIAM G. HOLLAND
Auditor General
State of Illinois



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

Springfield, Illinois
June 25, 2008

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, 2007. Please read it in conjunction with the transmittal letter and with the State's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Net Assets (page 19) presents all of the State's non-fiduciary assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets measure whether the State's financial position is improving or deteriorating.

The Statement of Activities (pages 20 and 21) presents all of the State's non-fiduciary revenues and expenses, with the difference showing how the State's net assets changed during the current fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and unused accrued absences).

Both statements report three activities:

- *Governmental Activities* – Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The Legislature, the Judiciary, Elected Officials and the general operations of the Executive departments fall within the governmental activities.
- *Business-type Activities* – The State charges fees to customers to help it cover all or most of the cost of certain services provided by the State. Lottery tickets and the State's unemployment compensation services are examples of business-type activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The State has 9 authorities, 9 universities and 7 other organizations that are reported as discretely presented component units of the State.

Included within the basic financial statements are two schedules (pages 23 and 25) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). Modified accrual accounting focuses on the current financial resources, which are the resources available for spending in the near future (defined by the State as 60 days). Accrual

accounting reports the total economic resources similar to a private-sector business. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

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

The Notes to the Basic Financial Statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 37 of this report.

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

The fund financial statements begin on page 22 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 141. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – with each using a different accounting method.

Governmental funds – Most of the State's basic services are reported in the governmental funds, which focus on how monies flow into and out of those funds and the balances left at year-end that are available for future spending. The governmental fund financial statements provide a detailed short-term view of the State's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. Governmental funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash and liabilities that are due in the current period. Governmental funds include the General Fund and special revenue, capital project, debt service and permanent funds.

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

Fiduciary funds – The State acts as a trustee or fiduciary for its employee pension plans. The State is also responsible for other assets that, because of a trust arrangement or other contractual arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 30. These funds, which include pension (and other employee benefit), private-purpose trust, investment trust and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

Additional Required Supplementary Information

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

Other Supplementary Information

Other supplementary information includes two components: 1) combining financial schedules for nonmajor governmental, 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 assets decreased \$979 million during the current fiscal year. The net assets of the State's governmental activities decreased \$1.726 billion or 9.2 % and the net assets of the State's business-type activities increased \$747 million or 20.2%. The following condensed financial information was derived from the government-wide Statement of Net Assets and reflects the State's financial position as of June 30, 2007 and 2006:

Net Assets as of June 30 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Assets:						
Current and other non-current assets	\$ 12,451	\$ 11,373	\$ 9,591	\$ 9,199	\$ 22,042	\$ 20,572
Capital assets	18,389	17,907	3	3	18,392	17,910
Total assets	30,840	29,280	9,594	9,202	40,434	38,482
Liabilities:						
Other liabilities	10,015	8,807	465	214	10,480	9,021
Long-term liabilities	41,227	39,149	4,686	5,292	45,913	44,441
Total liabilities	51,242	47,956	5,151	5,506	56,393	53,462
Net assets:						
Invested in capital assets, net of related debt	13,370	12,518	3	3	13,373	12,521
Restricted	954	957	4,455	3,878	5,409	4,835
Unrestricted	(34,726)	(32,151)	(15)	(185)	(34,741)	(32,336)
Total net assets	\$ (20,402)	\$ (18,676)	\$ 4,443	\$ 3,696	\$ (15,959)	\$ (14,980)

The State's largest asset is its capital assets (\$18.392 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 (\$17.091 billion) and bonds payable obligation (\$27.043 billion), including deferred amounts on refundings and unamortized premiums and discounts. The largest component of the State's net assets reflects the State's investment in capital assets, less any related debt that was recorded to acquire or construct the assets. The restricted net assets balance consists of resources subject to external restrictions or enabling legislation as to their use. The remaining portion, unrestricted net assets, are the net assets available to be used at the State's discretion.

The State's assets increased \$1.952 billion from \$38.482 billion at June 30, 2006, to \$40.434 billion at June 30, 2007, due mainly to \$837 million in increased investment balances and \$825 million in increased taxes receivable. The increased investment balances can mostly be attributed to the increases in investments in the Unemployment Compensation Trust Fund of \$628 million due to the Trust Fund's increase in net assets of \$607 million during the year. The majority of the increased taxes receivable are related to the State's hospital assessment plan (\$734 million) which was not in effect at the end of the prior year. The State's increase in liabilities of \$2.931 billion from \$53.462 billion at June 30, 2006, to \$56.393 billion at June 30, 2007, resulted mainly from the increase in accounts payable and accrued liabilities of \$1.020 billion, increase in intergovernmental payables of \$321 million, and increase in long-term obligations of \$1.472 billion. The \$1.020 billion increase in accounts payable and accrued liabilities resulted mainly from the increase in Section 25 liabilities (described on page 11) of \$1.021 billion. The majority of the increase in intergovernmental payables of \$321 million is due to the timing of payments to school districts made by the State Board of Education. The long-term obligations increase of \$1.472 billion resulted from the increase in the net pension obligation of \$2.592 billion, the decrease in bonds and notes payable in the Designated Account Purchase Program of \$726 million due to normal and early retirements, and the decrease in general obligation and special obligation debt of \$392 million and \$147 million, respectively.

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

Changes in Net Assets for Fiscal Year Ending June 30 (in millions of dollars)							
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2007	2006	2007	2006	2007	2006	2006 to 2007
Revenues							
Program revenues							
Charges for services	\$ 2,750	\$ 2,605	\$ 4,912	\$ 5,081	\$ 7,662	\$ 7,686	(0.3%)
Operating grants and contributions	14,706	13,643	178	129	14,884	13,772	8.1%
Capital grants and contributions	1,026	1,040			1,026	1,040	(1.3%)
General revenues							
Income taxes	12,681	11,225			12,681	11,225	13.0%
Sales taxes	9,846	9,603			9,846	9,603	2.5%
Motor fuel taxes	1,443	1,427			1,443	1,427	1.1%
Public utility taxes	1,606	1,523			1,606	1,523	5.4%
Riverboat taxes	818	801			818	801	2.1%
Hospital assessment taxes	1,538	72			1,538	72	2036.1%
Other taxes	1,974	2,002			1,974	2,002	(1.4%)
Interest and investment earnings	368	273	76	45	444	318	39.6%
Other revenue	1,174	1,405			1,174	1,405	(16.4%)
Total revenues	49,930	45,619	5,166	5,255	55,096	50,874	8.3%
Expenses							
Health and social services	21,417	18,592			21,417	18,592	15.2%
Education	14,614	13,690			14,614	13,690	6.7%
General government	1,668	1,503			1,668	1,503	11.0%
Employment and economic development	989	1,091			989	1,091	(9.3%)
Transportation	3,820	3,488			3,820	3,488	9.5%
Public protection and justice	2,730	2,561			2,730	2,561	6.6%
Environment and business regulation	835	733			835	733	13.9%
Unemployment compensation fund			1,795	1,731	1,795	1,731	3.7%
Water revolving fund			23	22	23	22	4.5%
Prepaid tuition programs			61	51	61	51	19.6%
Designated account purchase program fund			304	268	304	268	13.4%
Insurance programs				66		66	(100.0%)
Lottery			1,370	1,334	1,370	1,334	2.7%
Other business-type activities			212	94	212	94	125.5%
Intergovernmental	5,036	4,565			5,036	4,565	10.3%
Interest	1,201	1,222			1,201	1,222	(1.7%)
Total expenses	52,310	47,445	3,765	3,566	56,075	51,011	9.9%
Excess (deficiency) before special items and transfers	(2,380)	(1,826)	1,401	1,689	(979)	(137)	(614.6%)
Transfers	654	661	(654)	(661)	-	-	0.0%
Increase (decrease) in net assets	(1,726)	(1,165)	747	1,028	(979)	(137)	(614.6%)
Net assets - beginning, as restated	(18,676)	(17,511)	3,696	2,668	(14,980)	(14,843)	(0.9%)
Net assets - ending	\$ (20,402)	\$ (18,676)	\$ 4,443	\$ 3,696	\$ (15,959)	\$ (14,980)	(6.5%)

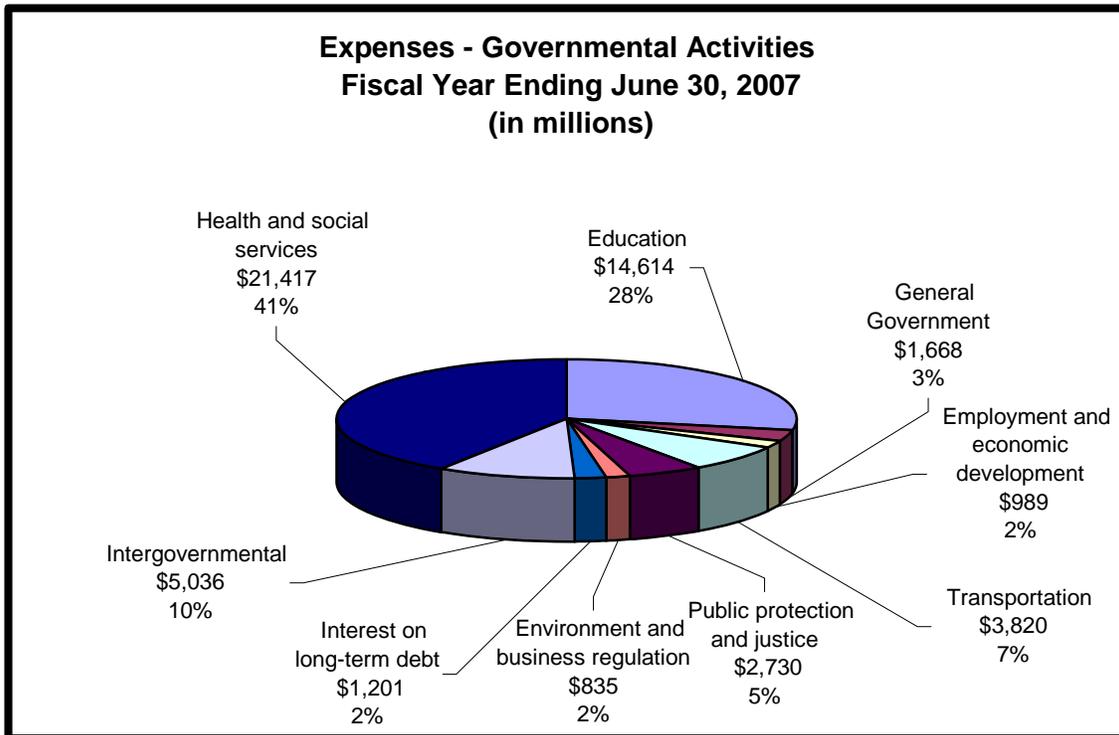
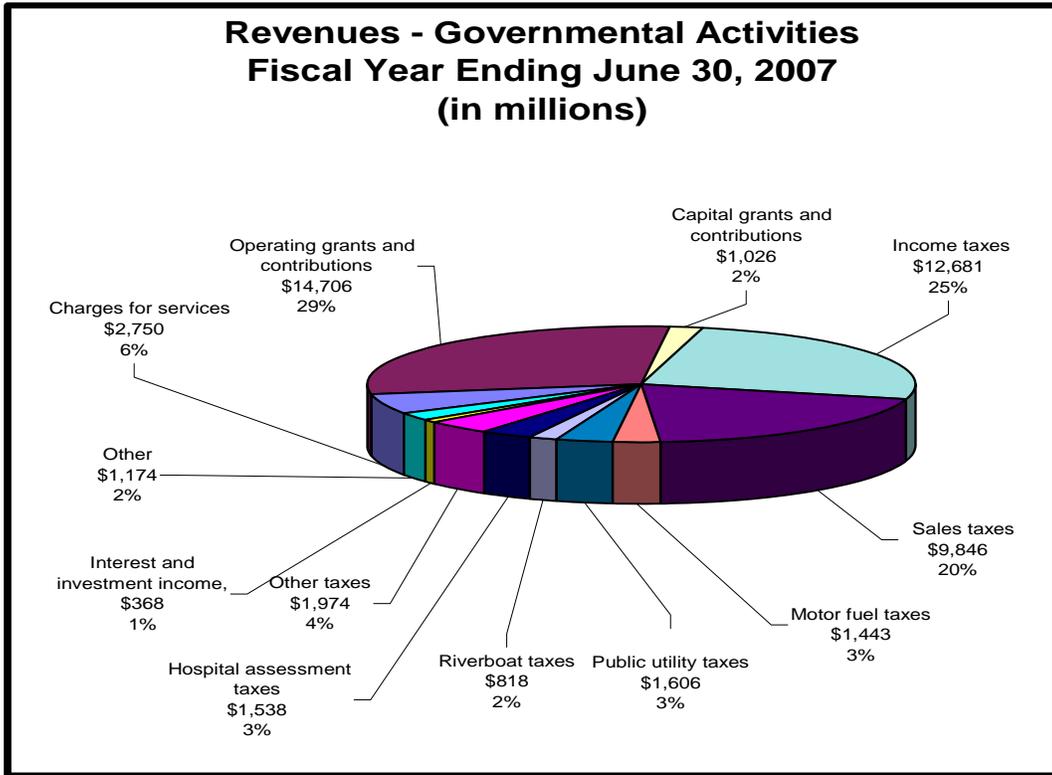
Note: Functional expenses were reclassified for fiscal year 2006 to be consistent with classifications for fiscal year 2007.

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.
- *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 \$4.311 billion (9.5%) during fiscal year 2007 with the largest revenue increases consisting of \$1.456 billion in income tax revenue, \$1.063 billion in operating grants and contributions, and \$1.466 billion in hospital assessment taxes. The increase in operating grants and contributions and hospital assessment taxes are related to the State's Medicaid reimbursement from access improvement payments made to hospitals in the State and the related hospital assessment charged. The access improvement payments are payments to hospitals for services rendered in fiscal years 2006 through 2008. As the federal government did not approve the program until fiscal year 2007, the State has recognized the expenditures associated with both fiscal year 2006 and fiscal year 2007, approximately \$2.413 billion total in fiscal year 2007 which is the majority of the State's increased Medicaid spending referenced below. The related Medicaid reimbursement associated with the access improvement payments was \$1.199 billion and the hospital assessment was \$1.467 billion.

The State's governmental activities expenses increased \$4.865 billion (10.3%) during fiscal year 2007 with the largest portion resulting from a \$2.825 billion increase in health and social services expenses during the fiscal year due mostly to increased Medicaid spending. In addition, education expenses increased \$924 million and intergovernmental revenue sharing expenditures increased \$471 million.

Business-type Activities:

Net assets of business-type activities increased \$747 million during the fiscal year 2007. The main factor contributing to this increase was an increase in net assets of \$607 million in the Unemployment Compensation Trust Fund.

FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for resources obtained and used for those services traditionally provided by the State which are not required to be accounted for in another fund. Accordingly, the majority of the State's tax revenues and program support expenses are accounted for in the General Fund. For financial reporting purposes, the General Fund consists of several accounts of the State which are described on page 141. For budgetary purposes the General Funds consist of the General Revenue, Special Account, Education Assistance and Common School Accounts.

The State's General Funds' budgetary fund balance ended fiscal year 2007 with a deficit for the sixth consecutive year. At June 30, 2007, the General Funds' budgetary fund balance was a deficit of \$134.848 million compared to a \$290.887 million deficit recorded at June 30, 2006. The original budget projected a \$958 million deficit at the end of the fiscal year. The final budget projected a \$837 million deficit.

The majority of the difference between the General Funds' original budget and the final budget is a result of the statutorily authorized transfers which were not originally budgeted. Statutory transfers-out were increased \$542 million due mostly to the repayment of \$456 million borrowed from the Hospital Provider Fund. In addition, the final budget included the proceeds from a \$900 million issuance of general obligation certificates during the current fiscal year.

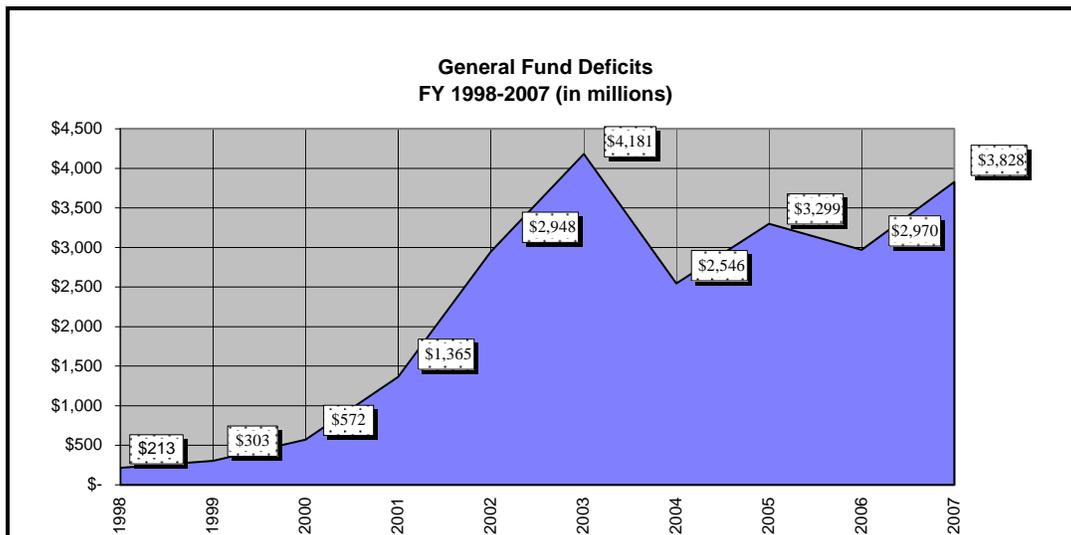
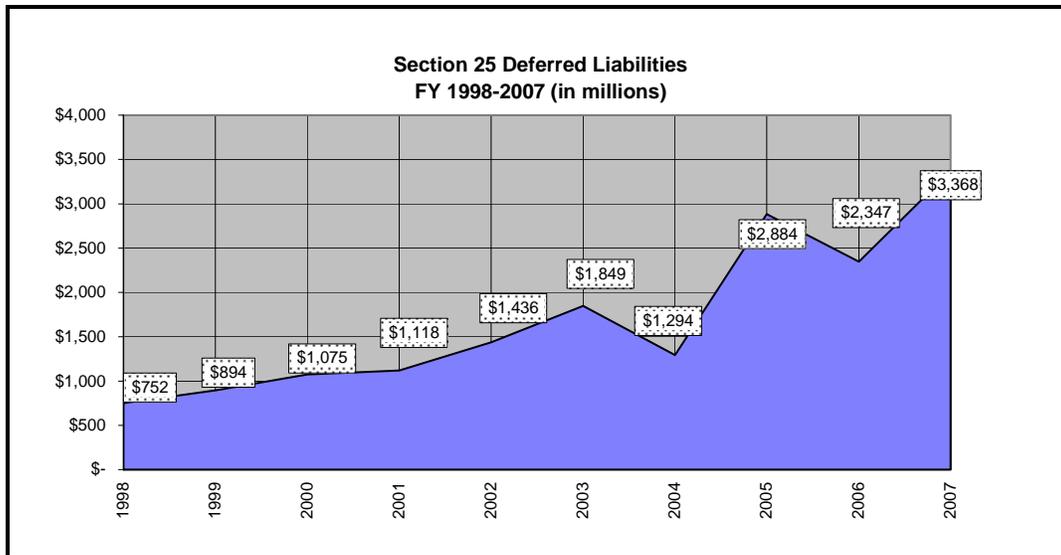
The majority of the \$702 million increase in the General Funds' budgetary balance between the final budget and the actual results was due to \$218 million more in actual revenues than budgeted

revenues and \$484 million less in actual expenditures than budget expenditures. Income tax revenue was \$658 million more than budgeted with sales taxes, federal government, and other revenues being \$182, \$139, and \$152 million, respectively, less than budgeted. Health and social services expenditures and education expenditures were \$186 and \$193 million, respectively, less than budgeted.

The General Fund's assets at June 30, 2007, were \$5.665 billion, which is an increase of \$1.312 billion from the June 30, 2006, balance of \$4.353 billion. Intergovernmental receivables increased from June 30, 2006, by \$424 million and taxes receivable increased by \$775 million. The increase in intergovernmental receivables is mostly due to the claims against the State's Medicaid program in which the State has not received reimbursement from the federal government. The increase in taxes receivables is related to the State's hospital assessment program which was not yet in effect at June 30, 2006.

The General Fund's liabilities at June 30, 2007, were \$9.493 billion, which is an increase of \$2.176 billion from the June 30, 2006, balance of \$7.317 billion. The factors that determine a significant portion of the General Fund liabilities are the accrued liabilities payable from future year's appropriations. One of the largest components of those liabilities is Section 25 of the State Finance Act (Section 25) deferrals which consist mostly of Medicaid program liabilities. 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 increased \$1.021 billion from \$2.347 billion at June 30, 2006 to \$3.368 billion at June 30, 2007. This increase in fiscal year 2007 is a result of increased appropriations in fiscal year 2007 for payment of prior year Medicaid program liabilities and the recognition of the access improvement payments to hospitals. After falling substantially from 1995 through 1997, Section 25 deferrals increased for six consecutive fiscal years reaching \$752 million at June 30, 1998, \$894 million at June 30, 1999, \$1.075 billion at June 30, 2000, \$1.118 billion at June 30, 2001, \$1.436 billion at June 30, 2002 and \$1.849 billion at June 30, 2003 before decreasing to \$1.294 billion at June 30, 2004. Section 25 deferrals increased again at June 30, 2005 to \$2.884 billion. If a short-term borrowing immediately preceding the end of fiscal year 2004 to pay potential Section 25 deferred liabilities had not occurred, fiscal year 2006 would have been the first year Section 25 deferred liabilities decreased since fiscal year 1997. In addition to the increase in Section 25 deferrals, unavailable deferred revenue increased \$1.001 billion from June 30, 2006 mainly due to \$734 million in hospital assessment taxes and the related \$599 million of federal financial participation from access improvements payments to hospitals not expected to be received during the State's sixty day revenue recognition period for modified accrual accounting.

During fiscal year 2007, the General Fund's fund balance decreased from a deficit of \$2.970 billion to a deficit of \$3.828 billion, an \$858 million decrease in fund balance. The current year decrease in the fund balance was a result of a \$2.872 billion increase in revenues, a \$3.670 billion increase in expenditures, and a \$223 million decrease in net other sources (uses) of financial resources in comparison to fiscal year 2006 which had an increase in fund balance of \$163 million.



Notes:

- * Fiscal year 2006 was restated for an understatement of education expenses.
- * Fiscal years 2006 and 2005 were restated for a reclassification of the Workers' Compensation Revolving Fund from a subaccount of the General Fund to an internal service fund.
- * Fiscal years 2003 through 2006 were restated for an overstatement of sales tax and public utility tax revenues.
- * Fiscal year 2002 was restated for an overstatement of health insurance costs, an understatement of refund recoveries, an understatement of tax revenues, and an overstatement of federal grant revenues. Comparable information for the understatement of tax revenues is not available for years prior to fiscal year 2002.
- * Fiscal year 2001 was restated for an overstatement of income tax revenue and a reduction of expenditures due to the implementation of GASB Interpretation No. 6. Comparative information for the effect of the implementation of GASB Interpretation No. 6 is not available for previous fiscal years. In addition, for years prior to fiscal year 2000, comparative information for revenues, which were restated due to the implementation of GASB Statement No. 33 in fiscal year 2001, and the corresponding effect on the General Fund deficit, is not available.

During fiscal year 2007, General Fund revenues increased \$2.872 billion to \$30.989 billion for fiscal year 2007. Increases in income tax and sales tax revenues of \$1.106 billion and \$349 million, respectively, and the implementation of a hospital assessment of \$805 million reported the largest increases in revenues. General Fund expenditures increased \$3.670 billion to \$30.627 billion in fiscal year 2007 due mainly to increased spending on health and social service programs related to Medicaid of \$2.595 billion.

Road Fund

The Road Fund incurred a \$504 million loss in the current year and has a \$337 million fund balance. The current year loss was caused mainly by increased expenditures of \$873 million due to increased allocation of construction projects to the Road Fund during the year.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund ended fiscal year 2007 with a \$125 million fund balance (all unreserved) after incurring a \$3 million loss. The Motor Fuel Tax Fund collected \$7 million (.5%) more in motor fuel taxes during the fiscal year.

State Construction Account

The State Construction Account's fund balance increased \$264 million in fiscal year 2007 to an ending fund balance of \$281 million. Expenditures for construction projects paid by the fund decreased significantly during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2007, the State had \$18.392 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	
	2007	2006	2007	2006	2007	2006
Land and land improvements	\$ 2,613	\$ 2,536			\$ 2,613	\$ 2,536
Site improvements	377	357			377	357
Buildings and building improvements	2,314	2,354	\$ 1	\$ 1	2,315	2,355
Equipment	224	197	2	2	226	199
Infrastructure	12,757	12,375			12,757	12,375
Other	38	37			38	37
Subtotal	18,323	17,856	3	3	18,326	17,859
Construction in progress	66	51			66	51
Total	\$ 18,389	\$ 17,907	\$ 3	\$ 3	\$ 18,392	\$ 17,910

Infrastructure assets consist of 69% of the State's net capital assets and comprise \$1.343 billion of the \$1.629 billion (82%) of the current year additions to capital assets. The State capitalizes and depreciates its roads and road improvements over a twenty year period and its bridges over a forty year period. More detailed information regarding the State's capital assets is presented in Note 7 of the financial statements on page 81.

Debt Administration:

Bonded Indebtedness

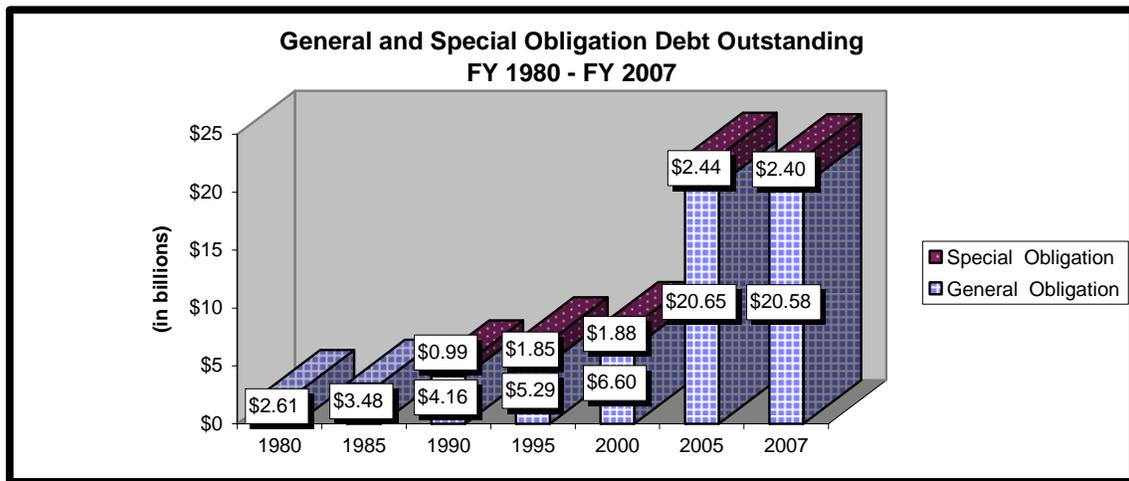
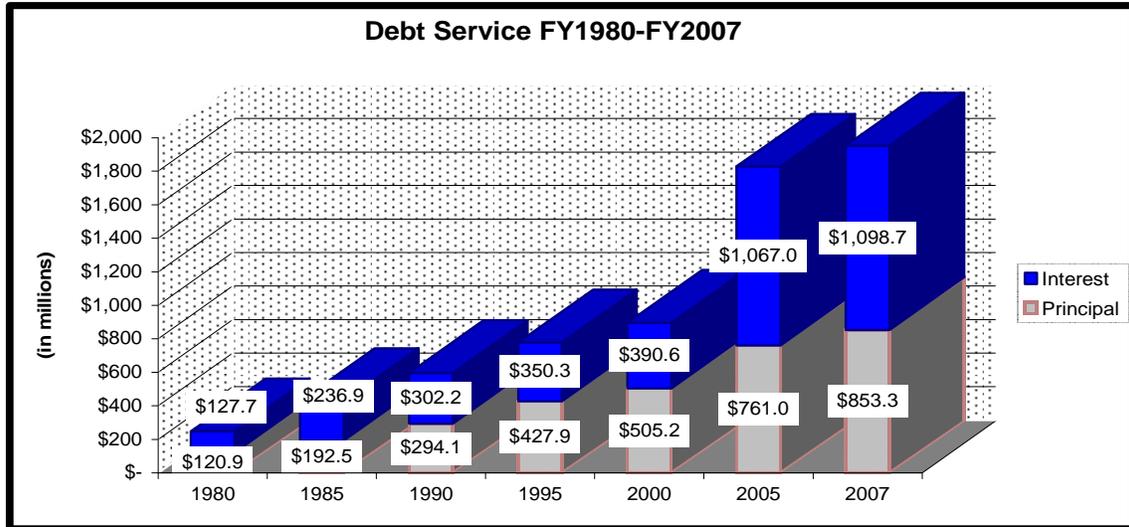
The State, certain State agencies and component units of the State are empowered by law to authorize, issue, and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation bonds are also considered direct debt of the State but are not backed by the full faith and credit of the State. Rather, special obligation bonds are supported and repaid only by a dedicated State revenue source. Revenue bonds are not backed by the full faith and credit of the State but are backed by a specific revenue stream. Some revenue bonds can be considered moral obligation debt which means that if resources from the specified revenue stream are insufficient to support the debt service, the State is then obligated. Also, some revenue bonds are classified as indirect debt which means that the asset is the property of a local government but part of the payment of the debt service comes from State resources. Lastly, some revenue bonds can be considered conduit debt which implies no obligation for the State. More detailed information regarding the State's long-term debt obligations is presented in Notes 9, 10 and 11 to the financial statements beginning on page 90.

Outstanding Bonded Debt as of June 30 (in millions of dollars)						
Primary Government	Governmental		Business-type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
General obligation bonds (backed by the State)	\$ 20,581	\$ 20,965			\$ 20,581	\$ 20,965
Special obligation bonds (backed by specific fee revenue)	2,399	2,539			2,399	2,539
Revenue bonds (backed by specific tax and fee revenue)			\$ 3,713	\$ 4,461	3,713	4,461
	<u>\$ 22,980</u>	<u>\$ 23,504</u>	<u>\$ 3,713</u>	<u>\$ 4,461</u>	<u>\$ 26,693</u>	<u>\$ 27,965</u>

As shown above, Illinois had outstanding general and special obligation bonds at June 30, 2007 totaling \$23.0 billion. The decrease in the balance of the general obligation bonds from the previous fiscal year is the first decrease since the year ended June 30, 1997 and the decrease in the balance of the special obligation bonds from the previous fiscal year is the first decrease since the year ended June 30, 1999. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources. In addition, bonds have been issued to make pension contributions to the State's retirement systems in prior fiscal years and to fund a portion of the State's unfunded portion of prior year's retirement liabilities. The amount of \$10.0 billion for pension purposes, issued in 2003, is included in the outstanding general obligation bonds as of June 30, 2007.

General obligation bonds, excluding refunding bonds, aggregating \$258 million were issued during fiscal year 2007 at interest rates ranging from 4.25% to 5.0%. There were no special

obligation bonds issued during fiscal year 2007. Debt service principal of \$853.3 million and interest costs of \$1.1 billion were paid and charged, respectively, in fiscal year 2007. The dramatic increase in debt service payments and outstanding debt since fiscal year 1980 is displayed in the following charts:



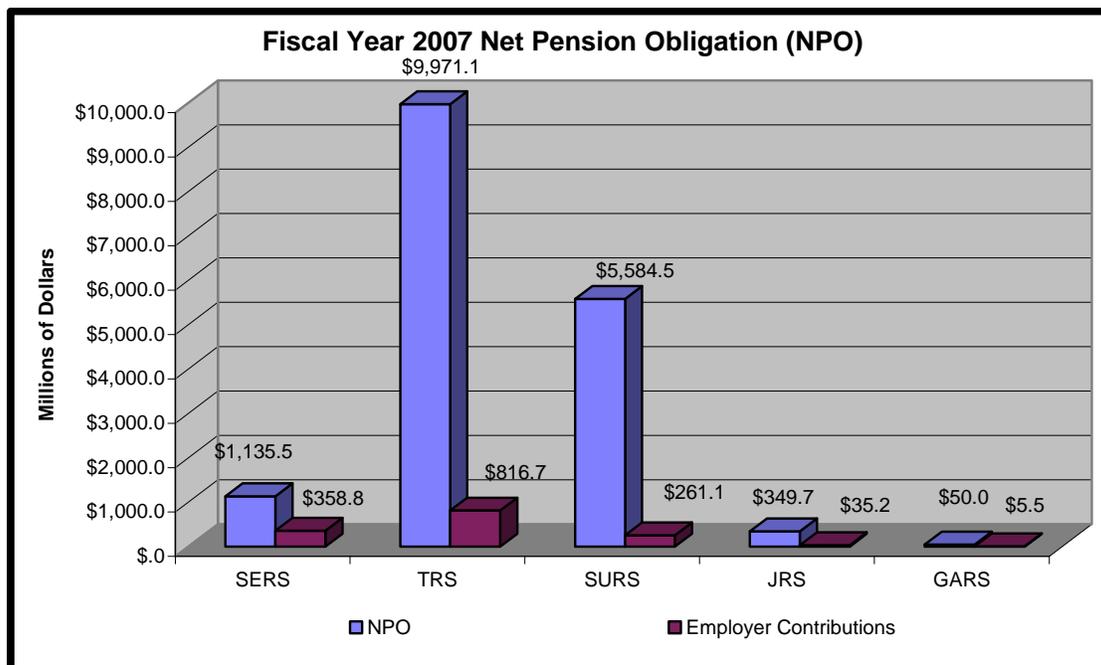
In addition to general and special obligation bonds, the primary government had \$3.7 billion of revenue bonds and \$2.1 billion of non-pension long-term obligations outstanding as of June 30, 2007.

Moody's Investors Services, Standard and Poor's and Fitch Ratings general obligation and special obligation-Build Illinois bond ratings did not change during fiscal year 2007. The State's bond rating from Moody's Investors Services remained at Aa3 on general obligation and special obligation-Build Illinois bonds. The State's bond rating from Moody's Investors Services for special obligation-Civic Center bonds of A1 has remained unchanged since the last issuance in fiscal year 2000. Standard and Poor's rating of AA for general obligation bonds and AAA for special obligation-Build Illinois bonds remained unchanged from fiscal year 2006. The State's bond rating of AA from Fitch Ratings remained unchanged from fiscal year 2006.

Retirement Systems

Besides general and special obligation bond indebtedness, the State’s largest liability is its net pension obligation. During fiscal year 2007, this obligation increased \$2.592 billion from \$14.499 billion at June 30, 2006, to \$17.091 billion at June 30, 2007. Of the \$2.592 billion increase, \$1.463 billion occurred at TRS where the annual pension cost (“APC”) was calculated to be \$2.279 billion and employer contributions were \$816.7 million. In addition, at SURS the APC was calculated to be \$861.3 million and employer contributions were \$261.1 million.

During fiscal year 2007, all of the State systems were funded in accordance with the *statutory funding* requirement. The new law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15 year phase-in and a “continuing appropriation”. For fiscal years 2006 and 2007, however, the law was amended allowing for decreased contributions 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) to ensure the decreases have no long-term effect on contributions. 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.



ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2007

Economic growth continued at a steady pace in Illinois during fiscal year 2007. The average Illinois unemployment rate decreased from 5.1% in fiscal year 2006 to 4.5% for 2007, the lowest Illinois average unemployment rate since fiscal year 1999. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.963 million workers in fiscal year 2007 an increase of 62,000 jobs or 1.0% above 2006 employment, but 82,000 jobs or 1.4% below peak employment of 6.045 million jobs in fiscal year 2001.

A second Illinois employment estimate, obtained through a household survey, showed a somewhat greater increase in Illinois employment. According to this survey, an average of 6.372 million Illinoisans were employed in fiscal year 2007, up 172,000 or 2.8% from the prior year employment level.

The shift in Illinois employment from the manufacturing to the service sectors continued in fiscal year 2007. Average fiscal year 2007 manufacturing employment of 681,000 jobs was down 4,000 jobs or 0.6% from fiscal year 2006 and down 226,000 jobs or 24.9% from the cyclical peak manufacturing employment of 907,000 jobs during fiscal year 1998.

A more comprehensive measure of Illinois' economic performance is the change in state personal income adjusted for inflation. This value increased 3.2% in fiscal year 2007 as a 5.9% increase in nominal personal income was offset by a 2.6% increase in the consumer price index. State personal income adjusted for inflation had increased 1.3% in fiscal year 2004, 1.1% in fiscal year 2005, and 1.1% in fiscal year 2006.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors a general overview of the State's financial position and changes in the State's net assets for the year ended June 30, 2007. If you have any questions about this report or need additional financial information, contact the Office of the Comptroller at (217) 782-6000.

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

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State of Illinois

Statement of Net Assets

June 30, 2007 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash equity with State Treasurer	\$ 6,154,639	\$ 556,642	\$ 6,711,281	\$ 538,188
Cash and cash equivalents	226,008	102,274	328,282	683,387
Investments	53,554	2,778,719	2,832,273	1,215,560
Receivables, net:				
Taxes	2,156,265	476,759	2,633,024	
Intergovernmental	2,713,376	31,998	2,745,374	8,418
Other	494,412	163,987	658,399	507,111
Unrestricted internal balances	(53,474)	53,474	--	
Due from fiduciary funds	9,562	792	10,354	49
Due from component units	355,798	176	355,974	157
Due from primary government				101,292
Inventories	110,766	289	111,055	44,027
Prepaid expenses	14,222	509	14,731	42,017
Unamortized bond issuance costs	62,550	2,342	64,892	44,649
Loans and notes receivable, net	83,431	1,175,839	1,259,270	1,942,261
Restricted assets:				
Cash equity with State Treasurer	25,423		25,423	132,813
Cash and cash equivalents	1,359	86,809	88,168	1,302,331
Investments	16,355	149,479	165,834	2,379,886
Intergovernmental receivables	106		106	
Other receivables	208	109,925	110,133	22,353
Loans and notes receivable, net	4,141	3,900,832	3,904,973	55,820
Other assets				23
Other assets	22,765	16	22,781	111,215
Capital assets not being depreciated	2,716,116	190	2,716,306	1,674,042
Capital assets being depreciated, net	15,672,472	2,776	15,675,248	6,407,964
Total assets	30,840,054	9,593,827	40,433,881	17,213,563
LIABILITIES				
Accounts payable and accrued liabilities	5,878,311	240,622	6,118,933	847,189
Intergovernmental payables	3,733,166	4,722	3,737,888	3,331
Due to fiduciary funds	82,285		82,285	2,138
Due to component units	94,679	6,655	101,334	157
Due to primary government				349,964
Unearned revenue	225,944	18,422	244,366	423,195
Assets held for others				209,000
Short-term notes payable		195,170	195,170	9,956
Long-term obligations:				
Due within one year	1,123,410	102,387	1,225,797	403,923
Due subsequent to one year	40,103,827	4,583,136	44,686,963	6,727,740
Total liabilities	51,241,622	5,151,114	56,392,736	8,976,593
NET ASSETS				
Invested in capital assets, net of related debt	13,370,326	2,966	13,373,292	4,411,733
Restricted for:				
Debt service	854,933	564,227	1,419,160	320,007
Municipal lending		1,584,323	1,584,323	
Unemployment compensation benefits		2,277,744	2,277,744	
Education	3,602	28,598	32,200	
Employment and economic development	38,001		38,001	
Health and social services	25,394		25,394	
Public protection and justice	10,028		10,028	
Environment and business regulation	7,480		7,480	
Transportation	6,694		6,694	
Other purposes	6,057		6,057	57,175
Funds held as permanent investments:				
Nonexpendable purposes	1,115		1,115	1,118,780
Expendable purposes	1,131		1,131	1,393,061
Unrestricted net assets	(34,726,329)	(15,145)	(34,741,474)	936,214
Total net assets	\$ (20,401,568)	\$ 4,442,713	\$ (15,958,855)	\$ 8,236,970

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, 2007 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Health and social services	\$ 21,417,224	\$ 137,591	\$ 11,653,872	\$ 119
Education	14,613,744	14,650	2,017,992	
General government	1,668,454	2,046,175	55,488	21,688
Employment and economic development	988,866	22,075	431,552	
Transportation	3,819,583	78,355	230,877	999,696
Public protection and justice	2,730,219	89,335	202,904	
Environment and business regulation	835,328	361,174	113,503	4,444
Intergovernmental-revenue sharing	5,036,015			
Interest	1,200,754			
Total governmental activities	<u>52,310,187</u>	<u>2,749,355</u>	<u>14,706,188</u>	<u>1,025,947</u>
Business-type activities				
Unemployment compensation trust	1,795,169	2,359,807		
Water revolving	22,820	62,818	80,319	
Prepaid tuition program	61,641	127,123		
Designated account purchase program	303,817	192,214	97,759	
Lottery	1,370,559	2,003,739		
Other	212,217	166,230	185	
Total business-type activities	<u>3,766,223</u>	<u>4,911,931</u>	<u>178,263</u>	
Total primary government	<u>\$ 56,076,410</u>	<u>\$ 7,661,286</u>	<u>\$ 14,884,451</u>	<u>\$ 1,025,947</u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 275,221	\$ 119,089	\$ 205,104	
Toll Highway Authority	501,428	585,095		
Other Authorities	188,451	121,674	9,185	\$ 1,068
Universities				
Illinois State University	357,315	178,259	25,062	1,810
Northern Illinois University	442,874	227,052	61,604	
Southern Illinois University	861,041	378,995	89,600	1,616
University of Illinois	3,832,626	1,729,014	784,158	8,541
Other Universities	757,051	330,469	112,852	3,363
Total component units	<u>\$ 7,216,007</u>	<u>\$ 3,669,647</u>	<u>\$ 1,287,565</u>	<u>\$ 16,398</u>
General revenues				
Taxes:				
Income taxes				
Sales taxes				
Motor fuel taxes				
Public utility taxes				
Riverboat taxes				
Hospital assessment taxes				
Other taxes				
Interest and investment income				
Other revenues				
Payments from the State of Illinois				
Additions to permanent endowments				
Special items				
Transfers				
Total general revenues, payments from the State of Illinois, additions to permanent funds and transfers				
Change in net assets				
Net assets, July 1, 2006, as restated				
Net assets, June 30, 2007				

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

Net (Expense) Revenues and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (9,625,642)		\$ (9,625,642)	
(12,581,102)		(12,581,102)	
454,897		454,897	
(535,239)		(535,239)	
(2,510,655)		(2,510,655)	
(2,437,980)		(2,437,980)	
(356,207)		(356,207)	
(5,036,015)		(5,036,015)	
(1,200,754)		(1,200,754)	
<u>(33,828,697)</u>			
	\$ 564,638	564,638	
	120,317	120,317	
	65,482	65,482	
	(13,844)	(13,844)	
	633,180	633,180	
	<u>(45,802)</u>	<u>(45,802)</u>	
	<u>1,323,971</u>		
		<u>(32,504,726)</u>	
			\$ 48,972
			83,667
			(56,524)
			(152,184)
			(154,218)
			(390,830)
			(1,310,913)
			<u>(310,367)</u>
			<u>(2,242,397)</u>
12,681,344		12,681,344	
9,846,437		9,846,437	
1,443,544		1,443,544	
1,605,502		1,605,502	
817,590		817,590	
1,538,512		1,538,512	
1,973,612		1,973,612	
367,884	76,343	444,227	440,959
1,175,340		1,175,340	273,527
			2,120,706
			42,296
	(17)	(17)	
<u>653,519</u>	<u>(653,519)</u>	<u>-</u>	
32,103,284	(577,193)	31,526,091	2,877,488
(1,725,413)	746,778	(978,635)	635,091
(18,676,155)	3,695,935	(14,980,220)	7,601,879
<u>\$ (20,401,568)</u>	<u>\$ 4,442,713</u>	<u>\$ (15,958,855)</u>	<u>\$ 8,236,970</u>

State of Illinois

**Balance Sheet -
Governmental Funds**

June 30, 2007 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash equity with State Treasurer	\$ 1,749,309	\$ 593,795	\$ 121,190	\$ 201,394	\$ 3,383,471	\$ 6,049,159
Cash and cash equivalents	2,400	3,785		2,625	175,821	184,631
Investments					69,909	69,909
Receivables, net:						
Taxes	1,723,511		125,848		306,906	2,156,265
Intergovernmental	1,920,565	144,931	72		638,143	2,703,711
Other	131,010	40,177		6,262	297,325	474,774
Due from other funds	53,192	29,066		98,834	426,624	607,716
Due from component units	26,165	3,717			316,669	346,551
Inventories	31,355	39,902			27,189	98,446
Loans and notes receivable, net	12,480				75,092	87,572
Other assets	15,000				7,765	22,765
Total assets	\$ 5,664,987	\$ 855,373	\$ 247,110	\$ 309,115	\$ 5,724,914	\$ 12,801,499
LIABILITIES						
Accounts payable and accrued liabilities	\$ 4,742,673	\$ 155,184	\$ 6,307	\$ 25,858	\$ 508,352	\$ 5,438,374
Intergovernmental payables	1,972,839	103,836	54,779	2,034	1,573,910	3,707,398
Due to other funds	748,661	170,880	45,514		170,478	1,135,533
Due to component units	62,626	3,818		104	25,341	91,889
Unavailable revenue	1,902,414	84,421	15,262		341,345	2,343,442
Unearned revenue	62,924				162,837	225,761
Matured portion of long-term liabilities	394	450				844
Total liabilities	9,492,531	518,589	121,862	27,996	2,782,263	12,943,241
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	9,887	5,294	3		13,171	28,355
Long-term portion of:						
Loans and notes receivable	12,302				68,072	80,374
Other assets					7,532	7,532
Inventories	31,355	39,902			27,189	98,446
Other purposes					4,265	4,265
Unreserved:						
Designated for reappropriated accounts, reported in:						
Special revenue funds		291,588		281,119	87,970	660,677
Capital projects funds					132,352	132,352
Undesignated:						
General fund	(3,881,088)					(3,881,088)
Special revenue funds			125,248		1,755,585	1,880,830
Debt service funds					834,197	834,197
Capital projects funds					11,187	11,187
Permanent funds					1,131	1,131
Total fund balances (deficits)	(3,827,544)	336,784	125,248	281,119	2,942,651	(141,742)
Total liabilities and fund balances (deficits)	\$ 5,664,987	\$ 855,373	\$ 247,110	\$ 309,115	\$ 5,724,914	\$ 12,801,499

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

State of Illinois
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
June 30, 2007
(Expressed in Thousands)

Total fund balances-governmental funds		\$ (141,742)
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		18,088,883
Prepaid expenses for governmental activities are current uses of financial resources for funds.		13,595
Bond issuance costs are reported as current expenditures in governmental funds. However, bond issuance costs are deferred and amortized over the life of the bonds and are included as governmental activities in the Statement of Net Assets.		62,550
Bond refunding costs are reported as current expenditures in governmental funds. However, bond refunding costs are deferred and amortized over the life of the defeased bonds and are included in governmental activities in the Statement of Net Assets.		63,702
Internal service funds are used to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported as governmental activities in the Statement of Net Assets.		363,867
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.		2,343,442
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Net pension obligation	(17,090,697)	
General obligation bonds	(20,580,959)	
Special obligation bonds	(2,398,859)	
Unamortized premiums	(419,740)	
Unamortized discounts	2,325	
Other commitments	(36,931)	
Compensated absences	(417,851)	
Certificates of participation	(61,915)	
Auto liability	(8,464)	
Capital lease and installment purchase obligations	(16,664)	
Accrued interest	(166,110)	
	(41,195,865)	
Net assets of governmental activities		\$ (20,401,568)

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, 2007 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
REVENUES						
Income taxes	\$ 11,377,815				\$ 1,209,891	\$ 12,587,706
Sales taxes	7,227,997				2,636,640	9,864,637
Motor fuel taxes			\$ 1,359,883		76,635	1,436,518
Public utility taxes	1,145,314				470,088	1,615,402
Riverboat taxes					817,590	817,590
Hospital assessment taxes	804,797					804,797
Other taxes	1,577,841				395,911	1,973,752
Federal government	7,090,506	\$ 990,299	9		6,431,786	14,512,600
Licenses and fees	266,677	856,968	734	\$ 501,310	534,734	2,160,423
Interest and other investment income	242,158	27,874		4,282	85,196	359,510
Other	1,255,718	104,137			1,043,943	2,403,798
Total revenues	30,988,823	1,979,278	1,360,626	505,592	13,702,414	48,536,733
EXPENDITURES						
Current:						
Health and social services	17,181,336				4,050,040	21,231,376
Education	10,156,029				2,382,117	12,538,146
General government	802,251	156,064	63,413		294,495	1,316,223
Employment and economic development	168,206				791,896	960,102
Transportation	125,093	1,343,520	661,677	46,197	625,543	2,802,030
Public protection and justice	2,026,412	128,412			334,164	2,488,988
Environment and business regulation	149,091				621,364	770,455
Debt service:						
Principal	2,740	28			861,765	864,533
Interest	1,150	4			1,115,360	1,116,514
Capital outlays	14,421	928,000	75	426,351	238,315	1,607,162
Intergovernmental					5,036,015	5,036,015
Total expenditures	30,626,729	2,556,028	725,165	472,548	16,351,074	50,731,544
Excess (deficiency) of revenues over (under) expenditures	362,094	(576,750)	635,461	33,044	(2,648,660)	(2,194,811)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation bonds issued					258,000	258,000
Premiums on general obligation bonds issued					12,085	12,085
General obligation refunding bonds issued					329,000	329,000
Premiums on general obligation refunding bonds issued					14,014	14,014
Payment to refunded bond escrow agent					(341,849)	(341,849)
Transfers-in	2,780,014	344,836		230,960	5,733,672	9,089,482
Transfers-out	(4,004,272)	(272,102)	(637,836)		(3,489,600)	(8,403,810)
Capital lease financing	3,936	31			4,321	8,288
Net other sources (uses) of financial resources	(1,220,322)	72,765	(637,836)	230,960	2,519,643	965,210
Net change in fund balances	(858,228)	(503,985)	(2,375)	264,004	(129,017)	(1,229,601)
Fund balances (deficits), July 1, 2006, as restated	(2,970,224)	835,119	127,623	17,115	3,065,620	1,075,253
Increase (decrease) for changes in inventories	908	5,650			6,048	12,606
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (3,827,544)	\$ 336,784	\$ 125,248	\$ 281,119	\$ 2,942,651	\$ (141,742)

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, 2007
(Expressed in Thousands)

Net change in fund balances	\$ (1,229,601)
Change in inventories	12,606
	(1,216,995)

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

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

Capital outlay	1,607,162	
Depreciation expense	(1,106,032)	
Excess of capital outlay over depreciation expense		501,130

During the fiscal year, certain capital assets were transferred into internal service funds and included in the net revenue amount for internal service funds below. (18,541)

Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities, losses from the sale of capital assets are also reported. This is the book value of capital assets which were sold or scrapped during the year. (10,791)

Capital asset transfers from enterprise funds are not reported as increases in fund balances in governmental funds. This is the book value of capital assets which were transferred from enterprise funds during the year. 74

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, bond proceeds for the year were this amount, including a premium of \$26,099. (613,099)

Bond issuance costs are reported as current expenditures in governmental funds. However, deferred issuance costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. 2,522

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

Bond principal retirements	853,263	
Capital lease and installment purchase principal payments	3,803	
Certificates of participation principal retirements	7,467	
Payments to bond refunding agent	341,849	
Total long-term debt repayment		1,206,382

Some capital additions were financed through capital leases or installment purchases. In governmental funds, a capital lease or installment purchase arrangement is considered a source of financing, but in the Statement of Net Assets the obligation is reported as a liability. (8,288)

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. 280

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. 1,075,238

Prepaid expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Prepaid expenses decreased by this amount during the year. (1,962)

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

Amortization of bond premiums	46,417	
Amortization of bond discounts	(121)	
Deferred loss on current year refundings of debt	6,794	
Accrued interest paid to refunding agent	(6,799)	
Amortization of bond issuance costs	(4,809)	
Amortization of deferred loss on refundings of debt	(12,021)	
Total reduction in expenditures for refundings of debt		29,461

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

Increase in net pension obligation	(2,591,361)	
Increase in compensated absences obligation	(7,175)	
Interest accreted on capital appreciation debt	(77,426)	
Decrease in auto liability obligation	436	
Decrease in accrued interest on obligations	8,800	
Decrease in other obligations	(4,098)	
Total additional expenses		(2,670,824)

Change in net assets of governmental activities \$ (1,725,413)

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

State of Illinois

Statement of Net Assets -
Proprietary Funds

June 30, 2007 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Major							
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds			
ASSETS								
Cash equity with State Treasurer		\$ 427,269	\$ 5,021	\$ 1,282	\$ 123,070	\$ 556,642	\$ 130,903	
Cash and cash equivalents	\$ 2,778	8,948	2,247	80,904	7,397	102,274	42,736	
Investments	1,765,139			70	19,287	1,784,496		
Receivables, net:								
Taxes	476,759					476,759		
Intergovernmental	28,974	420			2,604	31,998	9,771	
Other	90,872	43,289	54	98	29,674	163,987	19,846	
Due from other funds	3,910			788	89,658	94,356	416,442	
Due from component units	155				21	176	9,247	
Loans and notes receivable, net		95,224				95,224		
Restricted assets:								
Cash and cash equivalents		12,579		74,230		86,809		
Investments		62,968		38,226		101,194		
Other receivables, net		7,834		102,091		109,925		
Loans and notes receivable, net		32,626		662,501		695,127		
Unamortized bond issuance costs		142		40		182		
Inventories					289	289	12,320	
Prepaid expenses					509	509	627	
Other assets				16		16		
Total current assets	2,368,587	691,299	7,322	960,246	272,509	4,299,963	641,892	
Investments			986,334		7,889	994,223		
Loans and notes receivable, net		1,080,615				1,080,615		
Restricted assets:								
Investments		48,285				48,285		
Loans and notes receivable, net		370,241		2,835,464		3,205,705		
Unamortized bond issuance costs		780		1,380		2,160		
Capital assets not being depreciated					190	190	38,564	
Capital assets being depreciated, net		185		44	2,547	2,776	261,141	
Total noncurrent assets		1,500,106	986,334	2,836,888	10,626	5,333,954	299,705	
Total assets	2,368,587	2,191,405	993,656	3,797,134	283,135	9,633,917	941,597	
LIABILITIES								
Accounts payable and accrued liabilities	81,946	4,092	983	25,224	128,377	240,622	273,827	
Intergovernmental payables	4,717				5	4,722	25,768	
Due to other funds	4,180	49	58	27,020	8,783	40,090	14,822	
Due to component units		1			6,654	6,655	2,790	
Unearned revenue					18,422	18,422	183	
Short-term note payable				195,170		195,170		
Current portion of long-term obligations		19,855	31,032	40,598	10,902	102,387	122,237	
Total current liabilities	90,843	23,997	32,073	288,012	173,143	608,068	439,627	
Noncurrent portion of long-term obligations		211,118	925,261	3,439,697	7,060	4,583,136	138,103	
Total liabilities	90,843	235,115	957,334	3,727,709	180,203	5,191,204	577,730	
NET ASSETS								
Invested in capital assets, net of related debt		185		44	2,737	2,966	253,973	
Net assets restricted for:								
Debt service		534,533		29,694		564,227	3,675	
Municipal lending		1,584,323				1,584,323		
Unemployment compensation benefits	2,277,744					2,277,744		
Education					28,598	28,598		
Unrestricted		(162,751)	36,322	39,687	71,597	(15,145)	106,219	
Total net assets	\$ 2,277,744	\$ 1,956,290	\$ 36,322	\$ 69,425	\$ 102,932	\$ 4,442,713	\$ 363,867	

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

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES							
Charges for sales and services			\$ 2,259		\$ 2,165,050	\$ 2,167,309	\$ 2,392,137
Interest income pledged as revenue bond security		\$ 62,818		\$ 192,214		255,032	
Interest and other investment income			124,864		61	124,925	
Employer contributions	\$ 2,334,077					2,334,077	
Other	25,730				4,858	30,588	2,257
Total operating revenues	2,359,807	62,818	127,123	192,214	2,169,969	4,911,931	2,394,394
OPERATING EXPENSES							
Cost of sales and services					230,328	230,328	491,390
Benefit payments and refunds	1,795,169				63,519	1,858,688	1,826,704
Prizes and claims					1,159,571	1,159,571	
Interest				213,091		213,091	1,505
General and administrative		12,402	3,915	90,691	117,493	224,501	53,364
Depreciation		8		35	615	658	25,140
Other			57,726		11,250	68,976	12,338
Total operating expenses	1,795,169	12,410	61,641	303,817	1,582,776	3,755,813	2,410,441
Operating income (loss)	564,638	50,408	65,482	(111,603)	587,193	1,156,118	(16,047)
NONOPERATING REVENUES (EXPENSES)							
Interest and investment income	64,279	6,335			5,729	76,343	7,975
Interest expense		(10,408)				(10,408)	(3,588)
Federal government		80,319		97,759	185	178,263	25,872
Other expenses		(2)				(2)	(246)
Income (loss) before special items and transfers	628,917	126,652	65,482	(13,844)	593,107	1,400,314	13,966
Special items				(17)		(17)	
Contributions of capital assets							18,541
Transfers-in	1,483	8,237			55,530	65,250	
Transfers-out	(23,688)		(25)	(56,298)	(638,758)	(718,769)	(32,227)
Change in net assets	606,712	134,889	65,457	(70,159)	9,879	746,778	280
Net assets, July 1, 2006, as restated	1,671,032	1,821,401	(29,135)	139,584	93,053	3,695,935	363,587
NET ASSETS, JUNE 30, 2007	\$ 2,277,744	\$ 1,956,290	\$ 36,322	\$ 69,425	\$ 102,932	\$ 4,442,713	\$ 363,867

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, 2007 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from sales and services			\$ 2,259		\$ 173,431	\$ 175,690	\$ 304,500
Cash received from lottery sales (net of \$887,785 cash prizes paid by agents and \$100,871 commissions retained by agents)					1,006,704	1,006,704	
Cash received from transactions with other funds							2,056,644
Cash payments to suppliers for goods and services		\$ (2,080)	(3,050)	\$ (41,896)	(84,728)	(131,754)	(2,158,062)
Cash payments to employees for services		(10,142)	(729)	(10,922)	(171,387)	(193,180)	(133,513)
Cash payments for lottery prizes					(261,956)	(261,956)	
Cash receipts from unemployment taxes	\$ 2,361,939						2,361,939
Cash payments for unemployment benefits	(1,804,741)						(1,804,741)
Cash receipts from interest income on loans		59,223					59,223
Cash receipts from prepaid tuition contract sales			119,795				119,795
Cash payments for tuition			(28,337)				(28,337)
Cash payments for tuition contract refunds			(6,191)				(6,191)
Cash receipts from student loan principal				314,639			314,639
Cash receipts from student loan interest				800,000			800,000
Cash receipts from sale of student loans				670,786			670,786
Cash payments for student loans issued				(1,271,428)			(1,271,428)
Cash payments for expenses related to sale of student loans				(1,446)			(1,446)
Cash payments for workers compensation							(90,160)
Cash receipts from other operating activities	25,730				5,550	31,280	40,396
Cash payments for other operating activities					(39,973)	(39,973)	(22)
Net cash provided (used) by operating activities	582,928	47,001	83,747	459,733	627,641	1,801,050	19,783
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds from borrowings, net of bond issuance costs				195,170		195,170	
Principal paid on revenue bonds and other borrowings		(17,155)		(40,135)		(57,290)	
Principal paid on early extinguishment of debt				(690,180)		(690,180)	
Interest paid on revenue bonds and other borrowings		(12,071)		(211,019)		(223,090)	
Grants received		94,236		108,317	206	202,759	36,472
Transfers-in from other funds	1,483	8,237			28,530	38,250	
Transfers-out to other funds	(24,799)		(25)	(29,298)	(634,201)	(688,323)	(32,227)
Arbitrage rebates	(3,920)					(3,920)	
Fees paid with early extinguishment of debt				(3,465)		(3,465)	
Net cash provided (used) by noncapital financing activities	(27,236)	73,247	(25)	(670,610)	(605,465)	(1,230,089)	4,245
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets		(181)		(14)	(391)	(586)	(12,738)
Principal paid on capital debt							(6,454)
Interest paid on capital debt							(2,547)
Net cash used by capital and related financing activities		(181)		(14)	(391)	(586)	(21,739)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investment securities	(2,492,593)	(123,790)	(416,384)	(47,596)	(35,826)	(3,116,189)	
Proceeds from sales and maturities of investment securities	1,864,590	132,371	311,061	30,629	34,302	2,372,953	
Loan disbursements		(180,176)				(180,176)	
Loan repayments		91,382				91,382	
Interest and dividends on investments	65,089	6,112	18,123	10,949	5,536	105,809	7,859
Net cash provided (used) by investing activities	(562,914)	(74,101)	(87,200)	(6,018)	4,012	(726,221)	7,859
Net increase (decrease) in cash and cash equivalents	(7,222)	45,966	(3,478)	(216,909)	25,797	(155,846)	10,148
Cash and cash equivalents, July 1, 2006, as restated	10,000	402,830	10,746	373,325	104,670	901,571	163,491
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 2,778	\$ 448,796	\$ 7,268	\$ 156,416	\$ 130,467	\$ 745,725	\$ 173,639
Reconciliation of cash and cash equivalents to the Statement of Net Assets:							
Total cash and cash equivalents per Statement of Net Assets	\$ 2,778	\$ 8,948	\$ 2,247	\$ 80,904	\$ 7,397	\$ 102,274	\$ 42,736
Add: cash equity with State Treasurer		427,269	5,021	1,282	123,070	556,642	130,903
Add: restricted cash equivalents		12,579		74,230		86,809	
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 2,778	\$ 448,796	\$ 7,268	\$ 156,416	\$ 130,467	\$ 745,725	\$ 173,639

State of Illinois

Statement of Cash Flows -
Proprietary Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
OPERATING INCOME (LOSS)	\$ 564,638	\$ 50,408	\$ 65,482	\$ (111,603)	\$ 587,193	\$ 1,156,118	\$ (16,047)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation		8		35	615	658	25,140
Provision for uncollectible accounts	(8,121)			6,554	1,911	344	
Amortization			54,684	22,213	(85)	76,812	
Interest and investment income			(121,822)	(11,822)		(133,644)	
Interest expense				213,091		213,091	
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	20,680	(3,596)		(18,714)	(9,702)	(11,332)	(7,843)
(Increase) decrease in intergovernmental receivables	(1,130)				(294)	(1,424)	(42)
(Increase) decrease in due from other funds	(347)			359	1,145	1,157	(65,614)
(Increase) decrease in due from component units	(4)				(21)	(25)	(28)
(Increase) decrease in loans and notes receivable				358,261		358,261	
(Increase) decrease in inventory					1,002	1,002	(2,382)
(Increase) decrease in prepaid expenses					(243)	(243)	143
(Increase) decrease in other assets				(8)		(8)	
Increase (decrease) in accounts payable and accrued liabilities	6,106	230	136	1,652	36,801	44,925	32,301
Increase (decrease) in intergovernmental payables	1,106			(187)	(283)	636	24,473
Increase (decrease) in due to other funds		(86)	(3)		(2,661)	(2,750)	6,758
Increase (decrease) in due to component units			(4)		6,652	6,648	2,109
Increase (decrease) in unearned revenue					7,051	7,051	183
Increase (decrease) in other liabilities		37	85,274	(98)	(1,440)	83,773	20,632
Total adjustments	18,290	(3,407)	18,265	571,336	40,448	644,932	35,830
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 582,928	\$ 47,001	\$ 83,747	\$ 459,733	\$ 627,641	\$ 1,801,050	\$ 19,783
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Cost of installment purchases							\$ 4,315
Loss on disposal of capital assets		\$ (2)				\$ (2)	\$ (246)
Transfer of assets from (to) other state funds					\$ (74)	\$ (74)	\$ 18,541
Increase (decrease) in fair value of investments			\$ 103,709	\$ 459	\$ (9)	\$ 104,159	

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

State of Illinois

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash equity with State Treasurer	\$ 359,070	\$ 3,332	\$ 1,121	\$ 306,598
Cash and cash equivalents	1,137,427	5,269,064	92,158	31,488
Investments:				
Equities	35,257,062		2,424,862	
Fixed income	15,763,926	741,367	139	
Private equity	2,835,828			
Real estate	5,021,553			
Other	2,081,864			836,673
Equity in Illinois State Board of Investments	12,552,196			
Securities lending collateral	7,183,165			
Receivables, net:				
Taxes				133,189
Members	103,245			
Employers	24,498			
Investment income	313,419	2,158	15,889	
Intergovernmental	5,926			288
Pending investment sales	5,387,770			
Other	24,115		5	173,672
Due from other funds	45			
Due from primary government funds	13,405			68,880
Due from component units	2,157			
Prepaid expenses	1,119			
Loans and notes receivable, net			72	
Other assets				58,590
Capital assets not being depreciated	1,675			
Capital assets being depreciated, net	10,837			
Total assets	88,080,302	6,015,921	2,534,246	\$ 1,609,378
LIABILITIES				
Accounts payable and accrued liabilities	207,268	199	854	\$ 37,165
Intergovernmental payables	1			481,166
Due to other funds	45			
Due to primary government funds	9,562	792		
Due to component units				61
Security lending collateral	7,183,165			
Payable to brokers for unsettled trades	6,219,919			
Depository and other liabilities		2,889	6,205	1,090,986
Long term obligations:				
Due within one year	36			
Due subsequent to one year	3,340			
Total liabilities	13,623,336	3,880	7,059	\$ 1,609,378
NET ASSETS				
Net assets held in trust for:				
Pension and other employee benefits	74,456,966			
Pool participants		6,012,041		
Other purposes			2,527,187	
Total net assets	\$ 74,456,966	\$ 6,012,041	\$ 2,527,187	

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

State of Illinois

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS			
Deposits/Contributions:			
Employer	\$ 584,871		
State	1,067,125		
Participants			\$ 1,025,070
Members:			
Employees	1,615,064		
Retirees	140,124		
Federal Medicare Part D	18,369		
Other contributions	40,849		7
Total contributions	3,466,402		1,025,077
Investment income:			
Interest and other investment income	2,453,119	\$ 293,461	51,908
Net increase (decrease) in fair value of investments	9,700,692	(6,790)	249,668
Reimbursements of expenses			
not separable from investment income	3,194		
Less investment expense	(409,172)	(4,495)	
Net investment income	11,747,833	282,176	301,576
Capital share and individual account transactions:			
Shares sold		9,889,842	
Reinvested distributions		244,271	
Shares redeemed		(8,913,044)	
Net capital share and individual account transactions		1,221,069	
Total additions	15,214,235	1,503,245	1,326,653
DEDUCTIONS			
Benefit payments	6,078,888		
Refunds	128,344		
Payments in accordance with trust agreements			635,557
Distribution to pool investors		244,271	
Depreciation	1,589		
General and administration	41,579		7,697
Total deductions	6,250,400	244,271	643,254
Net additions (deductions)	8,963,835	1,258,974	683,399
Net Assets, July 1, 2006, as restated	65,493,131	4,753,067	1,843,788
Net Assets, June 30, 2007	\$ 74,456,966	\$ 6,012,041	\$ 2,527,187

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

State of Illinois

Statement of Net Assets

Component Units

June 30, 2007 (Expressed in Thousands)

	Illinois Housing Development Authority	Toll Highway Authority	Other Authorities	Illinois State University	Northern Illinois University	Southern Illinois University
ASSETS						
Cash equity with State Treasurer	\$ 412	\$ 537,776				
Cash and cash equivalents	18,053	24,288	\$ 88,998	\$ 31,081	\$ 16,692	\$ 114,235
Investments	139,134		23,265	109,289	148,489	266,796
Receivables, net:						
Intergovernmental		19	1,366			
Other	11,633	54,735	6,322	11,248	19,322	47,773
Due from component units				13	11	87
Due from primary government			103	2,111	644	12,966
Inventories			9	2,966	3,219	6,362
Prepaid expenses		13,311	186	1,845	3	1,127
Unamortized bond issuance costs	15,969	9,968	1,572	715	2,570	3,808
Loans and notes receivable, net	1,785,274		41,565	10,090	9,693	19,624
Restricted assets:						
Cash equity with State Treasurer		111,434	21,379			
Cash and cash equivalents		859,228	20,984	13,298		
Investments	635,752	142,147	20,503	75,982		
Other receivables, net		21,151	1,202			
Loans and notes receivable, net			55,820			
Other assets						
Other assets	33,932		430	1,140	11,218	22,926
Capital assets not being depreciated		821,815	40,390	42,330	57,365	128,298
Capital assets being depreciated, net	203	2,275,039	12,749	236,519	261,021	449,151
Total assets	2,640,362	4,870,911	336,843	538,627	530,247	1,073,153
LIABILITIES						
Accounts payable and accrued liabilities	57,569	295,466	6,987	16,250	26,506	38,494
Intergovernmental payables						
Due to component units				2		
Due to primary government	316,383		215	194	21	303
Unearned revenue		157,863	20,123	7,081	25,129	48,285
Assets held for others	167,508			8,873		
Short-term notes payable			2,042			
Long-term obligations:						
Due within one year	102,783	65,571	34,699	6,420	12,577	26,935
Due subsequent to one year	1,485,221	2,418,375	91,858	97,541	185,544	331,086
Total liabilities	2,129,464	2,937,275	155,924	136,361	249,777	445,103
NET ASSETS						
Invested in capital assets, net of related debt	203	1,337,314	36,165	224,734	153,585	333,408
Restricted for:						
Debt service		248,805	2,835			41,256
Nonexpendable purposes			82	56,808	35,185	84,055
Other expendable purposes	425,135	364		35,609	26,931	91,280
Other purposes			57,175			
Unrestricted	85,560	347,153	84,662	85,115	64,769	78,051
Total net assets	\$ 510,898	\$ 1,933,636	\$ 180,919	\$ 402,266	\$ 280,470	\$ 628,050

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

University of Illinois	Other Universities	Total
		\$ 538,188
\$ 285,345	\$ 104,695	683,387
496,604	31,983	1,215,560
	7,033	8,418
324,678	31,400	507,111
10	36	157
81,322	4,195	101,341
27,546	3,925	44,027
23,828	1,717	42,017
7,940	2,107	44,649
61,347	14,668	1,942,261
		132,813
369,188	39,633	1,302,331
1,419,146	86,356	2,379,886
		22,353
		55,820
	23	23
40,940	629	111,215
433,767	150,077	1,674,042
2,684,830	488,452	6,407,964
6,256,491	966,929	17,213,563
357,429	48,488	847,189
	3,331	3,331
71	84	157
32,247	2,739	352,102
148,318	16,396	423,195
32,619		209,000
6,402	1,512	9,956
129,734	25,204	403,923
1,885,165	232,950	6,727,740
2,591,985	330,704	8,976,593
1,844,838	481,486	4,411,733
20,642	6,469	320,007
889,707	52,943	1,118,780
749,953	63,789	1,393,061
		57,175
159,366	31,538	936,214
\$ 3,664,506	\$ 636,225	\$ 8,236,970

State of Illinois

Statement of Activities

Component Units

For the Year Ended June 30, 2007 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Authorities:					
Illinois Housing Development Authority	\$ 275,221	\$ 119,089	\$ 205,104		\$ 48,972
Toll Highway Authority	501,428	585,095			83,667
Other authorities	188,451	121,674	9,185	\$ 1,068	(56,524)
Universities:					
Illinois State University	357,315	178,259	25,062	1,810	(152,184)
Northern Illinois University	442,874	227,052	61,604		(154,218)
Southern Illinois University	861,041	378,995	89,600	1,616	(390,830)
University of Illinois	3,832,626	1,729,014	784,158	8,541	(1,310,913)
Other universities	757,051	330,469	112,852	3,363	(310,367)
Total	<u>\$ 7,216,007</u>	<u>\$ 3,669,647</u>	<u>\$ 1,287,565</u>	<u>\$ 16,398</u>	<u>\$ (2,242,397)</u>

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

General revenues			Additions to permanent endowments	Change in net assets	Net assets, July 1, 2006,	Net assets, June 30, 2007
State appropriations	Interest and investment income	Other				
	\$ 3,945			\$ 52,917	\$ 457,981	\$ 510,898
	72,268	\$ 5,751		161,686	1,771,950	1,933,636
\$ 12,610	9,161	22,077	\$ 259	(12,417)	193,336	180,919
131,791	18,305	34,874	1,349	34,135	368,131	402,266
160,456	12,028	802	1,261	20,329	260,141	280,470
358,981	33,321	65,263	4,614	71,349	556,701	628,050
1,105,293	272,938	139,145	29,298	235,761	3,428,745	3,664,506
351,575	18,993	5,615	5,515	71,331	564,894	636,225
<u>\$ 2,120,706</u>	<u>\$ 440,959</u>	<u>\$ 273,527</u>	<u>\$ 42,296</u>	<u>\$ 635,091</u>	<u>\$ 7,601,879</u>	<u>\$ 8,236,970</u>

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STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2007

<i>I</i> SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

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

B. *Financial Reporting Entity*

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

The State’s governing body consists of the legislative, executive and judicial branches of government. The legislative function is controlled by an elected General Assembly composed of a 59-member Senate and a 118-member House of Representatives. The executive branch consists of the Governor (the chief executive of the State), the Lieutenant Governor, the Attorney General, the Secretary of State, the Comptroller and the Treasurer. The judicial branch is composed of a seven-member Supreme Court, five Appellate court districts and twenty-two Circuit Court judicial districts including Cook County.

The financial statements distinguish between the “primary government” and its “component units.” The State’s participation in a joint venture, related organizations and jointly governed organizations is separately disclosed below. The primary government, which consists of organizations that make up the State’s legal entity, is the nucleus of the State’s reporting entity. Component units are legally separate organizations for which the State is financially accountable. The State provided over \$2.1 billion in direct unrestricted expenditures to the State’s component units and also provided restricted grants, employee health insurance, employee retirement contributions, and construction project management during the fiscal year. Complete financial statements of the individual component units can be obtained from the respective component unit’s administrative offices (as listed in parentheses below).

Fiduciary Component Units

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

1. *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, of which, 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 it is a part of the primary government using the blending method since it provides services primarily to benefit the State:

1. *Office of the Special Deputy Receiver ("OSD")*. The OSD acts as agent for the State of Illinois in supervising the conservation, rehabilitation or liquidation of insurance companies. The OSD reports on a December 31 year-end. (Administrative Office: 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654).

Discretely Presented Component Units

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

1. *Illinois Housing Development Authority ("IHDA")*. The IHDA issues notes and bonds to make loans for the acquisition, construction and rehabilitation of housing and to encourage home ownership. The State approves bonds and notes issued by the IHDA and is secondarily liable for its debt if there are not sufficient IHDA monies to pay principal and interest. (Administrative Offices: 401 North Michigan Avenue, Suite 900, Chicago, Illinois 60611).
2. *Illinois State Toll Highway Authority ("THA")*. The THA operates a toll highway system to promote the public welfare and to facilitate vehicular traffic by providing convenient, safe, modern and limited access highways within Illinois. The State substantially approves the THA's budget. The THA reports on a December 31 year-end. (Administrative Offices: 2700 Ogden Avenue, Downers Grove, Illinois 60515).

3. *Illinois Literacy Foundation (“Foundation”)*. The Foundation promotes literacy among the residents of the State of Illinois by supporting literacy programs and enhancing Statewide literacy awareness. The State has the ability to appoint, hire, reassign and dismiss those persons responsible for the day-to-day operations of the Foundation. (Administrative Offices: 431 South 4th, 1st Floor, Springfield, Illinois 62756).
4. *Illinois Grain Insurance Corporation (“Corporation”)*. The Corporation was created for the purpose of improving the economic stability of agriculture in the State of Illinois by establishing a fund to pay grain producers and other claimants for losses incurred by the failure of a grain dealer or warehouseman. The State has the ability to remove appointed members of the Corporation’s governing board at will. (Administrative Offices: State Fairgrounds, Springfield, Illinois 62794).
5. *Illinois Conservation Foundation (“Foundation”)*. The Foundation was created to promote, support, assist, sustain and encourage the charitable, educational, scientific and recreational programs, projects and policies of the Illinois Department of Natural Resources. The State has the ability to appoint, hire, reassign and dismiss those persons responsible for the day-to-day operations of the Foundation. (Administrative Offices: Natural Resources Road, Springfield, Illinois 62701-1787).
6. *Comprehensive Health Insurance Plan (“CHIP”) Board*. The CHIP provides an alternate market for health insurance for eligible Illinois residents having a pre-existing health condition. The State substantially approves the CHIP’s budget. (Administrative Offices: 400 West Monroe Street, Suite 202, Springfield, Illinois 62704).
7. *East St. Louis Financial Advisory Authority (“Authority”)*. The Authority was created to provide a secure financial basis for and to furnish assistance to the city of East St. Louis. The State funds certain programs of the Authority. (Administrative Offices: 10 Collinsville Avenue, East St. Louis, Illinois 62201).
8. *Illinois Finance Authority (“Authority”)*. The Authority was created during fiscal year 2004 to assume and exercise all rights, powers, duties and responsibilities formerly exercised by the following authorities prior to the abolition of those authorities: the Illinois Development Finance Authority, the Illinois Farm Development Authority, the Illinois Health Facilities Authority, the Illinois Educational Facilities Authority, the Illinois Community Development Finance Corporation and the Illinois Rural Bond Bank. (Administrative Offices: 233 South Wacker Drive, Suite 4000, Chicago, Illinois 60606).
9. *Illinois Medical District Commission (“Commission”)*. The Commission was created to maintain and expand a designated “medical district.” The State substantially approves the Commission’s budget. (Administrative Offices: 600 South Hoyne, Chicago, Illinois 60612).
10. *Quad Cities Regional Economic Development Authority (“Authority”)*. The Authority promotes economic development within the counties of Rock Island, Henry and Mercer in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 1830 Second Avenue, Suite 200, Rock Island, Illinois 61201).

11. *Southwestern Illinois Development Authority* (“Authority”). The Authority promotes economic development within the counties of St. Clair and Madison in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 1022 Eastport Plaza, Collinsville, Illinois 62234).
12. *Southeastern Illinois Economic Development Authority* (“Authority”). The Authority promotes economic development in Fayette, Cumberland, Clark, Effingham, Jasper, Crawford, Marion, Clay, Richland, Lawrence, Jefferson, Wayne, Edwards, Wabash, Hamilton and White counties and Irvington Township in Washington County. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 200 Potomac Boulevard, Mt. Vernon, Illinois 62864).
13. *Upper Illinois River Valley Development Authority* (“Authority”). The Authority promotes economic development within the counties of Grundy, LaSalle, Bureau, Putnam, Kendall, Kane, McHenry and Marshall in the State of Illinois. The State approves bonds and notes issued by the Authority and is secondarily liable for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 321 West Main Street, Ottawa, Illinois 61350).
14. *Boards of Trustees of Chicago State University* (“CSU”), *Eastern Illinois University* (“EIU”), *Governors State University* (“GSU”), *Northeastern Illinois University* (“NEIU”), *Northern Illinois University* (“NIU”), *Western Illinois University* (“WIU”), *Illinois State University* (“ISU”), *Southern Illinois University* (“SIU”) and *University of Illinois* (“U of I”) (“boards”). The boards of the respective universities operate, manage, control and maintain the schools. The State provides significant financial support to the boards of the universities. Certain universities have donor restricted endowments that are restricted as to spending by the donor which are detailed in their separately issued financial statements. The Uniform Management of Institutional Funds Act permits the boards to spend net appreciation of endowments as they determine to be prudent. (Administrative Offices:
- CSU, 9501 South King Drive, Chicago, Illinois 60628
 - EIU, 113 West Old Main, Charleston, Illinois 61920
 - GSU, Route 54 & Stuenkel Road, University Park, Illinois 60466
 - NEIU, 5500 North St. Louis Avenue, Chicago, Illinois 60625
 - NIU, 204 Lowden Hall, DeKalb, Illinois 60115
 - WIU, 1 University Circle, Macomb, Illinois 61455
 - ISU, Campus Box 1200, Normal, Illinois 61790-1200
 - SIU, Colyer Hall, Carbondale, Illinois 61801
 - U of I, 111 E. Green, MC 434, Champaign, Illinois 61820).

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

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

Excluding the following component units from the State's financial statements would be misleading and therefore the component units are included because of the nature of the component units' relationship with the State:

1. *IMSA Fund for Advancement of Education ("IMSA Fund")*. The IMSA Fund was established for the purpose of benefiting, performing the function of and carrying out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics and Science Academy, a primary government agency. (Administrative Offices: 1500 West Sullivan Road, Aurora, Illinois 60506-1000).
2. *Illinois Arts Council Foundation ("Foundation")*. The Foundation was established to further charitable, literary and educational art awareness programs. (Administrative Offices: James R. Thompson Center, 100 West Randolph, Suite 10-500, Chicago, Illinois 60601-3298).

Joint Venture

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

A state becomes a member of the Fund by agreeing to contribute an amount set forth in the Articles of Incorporation. The required contribution from all member states at incorporation was \$81 million. The Fund's net assets on December 31, 2006 were \$132.204 million.

Once a state agrees to make the required contribution, that state's governor becomes a "member" of the Fund. Each member is entitled to appoint two individuals to the board of directors. Budgetary and financial decisions rest with the board of directors except where restricted by the Articles of Incorporation. Two-thirds of the Fund's income is used to finance projects compatible with the organization's objectives as set forth in the Articles of Incorporation. The remaining one-third of income is paid to member states in proportion to the amount and period of time that each state's contribution was invested with the Fund ("state shares"). Illinois received a State share for 2006 of \$469 thousand. The affirmative vote of all of the members is required for all actions of the Fund. Complete financial statements of the Fund can be obtained from the Fund's Administrative Offices at 1560 Sherman Avenue, Suite 880, Evanston, Illinois 60201.

Related Organizations 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.

C. *Basis of Presentation*

Government-wide Financial Statements

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

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the State and for each function of the State's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the State's funds, including fiduciary funds and blended component units. Separate statements for each fund category-governmental, proprietary, and fiduciary-are presented. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

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

The State reports the following major governmental funds:

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

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

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

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

The State reports the following major proprietary funds:

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

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

Special Revenue – These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenues funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Debt Service – These funds account for governmental resources obtained and accumulated to pay interest and principal on general long-term debt (other than capital leases, workers' compensation and unfunded retirement costs).

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

Pension (and Other Employee Benefit) Trust – These funds account for resources that are required to be held in trust for the members and beneficiaries of the State's five Public Employee Retirement Systems (PERS), 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 – These funds account for the external portion of investment pools sponsored by the State including the Public Treasurer's Investment Pool and the Deferred Lottery Prize Winners Trust Fund.

Private-Purpose Trust – These funds 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.

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

Component Units

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

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

The government-wide, proprietary fund, fiduciary fund and component unit financial statements are reported using the economic resources measurement focus (except for agency funds which do not have a measurement focus) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, excise taxes, wealth taxes, grants, entitlements and donations. On an accrual basis, revenues from self assessed taxes, principally income, excise and wealth taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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 are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes and interest. All other revenue sources including fines, penalties, licenses and other miscellaneous revenues are considered to be measurable and available only when cash is received.

Private-Sector Standards

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

E. Eliminations

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

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

F. Cash Equivalents

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

G. Investments

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

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

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

H. Inventories and Prepaid Expenditures

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 reserves an equivalent portion of the balance.

For governmental funds, prepaid expenditures are recognized when paid.

I. Interfund Transactions

The State has the following types of interfund transactions:

Services provided and used - sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts at year-end are reported as interfund receivables and payables in the fund balance sheets or fund statements of net assets.

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

Transfers - flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

J. Capital Assets

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

Capitalization thresholds of the primary government generally are as follows:

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

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

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

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

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

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

The State and the University of Illinois, a 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.

K. Retirement Costs

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

Annual pension cost (APC) is recorded as an expense in the government-wide statement of activities and is comprised of the employer’s (State’s) annual required contribution (ARC), which equals normal cost plus interest on unfunded prior service costs and amortization of prior service costs over 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.

L. Capital Appreciation (“deep-discount”) Bonds

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

M. Compensated Absences

The liability for compensated absences reported in the government-wide, proprietary and fiduciary fund financial statements consists of unpaid, accumulated vacation and sick leave balances. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments are included. The liability has been calculated based on the employees’ current salary level and includes salary related costs (e.g., social security and Medicare tax).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees’ Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997.

Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

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

N. Bond Premiums, Discounts, and Issuance Costs

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

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

O. Advance Refundings of Debt

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

P. Net Assets/Fund Balances

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

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

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

Q. Use of Estimates

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

R. New Accounting Pronouncements

Effective for the year ending June 30, 2007, the State adopted GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting standards for postemployment benefit plans other than pension plans. The implementation of the statement caused the Teacher Health Insurance Security Fund and the Community College Health Insurance Security Fund to be reclassified from enterprise funds to pension (and other employee benefit) trust funds (see Note 2).

S. Future Adoption of GASB Statements

Effective for the year ending June 30, 2008, the State will adopt GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Other Than Pensions*, which establishes standards of accounting and financial reporting for postemployment benefit plan (other than pension plans) expenditures, related liabilities or assets, note disclosures and required supplementary information in the financial reports of states and local governmental employers. The State has not yet determined the impact on the State’s financial statements as a result of adopting this statement.

Also effective for the year ending June 30, 2008, the State will adopt GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* which establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains

provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, the statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues. The State has not yet determined the impact on the State's financial statements as a result of adopting this statement.

In addition, effective for the year ending June 30, 2008, the State will adopt GASB Statement No. 50, *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)* which establishes and modifies requirements related to financial reporting by pension plans and by employers that provide benefit and defined contribution pensions. The State has not yet determined the impact on the State's financial statements as a result of adopting this statement.

2 NET ASSETS

A. Restatements

The financial statements have been restated as of July 1, 2006 for the following prior reporting errors:

- Overstatement of accumulated depreciation of several buildings which are a part of the Capitol complex used for governmental activities.
- Overstatement of sales and public utility tax revenues in the General Fund and understatement of assets and amounts due to local governments in the Home Rule Municipal ROT Fund and the Municipal Telecommunications Fund, agency funds.
- Understatement of accrued education expenditures in the General Fund.

Also, the classifications of the Teacher Health Insurance Security Fund and the Community College Health Insurance Security Fund were changed from nonmajor enterprise funds to pension (and other employee benefit) funds due to the implementation of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

In addition, the classifications of the following funds have been changed and the financial statements have been restated as of July 1, 2006:

- The College Savings Pool Fund has been reclassified from an investment trust fund to a private-purpose trust fund.
- The Workers' Compensation Revolving Fund has been reclassified from a subaccount of the General Fund to an internal service fund.

Table 2-1 (amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Fiduciary Funds		
	Governmental Funds		Proprietary Funds		Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
	General	Governmental Activities	Nonmajor Enterprise Funds	Business-Type Activities			
Fund Balance/Net Assets, June 30, 2006, as previously reported	\$ (2,327,897)	\$ (18,329,739)	\$ 167,522	\$ 3,770,404	\$ 65,418,662	\$ 6,595,330	\$ 1,525
Overstatement of accumulated depreciation	--	116,432	--	--	--	--	--
Correction of allocation of taxes	(149,726)	(149,726)	--	--	--	--	--
Correction of education expenditures/expenses	(313,122)	(313,122)	--	--	--	--	--
Implementation of GASB Statement No. 43	--	--	(74,469)	(74,469)	74,469	--	--
Change in classification of College Savings Pool Fund	--	--	--	--	--	(1,842,263)	1,842,263
Change in classification of the Workers' Compensation Revolving Fund	(179,479)	--	--	--	--	--	--
Fund Balance/Net Assets, June 30, 2006, as restated	<u>\$ (2,970,224)</u>	<u>\$ (18,676,155)</u>	<u>\$ 93,053</u>	<u>\$ 3,695,935</u>	<u>\$ 65,493,131</u>	<u>\$ 4,753,067</u>	<u>\$ 1,843,788</u>

B. Net Assets Restricted by Enabling Legislation

The government-wide statement of net assets reports \$5.409 billion of restricted net assets, of which \$4.817 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, 2007, consisted of the following:

Table 3-1 (amounts expressed in thousands)

Investment Type	Fair Value
Repurchase agreements	\$ 1,874,466
U.S. Agency obligations	1,256,781
Commercial paper	2,741,759
Corporate debt securities	29,714
Money market mutual funds	317,476
Private equity	6,244
Equity in Public Treasurers' Investment Pool	1,325,575
Equity in other investment pools	843
Total fair value	<u>\$ 7,552,858</u>

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 has published investment policies incorporating these guidelines. Primary government investments held outside of the State Treasury at June 30, 2007, 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	\$ 16,544
U.S. Treasury obligations	1,484,245
U.S. Agency obligations	228,525
Municipal debt	62,855
Negotiable certificates of deposit	55,836
Annuities	2,775
Corporate debt securities	138,990
Mutual funds	798,199
Equity in Public Treasurers' Investment Pool	5,391,549
Equity in other investment pools	3,802
Money market mutual funds	377,488
Equity securities	4,348,281
Blended mutual funds	390,442
Guaranteed investment contracts	586,992
U.S. Treasury Unemployment allocation	1,765,139
Other	10,236
Total fair value	<u>\$ 15,661,898</u>

The ISBI is considered to be an internal investment pool of the State of Illinois, operating solely from investment income. The ISBI manages and invests the pension assets of three separate public employee retirement systems: General Assembly Retirement System, the Judges' Retirement System of Illinois, and State Employees' Retirement System of Illinois. The ISBI's member systems retain all of the cash necessary for current operating expenditures in the State Treasury. The amount of cash received by the ISBI's member systems in excess of their current operating expenditures is transferred to the ISBI for purposes of long-term investment. The ISBI

is not reported as a separate fund in this report. Instead, each member system’s balance in the ISBI is presented as “Equity in the Illinois State Board of Investments”. The ISBI has approximately \$296.490 million in deposits and investments greater than the member systems equity due to net investment liabilities of the ISBI.

Investments held by ISBI at June 30, 2007, consisted of the following:

Table 3-3 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury obligations	\$ 317,359
U.S. Agency obligations	866,917
Corporate obligations	1,228,970
Common stock and equity funds	6,059,409
Preferred stock	1,865
Foreign debt obligations	72,190
Foreign equity securities	1,365,648
Hedge funds	496,405
Real estate	1,189,615
Private equity	563,366
Money market instruments	535,700
Infrastructure funds	108,435
Forward foreign currency contracts	(109)
Total Investments	<u>\$ 12,805,770</u>

CUSTODIAL CREDIT RISK

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

Deposits

Primary Government:

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

The carrying amount and bank balance of cash deposits held by the State Treasury was \$1.481 billion and \$1.483 billion at June 30, 2007, respectively. Of the total bank balance of these cash deposits at June 30, 2007, \$38.486 million was uninsured and uncollateralized.

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 \$236.622 million and \$296.643 million at June 30, 2007, respectively. Of the total bank balance of these cash deposits at June 30, 2007, \$4.990 million was uninsured with collateral held by the pledging financial institution in the

State's name, \$3.749 million was uninsured with collateral held by the pledging financial institution but not in the State's name and \$14.382 million was uninsured and uncollateralized.

ISBI has no policy for custodial credit risk for deposits held for investment purposes. These deposits are under the custody of State Street Bank and Trust. State Street Bank and Trust has a AA Long-term Deposit/Debt rating by Standard and Poor's and an Aa1 rating by Moody's. The carrying amount and bank balance of ISBI's cash deposits at June 30, 2007, was \$42.916 million and \$43.068 million, respectively. Of the total bank balance at June 30, 2007, \$42.921 million was uninsured and uncollateralized.

TRS's foreign currency held by investment managers at June 30, 2007 totaled \$40.519 million, all of which was uninsured and uncollateralized.

SURS's cash held in its investment related bank account in excess of \$100,000 is uninsured and uncollateralized. SURS has no deposit policy for custodial credit risk. Deposits are under the custody of the Northern Trust Company which has a AA- Long Term Deposit/Debt rating by Standard and Poor's and an Aa3 rating by Moody's. At June 30, 2007, the carrying amount was \$513.152 million and the bank balance was \$516.373 million, of which \$36.566 million was uninsured and uncollateralized.

Investments

Primary Government:

The State does not have a formal policy for custodial credit risk of investments held outside of the State Treasury. The following table summarizes the Primary government investments held outside of the State Treasury, except for investments held by ISBI, TRS and SURS, that were subject to custodial credit risk at June 30, 2007:

<u>Investment Type</u>	<u>Fair Value</u>
Uninsured and unregistered with securities held by counterparties' agents but not in the State's name	
U.S. Agency obligations	\$ 38,226

As of June 30, 2007, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in ISBI's name:

<u>Investment Type</u>	<u>Fair Value</u>
ISBI:	
Common stock	\$ 3,424
U.S. government and agency obligations	28,351
Corporate obligations	<u>2,152</u>
Total	<u>\$ 33,927</u>

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, 2007:

<u>Investment Type</u>	<u>Aaa</u>	<u>A</u>	<u>P-1</u>	<u>Not Rated</u>	<u>Total</u>
Repurchase agreements	\$ --	\$ --	\$ 1,874,466	\$ --	\$ 1,874,466
U.S. Agency obligations	723,202	--	533,579	--	1,256,781
Commercial paper	--	--	2,741,759	--	2,741,759
Corporate debt securities	9,714	10,000	--	10,000	29,714
Money market mutual funds	308,467	--	--	9,009	317,476
Equity in Public Treasurers' Investment Pool	--	--	--	1,325,575 *	1,325,575
Equity in other investment pools	--	--	--	843	843
Total fixed income securities	<u>\$ 1,041,383</u>	<u>\$ 10,000</u>	<u>\$ 5,149,804</u>	<u>\$ 1,345,427</u>	<u>\$ 7,546,614</u>

* 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, 2007:

Table 3-7 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	Baa	Not Rated	Total
Repurchase agreements	\$ 4,698	\$ --	\$ --	\$ --	\$ 11,846	\$ 16,544
U.S. Agency obligations	227,962	493	--	--	--	228,455
Municipal debt	50,824	10,672	960	--	399	62,855
Negotiable certificates of deposit	--	--	--	--	55,836	55,836
Corporate debt securities	70,569	28,587	20,354	14,363	5,117	138,990
Mutual funds	--	--	--	--	798,199 *	798,199
Equity in Public Treasurers' Investment Pool	--	--	--	--	5,391,549 **	5,391,549
Equity in other investment pools	--	--	--	--	3,802	3,802
Money market mutual funds	--	--	--	--	377,488 ***	377,488
Total subject to credit risk	\$ 354,053	\$ 39,752	\$ 21,314	\$ 14,363	\$ 6,644,236	7,073,718
U.S. Treasury obligations						1,484,245
U.S. Agency obligations						70
Total fixed income securities						\$ 8,558,033

* \$164.347 million, \$278.278 million and \$177.260 million of mutual funds were rated AAA, AA and A, respectively, by Standard and Poor's.
**The Equity in Public Treasurers' Investment Pool was rated AAA by Standard and Poor's.
***\$211.439 million of money market mutual funds was rated AAA by Standard and Poor's.

The portfolios of ISBI, TRS and SURS are managed by professional investment management firms. Each investment manager must comply with risk management guidelines individually assigned to them as part of their Investment Management Agreement. With the exception of certain commingled funds, bonds below B- are not permissible in any of the fixed income investment manager guidelines. However, in circumstances where position downgrades occur, investment managers have been given permission to hold securities due to circumstances such as a higher peer group rating from another nationally recognized statistical rating organization, firm internal ratings, or other mitigating factors.

The following table summarizes the Moody's credit quality ratings for debt securities held by ISBI at June 30, 2007:

Table 3-8 (amounts expressed in thousands)

<u>Quality Rating</u>	<u>Corporate Debt Obligations</u>	<u>Foreign Debt Obligations</u>	<u>U.S. Agency Obligations</u>	<u>Total</u>
Aaa	\$ 254,534	\$ 16,064	\$ 866,917	\$ 1,137,515
Aa	122,242	4,407	--	126,649
A	132,485	5,363	--	137,848
Baa	111,328	17,202	--	128,530
Ba	183,959	15,154	--	199,113
B	262,208	3,348	--	265,556
Caa	50,780	--	--	50,780
Ca	907	--	--	907
C	684	--	--	684
Not rated	109,843	10,652	--	120,495
Total subject to credit risk	<u>\$ 1,228,970</u>	<u>\$ 72,190</u>	<u>\$ 866,917</u>	2,168,077
U.S. Treasury obligations				<u>317,359</u>
Total fixed income securities				<u>\$ 2,485,436</u>

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2007:

Table 3-9 (amounts expressed in thousands)

<u>Quality Rating</u>	<u>Corporate Debt Obligations</u>	<u>Foreign Debt Obligations</u>	<u>U.S. Agency Obligations</u>	<u>Short-term Investments</u>	<u>Commingled Funds</u>	<u>Total</u>
Aaa	\$ 1,915,605	\$ 390,901	\$ 3,642,121	\$ 11,406	\$ --	\$ 5,960,033
Aa	660,343	67,588	301	89,475	--	817,707
A	460,350	38,340	--	--	--	498,690
Baa	601,203	3,729	--	--	--	604,932
Ba	272,138	1,889	--	--	21,010	295,037
B	125,560	5,273	--	--	18,000	148,833
Caa	22,464	--	--	--	--	22,464
P-1	4,510	--	--	117,272	--	121,782
P-2	--	--	--	247	--	247
Not rated	152,165	6,736	--	8,402	--	167,303
Total subject to credit risk	<u>\$ 4,214,338</u>	<u>\$ 514,456</u>	<u>\$ 3,642,422</u>	<u>\$ 226,802</u>	<u>\$ 39,010</u>	8,637,028
U.S. Agency obligations						1,217,042
U.S. Treasury obligations						513,731
Less cash equivalents						<u>(293,268)</u>
Total fixed income securities						<u>\$ 10,074,533</u>

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2007:

Table 3-10 (amounts expressed in thousands)

Quality Rating	Corporate Debt Securities	Foreign Debt Securities	U.S. Agency Obligations	Total
AAA	\$ 1,047,027	\$ 17,997	\$ 1,838,279	\$ 2,903,303
AA	939,505	36,547	3,090	979,142
A	225,986	64,547	--	290,533
BBB	184,332	65,461	530	250,323
BB	105,028	5,199	--	110,227
B	41,047	1,243	--	42,290
CCC	4,358	--	--	4,358
D	113	--	--	113
Not rated	58,921	7,730	17	66,668
Total subject to credit risk	\$ 2,606,317	\$ 198,724	\$ 1,841,916	4,646,957
U.S. Agency obligations				111,859
U.S. Treasury obligations				617,604
Less cash equivalents				(275,750)
Total fixed income securities				\$ 5,100,670

INTEREST RATE RISK

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

Primary Government:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the State Treasurer's investment policy for the State Treasury limits investments to maturities not to exceed five years with the majority required to be in authorized investments with less than one-year maturity. In addition, no more than 10% of the investment portfolio shall be allocated to investments with a 2 to 4 year maturity band and no more than 5% 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 the debt securities held by the State Treasurer in the State Treasury at June 30, 2007:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	More Than 10 Years
Repurchase agreements	\$ 1,874,466	\$ 1,874,466	\$ --	\$ --
U.S. Agency obligations	1,256,781	519,645	737,136	--
Commercial paper	2,741,759	2,741,759	--	--
Corporate debt securities	29,714	10,000	19,714	--
Money market mutual funds	317,476	317,476	--	--
Equity in Public Treasurers' Investment Pool	1,325,575	1,325,575	--	--
Equity in other investment pools	843	--	--	843
Total fixed income investments	\$ 7,546,614	\$ 6,788,921	\$ 756,850	\$ 843

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, 2007. 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 3-12 (amounts expressed in thousands)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Repurchase agreements	\$ 16,544	0.003
U.S. Treasury obligations	1,484,245	4.746
U.S. Agency obligations	228,525	3.893
Municipal debt	62,855	4.614
Negotiable certificates of deposit	55,836	0.189
Corporate debt securities	138,990	5.573
Mutual funds	798,199	7.306
Equity in Public Treasurers' Investment Pool	5,391,549	0.020
Equity in other investment pools	3,802	0.052
Money market mutual funds	377,488	0.125
Total fixed income investments	\$ 8,558,033	

Pensions:

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

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a

percentage of the investment's portfolio. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. ISBI benchmarks its debt security portfolio to Lehman Brothers Aggregate. At June 30, 2007 the effective duration of the Lehman Brothers Aggregate was 3.7 years. At the same point in time, the effective duration of the ISBI debt security portfolio was 3.3 years. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2007:

Table 3-13 (amounts expressed in thousands)

Investment Type	Fair Value	Effective Weighted Duration (Years)
Government and agency obligations:		
U.S. Treasury obligations	\$ 317,359	4.8
U.S. Agency obligations	<u>866,917</u>	1.6
	\$ 1,184,276	
Corporate obligations:		
Finance	256,093	3.7
Mortgage backed securities	170,384	2.4
Industrials	531,052	5.1
Commingled	23,679	N/A
Other	<u>247,762</u>	3.6
	1,228,970	
Foreign debt obligations	<u>72,190</u>	4.5
Total	<u>\$ 2,485,436</u>	

TRS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The following table summarizes the time segmented distribution of the debt securities held by TRS at June 30, 2007:

Table 3-14 (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 obligations	\$ 513,731	\$ 127,408	\$ 160,028	\$ 81,796	\$ 56,688	\$ 87,811
U.S. Agency obligations	4,859,464	500,908	427,622	422,642	1,290,362	2,217,930
Corporate debt securities	4,214,338	226,397	1,292,186	511,883	169,559	2,014,313
Foreign debt securities	514,456	13,648	77,241	175,433	62,203	185,931
Short-term investments	226,802	152,024	74,778	--	--	--
Commingled funds	39,010	--	--	39,010	--	--
Total subject to interest rate risk	10,367,801	<u>\$ 1,020,385</u>	<u>\$ 2,031,855</u>	<u>\$ 1,230,764</u>	<u>\$ 1,578,812</u>	<u>\$ 4,505,985</u>
Less cash equivalents	<u>(293,268)</u>					
Total fixed income securities	<u>\$ 10,074,533</u>					

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, 2007:

Table 3-15 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>10 to 20 Years</u>	<u>More Than 20 Years</u>
U.S. Treasury and agency obligations	\$ 2,571,379	\$ 280,670	\$ 333,501	\$ 166,919	\$ 318,011	\$ 1,472,278
Corporate debt securities	2,606,317	214,266	576,117	368,494	97,057	1,350,383
Foreign debt securities	198,724	64,567	50,089	26,111	18,308	39,649
Total subject to interest rate risk	5,376,420	<u>\$ 559,503</u>	<u>\$ 959,707</u>	<u>\$ 561,524</u>	<u>\$ 433,376</u>	<u>\$ 2,862,310</u>
Less cash equivalents	(275,750)					
Total fixed income securities	<u>\$ 5,100,670</u>					

FOREIGN CURRENCY RISK

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

Primary Government:

Only assets held by the State Treasurer and assets held outside the State Treasurer by the Prepaid Tuition Fund and foreign offices are allowed to be used to purchase investments in foreign securities. The State Treasurer is limited by the Deposit of State Moneys Act to investments in debt instruments issued by foreign governments, except the Republic of Sudan, that are guaranteed by the full faith and credit of the foreign government in which the foreign government has not defaulted or been late in payment on similar debt instruments at the time the Treasurer purchases the debt instrument. The Prepaid Tuition Fund has an investment policy limiting international equities to 10% of its total investment portfolio.

The following table summarizes the foreign currency risk, by currency denomination, of the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2007:

Table 3-16 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>
Canadian Dollar	\$ 14
Euro	34
Hong Kong Dollar	98
Japanese Yen	64
Mexican Peso	5
Other currencies	10
Total deposits and investments subject to foreign currency risk	<u>\$ 225</u>

Pensions:

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

TRS's foreign currency risk exposure is primarily derived from its holdings in foreign currency-denominated equity, fixed income investments and foreign currency. TRS's international equity and global fixed income managers, at their discretion, may or may not hedge the portfolio's foreign currency exposures with currency forward contracts depending upon their views on a specific country or foreign currency relative to the U.S. dollar.

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

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by ISBI as of June 30, 2007:

<u>Currency Denomination</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Total</u>
Australian Dollar	\$ 72,095	\$ --	\$ 72,095
British Pound Sterling	245,374	--	245,374
Canadian Dollar	25,402	672	26,074
Danish Krone	14,132	--	14,132
Euro	434,345	--	434,345
Hong Kong Dollar	49,856	--	49,856
Japanese Yen	276,514	4,526	281,040
Norwegian Krone	13,320	--	13,320
Singapore Dollar	24,082	5,774	29,856
South Korean Won	29,407	--	29,407
Swedish Krona	33,723	--	33,723
Swiss Franc	69,190	--	69,190
Other currencies	--	17,009	17,009
Total investments subject to foreign currency risk	<u>\$1,287,440</u>	<u>\$ 27,981</u>	<u>\$ 1,315,421</u>

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2007:

Table 3-18 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Other Foreign Obligations</u>	<u>Total</u>
Australian Dollar	\$ 307,946	\$ 13,313	\$ 77	\$ 321,336
Brazilian Real	171,362	669	366	172,397
British Pound Sterling	1,648,371	223,296	6,047	1,877,714
Canadian Dollar	109,163	24,906	982	135,051
Danish Krone	20,947	--	42	20,989
Euro	2,811,418	145,296	7,644	2,964,358
Hong Kong Dollar	274,325	--	435	274,760
Japanese Yen	1,437,279	64,517	21,998	1,523,794
Mexican Peso	44,277	3,730	1,162	49,169
New Taiwan Dollar	297,233	--	1,874	299,107
New Zealand Dollar	26,392	5,166	280	31,838
Singapore Dollar	61,597	--	217	61,814
South African Rand	38,789	--	--	38,789
South Korean Won	378,120	--	1,556	379,676
Swedish Krona	96,834	21,357	3,955	122,146
Swiss Franc	402,852	--	647	403,499
Other currencies	314,291	12,206	2,389	328,886
Total deposits and investments subject to foreign currency risk	<u>\$ 8,441,196</u>	<u>\$ 514,456</u>	<u>\$ 49,671</u>	<u>\$ 9,005,323</u>

In addition to the above, TRS has foreign currency investments in real estate (payable in Euros) with fair values totaling \$75.585 million.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by SURS as of June 30, 2007:

Table 3-19 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Other Foreign Obligations</u>	<u>Foreign Cash</u>	<u>Total</u>
Australian Dollar	\$ 68,067	\$ --	\$ 9	\$ 2,385	\$ 70,461
British Pound Sterling	241,680	8,911	3,419	(18,416)	235,594
Canadian Dollar	58,832	122	--	361	59,315
Euro	576,474	945	12,392	(8,685)	581,126
Hong Kong Dollar	53,421	--	--	555	53,976
Japanese Yen	295,149	11,289	630	(10,474)	296,594
South Korean Won	4,394	--	--	2,608	7,002
Swedish Krona	26,504	--	--	4,575	31,079
Swiss Franc	126,344	--	--	85	126,429
Other currencies	73,904	4,338	147	48,581	126,970
Total investments subject to foreign currency risk	<u>\$ 1,524,769</u>	<u>\$ 25,605</u>	<u>\$ 16,597</u>	<u>\$ 21,575</u>	<u>\$ 1,588,546</u>

COMPONENT UNITS

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY (IHDA)**Investments**

Table 3-20 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poor's/Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
Repurchase agreements	AAA/Aaa	\$ 180,890	\$ 98,559	\$ --	\$ 1,955	\$ 80,376
U.S. Government obligations	AAA/Aaa	61,468	43,680	5,924	2,839	9,025
U.S. Agency obligations	AAA/Aaa	530,256	494,333	31,090	2,314	2,519
Municipal and other obligations	AAA/Aaa	2,272	288	626	660	698
Total investments		<u>\$ 774,886</u>	<u>\$ 636,860</u>	<u>\$ 37,640</u>	<u>\$ 7,768</u>	<u>\$ 92,618</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 (\$153.102 million), Federal National Mortgage Corporation (\$174.015 million), Federal Home Loan Mortgage Corporation (\$140.852 million), and Federal Farm Credit Bank (\$66.318 million).

ILLINOIS TOLL HIGHWAY AUTHORITY (THA)**Investments**

Table 3-21 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations:				
	AAA	\$ 688,114	\$ 663,083	\$ 25,031
	Not rated	15,073	--	15,073
Money market mutual funds	AAA	202,414	202,414	--
Short-term investment fund	Not rated	440	440	--
Total subject to credit risk		906,041	865,937	40,104
U.S. Treasury notes		95,334	--	95,334
Total subject to interest rate risk		1,001,375	<u>\$ 865,937</u>	<u>\$ 135,438</u>
Less cash equivalents		(859,228)		
Total investments		<u>\$ 142,147</u>		

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

ILLINOIS STATE UNIVERSITY (ISU)

Investments

University

Table 3-22 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poor's/Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	AAA/Aaa	\$ 83,354	\$ 22,107	\$ 61,247
Illinois Public Treasurers' Investment Pool	AAA/Not rated	2,230	2,230	--
Money market mutual funds	Not rated	39,254	39,254	--
Total subject to credit risk		124,838	63,591	61,247
U.S. Treasuries		21,173	21,173	--
Total subject to interest rate risk		146,011	<u>\$ 84,764</u>	<u>\$ 61,247</u>
Less cash equivalents		(41,484)		
Total investments		<u>\$ 104,527</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 (\$16.256 million), Federal Home Loan Bank (\$45.303 million), Federal National Mortgage Association (\$10.935 million), and Federal Home Loan Mortgage Corporation (\$10.859 million).

ISU Foundation

Table 3-23 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Duration (Years)</u>
Bond mutual funds	AA	11,633	4.40
Bank Common Trusts	AAA	5,041	.28
Total subject to credit risk		16,674	
U.S. Treasuries		997	8/2007 maturity
Total subject to interest rate risk		17,671	
Common stock		373	
Equity mutual funds		59,858	
Other		2,842	
Total investments		<u>\$ 80,744</u>	

Interest Rate Risk: ISU Foundation's investment policy requires the average duration of the fixed income portfolio to be within 20% of the duration of the index to which the portfolio is benchmarked.

Duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investment's full price. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows arising from such investments as callable bonds, prepayments, and variable-rate debt. The interest rate risk information for U.S. Treasuries and certificates of deposit is disclosed by specific identification since these investments have a distinct investment objective and are maintained separately.

Credit Risk: ISU Foundation's investment policy states that no more than 25% of the fixed income portfolio may be rated below investment grade.

NORTHERN ILLINOIS UNIVERSITY (NIU)

Investments

University

Table 3-24 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating*</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Agency obligations	AAA	\$61,290	\$ 8,476	\$ 44,897	\$ 7,917
Commercial paper	A1	6,638	6,638	--	--
Money market mutual funds	AAA	51	51	--	--
Illinois Public Treasurers' Investment Pool	AAA	13,218	13,218	--	--
Total subject to credit risk		81,197	28,383	44,897	7,917
U.S. Government obligations		4,948	3,496	--	1,452
Total subject to interest rate risk		<u>\$86,145</u>	<u>\$ 31,879</u>	<u>\$ 44,897</u>	<u>\$ 9,369</u>

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

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

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

Concentration of Credit Risk: NIU has no formal policy limiting the amount that may be invested in any one issuer. The NIU has one commercial paper investment of \$6.638 million in Quatro PMX Ltd. that represents 8% of the total investments of the NIU.

NIU Foundation

Table 3-25 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Weighted Average Duration (Years)</u>
Bond mutual funds	AA	\$ 4,526	3.0
	AA	5,177	3.9
	AA	3,116	5.1
	AA	867	7.2
Total subject to credit risk and interest rate risk		13,686	
Equity mutual funds		35,697	
Common stock		2,219	
Limited partnerships		5,754	
Other		4,988	
Total investments		<u>\$ 62,344</u>	

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

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

Foreign Currency Risk: NIU Foundation's policy calls for individual international managers to maintain an appropriate diversification with respect to currency and country. The following table summarizes the foreign currency risk by currency denomination for investments held by the Foundation as of June 30, 2007:

Table 3-26 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Equity Mutual Funds</u>	<u>Bond Mutual Funds</u>	<u>Total</u>
British Pound Sterling	\$ 59	\$ 831	\$ 890
Euro	86	2,551	2,637
Japanese Yen	--	734	734
Swiss Franc	--	443	443
All other currency	723	1,992	2,715
Total subject to foreign currency risk	<u>\$ 868</u>	<u>\$ 6,551</u>	<u>\$ 7,419</u>

SOUTHERN ILLINOIS UNIVERSITY (SIU)

Investments

University

Table 3-27 (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>More Than 10 Years</u>
U.S. Agency obligations	AAA	\$ 91,000	\$ 14,684	\$57,751	\$11,968	\$ 6,597
Equity in Public Treasurers' Investment Pool	AAA	104,064	104,064	--	--	--
Total subject to credit risk		195,064	118,748	57,751	11,968	6,597
U.S. Treasuries		22,573	8,863	8,339	5,371	--
Total subject to interest rate risk		\$217,637	<u>\$127,611</u>	<u>\$66,090</u>	<u>\$17,339</u>	<u>\$ 6,597</u>
Common stock		44				
Investments of component units except for SIU-Carbondale Foundation		28,190				
Less cash equivalents		(104,064)				
Total investments		<u>\$141,807</u>				

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 20 to 35 percent of assets held in the Illinois Funds; 10 to 40 percent of assets held in the short-term portfolio; and 35 to 60 percent of assets held in the intermediate-term portfolio.

Credit Risk: Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issue or backer will not place an undue financial burden on SIU. U.S. Treasuries are federal government securities that do not require the disclosure of credit risk.

SIU-Carbondale Foundation

Table 3-28 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Agency obligations	\$ 30	\$ --	\$ --	\$ --	\$ 30
U.S. fixed income mutual funds	36,211	36,211	--	--	--
Commercial paper	12,198	12,198	--	--	--
Money market mutual funds	1,108	1,108	--	--	--
Total subject to interest rate risk	49,547	<u>\$49,517</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 30</u>
Foreign equity mutual funds	20,297				
Equity mutual funds	55,145				
Total investments	<u>\$ 124,989</u>				

Custodial Credit Risk: As of June 30, 2007, the Foundation had \$12.198 million of commercial paper and \$29.975 thousand of U.S. Agency bonds that are held by financial institutions and not in the Foundation's name.

UNIVERSITY OF ILLINOIS (U of I)

Deposits

Foundation

The carrying amount and bank balance of cash deposits of U of I's Foundation was \$4.913 million and \$3.938 million at June 30, 2007, respectively. Of the total bank balance of these cash deposits at June 30, 2007, \$1.318 million was uninsured and uncollateralized.

Investments

Interest Rate Risk: U of I and the U of I Foundation, a component unit of the U of I, employ multiple investment managers, of which each has a specific maturity assignment related to operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested in money market instruments. Core operating funds are invested in longer maturity investments. Core operating funds investment manager's performance benchmarks are Lehman Brothers 1-3 year Government Credit Bond Index and the Lehman Brothers Intermediate Aggregate Bond Index. The manager guidelines provide that the average weighted duration of the portfolio, including option position, not vary from that of their respective performance benchmarks by more than +/-20 percent. The Entity's investments and maturities at June 30, 2007 are illustrated below:

University

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Certificates of deposit	\$ 400	\$ 400	\$ --	\$ --	\$ --
U.S. Treasury put	4,345	--	--	--	4,345
U.S. Treasury bonds and bills	100,391	50,774	27,339	20,701	1,577
U.S. Agency obligations	66,103	-	11,618	5,409	49,076
Commercial paper	36,910	36,910	--	--	--
Corporate bonds	115,086	7,636	65,272	15,741	26,437
Bond mutual funds	67,036	1,130	11,440	44,395	10,071
Money market mutual funds	320,589	320,589	--	--	--
Illinois Public Treasurers' Investment Pool	3,947	3,947	--	--	--
Non government mortgage-backed securities	73,842	--	633	892	72,317
Government bonds - non U.S.	3,355	186	2,847	322	--
Repurchase agreements	291,943	291,943	--	--	--
Total subject to interest rate risk	1,083,947	<u>\$ 713,515</u>	<u>\$ 119,149</u>	<u>\$ 87,460</u>	<u>\$ 163,823</u>
U.S. equities	27,249				
Foreign equity securities	45,966				
U.S. equity mutual funds	128,454				
Limited partnerships	7,056				
Real estate	14,061				
Total investments of the University	1,306,733				
Investments of component units except for U of I Foundation	17,411				
Less cash equivalents	(664,939)				
Total investments	<u>\$ 659,205</u>				

At June 30, 2007, U of I's operating funds pool portfolio had an effective duration of 1.8 years.

Foundation

Table 3-30 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Treasury bonds	\$ 19,650	\$ 1,498	\$ --	\$ 217	\$ 17,935
U.S. Agency obligations	45,369	--	--	--	45,369
Municipal bonds	271	--	--	271	--
Government bonds - non U.S.	382	--	--	8	374
Corporate bonds and notes	61,949	--	2,533	1,985	57,431
Mutual funds - bonds	120,973	3,051	84,950	32,725	247
Mutual funds - municipal bonds	2,268	186	742	1,043	297
Mutual funds - blended bonds	899	--	--	899	--
Mutual funds - money market	32,245	32,223	22	--	--
Total subject to interest rate risk	284,006	<u>\$36,958</u>	<u>\$88,247</u>	<u>\$ 37,148</u>	<u>\$121,653</u>
U.S. equities	306,777				
Foreign equity securities	194,275				
Preferred stock	3				
Equity mutual funds	204,782				
Real estate and partnerships	262,837				
Other	3,865				
Total investments	<u>\$1,256,545</u>				

Credit Risk: U of I's policy requires that operating funds be invested in fixed income securities and money market instruments. Fixed income securities shall be rated investment grade or better by one or more nationally recognized statistical rating organizations. Securities not covered by the investment grade standard are allowed if, in the manager's judgment, those instruments are of comparable credit quality. Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion. It is expected that the average credit quality of the operating funds will not fall below Standard & Poor's AA- or equivalent. At June 30, 2007, U of I and the U of I Foundation had debt securities and quality ratings as shown in the charts below:

University

Table 3-31 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's/Moody's						Less Than BB or Not Rated
		AAA/Aaa	AAA/Not Rated	AA/Aa	A/BA	BBB/Baa	BB/Ba	
Certificates of deposit	\$ 400	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 400
U.S. Agency obligations	66,103	66,103	--	--	--	--	--	--
Commercial paper	36,910	36,910	--	--	--	--	--	--
Corporate bonds	115,086	27,906	--	9,640	27,382	33,269	8,308	8,581
Bond mutual funds	67,036	49,687	--	1,041	1,092	7,304	7,565	347
Money market mutual funds	320,589	316,638	--	--	--	--	--	3,951
Illinois Public Treasurers' Investment Pool	3,947	--	3,947	--	--	--	--	--
Non government mortgage-backed securities	73,842	71,438	--	855	154	--	--	1,395
Government bonds - non U.S.	3,355	1,275	--	356	677	1,047	--	--
Repurchase agreements	291,943	--	--	--	--	--	--	291,943
Total subject to credit risk	979,211	<u>\$569,957</u>	<u>\$ 3,947</u>	<u>\$11,892</u>	<u>\$29,305</u>	<u>\$ 41,620</u>	<u>\$15,873</u>	<u>\$ 306,617</u>
U.S. Treasury put	4,345							
U.S. Treasury bonds and bills	100,391							
Total fixed income securities	<u>\$1,083,947</u>							

Foundation

Table 3-32 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's/Moody's					Less Than BB or Not Rated
		AAA/Aaa	AA/Aa	A/BA	BBB/Baa	BB/Ba	
U.S. Agency obligations	\$ 45,369	\$ 45,264	\$ --	\$ 105	\$ --	\$ --	\$ --
Municipal bonds	271	148	21	--	--	--	102
Government bonds - non U.S.	382	--	--	--	382	--	--
Corporate bonds and notes	61,949	23,820	4,090	2,945	8,000	5,528	17,566
Mutual funds - bonds	120,973	88,203	12,351	14,193	3,191	842	2,193
Mutual funds - municipal bonds	2,268	1,622	441	97	105	--	3
Mutual funds - blended bonds	899	250	281	263	83	--	22
Mutual funds - money market	32,245	32,245	--	--	--	--	--
Total subject to credit risk	264,356	<u>\$191,552</u>	<u>\$17,184</u>	<u>\$17,603</u>	<u>\$ 11,761</u>	<u>\$ 6,370</u>	<u>\$ 19,886</u>
U.S. Treasury bonds	19,650						
Total fixed income securities	<u>\$284,006</u>						

Foreign Currency Risk: The U of I does not have a formal foreign risk policy. The U.S. dollar balances of U of I's and Foundation's cash equivalents and investments exposed to foreign currency risk as of June 30, 2007 are categorized by currency below:

University

Table 3-33 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Total</u>	<u>Cash Equivalents</u>	<u>Equity Investments</u>
British Pound Sterling	\$ 11,636	\$ 249	\$ 11,387
Euro	18,519	529	17,990
Hong Kong Dollar	1,597	--	1,597
Japanese Yen	1,634	--	1,634
Swedish Krona	1,114	--	1,114
Swiss Franc	2,640	3	2,637
All other currency	9,651	44	9,607
Total subject to foreign currency risk	<u>\$ 46,791</u>	<u>\$ 825</u>	<u>\$ 45,966</u>

Foundation

Table 3-34 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Total</u>	<u>Cash Equivalents</u>	<u>Equity Investments</u>	<u>Foreign Debt Obligations</u>
British Pound Sterling	\$ 57,334	\$ 331	\$ 56,993	\$ 10
Euro	54,696	576	53,956	164
Hong Kong Dollar	5,273	25	5,248	--
Japanese Yen	36,138	343	35,769	26
Swedish Krona	7,592	(227)	7,819	--
Swiss Franc	16,633	9	16,624	--
All other currency	35,171	690	34,345	136
Total subject to foreign currency risk	<u>\$212,837</u>	<u>\$ 1,747</u>	<u>\$ 210,754</u>	<u>\$ 336</u>

DERIVATIVES

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

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

management, and the risk positions of the investment managers are reviewed periodically to monitor compliance with limits.

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

Foreign currency forward contracts are used to hedge against the currency risk in agencies' foreign stock and fixed income security portfolios. Foreign currency forward contracts are an agreement to purchase or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are recognized as incurred rather than at the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts. As of June 30, 2007, the net unrealized gain(loss) of foreign currency forward contracts outstanding for ISBI, TRS and SURS was (\$109) thousand, \$451 thousand and \$1.198 million, respectively.

Collateralized mortgage obligations are securities which are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. As of June 30, 2007, the fair value of collateralized mortgage obligations for ISBI and SURS was \$170.384 million and \$439.295 million, respectively.

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

Financial options are agreements that give one party the right, but not the obligation, to purchase or sell a specific amount of an asset for a specified price, called the strike price, on or before a specified expiration date. As writers of financial options, ISBI, TRS and SURS receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums received are recorded as a liability when the financial option is written. Fluctuations in the fair value of financial options are recognized in the financial statements as incurred rather than at the time the options are exercised or when they expire. As a purchaser of financial options, ISBI and SURS pay a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Premiums paid are recorded as an asset when the financial option is purchased and gains/losses are recognized when the options are exercised by the agency or they expire.

As of June 30, 2007, the fair value of option contracts written for TRS and SURS was \$703 thousand and (\$5.496) million, respectively.

The following table represents the derivative positions held by ISBI, TRS and SURS at June 30, 2007 in financial futures and financial options.

Table 3-35 (amounts expressed in thousands)

Type of Derivative Contract	Contractual Principal Outstanding*		
	Illinois State Board of Investment	Teachers' Retirement System	Universities Retirement System
Domestic interest rate products			
Fixed income futures purchased	\$ 77,269	\$ 521,229	\$ 381,800
Fixed income futures sold	248,776	(662,467)	455,900
Fixed income put options (written, purchased)	33,000	--	908,500
Fixed income call options (written, purchased)	315,900	--	605,400
Fixed income put options (written, purchased) on futures	--	1,972	--
Fixed income call options (written, purchased) on futures	--	(130)	--
International interest rate products			
Fixed income futures purchased	--	24,530	11,130,149
Fixed income futures sold	--	(17,592)	787,976
Fixed income put options (written, purchased)	--	--	114,793
Fixed income call options (written, purchased)	--	--	1,415,100
Domestic Equity Products			
S & P 500 Index and other equity futures purchased	168,891	2,166,946	188,048
Equity put options (written, purchased)	--	--	6,700
Equity call options (written, purchased)	--	--	6,900
Domestic Currency Products			
Currency call options written	--	3,450	--
Currency put options written	--	(3,450)	--
Currency call options on futures	--	100,508	--
Currency put options on futures	--	196,245	--
Foreign Currency Products			
Forward foreign currency futures (net)	--	2,064,869	--
Foreign currency yield curve purchased	--	160,582	--

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

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

SECURITIES LENDING TRANSACTIONS

The investment policies of certain State agencies and component units, principally the ISBI, TRS, SURS and the University of Illinois, permit them to enter into securities lending transactions. In these transactions, the agency loans their securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The agencies' securities custodians are agents in lending the securities for collateral of at least 102% of the fair value of the securities. Collateral can consist of cash, cash equivalents, government securities, commercial paper or irrevocable letters of credit. Depending on their nature, securities on loan at year-end are presented as classified or unclassified in the preceding schedule of custodial credit risk. Generally, at year-end, agencies had no credit risk exposure to borrowers because the amounts they owed to borrowers exceeded the amounts borrowers owed the agencies and maturities on non-cash collateral received are longer than the lesser of the maturities of the securities lent or the term of the lending transactions. Policies regarding indemnification vary among agencies. Some agencies' contracts with custodians require them to indemnify the agency if the borrowers fail to return the securities (and if the collateral is

inadequate to replace the securities lent) or the borrowers fail to pay the agency for income distributions by the securities' issuers while the securities are out on loan. Other agencies have no provisions for indemnification.

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

The following table summarizes the fair value and related collateral value of outstanding loaned investment securities as of June 30, 2007.

Table 3-36 (amounts expressed in thousands)

<u>State Agency/Component Unit</u>	<u>Fair Value</u>	<u>Collateral Value</u>
Illinois State Board of Investments	\$ 2,129,513	\$ 2,084,820
Teachers' Retirement System	5,641,467	5,797,728
State Universities Retirement System	2,109,700	2,163,000
University of Illinois	136,983	140,889

4 TAXES RECEIVABLE

Taxes receivable for the primary government at June 30, 2007 are as follows:

Table 4-1 (amounts expressed in thousands)

	<u>Income</u>	<u>Sales</u>	<u>Motor fuel</u>	<u>Public utility</u>	<u>Unemployment compensation</u>	<u>Other</u>	<u>Less allowance for uncollectible taxes</u>	<u>Total</u>
Primary Government								
Governmental Activities:								
General Fund	\$ 775,840	\$ 575,239	\$ --	\$ 16,582	\$ --	\$ 838,090	\$ 482,240	\$ 1,723,511
Motor Fuel Tax Fund	--	--	143,424	--	--	--	17,576	125,848
Nonmajor Funds	131,441	210,888	11,914	14,039	--	27,429	88,805	306,906
Total governmental activities	<u>907,281</u>	<u>786,127</u>	<u>155,338</u>	<u>30,621</u>	<u>--</u>	<u>865,519</u>	<u>588,621</u>	<u>2,156,265</u>
Business-type Activities:								
Unemployment Compensation Trust Fund	--	--	--	--	591,729	--	114,970	476,759
Total business-type activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>591,729</u>	<u>--</u>	<u>114,970</u>	<u>476,759</u>
Total Primary Government	<u>\$ 907,281</u>	<u>\$ 786,127</u>	<u>\$ 155,338</u>	<u>\$ 30,621</u>	<u>\$ 591,729</u>	<u>\$ 865,519</u>	<u>\$ 703,591</u>	<u>\$ 2,633,024</u>
Fiduciary Funds:	<u>\$ --</u>	<u>\$ 122,733</u>	<u>\$ --</u>	<u>\$ 8,493</u>	<u>\$ --</u>	<u>\$ 1,963</u>	<u>\$ --</u>	<u>\$ 133,189</u>

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2007 consisted of the following:

Table 5-1 (amounts expressed in thousands)

Due From	Due To											Total
	General Fund	Road Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$ -	\$ 22,828	\$ 4	\$ 23,620	\$ -	\$ 11	\$ -	\$ -	\$ 82	\$ 6,647	\$ -	\$ 53,192
Road Fund	3	-	25,328	3,735	-	-	-	-	-	-	-	29,066
State Construction Account	-	81,959	16,875	-	-	-	-	-	-	-	-	98,834
Nonmajor Governmental Funds	309,257	14,105	2,670	90,312	4,180	-	-	20	4,683	1,365	12	426,624
Unemployment Compensation Trust Fund	3,072	800	-	38	-	-	-	-	-	-	-	3,910
Designated Account Purchase Program Fund	18	-	-	770	-	-	-	-	-	-	-	788
Nonmajor Enterprise Funds	60,715	-	-	1,151	-	-	-	27,000	-	-	792	89,658
Internal Service Funds	320,065	49,966	637	25,320	-	38	58	-	4,018	6,790	9,550	416,442
Fiduciary Funds	55,531	1,222	-	25,532	-	-	-	-	-	-	45	82,330
Total	\$ 748,661	\$ 170,880	\$ 45,514	\$ 170,478	\$ 4,180	\$ 49	\$ 58	\$ 27,020	\$ 8,783	\$ 14,822	\$ 10,399	\$ 1,200,844

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

Interfund transfers activity at June 30, 2007 consisted of the following:

Table 5-2 (amounts expressed in thousands)

Transfers-In	Transfers-Out									Total
	General Fund	Road Fund	Motor Fuel Tax Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ --	\$ --	\$ --	\$ 2,118,670	\$ --	\$ --	\$ --	\$ 629,117	\$ 32,227	\$ 2,780,014
Road Fund	--	--	344,836	--	--	--	--	--	--	344,836
State Construction Account	--	--	230,960	--	--	--	--	--	--	230,960
Nonmajor Governmental Funds	4,004,272	272,102	62,040	1,361,210	23,688	25	768	9,567	--	5,733,672
Unemployment Compensation Trust Fund	--	--	--	1,483	--	--	--	--	--	1,483
Water Revolving Fund	--	--	--	8,237	--	--	--	--	--	8,237
Nonmajor Enterprise Funds	--	--	--	--	--	--	55,530	--	--	55,530
Total	\$ 4,004,272	\$ 272,102	\$ 637,836	\$ 3,489,600	\$ 23,688	\$ 25	\$ 56,298	\$ 638,684 *	\$ 32,227	\$ 9,154,732

* Transfers out of nonmajor enterprise funds also include \$74 in capital assets to nonmajor governmental funds.

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

In order to address shortfalls in expected revenues during the fiscal year, the General Revenue Account, a sub-account of the General Fund, received transfers of \$209.3 million from nonmajor governmental funds, \$700 thousand from nonmajor enterprise funds, and \$32.2 million from internal service funds.

INTERENTITY

The due from amounts for the State of Illinois from its component units, as of June 30, 2007, consisted of the following:

Table 5-3 (amounts expressed in thousands)

Due To	Due From									Total
	Illinois Housing Development Authority	Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities		
General Fund	\$ --	\$ --	\$ 8	\$ --	\$ --	\$ 67	\$ 24,903	\$ 1,187	\$ 26,165	
Road Fund	--	3,157	--	--	--	--	560	--	3,717	
Nonmajor Governmental Funds	316,383	35	15	175	7	27	25	2	316,669	
Unemployment Compensation Trust Fund	--	--	--	7	9	38	75	26	155	
Nonmajor Enterprise Funds	--	--	--	--	--	--	--	21	21	
Internal Service Funds	--	2,818	192	7	--	--	5,388	842	9,247	
Fiduciary Funds	--	19	--	5	5	171	1,296	661	2,157	
Total	\$ 316,383	\$ 6,029 *	\$ 215	\$ 194	\$ 21	\$ 303	\$ 32,247	\$ 2,739	\$ 358,131	

* The amounts due to the Toll Highway Authority at December 31, 2006, its fiscal year-end, were \$0.

The due to amounts for the State of Illinois to its component units, as of June 30, 2007, consisted of the following:

Table 5-4 (amounts expressed in thousands)

Due From	Due To							Total
	Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	
General Fund	\$ 2	\$ 22	\$ 943	\$ 314	\$ 3,914	\$ 54,097	\$ 3,334	\$ 62,626
Road Fund	27	--	236	75	237	2,883	360	3,818
State Construction Account	--	--	--	--	--	104	--	104
Nonmajor Governmental Funds	12	32	896	148	5,068	18,684	501	25,341
Water Revolving Fund	--	--	--	--	--	1	--	1
Nonmajor Enterprise Funds	1	--	36	107	3,738	2,772	--	6,654
Internal Service Funds	--	--	--	--	9	2,781	--	2,790
Fiduciary Funds	12	49	--	--	--	--	--	61
Total	\$ 54 *	\$ 103	\$ 2,111	\$ 644	\$ 12,966	\$ 81,322	\$ 4,195	\$ 101,395

* The amounts due from the Toll Highway Authority at December 31, 2006, its fiscal year-end, were \$0.

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

6 LOANS AND NOTES RECEIVABLE

Loans and notes receivable at June 30, 2007, consisted of the following:

Table 6-1 (amounts expressed in thousands)

	Primary Government				
	Governmental Activities		Business-type Activities		
	General Fund	Nonmajor Governmental Funds	Water Revolving Fund	Designated Account Purchase Program Fund	Fiduciary Funds
Student loan program	\$ 45,771	\$ 1,402	\$ --	\$ 3,509,927	\$ 109
Local government infrastructure	--	--	1,578,706	--	--
Business loan program	28,299	--	--	--	--
Port district construction	14,968	--	--	--	--
Other	1,886	75,651	--	--	--
	<u>90,924</u>	<u>77,053</u>	<u>1,578,706</u>	<u>3,509,927</u>	<u>109</u>
Less: Allowance for uncollectible accounts	<u>78,444</u>	<u>1,961</u>	<u>--</u>	<u>11,962</u>	<u>37</u>
Total	<u>12,480</u>	<u>75,092</u>	<u>1,578,706</u>	<u>3,497,965</u>	<u>72</u>
Less: Amounts representing restricted assets	<u>--</u>	<u>--</u>	<u>402,867</u>	<u>3,497,965</u>	<u>--</u>
Loans and notes receivable, net	<u>\$ 12,480</u>	<u>\$ 75,092</u>	<u>\$ 1,175,839</u>	<u>\$ --</u>	<u>\$ 72</u>

Table 6-2 (amounts expressed in thousands)

	Major Component Units				
	Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Mortgage loan program	\$ 1,814,439	\$ --	\$ --	\$ --	\$ --
Student loan program	--	10,985	10,067	21,388	64,352
Other	--	--	--	176	--
	<u>1,814,439</u>	<u>10,985</u>	<u>10,067</u>	<u>21,564</u>	<u>64,352</u>
Less: Allowance for uncollectible accounts	<u>29,165</u>	<u>895</u>	<u>374</u>	<u>1,940</u>	<u>3,005</u>
Loans and notes receivable, net	<u>\$ 1,785,274</u>	<u>\$ 10,090</u>	<u>\$ 9,693</u>	<u>\$ 19,624</u>	<u>\$ 61,347</u>

7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balance, as Restated	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Governmental Activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 2,536,503	\$ 74,487	\$ 2,189	\$ 3,747	\$ 2,612,548
Historical treasures and works of art	37,420	252	--	97	37,769
Construction in progress	50,696	121,043	--	(105,940)	65,799
Total capital assets not being depreciated	<u>2,624,619</u>	<u>195,782</u>	<u>2,189</u>	<u>(102,096)</u>	<u>2,716,116</u>
Capital assets being depreciated:					
Infrastructure	21,848,810	1,342,777	675,476	(4,036)	22,512,075
Site improvements	656,218	1,660	840	59,982	717,020
Buildings and building improvements	4,120,634	5,832	11,071	39,091	4,154,486
Equipment	1,070,912	82,377	78,068	1,041	1,076,262
Historical treasures and works of art	1,100	--	--	--	1,100
Total capital assets being depreciated	<u>27,697,674</u>	<u>1,432,646</u>	<u>765,455</u>	<u>96,078</u>	<u>28,460,943</u>
Less accumulated depreciation for:					
Infrastructure	9,474,129	956,215	675,476	--	9,754,868
Site improvements	298,928	20,271	775	21,335	339,759
Buildings and building improvements	1,766,556	98,815	2,872	(22,193)	1,840,306
Equipment	874,088	55,871	69,792	(7,729)	852,438
Historical treasures and works of art	1,100	--	--	--	1,100
Total accumulated depreciation	<u>12,414,801</u>	<u>1,131,172</u>	<u>748,915</u>	<u>(8,587)</u>	<u>12,788,471</u>
Total capital assets being depreciated, net	<u>15,282,873</u>	<u>301,474</u>	<u>16,540</u>	<u>104,665</u>	<u>15,672,472</u>
Governmental activities capital assets, net	<u>\$ 17,907,492</u>	<u>\$ 497,256</u>	<u>\$ 18,729</u>	<u>\$ 2,569</u>	<u>\$ 18,388,588</u>
Depreciation expense for governmental activities was charged to functions as follows:					
Health and social services					\$ 31,430
Education					3,008
General government					41,381
Employment and economic development					9,374
Transportation					972,684
Public protection and justice					46,821
Environmental and business regulation					26,474
Total					<u>\$ 1,131,172</u>

Table 7-2 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Business-type Activities					
Water Revolving Fund:					
Capital assets being depreciated:					
Equipment	\$ 376	\$ 181	\$ 2	\$ (95)	\$ 460
Total capital assets being depreciated	376	181	2	(95)	460
Less accumulated depreciation for:					
Equipment	362	8	--	(95)	275
Total accumulated depreciation	362	8	--	(95)	275
Total capital assets being depreciated, net	14	173	2	--	185
Capital assets, net	\$ 14	\$ 173	\$ 2	\$ --	\$ 185
Designated Account Purchase Program:					
Capital assets being depreciated:					
Equipment	\$ 500	\$ 14	\$ --	\$ --	\$ 514
Total capital assets being depreciated	500	14	--	--	514
Less accumulated depreciation for:					
Equipment	435	35	--	--	470
Total accumulated depreciation	435	35	--	--	470
Total capital assets being depreciated, net	65	(21)	--	--	44
Capital assets, net	\$ 65	\$ (21)	\$ --	\$ --	\$ 44
Nonmajor Enterprise Funds:					
Capital assets not being depreciated:					
Land and land improvements	\$ 190	\$ --	\$ --	\$ --	\$ 190
Total capital assets not being depreciated	190	--	--	--	190
Capital assets being depreciated:					
Buildings and building improvements	1,561	28	--	--	1,589
Equipment	6,956	363	121	(994)	6,204
Total capital assets being depreciated	8,517	391	121	(994)	7,793
Less accumulated depreciation for:					
Buildings and building improvements	221	78	--	--	299
Equipment	5,451	537	121	(920)	4,947
Total accumulated depreciation	5,672	615	121	(920)	5,246
Total capital assets being depreciated, net	2,845	(224)	--	(74)	2,547
Capital assets, net	\$ 3,035	\$ (224)	\$ --	\$ (74)	\$ 2,737
Fiduciary Funds					
Capital assets not being depreciated:					
Land and land improvements	\$ 1,675	\$ --	\$ --	\$ --	\$ 1,675
Total capital assets not being depreciated	1,675	--	--	--	1,675
Capital assets being depreciated:					
Site improvements	418	--	--	--	418
Buildings and building improvements	14,422	170	--	--	14,592
Equipment	21,813	563	2,371	--	20,005
Total capital assets being depreciated	36,653	733	2,371	--	35,015
Less accumulated depreciation for:					
Site improvements	297	19	--	--	316
Buildings and building improvements	6,518	375	--	--	6,893
Equipment	18,143	1,195	2,369	--	16,969
Total accumulated depreciation	24,958	1,589	2,369	--	24,178
Total capital assets being depreciated, net	11,695	(856)	2	--	10,837
Fiduciary funds capital assets, net	\$ 13,370	\$ (856)	\$ 2	\$ --	\$ 12,512

Table 7-3 (amounts expressed in thousands)					
	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units					
Illinois Housing Development Authority:					
Capital assets being depreciated:					
Buildings and building improvements	\$ 1,805	\$ --	\$ --	\$ --	\$ 1,805
Equipment	2,547	55	663	--	1,939
Total capital assets being depreciated	4,352	55	663	--	3,744
Less accumulated depreciation for:					
Buildings and building improvements	1,805	--	--	--	1,805
Equipment	2,185	159	608	--	1,736
Total accumulated depreciation	3,990	159	608	--	3,541
Total capital assets being depreciated, net	362	(104)	55	--	203
Capital assets, net	\$ 362	\$ (104)	\$ 55	\$ --	\$ 203
Toll Highway Authority:					
Capital assets not being depreciated:					
Land and land improvements	\$ 197,433	\$ 8,784	\$ --	\$ 66,251	\$ 272,468
Construction in progress	540,621	369,712	1,764	(359,222)	549,347
Total capital assets not being depreciated	738,054	378,496	1,764	(292,971)	821,815
Capital assets being depreciated:					
Infrastructure	3,749,497	651,950	--	266,971	4,668,418
Buildings and building improvements	35,911	--	--	2,909	38,820
Equipment	192,227	--	29,200	23,091	186,118
Total capital assets being depreciated	3,977,635	651,950	29,200	292,971	4,893,356
Less accumulated depreciation for:					
Infrastructure	2,287,133	166,512	--	--	2,453,645
Buildings and building improvements	24,240	1,876	--	--	26,116
Equipment	142,067	17,896	21,407	--	138,556
Total accumulated depreciation	2,453,440	186,284	21,407	--	2,618,317
Total capital assets being depreciated, net	1,524,195	465,666	7,793	292,971	2,275,039
Capital assets, net	\$ 2,262,249	\$ 844,162	\$ 9,557	\$ --	\$ 3,096,854
Illinois State University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 14,158	\$ --	\$ --	\$ --	\$ 14,158
Construction in progress	8,871	20,084	783	--	28,172
Total capital assets not being depreciated	23,029	20,084	783	--	42,330
Capital assets being depreciated:					
Infrastructure	12,683	--	--	--	12,683
Site improvements	17,359	2,125	--	--	19,484
Buildings and building improvements	353,446	864	--	--	354,310
Equipment	122,125	7,299	1,703	--	127,721
Total capital assets being depreciated	505,613	10,288	1,703	--	514,198
Less accumulated depreciation for:					
Infrastructure	4,824	312	--	--	5,136
Site improvements	7,206	412	--	--	7,618
Buildings and building improvements	160,152	7,069	--	--	167,221
Equipment	92,161	7,140	1,597	--	97,704
Total accumulated depreciation	264,343	14,933	1,597	--	277,679
Total capital assets being depreciated, net	241,270	(4,645)	106	--	236,519
Capital assets, net	\$ 264,299	\$ 15,439	\$ 889	\$ --	\$ 278,849

Table 7-3 (continued)					
(amounts expressed in thousands)					
	Beginning Balance, as Restated	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units, continued					
Northern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 22,757	\$ 353	\$ --	\$ --	\$ 23,110
Historic treasures and works of art	342	108	--	--	450
Construction in progress	14,000	30,734	--	(10,929)	33,805
Total capital assets not being depreciated	<u>37,099</u>	<u>31,195</u>	<u>--</u>	<u>(10,929)</u>	<u>57,365</u>
Capital assets being depreciated:					
Site improvements	53,609	--	--	1,591	55,200
Buildings and building improvements	408,355	--	--	9,338	417,693
Equipment	152,641	8,117	2,037	--	158,721
Total capital assets being depreciated	<u>614,605</u>	<u>8,117</u>	<u>2,037</u>	<u>10,929</u>	<u>631,614</u>
Less accumulated depreciation for:					
Site improvements	26,309	2,004	--	--	28,313
Buildings and building improvements	198,107	9,826	--	--	207,933
Equipment	124,879	11,406	1,938	--	134,347
Total accumulated depreciation	<u>349,295</u>	<u>23,236</u>	<u>1,938</u>	<u>--</u>	<u>370,593</u>
Total capital assets being depreciated, net	<u>265,310</u>	<u>(15,119)</u>	<u>99</u>	<u>10,929</u>	<u>261,021</u>
Capital assets, net	<u>\$ 302,409</u>	<u>\$ 16,076</u>	<u>\$ 99</u>	<u>\$ --</u>	<u>\$ 318,386</u>
Southern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 21,520	\$ 357	\$ --	\$ 3	\$ 21,880
Historic treasures and works of art	6,209	12	--	--	6,221
Construction in progress	54,310	85,487	614	(38,986)	100,197
Total capital assets not being depreciated	<u>82,039</u>	<u>85,856</u>	<u>614</u>	<u>(38,983)</u>	<u>128,298</u>
Capital assets being depreciated:					
Infrastructure	8,608	--	--	--	8,608
Site improvements	43,373	462	3	544	44,376
Buildings and building improvements	709,164	2,477	--	37,931	749,572
Equipment	282,890	16,978	6,284	508	294,092
Total capital assets being depreciated	<u>1,044,035</u>	<u>19,917</u>	<u>6,287</u>	<u>38,983</u>	<u>1,096,648</u>
Less accumulated depreciation for:					
Infrastructure	8,440	154	--	--	8,594
Site improvements	31,155	1,157	--	--	32,312
Buildings and building improvements	354,707	16,455	--	--	371,162
Equipment	222,784	17,521	4,876	--	235,429
Total accumulated depreciation	<u>617,086</u>	<u>35,287</u>	<u>4,876</u>	<u>--</u>	<u>647,497</u>
Total capital assets being depreciated, net	<u>426,949</u>	<u>(15,370)</u>	<u>1,411</u>	<u>38,983</u>	<u>449,151</u>
Capital assets, net	<u>\$ 508,988</u>	<u>\$ 70,486</u>	<u>\$ 2,025</u>	<u>\$ --</u>	<u>\$ 577,449</u>

Table 7-3 (continued)					
(amounts expressed in thousands)					
	Beginning Balance, as Restated	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units, continued					
University of Illinois:					
Capital assets not being depreciated:					
Land and land improvements	\$ 123,432	\$ 6,416	\$ 1,055	\$ 644	\$ 129,437
Historic treasures and works of art	14,019	794	--	--	14,813
Construction in progress	262,974	240,890	--	(214,347)	289,517
Total capital assets not being depreciated	400,425	248,100	1,055	(213,703)	433,767
Capital assets being depreciated:					
Site improvements	552,060	50	--	68,555	620,665
Buildings and building improvements	2,644,872	--	1,888	145,148	2,788,132
Equipment	1,492,104	90,412	47,375	--	1,535,141
Total capital assets being depreciated	4,689,036	90,462	49,263	213,703	4,943,938
Less accumulated depreciation for:					
Site improvements	215,446	20,299	--	--	235,745
Buildings and building improvements	860,118	64,546	165	75	924,574
Equipment	1,034,744	107,343	43,223	(75)	1,098,789
Total accumulated depreciation	2,110,308	192,188	43,388	--	2,259,108
Total capital assets being depreciated, net	2,578,728	(101,726)	5,875	213,703	2,684,830
Capital assets, net	\$ 2,979,153	\$ 146,374	\$ 6,930	\$ --	\$ 3,118,597

8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2007 are summarized below:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	\$ 20,964,660	\$ 658,922 *	\$ (1,042,623)	\$ 20,580,959	\$ 774,954 ^
Special obligation bonds (note 10)	2,539,045	5,504 **	(145,690)	2,398,859	150,258 ^^
Deferred amount on refundings:					
General obligation bonds (note 9)	(67,230)	(6,794)	11,596	(62,428)	(11,392)
Special obligation bonds (note 10)	(1,699)	--	425	(1,274)	(425)
Unamortized premiums:					
General obligation bonds (note 9)	362,680	26,099	(39,187)	349,592	38,425
Special obligation bonds (note 10)	77,378	--	(7,230)	70,148	6,983
Unamortized (discounts):					
General obligation bonds (note 9)	(2,446)	--	121	(2,325)	121
Total bonds payable	<u>23,872,388</u>	<u>683,731</u>	<u>(1,222,588)</u>	<u>23,333,531</u>	<u>958,924</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	11,392	549	(1,206)	10,735	1,183
Installment purchases (note 13D)	10,574	12,054	(6,387)	16,241	5,632
Certificates of participation (note 13B)	107,580	--	(10,245)	97,335	5,595
Illinois Emergency Management Agency (note 13C)	17,500	8,391	--	25,891	--
Cape Girardeau bridge (note 13E)	3,732	--	(1,580)	2,152	886
Workers compensation (note 19)	181,184	129,415	(109,851)	200,748	114,978
Auto liability (note 19)	9,227	4,177	(4,096)	9,308	4,523
Compensated absences (note 1M)	423,909	311,661	(303,859)	431,711	28,708
Net pension obligation (note 16)	14,499,336	2,591,361	--	17,090,697	--
Other obligations (note 13H)	12,685	--	(3,797)	8,888	2,981
Total other long-term obligations	<u>15,277,119</u>	<u>3,057,608</u>	<u>(441,021)</u>	<u>17,893,706</u>	<u>164,486</u>
Total Governmental Activities	<u>\$ 39,149,507</u>	<u>\$ 3,741,339</u>	<u>\$ (1,663,609)</u>	<u>\$ 41,227,237</u>	<u>\$ 1,123,410</u>
Business-type Activities					
Water Revolving:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 238,035	\$ --	\$ (17,155)	\$ 220,880	\$ 17,950
Unamortized premiums:					
Revenue bonds (note 11)	10,400	--	(1,531)	8,869	1,408
Total bonds and notes payable	<u>248,435</u>	<u>--</u>	<u>(18,686)</u>	<u>229,749</u>	<u>19,358</u>
Other long-term obligations:					
Compensated absences (note 1M)	1,187	591	(554)	1,224	497
Total Water Revolving	<u>\$ 249,622</u>	<u>\$ 591</u>	<u>\$ (19,240)</u>	<u>\$ 230,973</u>	<u>\$ 19,855</u>

* Includes \$71,922 of interest accreted on capital appreciation debt.

** Includes \$5,504 of interest accreted on capital appreciation debt.

^ Includes \$1,192 of unaccreted appreciation on capital appreciation debt.

^^ Includes \$357 of unaccreted appreciation on capital appreciation debt.

Table 8-1 (continued)
(amounts expressed in thousands)

	Balance July 1, 2006 as Reclassified	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Primary Government, continued					
Business-type Activities, continued					
Prepaid Tuition Fund:					
Tuition and related accretion payable (note 13G)	\$ 816,249	\$ 174,479	\$ (34,527)	\$ 956,201	\$ 31,002
Compensated absences (note 1M)	86	39	(33)	92	30
Total Prepaid Tuition Fund	\$ 816,335	\$ 174,518	\$ (34,560)	\$ 956,293	\$ 31,032
Designated Account Purchase Program:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 4,222,515	\$ --	\$ (730,315)	\$ 3,492,200	\$ 41,100
Unamortized (discounts):					
Revenue bonds (note 11)	(16,506)	--	3,880	(12,626)	(619)
Total bonds and notes payable	4,206,009	--	(726,435)	3,479,574	40,481
Other long-term obligations:					
Compensated absences (note 1M)	819	489	(587)	721	117
Total Designated Account Purchase Program	\$ 4,206,828	\$ 489	\$ (727,022)	\$ 3,480,295	\$ 40,598
Nonmajor Enterprise Funds:					
Lottery prize awards (note 13F)	\$ 1,104	\$ --	\$ (60)	\$ 1,044	\$ 107
Compensated absences (note 1M)	6,723 *	3,585	(3,700)	6,608	485
Other obligations (note 13H)	11,635	884	(2,209)	10,310	10,310
Total Nonmajor Enterprise Funds	\$ 19,462	\$ 4,469	\$ (5,969)	\$ 17,962	\$ 10,902
Total Business-type Activities	\$ 5,292,247	\$ 180,067	\$ (786,791)	\$ 4,685,523	\$ 102,387
Fiduciary Funds					
Capital lease obligations (note 13A)	\$ 12	\$ --	\$ (11)	\$ 1	\$ 1
Compensated absences (note 1M)	3,373 *	185	(183)	3,375	35
Total Fiduciary Funds	\$ 3,385	\$ 185	\$ (194)	\$ 3,376	\$ 36

* as reclassified

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.

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

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Major Component Units					
Illinois Housing Development Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,435,522	\$ 515,496	\$ (355,485)	\$ 1,595,533	\$ 102,205
Notes payable (note 12)	--	1,666	--	1,666	--
Deferred amount on refundings (note 11)	(837)	(12,351)	1,597	(11,591)	--
Unamortized premiums (note 11)	2,011	--	(99)	1,912	94
Unamortized (discounts) (note 11)	(14,023)	--	14,023	--	--
Total bonds and notes payable	<u>1,422,673</u>	<u>504,811</u>	<u>(339,964)</u>	<u>1,587,520</u>	<u>102,299</u>
Other long-term obligations:					
Compensated absences (note 1M)	535	--	(51)	484	484
Total other long-term obligations	<u>535</u>	<u>--</u>	<u>(51)</u>	<u>484</u>	<u>484</u>
Total Illinois Housing Development Authority	<u>\$ 1,423,208</u>	<u>\$ 504,811</u>	<u>\$ (340,015)</u>	<u>\$ 1,588,004</u>	<u>\$ 102,783</u>
Illinois State Toll Highway Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,427,445	\$ 1,000,000	\$ (45,035)	\$ 2,382,410	\$ 47,350
Deferred amount on refundings (note 11)	(23,264)	--	2,865	(20,399)	(2,445)
Unamortized premiums (note 11)	68,933	40,019	(5,427)	103,525	6,105
Total bonds and notes payable	<u>1,473,114</u>	<u>1,040,019</u>	<u>(47,597)</u>	<u>2,465,536</u>	<u>51,010</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	6,290	--	(2,274)	4,016	2,567
Accrued self-insurance (note 19)	6,328	6,474	(4,184)	8,618	8,618
Compensated absences (note 1M)	5,047	7,461	(6,808)	5,700	3,300
Other obligations (note 13H)	114	--	(38)	76	76
Total other long-term obligations	<u>17,779</u>	<u>13,935</u>	<u>(13,304)</u>	<u>18,410</u>	<u>14,561</u>
Total Illinois State Toll Highway Authority	<u>\$ 1,490,893</u>	<u>\$ 1,053,954</u>	<u>\$ (60,901)</u>	<u>\$ 2,483,946</u>	<u>\$ 65,571</u>
Illinois State University:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 89,060	\$ 1,601	\$ (5,185)	\$ 85,476	\$ 4,391 [^]
Notes payable (note 12)	240	--	(140)	100	100
Unamortized premiums (note 11)	452	--	(56)	396	56
Unamortized (discounts) (note 11)	(1,034)	--	54	(980)	(55)
Total bonds and notes payable	<u>88,718</u>	<u>1,601</u>	<u>(5,327)</u>	<u>84,992</u>	<u>4,492</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	550	--	(219)	331	202
Compensated absences (note 1M)	18,125	1,964	(1,757)	18,332	1,691
Other obligations (note 13H)	312	--	(6)	306	35
Total other long-term obligations	<u>18,987</u>	<u>1,964</u>	<u>(1,982)</u>	<u>18,969</u>	<u>1,928</u>
Total Illinois State University	<u>\$ 107,705</u>	<u>\$ 3,565</u>	<u>\$ (7,309)</u>	<u>\$ 103,961</u>	<u>\$ 6,420</u>
Northern Illinois University:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 113,725	\$ 10,917	\$ (6,255)	\$ 118,387	\$ 7,202 ^{^^}
Notes payable (note 12)	1,574	--	(514)	1,060	85
Total bonds and notes payable	<u>115,299</u>	<u>10,917</u>	<u>(6,769)</u>	<u>119,447</u>	<u>7,287</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	17,878	19,380	(609)	36,649	867
Certificates of participation (note 13B)	5,590	--	(325)	5,265	345
Compensated absences (note 1M)	23,645	537	(712)	23,470	2,660
Other obligations (note 13H)	10,534	3,898	(1,142)	13,290	1,418
Total other long-term obligations	<u>57,647</u>	<u>23,815</u>	<u>(2,788)</u>	<u>78,674</u>	<u>5,290</u>
Total Northern Illinois University	<u>\$ 172,946</u>	<u>\$ 34,732</u>	<u>\$ (9,557)</u>	<u>\$ 198,121</u>	<u>\$ 12,577</u>

[^] Includes \$874 of unaccrued appreciation on capital appreciation debt.

^{^^} Includes \$115 of unaccrued appreciation on capital appreciation debt.

Table 8-2 (continued)
(amounts expressed in thousands)

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Major Component Units, continued					
Southern Illinois University:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 242,095	\$ 4,229	\$ (10,920)	\$ 235,404	\$ 13,343 [^]
Notes payable (note 12)	759	--	(504)	255	167
Deferred amount on refundings (note 11)	(2,529)	--	248	(2,281)	(248)
Unamortized premiums (note 11)	5,446	--	(250)	5,196	250
Total bonds and notes payable	<u>245,771</u>	<u>4,229</u>	<u>(11,426)</u>	<u>238,574</u>	<u>13,512</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	4,280	396	(1,561)	3,115	1,074
Certificates of participation (note 13B)	33,295	--	(2,345)	30,950	2,590
Unamortized (discounts) (note 13B)	(78)	--	5	(73)	(4)
Accrued self-insurance (note 19)	14,521	4,912	(6,734)	12,699	5,280
Compensated absences (note 1M)	45,304	4,986	(3,470)	46,820	3,765
Other obligations (note 13H)	25,220	2,868	(2,152)	25,936	718
Total other long-term obligations	<u>122,542</u>	<u>13,162</u>	<u>(16,257)</u>	<u>119,447</u>	<u>13,423</u>
Total Southern Illinois University	<u>\$ 368,313</u>	<u>\$ 17,391</u>	<u>\$ (27,683)</u>	<u>\$ 358,021</u>	<u>\$ 26,935</u>
University of Illinois:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 830,011	\$ 328,918	\$ (83,350)	\$ 1,075,579	\$ 31,006 ^{^^}
Deferred amount on refundings (note 11)	(16,565)	(2,026)	974	(17,617)	(994)
Unamortized premiums (note 11)	21,806	14,042	(1,251)	34,597	1,258
Unamortized (discounts) (note 11)	(540)	--	28	(512)	(27)
Total bonds and notes payable	<u>834,712</u>	<u>340,934</u>	<u>(83,599)</u>	<u>1,092,047</u>	<u>31,243</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	55,385	5,579	(5,883)	55,081	6,675
Certificates of participation (note 13B)	467,300	--	(26,530)	440,770	26,970
Deferred amount on refundings (note 13B)	(15,586)	--	1,222	(14,364)	(1,222)
Unamortized premiums (note 13B)	13,200	--	(1,487)	11,713	1,487
Accrued self-insurance (note 19)	142,214	63,188	(49,224)	156,178	39,761
Compensated absences (note 1M)	208,229	17,889	(15,952)	210,166	17,745
Other obligations (note 13H)	63,074 [*]	1,000	(766)	63,308	7,075
Total other long-term obligations	<u>933,816</u>	<u>87,656</u>	<u>(98,620)</u>	<u>922,852</u>	<u>98,491</u>
Total University of Illinois	<u>\$ 1,768,528</u>	<u>\$ 428,590</u>	<u>\$ (182,219)</u>	<u>\$ 2,014,899</u>	<u>\$ 129,734</u>

[^] Includes \$122 of unaccrued appreciation on capital appreciation debt.

^{^^} Includes \$458 of unaccrued appreciation on capital appreciation debt.

^{*} as reclassified

9 GENERAL OBLIGATION BONDS

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

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

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2007 are as follows:

Governmental Activities Purpose	Outstanding		Authorized but Unissued	Annual Maturity To
	Interest Rates	Amounts		
Capital Development	3.00 % to 6.10%	\$ 3,389,000	\$ 923,664	2034
Transportation	3.00 % to 6.10%	2,544,441	382,866	2034
Anti-Pollution	3.00 % to 11.00%	159,361	23,554	2034
School Construction	3.00 % to 6.10%	2,251,415	178,686	2034
Coal Development	3.00 % to 6.00%	48,908	551,994	2031
Pension Funding Contribution	2.50 % to 5.10%	10,000,000	- -	2033
Refunding	4.00 % to 5.50%	2,187,834	671,702	2022
		20,580,959	\$ 2,732,466	
Deferred amount on refundings		(62,428)		
Unamortized premiums		349,592		
Unamortized (discounts)		(2,325)		
		\$ 20,865,798		

Changes in general obligation bonds during the year ended June 30, 2007, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2007 are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2008	\$ 776,146	\$ 956,429	\$ 1,732,575
2009	755,098	939,697	1,694,795
2010	739,985	914,297	1,654,282
2011	728,796	886,746	1,615,542
2012	711,443	861,340	1,572,783
2013-2017	3,372,274	3,874,290	7,246,564
2018-2022	3,341,065	3,102,085	6,443,150
2023-2027	4,104,903	2,215,016	6,319,919
2028-2032	5,100,785	1,094,979	6,195,764
2033-2037	1,223,420	63,831	1,287,251
	20,853,915	\$ 14,908,710	\$ 35,762,625
Less: Unaccreted appreciation	(272,956)		
	20,580,959		
Deferred amount on refundings	(62,428)		
Unamortized premiums	349,592		
Unamortized (discounts)	(2,325)		
Total	\$ 20,865,798		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2007 valuations and risks associated with these bonds are included in Note 14—Derivatives.

10 SPECIAL OBLIGATION BONDS

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

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

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

Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax. 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, 2007, are as follows:

Table 10-1 (amounts expressed in thousands)

Governmental Activities Purpose	Outstanding		Authorized but Unissued	Annual Maturity To
	Interest Rates	Amounts		
Build Illinois				
Public infrastructure	3.00% to 6.50%	\$ 998,187	\$ 144,829	2031
Business development	3.00% to 6.25%	118,332	2,699	2029
Education	3.00% to 6.50%	341,390	304,170	2031
Environment	3.00% to 6.50%	63,926	20,064	2029
Refunding	4.50% to 7.00%	749,868	Unlimited	2020
		<u>2,271,703</u>	<u>471,762</u>	
Civic Center:				
Civic centers	6.25% to 7.40%	59,031	142,404	2020
Libraries	6.25% to 6.25%	6,625	3,375	2020
Refunding	4.65% to 6.50%	61,500	Unlimited	2015
		<u>127,156</u>	<u>145,779</u>	
		2,398,859	<u>\$ 617,541</u>	
Deferred amount on refundings		(1,274)		
Unamortized premiums		70,148		
		<u>\$ 2,467,733</u>		

Changes in special obligation bonds during the year ended June 30, 2007, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2007, are as follows:

Table 10-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2008	\$ 150,615	\$ 124,396	\$ 275,011
2009	157,665	116,636	274,301
2010	163,275	109,047	272,322
2011	165,070	101,038	266,108
2012	165,565	92,899	258,464
2013-2017	812,195	334,512	1,146,707
2018-2022	509,725	149,709	659,434
2023-2027	244,510	53,049	297,559
2028-2032	66,285	5,991	72,276
	<u>2,434,905</u>	<u>\$ 1,087,277</u>	<u>\$ 3,522,182</u>
Less: Unaccreted appreciation	(36,046)		
	2,398,859		
Deferred amount on refundings	(1,274)		
Unamortized premiums	70,148		
Total	<u>\$ 2,467,733</u>		

11 REVENUE BONDS

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. The bond indentures include a pledge from these agencies and authorities that income derived from acquired or constructed assets be used to retire the debt and service related interest. Bonds outstanding at June 30, 2007 (except for the Illinois State Toll Highway Authority which is as of December 31, 2006), net of unamortized discounts, unamortized deferred amount on bond refundings and unamortized bond premiums are as follows:

Fund Type/Agency	Amount Outstanding	Outstanding Interest Rates	Annual Maturity To
Primary Government			
Business-type Activities			
Major Funds:			
Water Revolving Fund	\$ 229,749	5.000% to 5.500%	2023
Designated Account Purchase Program	3,479,574	3.940% to 17.000%	2045
Total Business-type Activities	\$ 3,709,323		
Major Component Units			
Illinois Housing Development Authority	\$ 1,585,854	1.750% to 15.000%	2048
Illinois State Toll Highway Authority	2,465,536	4.000% to 6.300%	2031
Illinois State University	84,892	2.750% to 7.350%	2031
Northern Illinois University	118,387	4.000% to 6.550%	2029
Southern Illinois University	238,319	2.600% to 6.200%	2036
University of Illinois	1,092,047	3.000% to 12.000%	2036

Changes in revenue bonds during the year ended June 30, 2007 are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2007, are as follows:

Year Ending June 30	Primary Government					
	Water Revolving Fund		Business-type Activities Designated Account Purchase Program		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 17,950	\$ 11,203	\$ 41,100	\$ 184,875	\$ 59,050	\$ 196,078
2009	18,160	10,303	1,700	183,639	19,860	193,942
2010	18,940	9,385	--	183,628	18,940	193,013
2011	19,520	8,431	82,650	182,304	102,170	190,735
2012	19,985	7,425	--	179,654	19,985	187,079
2013-2017	81,205	23,177	75,100	883,230	156,305	906,407
2018-2022	43,410	5,018	--	878,119	43,410	883,137
2023-2027	1,710	63	50,000	867,865	51,710	867,928
2028-2032	--	--	105,000	851,588	105,000	851,588
2033-2037	--	--	1,087,100	700,918	1,087,100	700,918
2038-2042	--	--	900,000	422,587	900,000	422,587
2043-2047	--	--	1,149,550	119,019	1,149,550	119,019
	220,880	\$ 75,005	3,492,200	\$ 5,637,426	3,713,080	\$ 5,712,431
Unamortized premiums	8,869	--	--	--	8,869	--
Unamortized (discounts)	--	--	(12,626)	--	(12,626)	--
Total	\$ 229,749	\$ 75,005	\$ 3,479,574	\$ 5,637,426	\$ 3,709,323	\$ 5,712,431

Table 11-3 (amounts expressed in thousands)

Year Ending June 30	Illinois Housing Development Authority		Illinois Toll Highway Authority		Illinois State University	
	Principal	Interest	Principal	Interest	Principal	Interest
	2008	\$ 102,205	\$ 76,447	\$ 47,350	\$ 122,048	\$ 5,265
2009	45,255	72,420	50,030	116,173	5,330	2,585
2010	46,540	70,424	52,750	113,489	5,380	2,533
2011	49,400	68,352	45,465	110,996	5,435	2,479
2012	53,960	66,049	49,910	108,315	5,315	2,420
2013-2017	279,910	291,951	402,965	485,357	25,665	9,856
2018-2022	235,340	226,747	580,470	360,624	13,290	7,559
2023-2027	271,970	165,262	653,470	201,438	14,045	4,666
2028-2032	255,130	96,823	500,000	62,500	13,075	1,464
2033-2037	195,830	37,851	--	--	--	--
2038-2042	39,135	9,636	--	--	--	--
2043-2047	19,870	2,668	--	--	--	--
2048-2052	1,000	43	--	--	--	--
	<u>1,595,545</u>	<u>\$ 1,184,673</u>	<u>2,382,410</u>	<u>\$ 1,680,940</u>	<u>92,800</u>	<u>\$ 36,209</u>
Less: Unaccreted appreciation	(12)	--	--	--	(7,324)	--
	<u>1,595,533</u>		<u>2,382,410</u>		<u>85,476</u>	
Deferred amount on refundings	(11,591)	--	(20,399)	--	--	--
Unamortized premiums	1,912	--	103,525	--	396	--
Unamortized (discounts)	--	--	--	--	(980)	--
Total	<u>\$ 1,585,854</u>		<u>\$ 2,465,536</u>		<u>\$ 84,892</u>	

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

Year Ending June 30	Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest
	2008	\$ 7,317	\$ 4,597	\$ 13,465	\$ 7,602	\$ 31,464
2009	7,277	4,423	12,310	7,171	33,475	44,934
2010	7,325	4,252	12,680	6,821	34,105	43,949
2011	7,237	4,078	13,255	6,461	36,005	42,975
2012	6,525	3,917	13,490	6,176	37,805	41,918
2013-2017	33,820	17,403	69,510	26,338	214,940	190,930
2018-2022	36,655	10,840	63,620	18,370	261,230	154,840
2023-2027	9,855	4,218	51,595	11,499	204,215	106,318
2028-2032	10,770	963	31,350	6,450	209,345	56,733
2033-2037	--	--	14,710	1,739	122,961	12,958
2038-2042	--	--	--	--	--	--
2043-2047	--	--	--	--	--	--
2048-2052	--	--	--	--	--	--
	<u>126,781</u>	<u>\$ 54,691</u>	<u>295,985</u>	<u>\$ 98,627</u>	<u>1,185,545</u>	<u>\$ 741,062</u>
Less: Unaccreted appreciation	(8,394)	--	(60,581)	--	(109,966)	--
	<u>118,387</u>		<u>235,404</u>		<u>1,075,579</u>	
Deferred amount on refundings	--	--	(2,281)	--	(17,617)	--
Unamortized premiums	--	--	5,196	--	34,597	--
Unamortized (discounts)	--	--	--	--	(512)	--
Total	<u>\$ 118,387</u>		<u>\$ 238,319</u>		<u>\$ 1,092,047</u>	

Included within the \$1,585.9 million of outstanding Illinois Housing Development Authority (IHDA) revenue bonds are \$1,585.5 million which do not require the Governor to include in the State budget the amount necessary for payment of principal and interest. Payment of principal and interest on a portion of the IHDA bonds are debt of various authorities and is guaranteed from pledged revenues of the properties. Payment of principal and interest of the remainder of the IHDA bonds and the nonmajor component unit bonds are guaranteed by a municipal bond insurance policy.

A. Demand and Variable Rate Bonds

Primary Government

Designated Account Purchase Program (IDAPP)

Included in the \$3,479.6 million of outstanding revenue bonds issued by IDAPP are \$248.6 million of variable rate demand bonds, (Series 1993D, Series 1996B, Series 1997A, Series 1997B, Series 1998A, Series 1998B, Series 1999A and Series 1999B), the proceeds of which were used to purchase and originate student loans. The bonds mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the bonds to be sold at a price equal to their principal amount, but not to exceed 15% per annum for the Series 1993D, Series 1996B, Series 1997B and Series 1998B bonds and 12% per annum for the Series 1997A, Series 1998A, Series 1999A and Series 1999B bonds. Of the \$248.6 million of demand bonds, \$207.5 million are recorded as noncurrent for 2007.

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

Irrevocable letters of credit have been issued by various credit facilities in order to permit the Trustee to draw amounts to pay the tender price of the variable rate demand bonds tendered for payment under early redemption and demand provisions of the bond issues. Under these letters of credit, the various credit facilities, acting as tender agent, paying agent and bond registrar for the respective bond issues, are entitled to draw the amount needed (a) to pay interest on the bonds on each interest payment date; (b) to pay principal and interest on the bonds called for redemption; (c) to pay principal and interest on the bonds resulting from an acceleration of maturity due to an event of default; and (d) to pay the tender price of bonds tendered or required to be tendered for purchase which is not to be paid from remarketing proceeds or from certain funds held under the indenture. The letters of credit expire at various dates through April 1, 2010. If the remarketing agent is unable to resell any bonds that are "put" within 180 days of the "put" date, IDAPP is required to repay the amounts drawn on the letters of credit for the redemption of these bonds. Repayment of amounts drawn on the letters of credit will be made by IDAPP from the trustee accounts. As of June 30, 2007, the letters of credit have not been drawn upon.

IDAPP has take out agreements with various credit facilities to convert the bonds to an installment loan payable over the terms of the agreements bearing adjustable interest rates between 6.07% and 9.25% as of June 30, 2007. The take out agreements expire at various dates through April 1, 2010. If the take out agreements were to be exercised because all of the \$248.6 million of demand bonds were to be "put" and not resold, IDAPP would be required to pay interest amounts varying from \$19.5 million in fiscal year 2008 to \$7.4 million in the fiscal year period of 2013-2016 assuming the interest rates above.

IDAPP is required to pay to the credit facilities an origination fee based on the line of credit amounts and a quarterly commitment fee thereafter, based on the available amount of the letters of credit. Quarterly commitment fees currently in effect range from .165% to .550% of the available amount of the letters of credit. In addition, the respective remarketing agents receive a quarterly fee ranging from .075% to .100% of the outstanding principal amount of the bonds. As of June 30, 2007, IDAPP has not drawn any funds under the existing agreements.

The entire \$3,479.6 million of outstanding revenue bonds at June 30, 2007 are variable rate bonds that have their interest rates reset periodically. These bonds carry a maximum interest rate ranging from 12% to 17%. The interest rate in effect at June 30, 2007 was used in calculating future interest payments.

Major Component Units

Illinois Housing Development Authority (IHDA)

Included within the IHDA's outstanding revenue bonds are \$2.8 million of Taxable Multi-Family Variable Rate Demand Bonds Series 1996A, \$53.1 million of Multi-Family Housing Revenue Bonds Series 1997 and Series 2000A and \$10.7 million of Homeowner Mortgage Revenue Bonds Series 2004A3 which are variable rate demand bonds. Interest rates on these bonds are determined weekly at a rate established by the remarketing agents on each rate determination date. In addition, \$20.6 million of Taxable Homeowner Mortgage Revenue Bonds Series 2001D, 2001F and 2002B are also variable rate demand bonds. Interest rates on these bonds are based on a floating rate determined on an annual basis and paid monthly. The IHDA has agreements with liquidity providers to purchase any bonds tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. Payment of the principal and interest on the bonds when due are insured by a financial guarantee insurance policy. The IHDA has a commitment to reimburse the insurer for any such payments made.

Illinois State Toll Highway Authority (THA)

As of December 31, 2006, the THA had outstanding variable rate demand bonds in the amount of \$147.3 million for the Series 1993B bonds and \$123.1 million for the Series 1998B bonds. These bonds have final maturities in 2010 and 2017, respectively, and bear interest rates as determined by the remarketing agents on each rate determination date not to exceed 22% and 25%, respectively. These bonds are subject to redemption if tendered by the holder at a price equal to the principal plus accrued interest upon notice and delivery to the remarketing agent. The THA has agreements with liquidity providers to purchase any bonds so tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. The THA has obtained a financial guarantee insurance policy to guarantee the payment of principal and interest on the scheduled maturity dates. The THA has an obligation to reimburse the insurer for any such payments made.

Derivatives

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

B. Conduit Debt (not included in financial statements)

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

At June 30, 2007, 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)

Authority	Amount Outstanding	Annual Maturity To
Illinois Finance Authority	\$ 21,534,963	2046
Illinois Housing Development Authority	390,608	2048
Southwestern Illinois Development Authority	316,930	2038
Upper Illinois River Valley Development Authority	55,480	2040
Will-Kankakee Regional Development Authority	31,341	2033
Illinois Medical District Commission	28,600	2032
Quad Cities Regional Economic Development Authority	40,649	2041
Total	\$ 22,398,571	

12 NOTES/GENERAL OBLIGATION CERTIFICATES PAYABLE

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, 2007 were as follows:

Table 12-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Major Component Units			
Illinois Housing Development Authority	\$ 1,666	5.45%	2012
Illinois State University	100	6.95%	2008
Northern Illinois University	1,060	7.50%	2012
Southern Illinois University	255	3.00%	2009

Changes in notes payable during the year ended June 30, 2007 are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2007, are as follows:

Table 12-2 (amounts expressed in thousands)

Major Component Units									
Year Ending June 30	Illinois Housing Development Authority		Illinois State University		Northern Illinois University		Southern Illinois University		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ --	\$ 79	\$ 100	\$ 7	\$ 85	\$ 48	\$ 167	\$ 5	
2009	--	91	--	--	718	74	88	1	
2010	--	91	--	--	115	19	--	--	
2011	--	91	--	--	66	11	--	--	
2012	1,666	102	--	--	76	6	--	--	
	<u>\$ 1,666</u>	<u>\$ 454</u>	<u>\$ 100</u>	<u>\$ 7</u>	<u>\$ 1,060</u>	<u>\$ 158</u>	<u>\$ 255</u>	<u>\$ 6</u>	

B. General Obligation Certificates Payable

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

On February 7, 2007, the State issued \$900 million of general obligation certificates, which matured on June 7, 2007, with an interest rate of 4.25%. The certificates were issued to address timing variations of the State which occur between disbursement and receipt of budgeted funds within a fiscal year. Proceeds from the certificates were deposited as follows: \$900 million into the General Revenue Account (a sub-account of the General Fund) and \$1.6 million of bond issuance premium into the General Obligation Bond Retirement and Interest Fund (a nonmajor governmental fund).

Changes in general obligation certificates payable during the year ended June 30, 2007 are as follows:

Table 12-3 (amounts expressed in thousands)

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Primary Government				
Governmental Activities				
General obligation certificates payable	\$ --	\$ 900,000	\$ (900,000)	\$ --
Unamortized premiums	--	1,602	(1,602)	--
Total Governmental Activities	<u>\$ --</u>	<u>\$ 901,602</u>	<u>\$ (901,602)</u>	<u>\$ --</u>

C. Demand Notes Payable

Primary Government – Business-type Activities

The Designated Account Purchase Program has a \$500 million short-term revolving credit line agreement. The revolving credit line was used to purchase eligible student loans (guaranteed or insured or is an eligible loan under the Higher Education Act). The credit line was due to expire on June 21, 2007 and was extended to October 21, 2007.

The terms of the credit line are as follows: loans on the credit line are drawn at the applicable rate per annum equal to either (a) with respect to Base rate loans, 0%; (b) with respect to LIBOR loans, .30%. The commitment fee is .05% of the unused portion of the credit line. As of June 30, 2007, \$195.2 million outstanding under this line is shown as current for fiscal year 2007.

Major Component Units

University of Illinois (U of I)

The U of I has a \$6.4 million line of credit to a bank, due on January 31, 2008, with a negotiated interest rate in irregular intervals (5.82% at June 30, 2007). The line of credit is unsecured. The line of credit is to be used to purchase property that is to be held by the U of I. The entire amount outstanding of \$6.4 million at June 30, 2007, is shown as current for fiscal year 2007.

Changes in demand notes payable during the year ended June 30, 2007 are as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Primary Government				
Business-type Activities				
Major Funds:				
Designated Account Purchase Program	\$ --	\$ 195,170	\$ --	\$ 195,170
Major Component Units				
University of Illinois	\$ 6,657	\$ --	\$ (255)	\$ 6,402

13 OTHER LONG-TERM OBLIGATIONS

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

Description	Reference	Governmental Activities	Business-type Activities		Fiduciary Funds
			Prepaid Tuition Fund	Non-major Enterprise Funds	
Capital lease obligations	(A)	\$ 10.7	\$ --	\$ --	\$ --
Certificates of participation	(B)	97.3	--	--	--
Illinois Emergency Management Agency	(C)	26.0	--	--	--
Installment purchase obligations	(D)	16.2	--	--	--
Cape Girardeau Bridge - State of Illinois/ State of Missouri Joint Agreement	(E)	2.2	--	--	--
Obligations to Lottery Prize Winners	(F)	--	--	1.0	--
Prepaid Tuition Fund obligations	(G)	--	956.2	--	--
Other obligations	(H)	8.9	--	10.3	--
Total Other Long-Term Obligations		\$ 161.3	\$ 956.2	\$ 11.3	\$ --

Table 13-2 (amounts expressed in millions)

Major Component Units						
Description	Reference	Illinois State Toll Highway Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Capital lease obligations	(A)	\$ 4.0	\$ 0.3	\$ 36.6	\$ 3.1	\$ 55.1
Certificates of participation	(B)	--	--	5.3	30.9	438.1
Other obligations	(H)	0.1	0.3	13.3	25.9	63.3
Total Other Long-Term Obligations		\$ 4.1	\$ 0.6	\$ 55.2	\$ 59.9	\$ 556.5

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, 2007, assets capitalized under capitalized leases are as follows:

Table 13-3 (amounts expressed in thousands)

Primary Government		
	Governmental Activities	Fiduciary Funds
Buildings and building improvements	\$ 14,386	\$ --
Equipment	1,796	42
	16,182	42
Less: Accumulated depreciation	6,594	25
	\$ 9,588	\$ 17

Table 13-4 (amounts expressed in thousands)

Major Component Units					
	Illinois State Toll Highway Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Land and land improvements	\$ --	\$ --	\$ 5,996	\$ --	\$ 6,471
Buildings and building improvements	--	--	34,371	3,240	30,625
Equipment	26,471	691	--	1,736	24,366
	26,471	691	40,367	4,976	61,462
Less: Accumulated depreciation	23,539	213	2,660	1,346	10,711
	\$ 2,932	\$ 478	\$ 37,707	\$ 3,630	\$ 50,751

Future minimum commitments for non-cancelable capital leases as of June 30, 2007 are as follows:

Table 13-5 (amounts expressed in thousands)

Primary Government					
Year Ending June 30	Capitalized Leases				
	Governmental Activities		Fiduciary Funds		Total
	Principal	Interest	Principal	Interest	
2008	\$ 1,183	\$ 968	\$ 1	\$ --	\$ 2,152
2009	953	855	--	--	1,808
2010	817	759	--	--	1,576
2011	823	684	--	--	1,507
2012	889	606	--	--	1,495
2013-2017	5,135	1,636	--	--	6,771
2018-2022	935	46	--	--	981
Total minimum lease payments	<u>\$ 10,735</u>	<u>\$ 5,554</u>	<u>\$ 1</u>	<u>\$ --</u>	<u>\$ 16,290</u>

Table 13-6 (amounts expressed in thousands)

Major Component Units										
Year Ending June 30	Capitalized Leases									
	Toll Highway Authority		Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 2,567	\$ 517	\$ 202	\$ 9	\$ 867	\$ 1,929	\$ 1,074	\$ 106	\$ 6,675	\$ 2,008
2009	1,449	93	129	4	912	1,886	1,071	66	5,484	1,984
2010	--	--	--	--	953	1,841	848	30	4,948	1,775
2011	--	--	--	--	1,001	1,794	118	5	4,555	1,571
2012	--	--	--	--	1,049	1,745	4	--	1,910	1,413
2013-2017	--	--	--	--	6,086	7,874	--	--	7,088	6,135
2018-2022	--	--	--	--	7,829	6,097	--	--	6,418	4,897
2023-2027	--	--	--	--	7,030	3,920	--	--	18,003	4,839
2028-2032	--	--	--	--	4,123	2,592	--	--	--	--
2033-2037	--	--	--	--	5,497	1,218	--	--	--	--
2038-2042	--	--	--	--	1,302	41	--	--	--	--
Total minimum lease payments	<u>\$ 4,016</u>	<u>\$ 610</u>	<u>\$ 331</u>	<u>\$ 13</u>	<u>\$ 36,649</u>	<u>\$ 30,937</u>	<u>\$ 3,115</u>	<u>\$ 207</u>	<u>\$ 55,081</u>	<u>\$ 24,622</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, 2007 was \$25.9 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, 2007 was \$474.3 million, which includes unamortized premiums of \$11.7 million, unamortized discounts of \$.1 million and deferred amounts on refunding of \$14.4 million and is included in the component unit financial statements.

Non-State-issued Certificates of Participation - The State also finances the purchase of certain State-owned real and personal property through third party (non-State-issued) Certificates. These non-State-issued Certificates are sold by private concerns and are repaid by State agency appropriations pursuant to installment purchase agreements. The outstanding balance of non-State-issued Certificates included in the governmental activities financial statements as of June 30, 2007 was \$71.4 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, 2007 are as follows:

Table 13-7 (amounts expressed in thousands)

Year Ending June 30	Certificates of Participation					
	State-Issued		Non-State-Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 1,750	\$ 1,487	\$ 3,845	\$ 3,686	\$ 5,595	\$ 5,173
2009	1,850	1,387	5,485	3,690	7,335	5,077
2010	1,945	1,278	5,780	3,390	7,725	4,668
2011	2,055	1,162	6,085	3,068	8,140	4,230
2012	2,170	1,038	6,425	2,724	8,595	3,762
2013-2017	13,000	3,013	31,795	8,081	44,795	11,094
2018-2022	3,140	95	12,010	827	15,150	922
	<u>\$ 25,910</u>	<u>\$ 9,460</u>	<u>\$ 71,425</u>	<u>\$ 25,466</u>	<u>\$ 97,335</u>	<u>\$ 34,926</u>

Table 13-8 (amounts expressed in thousands)

Year Ending June 30	Certificates of Participation					
	Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 345	\$ 274	\$ 2,590	\$ 1,304	\$ 26,970	\$ 19,519
2009	365	256	2,670	1,217	28,330	18,155
2010	390	235	2,770	1,121	29,770	16,704
2011	410	214	2,875	1,015	31,035	15,244
2012	435	191	2,105	899	32,550	13,756
2013-2017	3,320	543	7,340	3,382	138,590	47,805
2018-2022	--	--	6,410	2,000	124,310	21,060
2023-2027	--	--	4,190	345	29,215	3,366
	<u>5,265</u>	<u>\$ 1,713</u>	<u>30,950</u>	<u>\$ 11,283</u>	<u>440,770</u>	<u>\$ 155,609</u>
Deferred amount on refundings	--	--	--	--	(14,364)	--
Unamortized premiums	--	--	--	--	11,713	--
Unamortized (discounts)	--	--	(73)	--	--	--
	<u>\$ 5,265</u>	<u>\$ 1,713</u>	<u>\$ 30,877</u>	<u>\$ 11,283</u>	<u>\$ 438,119</u>	<u>\$ 155,609</u>

C. Illinois Emergency Management Agency

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

Although the State was not culpable for the creation of the hazard, federal law makes it, as the owner, a potentially responsible party along with the corporations that did the dumping. These corporations are defunct and in recognition of the State’s lack of culpability, the USEPA has currently estimated the clean-up to the site and adjacent property to cost \$80 million. The State has estimated its portion of the liability for the clean-up to be \$26 million which is recorded in the governmental activities statement of net assets at June 30, 2007.

D. Installment Purchase Obligations

The State has acquired certain land, office facilities, office and computer equipment and other assets through installment purchase arrangements. Future commitments under installment purchase contracts as of June 30, 2007 are as follows:

Primary Government			
Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2008	\$ 5,632	\$ 561	\$ 6,193
2009	5,160	358	5,518
2010	3,882	353	4,235
2011	1,502	64	1,566
2012	65	2	67
	<u>\$ 16,241</u>	<u>\$ 1,338</u>	<u>\$ 17,579</u>

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

The State of Illinois entered into an agreement with the State of Missouri for the construction of the Cape Girardeau Bridge. The agreement required that the State of Illinois reimburse the State of Missouri for 40% of the costs incurred for bridge construction. In accordance with a pre-established payment plan, the State of Illinois repays one-quarter of its annual obligation each year for four years following the year costs were incurred. Each year, the State of Missouri incurs costs and each year, the State of Illinois makes payments on costs incurred in prior years (unless such costs have been totally reimbursed) subject to the same one-quarter reimbursement arrangement. The State of Missouri assesses 5.3% interest on the unpaid balance.

As of June 30, 2007, the balance of the Illinois/Missouri Joint Agreement was \$2.2 million and is included in the governmental activities financial statements. In subsequent years, this liability will be liquidated from future resources of the Road Fund, a major governmental fund. Future Illinois/Missouri Joint Agreement debt service requirements at June 30, 2007, are as follows:

Table 13-10 (amounts expressed in thousands)

Year Ending June 30	Principal	Interest	Total
2008	\$ 886	\$ 114	\$ 1,000
2009	1,189	67	1,256
2010	77	4	81
	\$ 2,152	\$ 185	\$ 2,337

F. Obligations to Lottery Prize Winners

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

For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of the Department of Revenue, may contract to invest in securities, which provide payments corresponding to its obligation to these winners. The present value of these annuities and the related liabilities owed to prize winners, approximating \$1 million, 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 in the Deferred Lottery Prize Winners Trust Fund, a special trust fund separate and apart from all public money or funds of the State. These investments are purchased in amounts to provide for annual annuity payments to the prize winner(s) of each qualifying individual drawing. Since these monies are invested by the State on behalf of external legally separate entities (the prize winners), with specific investments being acquired for these individual entities for which the income from and changes in the value of the investments affect only the prize winners for whom they were acquired, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Deferred Lottery Prize Winners Trust Fund is reported as an investment trust fund. The investments of the fund are reported at fair value, which approximated \$624.5 million at year-end, and the net assets are reported as reserved for external investment pool participants.

G. Prepaid Tuition Fund Obligations

Tuition payable in the Illinois Prepaid Tuition Fund, a major enterprise fund, as of June 30, 2007, represents net principal payments received for contracts held by the fund in the amount of \$745.1 million, of which \$28.8 million is considered current. In addition, an accretion payable recorded in the same fund in the amount of \$211.1 million of which \$2.2 million is considered current, is the present value of payments to be made in excess of the principal payments received from investments of the tuition contracts. The accretion expense is estimated as a percentage of net tuition costs paid to date.

The rate for fiscal year 2007 is 8.12% based on the actuarial reporting. The accretion expense is calculated on a monthly basis on the balance in the tuition payable account.

H. Other Obligations

Primary Government - Governmental Activities

The Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. In accordance with that, it was determined that there was an arbitrage rebate liability of \$28 thousand as of June 30, 2007. The Build Illinois Bond Retirement and Interest Fund, a nonmajor governmental fund, is expected to be used to repay the liability of \$28 thousand from future resources of this fund.

A lawsuit against the City of Chicago and the Illinois State Board of Education (ISBE) has resulted in a settlement requiring the ISBE to pay \$19.25 million over seven years to Chicago Public School District #299 (District) to assist the District in providing special education services to identified eligible children within the least restrictive environment. The settlement, reached in July 1999, required the ISBE to pay \$2.75 million per year through January 2006. Due to the District's failure to disburse an adequate amount of ISBE's portion of the settlement for the intended purpose, ISBE has only paid \$10.39 million of the settlement amount through June 30, 2007. In fiscal year 2005, a federal judge extended the ruling through the end of the 2009-2010 school year. This ruling allowed ISBE to restructure the remaining payments due the District through fiscal year 2010. The ISBE Federal Department of Education Fund, a nonmajor governmental fund, is expected to be used to repay the liability of \$8.86 million from future resources of this fund.

Primary Government - Business-type Activities

The Self Insurers' Security Fund, a nonmajor enterprise fund, has recorded a liability of \$10.3 million for unpaid claims. This amount is the estimated future benefit payments for bankrupt companies. This liability is expected to be paid with current resources of the fund.

Major Component Units

Major component units presented other miscellaneous obligations in the amount of \$102.9 million. These obligations will be liquidated by the reporting major component unit.

14 DERIVATIVES

The State and its component units have entered into various debt-related derivatives as of June 30, 2007. The objectives of the derivatives are as follows:

Primary Government - Governmental Activities

On October 30, 2003, the State of Illinois issued a total of \$963 million of tax exempt general obligation new and refunding bonds in two series: \$363 million fixed rate bonds maturing 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 (Liquidity Provider) for the principal amount and 35 days interest on the 2003B bonds.

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

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

Subject to continuing basis performance monitoring between the Agreements and the 2003B bonds (certain basis risks described herein), the savings to the State afforded by the net synthetic fixed rate bond structure versus a traditional fixed rate bond structure was approximately 0.71% per year, or a net present value of approximately \$56 million as of June 30, 2007.

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

Major Component Units

Illinois Housing Development Authority (IHDA)

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

Since interest rates have declined since the implementation of the swap and cap agreements, all currently active swaps and cap agreements, except for Multi-Family Variable Rate Demand Bonds Series 1996A, Multi-Family Housing Revenue Bond Series 1997 and 2000A and Housing Bonds Series 2004B had a negative fair value as of June 30, 2007. The negative fair values may be countered by reductions in total interest payments required under the variable rate bonds, creating lower synthetic interest rates. Since the coupons on IHDA's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

Illinois State Toll Highway Authority (THA)

To achieve lower fixed rate borrowing costs, the THA issued variable rate debt and entered into variable-to-fixed rate swap agreements. The objective was to obtain a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the THA issued fixed rate debt.

The THA has entered into variable-to-fixed rate swap agreements (agreements) on the entire amount of the Series 1993B (\$178 million) and Series 1998B (\$123 million) bond issues. Under the terms of these agreements, the THA each June 30 and December 31, beginning June 1993 and ending with maturity in December 2009 on the Series 1993B bonds will pay a fixed synthetic rate of 4.920% on the outstanding bonds. The THA receives a floating rate payment from the counterparty equal to the amount paid on the Series 1993B variable rate bonds. In addition, the THA each July 1 and January 1, beginning July 1999 and ending with maturity in January 2017 on the Series 1998B bonds will pay a fixed synthetic rate of 4.325% on the outstanding bonds. The THA receives a floating rate payment from the counterparty equal to the amount paid on the Series 1998B variable rate bonds.

In September 2005, the THA entered into four forward-starting interest rate exchange agreements (forward agreements) on an aggregate notional amount of \$700 million to hedge interest rates for planned future bond issuances to finance a portion of the THA's Congestion-Relief Program. Two of the agreements are associated with an authorized issuance of \$350 million junior lien debt effective November 1, 2006 (November 2006 Agreements), while the other two agreements are associated with an authorized issuance of \$350 million of junior lien debt effective November 1, 2007 (November 2007 Agreements). The forward agreements in effect locked in the synthetic fixed rates for the 2006 and 2007 issuances of 3.626% and 3.674%, respectively.

In March 2006, the THA amended all four forward agreements by converting the variable leg of the agreements from a rate calculated by 75% of LIBOR to a rate determined by the SIFMA Municipal Swap Index. This conversion was executed in order to purchase tax protection, associated with the tax-exempt SIFMA based hedging agreements, at a historically inexpensive time. This conversion was accomplished by nominally increasing the fixed leg of the November 2006 and November 2007 Agreements to 3.921% and 3.9925%, respectively. In September 2006, the November 2006 Agreements' effective dates were extended from November 1, 2006 to August 1, 2007 (now known as the August 2007 Agreements). These extensions were deemed appropriate after review of the capital program draws and fund balances. The effective date extensions were accomplished by a nominal increase to the fixed rate of the August 2007 Agreements of 3.952%. (Subsequent to December 31, 2006, the August 2007 Agreements were amended to extend the starting date to February 1, 2008 and increase the fixed rate to 3.972%.)

University of Illinois (U of I)

To facilitate the advance refunding of the UIC South Campus Development Project Series 1999 Bonds and, as a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in February 2006, the U of I entered into two interest rate swap agreements in connection with its \$54 million variable rate bonds (UIC South Campus Development Project) Series 2006A. The intention of the swaps was to effectively change the U of I's variable interest rate on the Bonds to a synthetic fixed rate of 1.03% through August 2007 and 4.292% thereafter, which includes the Bonds' current liquidity facility fee of 0.2%. In addition, there is a 0.08% current remarketing fee.

The Bonds and related swap agreements mature in January 2022, and the swaps' initial notional amount matches the variable rate Bonds (\$54 million). The swaps were entered into at the same time as the Bonds were issued (February 2006). Starting in fiscal year 2011, the notional value of the swaps and the principal amount of the associated Bonds begin to mature. Under the swaps, the U of I pays counterparties a fixed payment of 0.83% through August 2007 and 4.092% thereafter, and receives a variable payment equal to its cost-of-funds through February 2010 and thereafter receives a variable payment equal to 68% of LIBOR.

In April 2007, the U of I entered into a variable-to-fixed interest rate swap agreement with Lehman Brothers Commercial Bank. The purpose of this interest rate swap was to hedge variable rate demand Health Services Facility System revenue refunding bonds planned to be issued in July 2007. The notional amount of the interest rate swap was \$41 million and equal to the planned par amount of the bonds. The U of I will make monthly payments to the counterparty equal to 3.534% times the notional amount and will receive monthly payments from the counterparty equal to 68% of one-month LIBOR, commencing in October 2007.

Additionally, to facilitate the advance refunding of the Certificates of Participation (Utility Infrastructure Projects) Series 2001 A and B and, as a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2004, the U of I entered into an interest rate swap in connection with its \$144 million variable rate Certificates of Participation (Utility Infrastructure Projects) Series 2004. The intention of the swap was to effectively change the U of I's variable interest rate on the Certificates to a synthetic fixed rate of 3.855%, which includes the Certificates' current liquidity facility fee of 0.09%. In addition, there is a 0.05% current remarketing fee.

The Certificates and related swap agreement mature in August 2021 and the swap's initial notional amount matches the variable rate Certificates (\$144 million). The swap was entered into at the same time as the Certificates were issued (March 2004). During fiscal year 2006, the notional value of the swap and the principal amount of the associated Certificates began to mature. Under the swap, the U of I pays the counterparty a fixed payment of 3.765% and receives a variable payment computed as 100% of the SIFMA Municipal Swap Index. Conversely, the Certificates' variable interest rates are expected to approximate SIFMA. For fiscal year 2007, the Certificates' variable interest rate has been equal to SIFMA.

Risks

Credit risk

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

As of June 30, 2007, IHDA was not exposed to credit risk because of the negative fair values of the swaps. Should interest rates change and the fair values become positive, IHDA would be exposed to credit risk in the amount of the swaps' fair value. Fair value is a factor only upon termination.

The THA has adopted an interest rate risk management policy to select counterparties with an initial rating of at least A-/A3 and not fall below BBB+/Baa1 (Standard and Poor's and Moody's Investors Services, respectively). As of December 31, 2006 (the THA's fiscal year-end), the seven counterparties have credit ratings that exceed the minimum credit rating requirement. If the counterparties, for the Series 1993B, 2006 Agreements and 2007 Agreements, are downgraded below acceptable levels, the agreements require that the counterparties post suitable and adequate collateral. The notional amount of the agreements equals the principal amount of the bonds for both the Series 1993B and 1998B bond obligations.

As of June 30, 2007, the U of I was exposed to credit risk on the 2004 Certificates of Participation swap because it had a positive fair value. For the Series 2006A bond, the swap counterparty was rated AA-/Aa2 by Standard and Poor's and Moody's Investors Services, respectively, on the first counterparty and A+/Aa3 for the second counterparty. For the 2004 Certificates of Participation, the swap counterparty was rated A+/Aa3. To mitigate the potential for credit risk, if both credit ratings of the counterparties fall below BBB+ and Baa1, respectively, the fair value of the swap will be collateralized by the counterparty with US Treasury Securities, Agency Notes and Municipal Securities. Collateral would be posted with a third party custodian.

Basis risk

Since the floating index under the Agreement is based on LIBOR, the State bears exposure to changing interest rate relationships between tax exempt and taxable debt markets. Should the value of tax exempt interest decrease in relation to taxable interest (as a result of a further lowering of income tax rates among other causes), tax exempt interest rates may rise (which the State pays on its 2003B general obligation bonds in the form of 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.

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

The THA has implemented a strategy on the agreements associated with the Series 1993B and 1998B bonds which was designed to provide a synthetic fixed rate and it is not anticipated that, as a result of the strategy, the THA has assumed any additional interest rate risk. The agreements expose the THA to basis risk should the variable interest rate on the bond coupons and the synthetic interest rate change. If a change occurs, the expected cost savings may not be realized. As of December 31, 2006 (THA's fiscal year-end), the SIFMA rate was 3.91%.

To minimize the potential for basis risk for the 2006A and 2007 bonds and 2004 Certificates of Participation, the U of I engaged a third party consultant to calculate the "mark-to-market" or "market value" of the swap transactions. As of June 30, 2007, the combined mark-to-market value of the two swaps associated with the 2006A bonds were \$(.8) million, the mark-to-market value of the 2007 bond was \$.9 million and the mark-to-market value of the swap associated with the 2004 Certificates of Participation was \$2.3 million. Since the 2006A bond is a negative number, it represents an approximation of the amount of money the U of I may have to pay a swap provider to terminate the swap. Since the 2007 bond and 2004 Certificates of Participation are positive numbers, it represents an approximation of the amount of money that a swap provider would be willing to pay the U of I to terminate the swap. In accordance with governmental accounting standards, these amounts are not required to be included in the accompanying financial statements.

Termination risk

Should the State or a counterparty fail to perform under the terms of the Agreement, there may be a termination of the Agreement. In such an event the State may incur an unhedged variable rate position with its 2003B general obligation bonds and potentially owe a net termination payment if the market value of the contract is against the State. Posting collateral by the counterparty (in the form of cash, unconditional Treasury obligations or Treasury guaranteed agency securities), if required by the credit rating of the counterparty, protects the State's interest against the counterparty's failure when the market value is in favor of the State. The State is never required to post collateral when the value is in favor of the counterparty (as is the case as of June 30, 2007).

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

The THA or the counterparty may terminate any of the swap agreements if the other party fails to perform under the terms of the swap agreements. On a current mark-to-market basis, using December 31, 2006 (THA's fiscal year-end) as a termination date, the net present value of each of the swaps would require the THA to make an estimated combined termination payment, in the event that the outstanding swaps were terminated, of approximately \$4.2 million and \$6.2 million for Series 1993B and Series 1998B bonds, respectively. Using the same mark-to-market basis, termination of the THA's forward-starting agreements would require the counterparties to make an estimated termination payment to the THA of approximately \$1.4 million and \$.2 million for the August 2007 Agreements and November 2007 Agreements, respectively. The termination payment is based upon the market conditions prevailing at the time of termination, and calculated using methodology set forth by the International Swaps and Derivative Association (ISDA).

The U of I is exposed to potential termination risk as the U of I has the option to terminate all of their swaps early. The U of I or the counterparties may terminate the swaps if the other party fails to perform under the terms of the agreement. The U of I may also terminate the individual swaps if both credit ratings of the counterparties fall below BBB+ as issued by Standard and Poor's and Baa1 as issued by Moody's Investors Service for each respective swap. If a swap is terminated, the variable rate Bonds or Certificates, would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the U of I would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover risk

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

Details of the various debt related derivative agreements in effect as of June 30, 2007 (except for the THA which is as of December 31, 2006) are as follows:

Table 14-1 (amounts expressed in thousands)									
Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Rate in Effect at 6/30/07	Fair Values (2)	Swap Termination Date	Counterparty Credit Rating (3)	
Primary Government									
Governmental Activities									
Interest Rate Swap Contracts									
Series 2003B	\$ 384,000	10/03	3.890%	67% of 1 mo. LIBOR ^{^^} ,	3.56%	\$ (4,072)	10/33	AA-/A1/AA-	
General Obligation Bonds	54,000	10/03	3.890%	when 1 mo. LIBOR	3.56%	(695)	10/33	AA/Aa2/AA-	
	54,000	10/03	3.890%	is \geq 2.5%, or	3.56%	(594)	10/33	AA/Aa2/AA	
	54,000	10/03	3.890%	SIFMA [^] , when 1 mo.	3.56%	(455)	10/33	AA+/Aa1/AA	
	54,000	10/03	3.890%	LIBOR is < 2.5%	3.56%	(785)	10/33	AA-/Aa3/AA-	
	<u>\$ 600,000</u>					<u>\$ (6,601)</u>			
Major Component Units									
IHDA									
Interest Rate Swap Contracts									
MVRDB*									
Series 1996A	\$ 2,782	12/03	5.467%	1 mo. LIBOR ^{^^}	5.32%	\$ 41	8/26	AAA/Aaa/--	
HMRB**									
Series 2001D	2,930	7/01	6.130%	1 mo. LIBOR ^{^^} +30bp ^{^^^}	5.62%	(75)	2/10	AAA/Aaa/--	
Series 2001F	10,000	1/02	6.615%	1 mo. LIBOR ^{^^} +40bp ^{^^^}	5.72%	(661)	8/20	A+/Aa3/--	
Series 2002B	7,700	5/02	6.145%	1 mo. LIBOR ^{^^} +41.5bp ^{^^^}	5.74%	(66)	2/23	AAA/Aaa/--	
Interest Rate Cap									
MHRB***									
Series 1997 (Camelot Development)	14,170	11/97	5.750%	N/A	3.80%	--	12/07	AA-/Aa3/--	
Series 2000A (Lakeshore Plaza)	38,885	7/06	5.500%	N/A	3.77%	11	6/11	AA-/Aa3/--	
HB****									
Series 2004B	8,375	3/04	5.000%	N/A	3.74%	8	4/12	AAA/Aaa/--	
Series 2006C	5,635	6/06	4.750%	N/A	3.80%	(80)	6/21	AA/Aa1/--	
	<u>\$ 90,477</u>					<u>\$ (822)</u>			
THA-									
Interest Rate Swap Contracts									
Series 1993B	\$ 147,300	3/93	4.920%	Cost of Funds	3.89%	\$ (4,200)	12/09	AA-/Aa3/--	
Series 1998B	67,705	12/98	4.325%	Cost of Funds	3.93%	(3,410)	1/17	AA-/Aa3/--	
Series 1998B	55,395	12/98	4.325%	Cost of Funds	3.93%	(2,790)	1/17	A+/A1/--	
Forward-Starting Interest Rate Exchange Agreements									
November 2006 Agreement	175,000	8/07	3.952%	SIFMA [^] Municipal Swap Index	N/A	700	7/30	AA+/Aa3/--	
November 2006 Agreement	175,000	8/07	3.952%	SIFMA [^] Municipal Swap Index	N/A	700	7/30	AA+/Aa1/--	
November 2007 Agreement	262,500	11/07	3.993%	SIFMA [^] Municipal Swap Index	N/A	143	7/30	AA-/Aa2/--	
November 2007 Agreement	87,500	11/07	3.993%	SIFMA [^] Municipal Swap Index	N/A	48	7/30	AA-/Aa3/--	
	<u>\$ 970,400</u>					<u>\$ (8,809)</u>			
U of I									
Interest Rate Swap Contracts									
Revenue Bonds									
Series 2006A	\$ 26,850	2/06	1.030%	Cost of Funds	3.77%	\$ (393)	1/22	AA-/Aa2/--	
Series 2006A	26,850	2/06	1.030%	Cost of Funds	3.77%	(393)	1/22	A+/Aa3/--	
Certificates of Participation									
Series 2004	141,795	3/04	3.855%	SIFMA [^] Municipal Swap Index	3.74%	2,348	8/21	A+/Aa3/--	
	<u>\$ 195,495</u>					<u>\$ 1,562</u>			
~ As of 12/31/06 (THA's fiscal year-end)									
* Multi-Family Variable Rate Demand Bonds									
** Homeowner Mortgage Revenue Bonds									
*** Multi-Family Housing Revenue Bonds									
**** Housing Bonds									
^ Securities Industry and Financial Market Association, previously known as Bond Market Association									
^^ London Interbank Offered Rate									
^^^ basis points									
(1) All bond issues are taxable debt instruments.									
(2) Includes accrued interest.									
(3) Credit rating companies: Standard and Poor's (S&P)/Moody's Investors Services/Fitch Rating Services									

As of June 30, 2007 (except for THA which is as of December 31, 2006), debt service requirements of outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms are as follows:

Table 14-2 (amounts expressed in thousands)										
Swap Payments and Associated Debt										
Variable Rate Debt										
Primary Government										
Year Ending June 30	Governmental Activities									
	Principal	Interest	Interest Rate Swaps, Net		Total					
2008	\$ --	\$ 23,250	\$ 2,250		\$ 25,500					
2009	--	23,250	2,250		25,500					
2010	--	23,250	2,250		25,500					
2011	--	23,250	2,250		25,500					
2012	--	23,250	2,250		25,500					
2013-2017	--	116,250	11,250		127,500					
2018-2022	98,800	112,438	10,881		222,119					
2023-2027	211,800	69,653	6,741		288,194					
2028-2032	230,200	26,301	2,545		259,046					
2033-2037	59,200	2,621	254		62,075					
Total	\$ 600,000	\$ 443,513	\$ 42,921		\$ 1,086,434					
Major Component Units										
Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority					
	Principal	Interest	Interest Rate Swaps, Net		Total	Principal	Interest	Interest Rate Swaps, Net		Total
2008	\$ 2,500	\$ 3,822	\$ 130		\$ 6,452	\$ 47,350	\$ 118,187	\$ 3,861		\$ 169,398
2009	2,565	3,712	115		6,392	50,030	112,660	3,513		166,203
2010	2,740	3,598	109		6,447	52,750	110,348	3,141		166,239
2011	2,925	3,476	106		6,507	45,465	110,195	801		156,461
2012	3,100	3,348	105		6,553	49,910	107,515	801		158,226
2013-2017	14,395	15,076	487		29,958	402,965	481,705	3,651		888,321
2018-2022	21,470	10,421	157		32,048	580,470	360,624	--		941,094
2023-2027	30,855	6,390	16		37,261	1,153,470	263,937	--		1,417,407
2028-2032	6,415	1,146	--		7,561	--	--	--		--
2033-2037	2,155	439	--		2,594	--	--	--		--
2038-2042	1,360	136	--		1,496	--	--	--		--
Total	\$ 90,480	\$ 51,564	\$ 1,225		\$ 143,269	\$ 2,382,410	\$ 1,665,171	\$ 15,768		\$ 4,063,349
Year Ending June 30	University of Illinois--Revenue Bonds				University of Illinois--Certificates of Participation					
	Principal	Interest	Interest Rate Swaps, Net		Total	Principal	Interest	Interest Rate Swaps, Net		Total
2008	\$ --	\$ 2,030	\$ (125)		\$ 1,905	\$ 995	\$ 5,285	\$ 35		\$ 6,315
2009	--	2,024	173		2,197	1,035	5,261	20		6,316
2010	--	2,024	173		2,197	1,075	5,207	35		6,317
2011	215	2,021	173		2,409	6,570	5,065	33		11,668
2012	540	2,014	166		2,720	6,840	4,814	31		11,685
2013-2017	21,290	8,329	705		30,324	38,600	19,960	106		58,666
2018-2022	31,655	3,280	275		35,210	86,680	8,377	41		95,098
Total	\$ 53,700	\$ 21,722	\$ 1,540		\$ 76,962	\$ 141,795	\$ 53,969	\$ 301		\$ 196,065

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, 2007, the State issued advanced refunding debt to lower interest rates. These revenue bonds were issued to refund portions of earlier issues. The principal of the refunded debt will be redeemed on various dates through 2011 at redemption prices ranging from 100% to 102%. Proceeds from the sales, together with other funds, were placed in irrevocable trusts that are used to service the future debt requirements of the old debt. As a result, the refunded bonds are considered to be defeased and the liability for this debt has been removed from the financial statements of the State. At June 30, 2007, the outstanding balance of the defeased debt was \$386.7 million. Advance refunding debt issued during fiscal year 2007 was as follows:

Table 15-1 (amounts expressed in millions)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service Reduced by Refunding	Refunding Economic Gain	Accounting (Loss)
Primary Government							
Governmental Activities							
General Obligation - Series June 2007B	\$ 329.0	4.25% to 5.25%	\$ 335.1	5.00% to 5.75%	\$ 24.8	\$ 16.9	\$ (6.8)
Major Component Units							
University of Illinois - Series 2006	\$ 52.9	4.0% to 5.0%	\$ 53.6	5.125% to 5.60%	\$ 3.8	\$ 2.2	\$ (2.0)

B. Current Refundings

During the year ended June 30, 2007, the State issued current refunding bonds to defease bonds which were currently outstanding with respect to certain developments. These revenue bonds were issued to currently refund earlier issues maturing on dates ranging from January 1, 2007 through July 1, 2026 at redemption prices ranging from 100% to 101%. Current refunding bonds issued during fiscal year 2007 were as follows:

Table 15-2 (amounts expressed in millions)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service Reduced by Refunding	Refunding Economic Gain	Accounting (Loss)
Major Component Units							
Illinois Housing Development Authority Series 2006 G and K	\$ 88.6	3.65% to 4.85%	\$ 88.6	5.00% to 8.25%	\$ 11.8	\$ 14.6	\$ (12.4)

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 is not included in the State’s financial statements. At June 30, 2007, the outstanding balances of prior year defeased debt were as follows:

Table 15-3 (amounts expressed in thousands)

	Primary Government	Major Component Units				
	Governmental Activities	Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
General obligation bonds	\$ 697,420	\$ --	\$ --	\$ --	\$ --	\$ --
Special obligation bonds	26,217	--	--	--	--	--
Revenue bonds	--	25,985	10,152	24,835	12,950	184,105
Certificates of participation	--	--	--	--	--	186,885
	<u>\$ 723,637</u>	<u>\$ 25,985</u>	<u>\$ 10,152</u>	<u>\$ 24,835</u>	<u>\$ 12,950</u>	<u>\$ 370,990</u>

16 RETIREMENT SYSTEMS

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

The Teachers’ Retirement System (“TRS”) is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with “special funding situations.” It provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. There are 870 local school districts, 137 special districts and 24 other State agencies that contribute to the TRS plan. At June 30, 2007, the TRS had outstanding receivables of \$45 million for payroll deduction agreements with members for optional services, refund repayments and upgrade balances owed to the TRS.

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

The State of Illinois is legally mandated to make contributions to the TRS and SURS. Because the State contributes most of the TRS and SURS employer contributions, the single employer provisions of GASB Statement 27 have been followed for reporting those systems in the statewide CAFR. The TRS and SURS are governed by articles 16 and 15, respectively, of the Illinois Pension Code.

Effective January 1, 1998, legislation established an alternative defined benefit program known as the Portable Benefit Option Plan within the SURS. This option is offered in addition to the existing traditional benefit option. All members who are eligible for the traditional benefit option are eligible for the portable option. New and existing members are provided a window period in which to make an irrevocable election. The portable option provides an enhanced refund at termination for those who leave SURS with at least five years of service. Offsetting this additional cost is the elimination of the survivor benefit package. This program is designed to be cost-neutral in relation to the traditional option. Approximately 17.4 thousand of the approximately 81.7 thousand members have chosen this option.

Legislation, effective January 1, 1998, also required the SURS to offer a Self-Managed Plan. This is a defined contribution plan and is offered to employees of all SURS employers who elect to participate. All but two SURS employers participate in the Self-Managed Plan. The contribution rate is 8% of their gross earnings. It is a qualified money purchase plan under Section 401(a) of the Internal Revenue Code. The assets are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code. 9.6 thousand of the approximately 81.7 thousand active members have chosen this option. \$584 million of the \$16.6 billion total assets relate to the Self-Managed Plan. Plan member contributions were \$41.6 million and employer contributions were \$33.3 million for the year ended June 30, 2007.

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.

Termination Benefits. Public Act 94-0839 provided for an alternative retirement cancellation payment which allowed SERS members in certain employment positions to receive a lump-sum payment of twice their retirement contributions plus regular interest on those contributions if the SERS member terminated employment by September 30, 2006. There were 257 SERS members who participated resulting in payments of \$10.497 million and an actuarial accrued liability savings of \$12.355 million.

Funding Policy and Annual Pension Cost. Member contributions are based on fixed percentages set by statute ranging from 4.0% to 12.5%. The State's funding requirements have been established by statute (Public Act 88-593) effective July 1, 1995 and provide for a systematic 50-year funding plan with an ultimate goal to achieve "90% funding" of the systems' liabilities. In addition, the funding plan provides for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Once the 15-year phase-in period is complete, the State's contribution will then remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. However, Public Act 94-0004 decreased the required funding levels for fiscal years 2006 and 2007 to \$938.4 million and \$1.375 billion, respectively,

and requires equal annual increments from fiscal years 2008 to 2010 to ensure that the fiscal year 2006 and 2007 decreases have no long-term effect on contributions. In addition, pursuant to Public Act 93-0002, the State made a contribution from general obligation bond proceeds of \$7.3 billion to the retirement systems to fund a portion of the State's unfunded liability. The State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2007. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions.

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

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

Table 16-1 (amounts expressed in thousands)					
	GARS	JRS	SERS	TRS	SURS
Actuarially required contribution ("ARC")	\$ 10,125	\$ 73,372	\$ 823,803	\$ 2,052,396	\$ 705,984
Plus: Interest on net pension obligation ("NPO")	3,531	24,278	56,004	723,227	423,665
Adjustment to the ARC	(2,360)	(16,225)	(44,355)	(496,435)	(268,343)
Annual pension cost ("APC")	11,296	81,425	835,452	2,279,188	861,306
Employer contributions	5,470	35,237	358,786	816,670	261,143
Increase in NPO	5,826	46,188	476,666	1,462,518	600,163
NPO at June 30, 2006	44,133	303,481	658,877	8,508,555	4,984,290
NPO at June 30, 2007	\$ 49,959	\$ 349,669	\$ 1,135,543	\$ 9,971,073	\$ 5,584,453
Required contribution amounts/rates:					
Statutory required contribution *	\$ 5,220	\$ 35,237	\$ 361,114	\$ 822,890	\$ 261,143
Members	11.5%	11%	4%-12.5%	9.4%	8%-9.5%
Actuarial valuation date of the ARC	6/30/2005	6/30/2005	6/30/2005	6/30/2005	6/30/2005
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 **	8%	8%	8.5%	8.5%	8.5%
Projected salary increases **	6.5%	5.5%	4% - 9.1%	5.9% - 10.2% ***	5.5% - 9.5%
Postretirement benefit increases	3%	3%	3%	3%	3%
Inflation rate	4%	4%	3%	3.5%	3%
* Public Act 88-593 provides for 50-year funding including 15-year phase-in of employer contributions as a percentage of active member payroll increasing until fiscal year 2010, and remaining at that level until fiscal year 2045 when the Systems' funded ratios will be 90%. Public Act 94-004 amended Public Act 88-593 by reducing the required 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 will not be impacted.					
** Includes inflation rate listed					
*** Composite, approximately 6.5%					
Note: The above actuarial assumptions are the actuarial assumptions used to calculate the ARC for the year ended June 30, 2007. The actuarial assumptions used at June 30, 2007 to calculate the actuarial accrued liability as reported in the required supplementary information were the same except for the following:					
Projected salary increases	5%	5%	4% - 8.35%	6% - 11.2% ***	5% - 10%

Trend Information. The annual pension cost, the percentage of annual pension cost contributed for the year and the net pension obligation at the end of the year are presented in the following Table 16-2:

	GARS	JRS	SERS	TRS	SURS
Annual Pension Cost ("APC")					
6/30/2005	\$ 9,452	\$ 65,522	\$ 723,914	\$ 1,898,305	\$ 737,299
6/30/2006	\$ 9,905	\$ 71,845	\$ 678,476	\$ 1,926,143	\$ 802,404
6/30/2007	\$ 11,296	\$ 81,425	\$ 835,452	\$ 2,279,188	\$ 861,306
% of APC Contributed					
6/30/2005	49.46%	48.90%	59.04%	52.01%	38.71%
6/30/2006	42.15%	40.84%	31.03%	31.23%	22.43%
6/30/2007	48.42%	43.28%	42.95%	35.83%	30.32%
Net Pension Obligation (Asset)					
6/30/2005	\$ 38,403	\$ 260,974	\$ 190,901	\$ 7,183,884	\$ 4,361,904
6/30/2006	\$ 44,133	\$ 303,481	\$ 658,877	\$ 8,508,555	\$ 4,984,290
6/30/2007	\$ 49,959	\$ 349,669	\$ 1,135,543	\$ 9,971,073	\$ 5,584,453

17 POSTEMPLOYMENT BENEFITS

The State provides health, dental, vision and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for postemployment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental and vision benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older. The total cost of all members, including postemployment health, dental, vision and life insurance benefits, is recognized as an expenditure in the accompanying financial statements as claims are reported and are financed on a pay-as-you-go basis. For fiscal year 2007, the cost of providing postemployment health, dental, vision and life insurance benefits for the approximately 104,000 retirees and their dependents was estimated to be \$599.3 million.

The State also administers postemployment benefit 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 Healthcare and Family Services (Department), 201 South Grand Avenue East, Springfield, Illinois. For both plans, 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 Illinois Teachers' Retirement System. As of June 30, 2007, there were 1,007 school districts participating with 61,260 retirees and beneficiaries receiving benefits. The Department of Healthcare and Family Services works in conjunction with the Department of Central Management Services and the Teachers' Retirement System to administer this cost-sharing multiple-employer defined benefit other postemployment benefit plan.

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, 2007, there were 38 community colleges participating with 4,853 retirees and beneficiaries receiving benefits. The Department of Healthcare and Family Services works in conjunction with the Department of Central Management Services and the State Universities Retirement System to administer this cost-sharing multiple-employer defined benefit other postemployment benefit plan.

18 FUND DEFICITS

Primary Government - Governmental Activities

Major Governmental Funds

The State’s General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating \$3.8 billion at June 30, 2007. This deficit results from spending in excess of revenues recognized.

Nonmajor Governmental Funds

The Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund of the Department of Human Services has a deficit at June 30, 2007, aggregating \$25 thousand, resulting from spending in excess of revenues recognized.

The Drivers Education Fund of the State Board of Education has a deficit at June 30, 2007, aggregating \$15.5 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The School Infrastructure Fund of the Capital Development Board has a deficit at June 30, 2007, aggregating \$2.0 million, resulting from recognition of construction liabilities in excess of revenues recognized.

The Job Training Partnership Fund of the Department of Commerce and Economic Opportunity; the Low Income Home Energy Assistance Block Grant Fund of the Department of Healthcare and Family Services; the State and Local Sales Tax Reform Fund, the Local Government Tax Fund, and the Personal Property Tax Replacement Fund of the Department of Revenue; the Federal/Local Airport Fund of the Department of Transportation; and the Childrens’ Services Fund of the Department of Children and Family Services have deficits at June 30, 2007, aggregating \$8.1 million, \$330 thousand, \$1.2 million, \$3.5 million, \$64.0 million, \$14.0 million, and \$6.2 million, respectively, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual 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 and retiree health and dental insurance programs as described below.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts and other economic and social factors. 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 a liability in the General Fund and the Road Fund in the amounts of \$394 thousand and \$450 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 \$1.6 million and \$6.8 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 and the Health Insurance Reserve Fund, internal service funds, in the amount of \$200.3 million and \$429 thousand, respectively. Payments to the Workers' Compensation Revolving Fund and the Health Insurance Reserve 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 also account for employee and retiree health and dental insurance benefit programs, which are partially self-funded. Employees may obtain health care services through participation in the State's group health insurance plan or through membership in one of eight health maintenance organization plans under contract with the State. The State maintains the risk of insurance for employees who participate in the State's group health insurance plan. Expenses and liabilities for claims, which include incurred but not reported or not processed benefit claims, have been recorded as liabilities in the amount of \$214.5 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, 2007:

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:				
2006				
Auto Liability	\$ 5,052	\$ 7,861	\$ (3,686)	\$ 9,227
Workers' Compensation	169,330	104,745	(92,891)	181,184
Health Insurance	229,903	948,966	(979,450)	199,419
Total	<u>\$ 404,285</u>	<u>\$ 1,061,572</u>	<u>\$ (1,076,027)</u>	<u>\$ 389,830</u>
2007				
Auto Liability	\$ 9,227	\$ 4,177	\$ (4,096)	\$ 9,308
Workers' Compensation	181,184	129,415	(109,851)	200,748
Health Insurance	199,419	961,052	(945,988)	214,483
Total	<u>\$ 389,830</u>	<u>\$ 1,094,644</u>	<u>\$ (1,059,935)</u>	<u>\$ 424,539</u>
Component Units, (Information for the Toll Highway Authority is as of December 31):				
2006				
Toll Highway Authority	\$ 4,640	\$ 11,138	\$ (9,450)	\$ 6,328
Southern Illinois University	16,960	5,638	(8,077)	14,521
University of Illinois	130,976	45,563	(34,325)	142,214
Total	<u>\$ 152,576</u>	<u>\$ 62,339</u>	<u>\$ (51,852)</u>	<u>\$ 163,063</u>
2007				
Toll Highway Authority	\$ 6,328	\$ 6,474	\$ (4,184)	\$ 8,618
Southern Illinois University	14,521	4,912	(6,734)	12,699
University of Illinois	142,214	63,188	(49,224)	156,178
Total	<u>\$ 163,063</u>	<u>\$ 74,574</u>	<u>\$ (60,142)</u>	<u>\$ 177,495</u>

The State administers a public entity risk pools 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 Healthcare and Family Services, 201 South Grand Avenue, Springfield, Illinois, 62763.

Component Units

The Toll Highway Authority, a major component unit, records an accrued self-insurance liability which covers workers' compensation liability and auto liability. The Authority accrued self-insurance liability was \$8.6 million at December 31, 2006.

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 \$12.7 million at June 30, 2007.

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 \$156.2 million at June 30, 2007.

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 \$1.958 billion as of June 30, 2007 which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$242.1 million as of June 30, 2007, 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 \$964 million as of December 31, 2006. The University of Illinois has outstanding construction commitments for various building and building improvement projects of \$158.4 million as of June 30, 2007.

B. 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, 2007 are as follows:

Year Ending June 30	Operating Leases				
	Primary Government	Major Component Units			
		Housing Development Authority	Illinois State University	Northern Illinois University	University of Illinois
2008	\$ 87,053	\$ 1,621	\$ 645	\$ 1,121	\$ 9,866
2009	74,102	1,621	293	1,024	6,720
2010	61,937	1,621	286	1,025	4,439
2011	54,820	1,621	237	866	2,596
2012	43,162	1,621	187	710	1,553
2013-2017	69,271	6,619	196	3,494	4,266
2018-2022	--	--	--	--	620
2023-2027	--	--	--	--	372
Total minimum lease payments	<u>\$ 390,345</u>	<u>\$ 14,724</u>	<u>\$ 1,844</u>	<u>\$ 8,240</u>	<u>\$ 30,432</u>

Rental payments (amounts expressed in millions) for operating leases charged to operations during the year ended June 30, 2007 aggregated \$307.1 for the primary government and \$27.2 for major component units.

C. *Protested Taxes*

The State of Illinois has \$324.5 million in protested tax cases which have not been adjudicated at June 30, 2007. The ultimate disposition of these cases is not determinable at this time.

D. *Federal Funding*

The State receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. At June 30, 2007, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the State believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

E. *Tobacco Settlement*

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

Because of the novelty of the MSA and of the many related claims and because of the uncertainty inherent in calculation under the MSA, it is not possible to accurately predict the amount of money that will actually be received by the State with reasonable certainty. The State received \$268, \$312, \$319, \$270, \$274, \$273 and \$285 million in fiscal years 2001, 2002, 2003, 2004, 2005, 2006 and 2007, respectively. Subsequent to June 30, 2007, the State received \$310 million in April, 2008.

F. *Excess Fee Charges*

There have been several cases filed that challenge the constitutionality of legislation allowing the broader use of fee proceeds that are deposited into special funds the use of which is, by law, otherwise limited to specified purposes. The lead case is Illinois State Chamber of Commerce v. Filan. In the fiscal year 2004 Budget Implementation Act, the legislature authorized the Director of the Governor's Office of Management and Budget to transfer funds from specialized or dedicated funds to the General Fund. Some of these specialized funds are funded by fees. The Chamber of Commerce, as an employer, pays a surcharge (fee) to the Department of Financial and Professional Regulation. The fee is then used by the Workers Compensation Commission (Commission) for the Commission's operations. The stated purpose of the fee is to reduce the amount of the Commission's operating expenses being paid from general tax revenues. However, the surcharge and fee generated more than twice the sum needed for the Commission's operating budget allowing the excess fees to be transferred to the General Fund. The Chamber of Commerce has alleged that this practice violates the tax uniformity clause of the Illinois

Constitution, the due process clause of the Illinois Constitution and the United States Constitution, and the due takings clause, claiming the fee is, in effect a disproportional and unfair tax. On November 29, 2004, the Cook County Circuit Court ruled that the fee violated the Uniformity Clause and the Due Process Clause of the Illinois Constitution and ordered all monies currently held or to be collected to be placed in an escrow fund. On October 25, 2005, the circuit court allowed the Commission to withdraw operating funds from the escrow fund on a monthly basis to continue operating while the surcharge's constitutionality continues to be litigated. Appeals filed by the State in the First District Appellate Court are awaiting argument or decision. The State collected surcharges and fees related to the case of \$30.7, \$23.0, \$13.6 and \$14.0 million in fiscal years 2004, 2005, 2006 and 2007, respectively. Subsequent to June 30, 2007 the State received \$14.3 million for fiscal year 2008.

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

G. Other Legal Proceedings

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

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

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

- A suit (*Sidell v. Maram*) has been filed alleging the differences between waiver eligibility for medically fragile, technology dependent children versus adults. The case states the reduced benefit levels and services for adults constitute illegal discrimination under Title II of the ADA and Section 504 of the Rehabilitation Act and violates the integration mandate of the regulations implementing both Acts recognized by the Supreme Court in *Olmstead v. L.C. ex rel. Zimring*, 527 U.S. 581 (1999). The State filed a motion for summary judgment which was denied.
- A suit (*Ligas v. Maram*) has been filed by nine name plaintiffs and on behalf of a class of Medicaid-eligible developmentally disabled persons seeking more public resources devoted to community services for the developmentally disabled. Plaintiffs allege that they are presently residing in Medicaid-funded institutions, or that they are at risk of

institutionalization, because the State failed to provide adequate support services to enable them to live in the community. Plaintiffs claim, among other things, that the State does not have an "Olmstead Plan" in place to enable developmentally disabled persons to leave institutions for community placements. Plaintiffs claim that the State's acts and omissions violate Title II of the ADA, Section 504 of the Rehabilitation Act, the Medicaid Act and 42 U.S.C. § 1983. Class certification has been granted by the District Court. This matter is currently in discovery.

- A similar action to Ligas (*Williams v. Blagojevich*) involves resources devoted to the mentally ill rather than the developmentally disabled. However, a motion for class certification is pending. This matter is currently in discovery.
- Another action similar to Ligas (*Colbert v. Blagojevich*) involves claims that more than ten thousand persons with disabilities are being wrongfully kept in nursing facilities rather than being placed in the community. A motion for class certification is pending. This matter is currently in discovery.

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

H. Illinois Housing Development Authority Bonds (IHDA)

The IHDA, a component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. In the event that the IHDA determines that funds will not be sufficient for the payment of principal and interest on these bonds, the Chairman of the IHDA shall certify 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, 2007, the outstanding balance of bonds, which the State is morally obligated to repay is \$.3 million.

I. Metropolitan Pier and Exposition Authority (McCormick Place)

The Authority is authorized by the Metropolitan Pier and Exposition Authority Act to issue bonds in the principal amount of \$312.5 million, excluding refunding bonds issued after January 1, 1986. These bonds were issued (1) to pay construction costs of completing the McCormick Place expansion, (2) to pay the construction costs of projects authorized by the Illinois General Assembly in the future, (3) to refund any outstanding bonds of the McCormick Place that were issued prior to July 1, 1984 and (4) to provide for the acquisition and improvement of Navy Pier in Chicago. In order to provide funding for the debt service requirements on these bonds, the Illinois General Assembly amended tax laws to provide for 1.75% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and \$1.7 million per year out of 7% of State racing tax revenues to be deposited into the Build Illinois Fund (a nonmajor governmental fund). Within the Build Illinois Fund are credits to separate accounts, of which one is the "McCormick Place Account" and has first priority credit of the amounts collected.

The bonds are special obligations of the Authority and are payable from and secured by a pledge of revenues derived from dedicated state taxes, discussed above, imposed and collected by the

State of Illinois. For State fiscal years in which these bonds are outstanding, the State shall transfer from the McCormick Place Account in the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund (a nonmajor governmental fund) an amount equal to 150% of the Authority's certified amount for that fiscal year divided by the number of months during that fiscal year in which bonds of the Authority are outstanding. The maximum amount in any fiscal year shall not exceed \$33.5 million or a lesser sum as is actually necessary and required to pay the debt service requirements for that fiscal year after giving effect to net operating revenues of the Authority available for that purpose as certified by Authority. During fiscal year 2007, debt service requirements were \$31.6 million. However, the amount paid to the Authority based on their annual certification was \$30.8 million, which is below the authorized amount of \$33.5 million.

The Authority is also authorized to issue an additional \$2.107 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 \$119 million in fiscal year 2007, \$126 million in fiscal year 2008, \$132 million in fiscal year 2009, \$139 million in fiscal year 2010, \$146 million in fiscal year 2011, and graduating to \$275 million in fiscal year 2023 until fiscal year 2042. During fiscal year 2007, debt service requirements for these bonds were \$108.0 million. The amount paid to the Authority based on their annual certification was \$107.6 million. During fiscal year 2007, only deposits from the Authority's taxes were used to pay to the Authority for the debt service requirements; the State sales tax was not required and was transferred for deposit into the State's General Fund.

J. Regional Transportation Authority (RTA)

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

The bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Fund to the Public Transportation Fund (a nonmajor governmental fund) for payment in amount equal to the lesser of monthly debt service on the SCIP bonds or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization currently provides for \$155 million each fiscal year. During fiscal year 2007, the State provided \$112.7 million to the RTA, which is below the authorized

amount of \$155 million. Although the amount of the State's assistance is measured by the debt service on the SCIP bonds, the assistance is not pledged for payment of, or security for, the SCIP bonds. The State's assistance is paid directly to the Authority and may be spent by the Authority at its discretion.

K. Illinois Sports Facilities Authority (Authority)

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

The bonds are secured by payments from the Illinois Sports Facilities Fund (a 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 Authority from collections of the Authority's Hotel Tax to the State's General Fund by the end of the fiscal year. In the event of a deficiency in the Hotel Tax, amounts otherwise payable to the City of Chicago from the Local Government Distributive Fund should be used for the repayment.

Annually, the Authority is required to certify to the State Comptroller and the State Treasurer their requirements for the next fiscal year. This certification shall be the lesser of 1) the advance amount plus \$10 million and 2) the amount to pay principal and interest and other payments relating to its obligations issued or to be issued during the fiscal year plus the amount anticipated to pay obligations under provisions of any management agreement with respect to facilities owned by the Authority or any assistance agreement with respect to any facility for which financial assistance is provided under the Act plus an amount to pay other capital or operating expenses of the Authority. Under this formula, the maximum advance amount for fiscal year 2007 was \$29.149 million plus \$10 million for a total of \$39.149 million.

The Authority's annual certification for fiscal year 2007 was in the amount of \$36.5 million, which is below the maximum amount authorized. Payments related to the annual certification, which are subject to appropriation by the General Assembly, were paid to the Authority. The Authority repaid the advance amount by the end of the fiscal year.

In future years, the advance amount increases by 105.615% of the preceding advance amount through fiscal year 2032. Including the additional \$10 million, the maximum which could be certified each year is \$40.786 million in fiscal year 2008, \$42.515 million in fiscal year 2009, \$44.341 million in fiscal year 2010, \$46.270 million in fiscal year 2011 and graduating to \$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State's share.

L. Southwestern Illinois Development Authority (SWIDA) Revenue Bonds

The SWIDA, which is a component unit of the State, has issued revenue bonds. The proceeds of these bonds were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear interest at rates ranging from 4.55% to 9.25% 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, 2007 the outstanding balance of bonds, which the State is morally obligated to repay, is \$43.2 million.

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

The UIRVDA, which is a component unit of the State, has issued revenue bonds. The proceeds of which were loaned to various companies to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and these companies. These bonds mature annually through 2030 and bear interest in varying rates between 5.90% and 8.85%. The State has accepted a moral obligation to repay the bonds in the event the UIRVDA and the companies are unable to meet the bonds' repayment commitments. At June 30, 2007 the outstanding balance, which the State is morally obligated to repay, is \$22.6 million.

N. Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$71.7 million for the purchase of various home loans as of June 30, 2007.

O. Illinois Finance Authority

The Illinois Finance Authority (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, 2007 the outstanding balance of these bonds, which the State is morally obligated to repay, is \$40 million.

In addition, the IFA has issued revenue bonds of behalf of municipalities as authorized by the Illinois Financially Distressed City Law (65 ILCS 5/8-12-1 et seq.) to assist the City of East St. Louis with its debt restructuring. These bonds bear interest at rates ranging from 2.75% to 5% and mature annually through 2013. The State has accepted a moral obligation to repay the bonds in the event the City of East St. Louis is unable to meet the bonds' repayment commitments. As of June 30, 2007 the outstanding balance of these bonds, which the State is morally obligated to repay, is \$11.6 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 three segments pledged to pay the bond interest and principal. The Auxiliary Facilities System segment is comprised of university owned housing units, student unions, recreation and athletic facilities and similar auxiliary service units, including parking. The Health Services Facilities System segment is comprised of the U of I Hospital and associated clinical facilities providing patient care. The Willard Airport Facility segment is comprised of land, hangars, a terminal building, parking lots, runways and related apron areas.

The following are the condensed financial statements at June 30, 2007 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	Willard Airport Facility
Condensed Statement of Net Assets:					
Assets					
Current assets	\$ 54,920	\$ 14,671	\$ 384,325	\$ 155,680	\$ 2,250
Noncurrent assets:					
Capital assets, net of accumulated depreciation	173,168	23,643	735,298	170,685	33,441
Other noncurrent assets	8,845	447	20,906	2,948	4
Total assets	<u>236,933</u>	<u>38,761</u>	<u>1,140,529</u>	<u>329,313</u>	<u>35,695</u>
Liabilities					
Current liabilities	22,456	1,532	93,857	72,427	1,387
Noncurrent liabilities	207,759	21,491	943,406	94,151	260
Total liabilities	<u>230,215</u>	<u>23,023</u>	<u>1,037,263</u>	<u>166,578</u>	<u>1,647</u>
Net Assets (Deficit)					
Invested in capital assets, net of related debt	(31,336)	10,732	8,084	96,293	32,650
Restricted-other expendable purposes	28,570	1,951	16,295	2,350	507
Unrestricted	9,484	3,055	78,887	64,092	891
Total net assets (deficit)	<u>\$ 6,718</u>	<u>\$ 15,738</u>	<u>\$ 103,266</u>	<u>\$ 162,735</u>	<u>\$ 34,048</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets:					
Operating revenues	\$ 80,214	\$ 34,013	\$ 246,018	\$ 533,911	\$ 2,484
Operating expenses	(71,932)	(39,862)	(203,591)	(507,109)	(2,747)
Depreciation expense	(6,308)	(597)	(16,583)	(20,066)	(1,807)
Operating income (loss)	1,974	(6,446)	25,844	6,736	(2,070)
Nonoperating revenues (expenses)	2,739	7,623	(14,127)	(3,611)	592
Other revenues	59	7,936	--	--	--
Capital and endowment additions	--	--	--	--	3,979
Increase (decrease) in net assets	<u>4,772</u>	<u>9,113</u>	<u>11,717</u>	<u>3,125</u>	<u>2,501</u>
Net assets (deficit), July 1, 2006	1,946	6,625	91,549	159,610	31,547
Net assets (deficit), June 30, 2007	<u>\$ 6,718</u>	<u>\$ 15,738</u>	<u>\$ 103,266</u>	<u>\$ 162,735</u>	<u>\$ 34,048</u>
Condensed Statement of Cash Flows:					
Net cash flows provided by operating activities	\$ 16,174	\$ 5,148	\$ 57,417	\$ 33,189	\$ (250)
Net cash flows provided (used) by noncapital financing activities	1,104	--	(1,822)	238	869
Net cash flows provided (used) by capital and related financing activities	(72,985)	(3,120)	58,705	(20,579)	(427)
Net cash flows provided (used) by investing activities	40,067	7,300	91,300	2,080	67
Net increase (decrease) in cash and cash equivalents	(15,640)	9,328	205,600	14,928	259
Cash and cash equivalents, July 1, 2006	48,794	2,612	144,442	46,804	1,899
Cash and cash equivalents, June 30, 2007	<u>\$ 33,154</u>	<u>\$ 11,940</u>	<u>\$ 350,042</u>	<u>\$ 61,732</u>	<u>\$ 2,158</u>

22 SUBSEQUENT EVENTS

Debt issues:

Subsequent to June 30, 2007, 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
Primary Government:				
Governmental Activities:				
General obligation bonds:				
April, Series 2008	5/1/2008	\$ 125.0	4.00% to 5.00%	2033
Special obligation bonds:				
July, Series 2007 (Build Illinois)	7/2/2007	\$ 50.0	4.50% to 5.00%	2027
General obligation certificates:				
September, Series 2007	9/25/2007	\$ 1,200.0	4.25%	2007
April, Series 2008	4/24/2008	\$ 1,200.0	3.00%	2008
Major Component Units:				
Revenue bonds:				
Illinois Housing Development Authority:				
Homeowner Mortgage Revenue Bonds				
Series 2007 D	8/29/2007	\$ 65.0	3.70% to 5.35%	2038
Series 2007 H-1	10/31/2007	\$ 4.5	3.45%	2017
Series 2007 H-2	10/31/2007	\$ 56.5	3.48%	2039
Series 2007 H-1 (Remarketed)	1/30/2008	\$ 4.1	3.25% to 3.75%	2017
Series 2007 H-2 (Remarketed)	1/30/2008	\$ 51.9	3.05% to 5.20%	2039
Series 2008 A-1	1/30/2008	\$ 8.5	2.90% to 3.75%	2017
Series 2008 A-2	1/30/2008	\$ 2.2	5.05% to 5.20%	2038
Housing Bonds				
Series 2007 D (Multiple Developments)	10/11/2007	\$ 50.1	3.50% to 5.05%	2043
Series 2007 E (Multiple Developments)	10/11/2007	\$ 9.3	5.662% to 6.537%	2033
Series 2007 F (Evergreen Place-Litchfield)	11/6/2007	\$ 6.8	4.70% to 5.35%	2044
Series 2007 G (Evergreen Place-Streator)	11/6/2007	\$ 5.6	4.70% to 5.35%	2044
Series 2007 A (Riverwoods Apartments)	11/28/2007	\$ 6.2	3.60% to 5.55%	2048
Series 2007 C (Pioneer Village Apartments)	12/18/2007	\$ 9.6	3.60% to 5.375%	2044
Series 2008 A (Larkin Village)	4/30/2008	\$ 14.2	Variable	2027
Series 2008 B (Lakeshore Plaza)	4/30/2008	\$ 37.9	Variable	2027
Series 2008 C (Florida House)	4/30/2008	\$ 5.6	Variable	2041
Multi-Family Housing Bonds				
Series 2007 A (Refunding Issue-Prairie Green II Apt.)	10/24/2007	\$ 1.4	Variable	2042
Series 2007 B (Refunding Issue-Prairie Green II Apt.)	10/24/2007	\$ 0.1	Variable	2013
Series 2007 A (Refunding Issue-Danbury Court Apt.)	10/24/2007	\$ 6.2	Variable	2042
Series 2007 B (Refunding Issue-Danbury Court Apt.)	10/24/2007	\$ 0.2	Variable	2013
Series 2008 A (Fox Meadows SLF)	2/28/2008	\$ 2.8	6.00%	2029
Series 2008 B (Fox Meadows SLF)	2/28/2008	\$ 0.5	6.00%	2010
Single Family Homeowner Mortgage Revenue Bonds				
Series 2006A (Draw Down)	7/31/2007	\$ 0.9	4.25%	2036
Series 2006B (Draw Down)	7/31/2007	\$ 6.4	4.35%	2036
Illinois State Toll Highway Authority*				
Series 2007 A-1 (Toll Highway Senior Priority)	11/1/2007	\$ 350.0	Variable	2030
Series 2007 A-2 (Toll Highway Senior Priority)	11/1/2007	\$ 350.0	Variable	2030
Series 2008 A-1 (Refunding Issue)	2/7/2008	\$ 383.1	Variable	2031
Series 2008 A-2 (Refunding Issue)	2/7/2008	\$ 383.1	Variable	2031
Illinois State University				
Series 2008 (Auxiliary Facilities System)	3/1/2008	\$ 30.6	2.70% to 5.00%	2033
Southern Illinois University				
Series 2008 A (Housing & Auxiliary Facilities System)	5/8/2008	\$ 30.1	3.00% to 5.50%	2028
University of Illinois				
Series 2007 (Refunding Issue)	7/19/2007	\$ 40.9	Variable	2026
Series 2008 (Auxiliary Facilities System)	6/18/2008	\$ 20.8	Variable	2038
Certificates of Participation:				
Illinois State University				
Series 2008 (Capital Improvement Project)	6/4/2008	\$ 22.2	3.00% to 4.50%	2028
University of Illinois				
Series 2007A (Refunding Issue)	1/4/2008	\$ 72.7	4.00% to 5.25%	2027
Series 2007B (Refunding Issue)	1/4/2008	\$ 45.6	5.00%	2020
Series 2007C (College of Medicine Rockford National Center for Rural Health Professionals Facility)	1/4/2008	\$ 31.3	Variable	2027
Series 2007D (Petascale Computing Facility)	1/4/2008	\$ 81.5	Variable	2027

* Illinois State Toll Highway Authority fiscal year-end is 12/31/06

A. *Illinois Student Assistance Commission*

On July 31, 2007 the Illinois Student Assistance Commission (ISAC) sold student loans receivable from the Illinois Designated Account Purchase Program Fund (IDAPP) with a carrying amount of \$1.41 billion for \$1.46 billion. ISAC retired approximately \$2.09 billion in revenue bonds associated with the portfolio that was sold.

On August 31, 2007 ISAC sold student loans receivable from IDAPP with a carrying amount of \$1.09 billion for \$1.12 billion. ISAC retired approximately \$515 million in revenue bonds associated with the portfolio that was sold.

After the bond retirements discussed above (\$2.61 billion total), all remaining IDAPP outstanding bonds are auction rate certificates issued under a General Resolution adopted on July 29, 2002 which was supplemented and amended for additional bond issues (such document as amended and supplemented is hereinafter referred to as the "2002 Resolution.") An auction held on February 13, 2008 for \$70 million of bonds issued under the 2002 Resolution failed to attract enough bidders. While the chance that future auctions may not attract enough bidders exists, ISAC believes that it is highly likely that subsequent auctions on the remaining \$815 million of outstanding bonds under the Resolution will also fail. A "failed auction" results in the bonds being priced at the "maximum rate" which, as defined in the 2002 Resolution, can be no more than London Interbank Offered Rate plus 1.5%. Auctions of bonds continue during this period of failed auctions with the difference between the maximum rate and that rate set by the market (if higher than the maximum rate) classified as "Carryover Interest." Carryover interest is payable under certain conditions as defined in the 2002 Resolution and its supporting documents.

B. *Acquisition of Hotels*

In May 2007, a judgment of foreclosure and sale was issued against the Holiday Inn in Collinsville in which the owners of the hotel owed more than \$28.7 million to the State at June 30, 2007 in outstanding principal and interest pursuant to a loan agreement. In October 2007, the State's trustee purchased the hotel at sale through credit of the sale price against the unpaid balance of the loan secured by mortgage on the hotel. The State intends to prepare the hotel for sale.

In January 2008, a judgment of foreclosure and sale was issued against the President Lincoln Hotel in Springfield in which the owners of the hotel owed more than \$13.8 million to the State at June 30, 2007 in outstanding principal and interest pursuant to a loan agreement. In March 2008, the State purchased the hotel at sale through credit of the sale price against the unpaid balance of the loan secured by mortgage on the hotel. The State intends to prepare the hotel for sale.

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Required Supplementary Information

State of Illinois

**Budgetary Comparison Schedule
Major Governmental Funds**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	General Funds				Road Fund			
	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES:								
Income taxes	\$ 10,500,000	\$ 10,500,000	\$ 11,157,859	\$ 657,859	\$ -	\$ -	\$ -	\$ -
Sales taxes	7,318,000	7,318,000	7,136,053	(181,947)	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-
Public utility taxes	1,100,000	1,100,000	1,130,697	30,697	-	-	-	-
Federal government	4,777,000	4,777,000	4,637,760	(139,240)	1,065,120	1,065,120	1,021,221	(43,899)
Other	2,420,000	2,420,000	2,268,170	(151,830)	926,724	926,724	988,801	62,077
Less:								
Refunds	-	21,779	19,470	(2,309)	-	2,369	2,298	(71)
Total revenues	26,115,000	26,093,221	26,311,069	217,848	1,991,844	1,989,475	2,007,724	18,249
EXPENDITURES:								
Current:								
Health and social services	13,178,712	13,183,255	12,997,400	(185,855)	130,520	130,520	130,520	-
Education	9,629,779	9,808,517	9,616,111	(192,406)	-	-	-	-
General government	680,193	709,458	671,335	(38,123)	127,500	126,623	126,325	(298)
Transportation	120,695	117,654	116,529	(1,125)	2,150,397	2,152,610	2,056,182	(96,428)
Public protection and justice	1,792,394	1,801,805	1,763,632	(38,173)	97,310	97,310	97,309	(1)
Employment and economic development	186,906	190,186	173,719	(16,467)	1,900	1,900	1,900	-
Environment and business regulation	117,186	116,993	110,863	(6,130)	-	-	-	-
Capital outlays	37,276	35,343	30,370	(4,973)	35,548	34,262	32,331	(1,931)
Total expenditures	25,743,141	25,963,211	25,479,959	(483,252)	2,543,175	2,543,225	2,444,567	(98,658)
Excess (deficiency) of revenues over (under) expenditures	371,859	130,010	831,110	701,100	(551,331)	(553,750)	(436,843)	116,907
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Proceeds from short-term borrowings	-	900,000	900,000	-	-	-	-	-
Transfers-in	6,156,000	6,161,532	6,161,532	-	342,400	385,220	385,220	-
Transfers-out	(7,195,000)	(7,736,603)	(7,736,603)	-	(300,294)	(323,902)	(323,902)	-
Total other sources (uses) of financial resources	(1,039,000)	(675,071)	(675,071)	-	42,106	61,318	61,318	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(667,141)	(545,061)	156,039	701,100	(509,225)	(492,432)	(375,525)	116,907
Budgetary fund balances, July 1, 2006	(290,887)	(290,887)	(290,887)	-	728,903	728,903	728,903	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (958,028)	\$ (835,948)	\$ (134,848)	\$ 701,100	\$ 219,678	\$ 236,471	\$ 353,378	\$ 116,907

Motor Fuel Tax Fund				State Construction Account			
Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,372,003	1,372,000	1,375,535	3,535	-	-	-	-
-	-	-	-	-	-	-	-
-	-	9	9	-	-	-	-
-	-	736	736	476,000	476,000	496,438	20,438
14,700	16,016	13,963	(2,053)	-	-	-	-
1,357,303	1,355,984	1,362,317	6,333	476,000	476,000	496,438	20,438
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
65,877	65,877	63,426	(2,451)	-	-	-	-
673,420	673,424	661,466	(11,958)	508,620	508,620	508,455	(165)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
78	73	66	(7)	-	-	-	-
739,375	739,374	724,958	(14,416)	508,620	508,620	508,455	(165)
617,928	616,610	637,359	20,749	(32,620)	(32,620)	(12,017)	20,603
-	-	-	-	-	-	-	-
-	-	-	-	269,423	269,423	269,423	-
(641,271)	(646,877)	(646,877)	-	(35,063)	(35,063)	(35,063)	-
(641,271)	(646,877)	(646,877)	-	234,360	234,360	234,360	-
(23,343)	(30,267)	(9,518)	20,749	201,740	201,740	222,343	20,603
65,520	65,520	65,520	-	(20,949)	(20,949)	(20,949)	-
\$ 42,177	\$ 35,253	\$ 56,002	\$ 20,749	\$ 180,791	\$ 180,791	\$ 201,394	\$ 20,603

**Notes to Budgetary Comparison Schedule – Budget and Actual
– Major Governmental Funds**

For the Year Ended June 30, 2007

A. Budgetary Basis of Accounting

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

The level of legal control is at the line-item appropriation level as reported in a publication titled *Illinois Detailed Annual Report of Revenues and Expenditures*. 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 lines for an agency from that fund. Examples of appropriation line items with a 2% transfer limit are Contractual Services, Travel, Commodities, Printing and Equipment. 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, the Road Fund, and the Motor Fuel Tax 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.

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

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

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

B. Budgetary-GAAP Reporting Reconciliation

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2007 is presented below for the major governmental funds (amounts expressed in thousands):

	MAJOR GOVERNMENTAL FUNDS			
	General Fund			State Construction Account
	General Fund	Road Fund	Motor Fuel Tax Fund	
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ 156,039	\$ (375,525)	\$ (9,518)	\$ 222,343
Reclassifications:				
Budgetary Special State Funds reported as part of the General Fund for GAAP reporting	(14,490)	--	--	--
Adjustments:				
To adjust revenues, related receivables and deferred revenue	219,274	(32,351)	(10,820)	5,693
To adjust expenditures and related liabilities	(1,222,275)	(101,403)	17,962	35,968
To adjust for lapse period expenditures which were not recorded as liabilities	3,192	5,294	1	--
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	(858,260)	(503,985)	(2,375)	264,004
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted accounts	32	--	--	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	\$ (858,228)	\$ (503,985)	\$ (2,375)	\$ 264,004

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

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' retirement systems is provided for fiscal years ended June 30, 2005, 2006 and 2007.

	(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						
6/30/2005	\$ 83,273	\$ 212,906	\$ 129,633	39.1%	\$ 12,851	1008.7%
6/30/2006	\$ 82,255	\$ 221,713	\$ 139,458	37.1%	\$ 12,739	1094.7%
6/30/2007	\$ 87,182	\$ 231,914	\$ 144,732	37.6%	\$ 12,701	1139.5%
Judges'						
6/30/2005	\$ 564,999	\$ 1,236,512	\$ 671,513	45.7%	\$ 128,700	521.8%
6/30/2006	\$ 599,234	\$ 1,291,395	\$ 692,161	46.4%	\$ 135,400	511.2%
6/30/2007	\$ 670,091	\$ 1,385,340	\$ 715,249	48.4%	\$ 142,900	500.5%
State Employees'						
6/30/2005	\$ 10,494,148	\$ 19,304,647	\$ 8,810,499	54.4%	\$ 3,475,528	253.5%
6/30/2006	\$ 10,899,853	\$ 20,874,542	\$ 9,974,689	52.2%	\$ 3,572,541	279.2%
6/30/2007	\$ 12,078,909	\$ 22,280,917	\$ 10,202,008	54.2%	\$ 3,762,777	271.1%
Teachers'						
6/30/2005	\$ 34,085,218	\$ 56,075,029	\$ 21,989,811	60.8%	\$ 7,550,510	291.2%
6/30/2006	\$ 36,584,889	\$ 58,996,913	\$ 22,412,024	62.0%	\$ 7,765,752	288.6%
6/30/2007	\$ 41,909,318	\$ 65,648,395	\$ 23,739,077	63.8%	\$ 8,149,849	291.3%
State Universities						
6/30/2005	\$ 13,350,278	\$ 20,349,922	\$ 6,999,644	65.6%	\$ 2,939,185	238.1%
6/30/2006	\$ 14,175,147	\$ 21,688,935	\$ 7,513,788	65.4%	\$ 3,054,100	246.0%
6/30/2007	\$ 15,985,730	\$ 23,362,079	\$ 7,376,349	68.4%	\$ 3,180,985	231.9%

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GENERAL FUND

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

SIGNIFICANT GENERAL FUND ACCOUNT DESCRIPTIONS

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

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

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

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

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

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

State of Illinois

Combining Schedule of Accounts

General Fund

June 30, 2007 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	\$ 1,243,913	\$ 390,079	\$ 57,777	\$ 57,540		\$ 1,749,309
Cash and cash equivalents	2,400					2,400
Receivables, net						
Taxes	1,583,037	30,424	105,017	5,033		1,723,511
Intergovernmental	1,682,733			237,832		1,920,565
Other	130,705		106	199		131,010
Due from other funds	62,444	2,372	258	23	\$ (11,905)	53,192
Due from component units	1,058		214	24,893		26,165
Inventories	31,355					31,355
Loans and notes receivable, net	12,480					12,480
Other assets	15,000					15,000
Total assets	\$ 4,765,125	\$ 422,875	\$ 163,372	\$ 325,520	\$ (11,905)	\$ 5,664,987
LIABILITIES						
Accounts payable and accrued liabilities	\$ 4,576,318	\$ 5,420	\$ 55,245	\$ 105,690		\$ 4,742,673
Intergovernmental payables	1,786,248	17,654	3,451	165,486		1,972,839
Due to other funds	687,845	84	60,715	11,922	\$ (11,905)	748,661
Due to component units	21,730	430	62	40,404		62,626
Unavailable revenue	1,746,129	8,945	5,458	141,882		1,902,414
Unearned revenue	62,924					62,924
Matured portion of long-term liabilities	394					394
Total liabilities	8,881,588	32,533	124,931	465,384	(11,905)	9,492,531
FUND BALANCES						
Reserved for:						
Encumbrances	9,395	87	402	3		9,887
Long-term portion of loans and notes receivable	12,302					12,302
Inventories	31,355					31,355
Unreserved	(4,169,515)	390,255	38,039	(139,867)		(3,881,088)
Total fund balances (deficits)	(4,116,463)	390,342	38,441	(139,864)		(3,827,544)
Total liabilities and fund balances	\$ 4,765,125	\$ 422,875	\$ 163,372	\$ 325,520	\$ (11,905)	\$ 5,664,987

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
REVENUES						
Income taxes	\$ 10,556,972	\$ 820,843				\$ 11,377,815
Sales taxes	5,445,859		\$ 1,782,138			7,227,997
Public utility taxes	1,037,189		108,125			1,145,314
Hospital assessment taxes	733,219			\$ 71,578		804,797
Other taxes	1,180,295		169,094	228,452		1,577,841
Federal government	5,906,659			1,183,847		7,090,506
Licenses and fees	265,572		654	451		266,677
Interest and other investment income	238,667		1,405	2,086		242,158
Other	383,405	778		871,535		1,255,718
Total revenues	25,747,837	821,621	2,061,416	2,357,949		30,988,823
EXPENDITURES						
Current:						
Health and social services	14,843,761			2,337,575		17,181,336
Education	4,509,747	1,602,696	4,043,586			10,156,029
General government	802,251					802,251
Employment and economic development	168,206					168,206
Transportation	125,092	1				125,093
Public protection and justice	2,026,412					2,026,412
Environment and business regulations	149,091					149,091
Debt service:						
Principal	2,740					2,740
Interest	1,150					1,150
Capital outlays	14,421					14,421
Total expenditures	22,642,871	1,602,697	4,043,586	2,337,575		30,626,729
Excess (deficiency) of revenues over (under) expenditures	3,104,966	(781,076)	(1,982,170)	20,374		362,094
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	1,510,547	686,425	1,958,745	74,700	\$ (1,450,403)	2,780,014
Transfers-out	(5,410,305)			(44,370)	1,450,403	(4,004,272)
Capital lease financing	3,936					3,936
Net other sources (uses) of financial resources	(3,895,822)	686,425	1,958,745	30,330	--	(1,220,322)
Net change in fund balances	(790,856)	(94,651)	(23,425)	50,704	--	(858,228)
Fund balances (deficits), July 1, 2006, as restated	(3,326,515)	484,993	61,866	(190,568)		(2,970,224)
Increase (decrease) for changes in inventories	908					908
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (4,116,463)	\$ 390,342	\$ 38,441	\$ (139,864)	\$ --	\$ (3,827,544)

State of Illinois

Combining Schedule of Accounts - General Fund

Medicaid Provider Assessment Program

June 30, 2007 (Expressed in Thousands)

	University of Illinois Hospital Services Account	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
ASSETS					
Cash equity with State Treasurer		\$ 8,739	\$ 42,895	\$ 5,906	\$ 57,540
Receivables, net					
Taxes			4,851	182	5,033
Intergovernmental	\$ 27,406	131,218	74,770	4,438	237,832
Other		41	127	31	199
Due from other funds			23		23
Due from component units	24,893				24,893
Total assets	\$ 52,299	\$ 139,998	\$ 122,666	\$ 10,557	\$ 325,520
LIABILITIES					
Accounts payable and accrued liabilities			\$ 97,164	\$ 8,526	\$ 105,690
Intergovernmental payables		\$ 139,998	25,488		165,486
Due to other funds	\$ 11,895		14	13	11,922
Due to component units	40,404				40,404
Unavailable revenue	23,796	74,789	40,448	2,849	141,882
Total liabilities	76,095	214,787	163,114	11,388	465,384
FUND BALANCES					
Reserved for encumbrances				3	3
Unreserved	(23,796)	(74,789)	(40,448)	(834)	(139,867)
Total fund balances (deficits)	(23,796)	(74,789)	(40,448)	(831)	(139,864)
Total liabilities and fund balances	\$ 52,299	\$ 139,998	\$ 122,666	\$ 10,557	\$ 325,520

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, 2007 (Expressed in Thousands)

	University of Illinois Hospital Services Account	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
REVENUES					
Hospital assessment taxes			\$ 50,881	\$ 20,697	\$ 71,578
Other taxes			228,452		228,452
Federal government	\$ 131,815	\$ 705,751	325,493	20,788	1,183,847
Licenses and fees				451	451
Interest and other investment income		571	1,291	224	2,086
Other	86,834	713,905	70,796		871,535
Total revenues	218,649	1,420,227	676,913	42,160	2,357,949
EXPENDITURES					
Current:					
Health and social services	225,890	1,322,540	746,767	42,378	2,337,575
Total expenditures	225,890	1,322,540	746,767	42,378	2,337,575
Excess (deficiency) of revenues over (under) expenditures	(7,241)	97,687	(69,854)	(218)	20,374
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	44,700		30,000		74,700
Transfers-out	(44,051)			(319)	(44,370)
Net other sources (uses) of financial resources	649		30,000	(319)	30,330
Net change in fund balances	(6,592)	97,687	(39,854)	(537)	50,704
Fund balances (deficits), July 1, 2006	(17,204)	(172,476)	(594)	(294)	(190,568)
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (23,796)	\$ (74,789)	\$ (40,448)	\$ (831)	\$ (139,864)

State of Illinois

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2007 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash equity with State Treasurer	\$ 2,523,821	\$ 635,493	\$ 223,066	\$ 1,091	\$ 3,383,471
Cash and cash equivalents	24,408	136,460	14,774	179	175,821
Investments	19,515	49,215		1,179	69,909
Receivables, net:					
Taxes	306,906				306,906
Intergovernmental	637,028		1,115		638,143
Other	294,682	2,578	57	8	297,325
Due from other funds	412,922	9,284	4,418		426,624
Due from component units	316,669				316,669
Inventories	27,189				27,189
Loans and notes receivable, net	56,864	18,228			75,092
Other assets	7,765				7,765
Total assets	\$ 4,627,769	\$ 851,258	\$ 243,430	\$ 2,457	\$ 5,724,914
LIABILITIES					
Accounts payable and accrued liabilities	\$ 430,316		\$ 78,036		\$ 508,352
Intergovernmental payables	1,567,361		6,549		1,573,910
Due to other funds	169,488		779	\$ 211	170,478
Due to component units	25,341				25,341
Unavailable revenue	341,345				341,345
Unearned revenue	148,919		13,918		162,837
Total liabilities	2,682,770		99,282	211	2,782,263
FUND BALANCES					
Reserved for:					
Encumbrances	12,562		609		13,171
Long-term portion of:					
Loans and notes receivable	51,011	\$ 17,061			68,072
Other assets	7,532				7,532
Inventories	27,189				27,189
Other purposes	3,150			1,115	4,265
Unreserved:					
Designated for reappropriated accounts	87,970		132,352		220,322
Undesignated	1,755,585	834,197	11,187	1,131	2,602,100
Total fund balances	1,944,999	851,258	144,148	2,246	2,942,651
Total liabilities and fund balances	\$ 4,627,769	\$ 851,258	\$ 243,430	\$ 2,457	\$ 5,724,914

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Nonmajor Governmental Funds
REVENUES					
Income taxes	\$ 1,209,891				\$ 1,209,891
Sales taxes	2,636,640				2,636,640
Motor fuel taxes	76,635				76,635
Public utility taxes	470,088				470,088
Riverboat taxes	817,590				817,590
Other taxes	395,911				395,911
Federal government	6,410,720		\$ 21,066		6,431,786
Licenses and fees	534,537	\$ 197			534,734
Interest and other investment income	40,768	44,301		\$ 127	85,196
Other	1,024,286	75	19,582		1,043,943
Total revenues	13,617,066	44,573	40,648	127	13,702,414
EXPENDITURES					
Current:					
Health and social services	4,050,006			34	4,050,040
Education	2,192,585		189,532		2,382,117
General government	249,706	1,734	43,055		294,495
Employment and economic development	664,775	17	127,104		791,896
Transportation	569,072		56,471		625,543
Public protection and justice	320,833		13,331		334,164
Environment and business regulation	612,495		8,869		621,364
Debt service:					
Principal	1,035	860,730			861,765
Interest	176	1,115,184			1,115,360
Capital outlays	51,186		187,129		238,315
Intergovernmental	5,036,015				5,036,015
Total expenditures	13,747,884	1,977,665	625,491	34	16,351,074
Excess (deficiency) of revenues over (under) expenditures	(130,818)	(1,933,092)	(584,843)	93	(2,648,660)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General obligation bonds issued			258,000		258,000
Premiums on general obligation bonds issued			12,085		12,085
General obligation refunding bonds issued		329,000			329,000
Premiums on general obligation refunding bonds issued		14,014			14,014
Payments to refunded bond escrow agent		(341,849)			(341,849)
Transfers-in	2,775,417	2,880,402	77,853		5,733,672
Transfers-out	(2,465,310)	(939,229)	(84,989)	(72)	(3,489,600)
Capital lease financing	4,321				4,321
Net other sources (uses) of financial resources	314,428	1,942,338	262,949	(72)	2,519,643
Net change in fund balances	183,610	9,246	(321,894)	21	(129,017)
Fund balances, July 1, 2006	1,755,341	842,012	466,042	2,225	3,065,620
Increase (decrease) for changes in inventories	6,048				6,048
FUND BALANCES, JUNE 30, 2007	\$ 1,944,999	\$ 851,258	\$ 144,148	\$ 2,246	\$ 2,942,651

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SPECIAL REVENUE FUNDS

The Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

SIGNIFICANT 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 State of Illinois vs. Philip Morris.

Department of Commerce and Economic Opportunity

Renewable Energy Resources Trust Fund--to receive and record monies obtained from charges imposed on participating municipal electric utilities and cooperatives used for grants, loans or other incentives for fostering investment in and the development and use of renewable energy resources.

Fund for Illinois' Future--to account for grants and expenditures for planning, engineering, acquisition, construction, reconstruction, development, improvement and extension of public infrastructure in the State of Illinois.

Tourism Promotion Fund--to provide assistance for the promotion and marketing of local tourist attractions and services throughout the State.

Job Training Partnership Fund--to aid the disadvantaged and dislocated workers in the development of skills to fulfill the need of local firms at no cost or reduced cost to those firms.

Build Illinois Capital Revolving Loan Fund--to finance intermediary agreements, administration, technical assistance agreements, loans, grants and investments through the Build Illinois Act.

Public Infrastructure Construction Loan Revolving Fund--to provide loans and grants to local governments to assist in financing the cost of acquisition, construction, reconstruction, replacement, repair, or improvement of public infrastructure.

Department of Natural Resources

Wildlife and Fish Fund--to manage revenues from licenses, permits, fees, fines and other income from hunting and fishing activities to be used to maintain, acquire and preserve land for wildlife and fishing activities.

Natural Areas Acquisition Fund--to receive and record 20% of the monies obtained pursuant to the Real Estate Transfer Tax Act to be used for the acquisition, preservation and stewardship of natural areas.

Open Space Lands Acquisition and Development Fund--to receive deposits from monies collected under the Real Estate Transfer Tax Act to be transferred, appropriated and used only for the purposes authorized by the Open Space Lands Acquisition and Development Act.

Department of Employment Security

Title III Social Security and Employment Services Fund--to account for monies received from the federal government for the specific purpose of administering the Unemployment Compensation Act.

Unemployment Compensation Special Administration Fund--to account for collections of interest and penalties from employers and judgment interest from claimants used as provided by law for the administration of the Unemployment Compensation Act or for transfer to the Unemployment Compensation Trust Fund.

Department of Financial and Professional Regulation

State Pensions Fund--to account for receipts from the sale of abandoned property. Expenditures are primarily to the various State retirement systems for the reduction of the accrued actuarial unfunded liability.

Savings and Residential Finance Regulatory Fund--to account for fees collected and expenditures in administering the Illinois Savings and Loan Act.

Real Estate License Administration Fund--to account for fees collected and expenditures in administering the Real Estate License Act of 2000.

Insurance Financial Regulation Fund--to account for fees collected and expenditures in administering financial regulation in accordance with the Illinois Insurance Code.

Department of Human Services

Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund--to account for federal monies or grants from private or public sources for vocational rehabilitation.

Mental Health Fund--to help finance the advancement of mental health facilities and services in the State of Illinois.

DHS Special Purposes Trust Fund--to receive and disburse federal grants, gifts and legacies not elsewhere designated by statute to be deposited and disbursed.

Early Intervention Services Revolving Fund--to provide coordinated, comprehensive, inter-disciplinary services to enforce the growth and development of children from birth through 36 months of age who have disabilities and/or developmental delays.

USDA Women, Infants and Children Fund--to administer the federal Supplemental Food Program for Women, Infants and Children.

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

Department of Healthcare and Family Services

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

Child Support Administration Fund--to receive and record fees related to the administration of the Child Support Enforcement Program.

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

Department of Revenue

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

Rental Housing Support Program Fund--to record monies received from surcharge fees for the recording of real estate-related documents to provide subsidies to landlords to enable the charging of rent affordable to low-income tenants and to provide grants for affordable housing developments.

State and Local Sales Tax Reform Fund--to record proceeds from the 1% use tax on food and drugs and 20% of the proceeds from the 6.25% sales tax.

County and Mass Transit District Fund--to record 4% of the proceeds from a 6.25% Retailers' and Service Occupation tax.

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

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.

Horse Racing Equity Trust Fund--to receive and record fees obtained from owners' license applications for riverboat gambling operations to be disbursed 60% for horse racing purses and 40% for horse racing promotional activities.

Local Government Distributive Fund--to receive 1/12th of the State's income tax collections to distribute to various municipalities and counties within the State.

Personal Property Tax Replacement Fund--to allocate and disburse to each taxing district within the State the net revenue received from the personal property replacement income tax.

Build Illinois Fund--to receive a percentage of sales, hotel and privilege taxes to be used for monthly allocation to various State agencies for the purpose of promoting tourism related activities.

Department of Transportation

Federal/Local Airport Fund--to receive and manage federal funds for airport construction.

State Rail Freight Loan Repayment Fund--to receive and record repayments of loans of State funds made by the Illinois Department of Transportation to railroads, units of local government, rail users, owners, and lessees of railroad right of way to rehabilitate, improve or construct rail facilities.

Public Transportation Fund--to receive monthly transfers from the General Revenue Account in the General Fund representing statutory shares under various sales tax acts and distribute to the Regional Transportation Authority pursuant to a statutory formula.

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

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 Public Health

Public Health Services Fund--to account for funds received from the federal government, primarily under letters of credit, for various federal project awards.

Environmental Protection Agency

Clean Air Act (CAA) Permit Fund--to account for fees collected and expenditures associated with the State's Clean Act Permit Program.

Illinois Clean Water Fund--to account for fees received from water quality certifications required by the Federal Clean Water Act and from National Pollutant Discharge Elimination System permits as regulated by the Federal Water Pollution Control Act and for use in the regulation of the Acts.

Hazardous Waste Fund--to receive fees collected from the owners or operators of hazardous waste disposal sites and from responsible parties for hazardous waste cleanups and for penalties assessed in cases related to hazardous waste cleanups.

State Board of Education

Drivers Education Fund--to account for monies used to reimburse school districts for each pupil completing a driver education course that meets the minimum requirements of the Driver Education Act.

SBE Federal Department of Agriculture Fund--to account for the federal share of nutrition programs which provide nutritious meals for children and aging adults.

SBE Federal Department of Education Fund--to receive and disburse federal monies to provide financial assistance for educational programs funded by the U.S. Department of Education.

Office of the State Fire Marshal

Fire Prevention Fund--to account for assessments on insurance companies offering fire insurance and fees from boiler and pressure vessel certifications to be used for fire safety and education programs.

Underground Storage Tank Fund--to record underground storage tank registration fees collected by the State Fire Marshal expended for the purposes of the Leaking Underground Storage Tank program.

Capital Development Board

School Infrastructure Fund--to receive and record one-half of monies obtained from a telecommunication tax in accordance with the Telecommunications Excise Tax Act as amended. Monies in the Fund may be expended for the purpose of discharging the principal and interest on bond indebtedness for construction of school improvements, making payments to the School Technology Revolving Loan Fund and grants for school construction projects.

Illinois Commerce Commission

Wireless Carrier Reimbursement Fund--to receive one-third of the wireless carrier surcharge assessed monthly to wireless telephone service subscribers to reimburse wireless telephone service carriers for the installation of the equipment necessary to provide enhanced emergency calling services to subscribers.

Criminal Justice Information Authority

Criminal Justice Trust Fund--to account for funds received for the implementation of the Omnibus Crime Control and Safe Streets Act of 1968.

Workers' Compensation Commission

Illinois Workers' Compensation Commission Operations Fund--to receive and record surcharges on premiums assessed to employers workers' compensation premiums to be spent for operations of the Workers' Compensation Commission.

Metropolitan Fair and Exposition Authority

Metropolitan and Exposition Auditorium and Office Building Fund--to account for transfers of portions of tax monies received pursuant to the Illinois Horse Racing Act from the General Revenue Account of the General Fund which are to be disbursed or transferred to other State funds based on acceptance of qualifying grant applications.

State Board of Elections

Help Illinois Vote Fund--to account for funds received for the implementation of the Federal Help America Vote Act of 2002.

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.

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State of Illinois

Combining Balance Sheet
 Nonmajor Special Revenue Funds

June 30, 2007 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Employment Security	Financial and Professional Regulation	Human Services	Healthcare and Family Services
ASSETS							
Cash equity with State Treasurer	\$ 191,229	\$ 63,114	\$ 129,695	\$ 31,814	\$ 304,644	\$ 55,974	\$ 63,092
Cash and cash equivalents			37	5		3,103	
Investments		2,704					
Receivables, net							
Taxes						133	7,023
Intergovernmental	19,550	30,995	3,048	11,043		39,725	14,732
Other	139,647	914	1,847	137	12,573	13,640	10,113
Due from other funds		10,618		4,194		3,018	621
Due from component units							
Inventories			2,124	1,355			
Loans and notes receivable, net		18,597					
Other assets		7,532				183	
Total assets	\$ 350,426	\$ 134,474	\$ 136,751	\$ 48,548	\$ 317,217	\$ 115,776	\$ 95,581
LIABILITIES							
Accounts payable and accrued liabilities	\$ 29,159	\$ 14,116	\$ 3,357	\$ 5,196	\$ 1,088	\$ 59,975	\$ 13,863
Intergovernmental payables	3,053	10,711	17,865	289	22	3,911	14,116
Due to other funds	268	9,438	847	8,005	13	1,478	6,214
Due to component units	183	1,416	200			1,901	
Unavailable revenue	139,000	8,474	2,815	19		6,913	361
Unearned revenue		5,263	26	223		18,754	
Total liabilities	171,663	49,418	25,110	13,732	1,123	92,932	34,554
FUND BALANCES							
Reserved for:							
Encumbrances	512	987	540	6	29	472	
Long-term portion of:							
Loans and notes receivable		17,507					
Other assets		7,532					
Inventories			2,124	1,355			
Other purposes							
Unreserved:							
Designated for reappropriated accounts			64,153				
Undesignated	178,251	59,030	44,824	33,455	316,065	22,372	61,027
Total fund balances (deficits)	178,763	85,056	111,641	34,816	316,094	22,844	61,027
Total liabilities and fund balances	\$ 350,426	\$ 134,474	\$ 136,751	\$ 48,548	\$ 317,217	\$ 115,776	\$ 95,581

Revenue	Transportation	Other Departments	Environmental Protection Agency	State Board of Education	Office of the State Fire Marshal	Other Agencies, Boards and Authorities	Student Assistance Commission		Other	Total
							Federal Student Loan Fund			
\$ 775,518	\$ 46,848	\$ 8,576 32	\$ 42,621	\$ 3,590	\$ 46,090	\$ 138,674	\$ 39,232	\$ 583,110	\$ 21,231	\$ 2,523,821
								16,811	24,408	19,515
275,356					9,118	2,026		13,250		306,906
	25,362	96,092		270,687		5,344	26,791	93,659		637,028
1,125	37	366	32,726	49	457	40,215	157	40,679		294,682
269,162	48,177	2,457	2,848	1,814	3	1,298	4,646	64,066		412,922
316,383		1		20				265		316,669
		11,881		860				10,969		27,189
	24,090							14,177		56,864
								50		7,765
\$ 1,637,544	\$ 144,514	\$ 119,405	\$ 78,195	\$ 277,020	\$ 55,668	\$ 187,557	\$ 70,826	\$ 858,267	\$ 4,627,769	
\$ 54,216	\$ 12,902	\$ 81,783	\$ 1,301	\$ 8,945	\$ 1,473	\$ 17,667	\$ 12,131	\$ 113,144	\$ 430,316	
1,064,629	78,109	10,118	25	266,119	602	11,333	8,812	77,647	1,567,361	
74,174	28	1,645	497	2,707	294	4,651	1,921	57,308	169,488	
123		8,330	61	1,748	54	61		11,264	25,341	
70,186	14,025	16,489	16,023	10,627	462	16,539		39,412	341,345	
	2,817	3,432				38,490	47,962	31,952	148,919	
1,263,328	107,881	121,797	17,907	290,146	2,885	88,741	70,826	330,727	2,682,770	
65	1		218		443	9		9,280	12,562	
	23,156							10,348	51,011	
		11,881		860				10,969	27,189	
								3,150	3,150	
	665							23,152	87,970	
374,151	12,811	(14,273)	60,070	(13,986)	52,340	98,807		470,641	1,755,585	
374,216	36,633	(2,392)	60,288	(13,126)	52,783	98,816		527,540	1,944,999	
\$ 1,637,544	\$ 144,514	\$ 119,405	\$ 78,195	\$ 277,020	\$ 55,668	\$ 187,557	\$ 70,826	\$ 858,267	\$ 4,627,769	

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Employment Security	Financial and Professional Regulation	Human Services	Healthcare and Family Services
REVENUES							
Income taxes							
Sales taxes							
Motor fuel taxes							
Public utility taxes							\$ 84,256
Riverboat taxes							
Other taxes			\$ 49,374			\$ 1,358	
Federal government	\$ 195,704	\$ 165,296	8,408	\$ 164,582		2,046,330	255,827
Licenses and fees		5,270	35,747	25	\$ 42,544	3,331	
Interest and other investment income	3,106	3,996	1,889	1,785	1,990	429	
Other	650,641	105	4,410	2,173	285	34,592	16,300
Total revenues	849,451	174,667	99,828	168,565	44,819	2,086,040	356,383
EXPENDITURES							
Current:							
Health and social services	403,986					2,131,422	381,623
Education	22				134,238		
General government	870				7,769		
Employment and economic development	29	249,017		184,439			
Transportation							
Public protection and justice							
Environment and business regulations	1,082		59,473		16,436		
Debt service:							
Principal			18				
Interest							
Capital outlays	454	17	22,870	693		18	38
Intergovernmental							
Total expenditures	406,443	249,034	82,361	185,132	158,443	2,131,440	381,661
Excess (deficiency) of revenues over (under) expenditures	443,008	(74,367)	17,467	(16,567)	(113,624)	(45,400)	(25,278)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in	70,690	63,931		26,688	333,664	63,023	31,124
Transfers-out	(411,299)	(12,559)	(21,869)	(12,195)	(12,806)		
Capital lease financing							
Net other sources (uses) of financial resources	(340,609)	51,372	(21,869)	14,493	320,858	63,023	31,124
Net change in fund balances	102,399	(22,995)	(4,402)	(2,074)	207,234	17,623	5,846
Fund balances (deficits), July 1, 2006	76,364	108,051	117,512	37,090	108,860	5,221	55,181
Increase (decrease) for changes in inventories			(1,469)	(200)			
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 178,763	\$ 85,056	\$ 111,641	\$ 34,816	\$ 316,094	\$ 22,844	\$ 61,027

Revenue	Transportation	Other Departments	Environmental Protection Agency	State Board of Education	Office of the State Fire Marshal	Other Agencies, Boards and Authorities	Student Assistance Commission Federal Student Loan Fund	Other	Total
\$ 1,209,891									\$ 1,209,891
2,632,239					\$ 76,635			\$ 4,401	2,636,640
212,830						\$ 116,824		56,178	470,088
817,590									817,590
224,554					20,313	60,000		40,312	395,911
844	\$ 120,922	\$ 613,730		\$ 1,788,914	95	78,128	\$ 168,944	803,840	6,410,720
8,498	1,134		\$ 37,749	11,861	3,806	24,591	9,693	359,076	534,537
58,296	10,214	4,048	1,568			2,557	1,917	11,899	40,768
516,474	132,270	617,778	50,409	1,806,983	100,884	284,211	180,554	1,499,482	13,617,066
13,336		665,020						454,619	4,050,006
				1,810,568	2,076	72	180,554	65,055	2,192,585
104,161					962	2,816		133,128	249,706
30,786								200,504	664,775
	516,770							52,302	569,072
					21,496	41,716		257,621	320,833
			31,610		54,700	36,395		412,799	612,495
				4	6			1,007	1,035
					1			175	176
237		1,100	344	76	86	251		25,002	51,186
4,951,939						36,706		47,370	5,036,015
5,100,459	516,770	666,120	31,954	1,810,648	79,327	117,956	180,554	1,649,582	13,747,884
64,283	(384,500)	(48,342)	18,455	(3,665)	21,557	166,255	-- --	(150,100)	(130,818)
1,406,411	377,236	2,200	2,000			110,378		288,072	2,775,417
(1,458,859)	(6,631)		(10,239)	(900)	(14,211)	(288,213)		(215,529)	(2,465,310)
				13				4,308	4,321
(52,448)	370,605	2,200	(8,239)	(887)	(14,211)	(177,835)		76,851	314,428
11,835	(13,895)	(46,142)	10,216	(4,552)	7,346	(11,580)	-- --	(73,249)	183,610
362,381	50,528	39,488	50,072	(8,613)	45,437	110,396		597,373	1,755,341
		4,262		39				3,416	6,048
\$ 374,216	\$ 36,633	\$ (2,392)	\$ 60,288	\$ (13,126)	\$ 52,783	\$ 98,816	\$ -- --	\$ 527,540	\$ 1,944,999

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Treasurer

June 30, 2007 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 145,456	\$ 45,773	\$ 191,229
Receivables, net			
Intergovernmental		19,550	19,550
Other		139,647	139,647
Total assets	\$ 145,456	\$ 204,970	\$ 350,426
LIABILITIES			
Accounts payable and accrued liabilities	\$ 188	\$ 28,971	\$ 29,159
Intergovernmental payables		3,053	3,053
Due to other funds	4	264	268
Due to component units		183	183
Unavailable revenue		139,000	139,000
Total liabilities	192	171,471	171,663
FUND BALANCES			
Reserved for encumbrances		512	512
Unreserved	145,264	32,987	178,251
Total fund balances	145,264	33,499	178,763
Total liabilities and fund balances	\$ 145,456	\$ 204,970	\$ 350,426

State of Illinois

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

Treasurer

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
REVENUES			
Federal government		\$ 195,704	\$ 195,704
Interest and other investment income		3,106	3,106
Other	\$ 365,621	285,020	650,641
Total revenues	365,621	483,830	849,451
EXPENDITURES			
Current:			
Health and social services		403,986	403,986
Education		22	22
General government		870	870
Employment and economic development		29	29
Environment and business regulations		1,082	1,082
Capital outlays		454	454
Total expenditures		406,443	406,443
Excess (deficiency) of revenues over (under) expenditures	365,621	77,387	443,008
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	70,690		70,690
Transfers-out	(334,007)	(77,292)	(411,299)
Net other sources (uses) of financial resources	(263,317)	(77,292)	(340,609)
Net change in fund balances	102,304	95	102,399
Fund balances, July 1, 2006	42,960	33,404	76,364
FUND BALANCES, JUNE 30, 2007	\$ 145,264	\$ 33,499	\$ 178,763

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Commerce and Economic Opportunity

June 30, 2007 (Expressed in Thousands)

	Renewable Energy Resources Trust Fund	Fund For Illinois' Future	Tourism Promotion Fund	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund	Public Infrastructure Construction Loan Revolving Fund	Total
ASSETS							
Cash equity with State Treasurer	\$ 17,817	\$ 15,641	\$ 16,113	\$ 49	\$ 10,695	\$ 2,799	\$ 63,114
Investments					2,704		2,704
Receivables, net							
Intergovernmental				30,995			30,995
Other	438	15			70	391	914
Due from other funds			10,617	1			10,618
Loans and notes receivable, net					2,830	15,767	18,597
Other assets					7,532		7,532
Total assets	\$ 18,255	\$ 15,656	\$ 26,730	\$ 31,045	\$ 23,831	\$ 18,957	\$ 134,474
LIABILITIES							
Accounts payable and accrued liabilities	\$ 1,692	\$ 1,778	\$ 5,260	\$ 5,354	\$ 32		\$ 14,116
Intergovernmental payables	652		103	9,954	2		10,711
Due to other funds	6	14	127	9,280	11		9,438
Due to component units	209		13	1,194			1,416
Unavailable revenue				8,075	21	\$ 378	8,474
Unearned revenue				5,263			5,263
Total liabilities	2,559	1,792	5,503	39,120	66	378	49,418
FUND BALANCES							
Reserved for:							
Encumbrances	245		515	215	12		987
Long-term portion of:							
Loans and notes receivable					2,179	15,328	17,507
Other assets					7,532		7,532
Unreserved	15,451	13,864	20,712	(8,290)	14,042	3,251	59,030
Total fund balances (deficits)	15,696	13,864	21,227	(8,075)	23,765	18,579	85,056
Total liabilities and fund balances	\$ 18,255	\$ 15,656	\$ 26,730	\$ 31,045	\$ 23,831	\$ 18,957	\$ 134,474

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Renewable Energy Resources Trust Fund	Fund For Illinois' Future	Tourism Promotion Fund	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund	Public Infrastructure Construction Loan Revolving Fund	Total
REVENUES							
Federal government				\$ 165,296			\$ 165,296
Licenses and fees	\$ 5,269				\$ 1		5,270
Interest and other investment income				9	3,825	\$ 162	3,996
Other		\$ 8	\$ 2	95			105
Total revenues	<u>5,269</u>	<u>8</u>	<u>2</u>	<u>165,400</u>	<u>3,826</u>	<u>162</u>	<u>174,667</u>
EXPENDITURES							
Current:							
Employment and economic development	10,769	25,875	36,832	168,231	7,254	56	249,017
Capital outlays			17				17
Total expenditures	<u>10,769</u>	<u>25,875</u>	<u>36,849</u>	<u>168,231</u>	<u>7,254</u>	<u>56</u>	<u>249,034</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,500)</u>	<u>(25,867)</u>	<u>(36,847)</u>	<u>(2,831)</u>	<u>(3,428)</u>	<u>106</u>	<u>(74,367)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in	20,000		43,931				63,931
Transfers-out			(7,260)	(5,244)	(55)		(12,559)
Net other sources (uses) of financial resources	<u>20,000</u>		<u>36,671</u>	<u>(5,244)</u>	<u>(55)</u>		<u>51,372</u>
Net change in fund balances	<u>14,500</u>	<u>(25,867)</u>	<u>(176)</u>	<u>(8,075)</u>	<u>(3,483)</u>	<u>106</u>	<u>(22,995)</u>
Fund balances, July 1, 2006	1,196	39,731	21,403		27,248	18,473	108,051
FUND BALANCES (DEFICITS), JUNE 30, 2007	<u>\$ 15,696</u>	<u>\$ 13,864</u>	<u>\$ 21,227</u>	<u>\$ (8,075)</u>	<u>\$ 23,765</u>	<u>\$ 18,579</u>	<u>\$ 85,056</u>

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Natural Resources

June 30, 2007 (Expressed in Thousands)

	Wildlife and Fish Fund	Natural Areas Acquisition Fund	Open Space Lands Acquisition and Development Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 31,802	\$ 17,824	\$ 80,069	\$ 129,695
Cash and cash equivalents	37			37
Receivables, net				
Intergovernmental	3,048			3,048
Other	1,847			1,847
Inventories	2,124			2,124
Total assets	\$ 38,858	\$ 17,824	\$ 80,069	\$ 136,751
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,795	\$ 531	\$ 31	\$ 3,357
Intergovernmental payables	74	9	17,782	17,865
Due to other funds	800	40	7	847
Due to component units	185	15		200
Unavailable revenue	2,815			2,815
Unearned revenue	26			26
Total liabilities	6,695	595	17,820	25,110
FUND BALANCES				
Reserved for:				
Encumbrances	447	93		540
Inventories	2,124			2,124
Unreserved:				
Designated for reappropriated accounts	692	1,212	62,249	64,153
Undesignated	28,900	15,924		44,824
Total fund balances	32,163	17,229	62,249	111,641
Total liabilities and fund balances	\$ 38,858	\$ 17,824	\$ 80,069	\$ 136,751

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Wildlife and Fish Fund	Natural Areas Acquisition Fund	Open Space Lands Acquisition and Development Fund	Total
REVENUES				
Other taxes		\$ 14,812	\$ 34,562	\$ 49,374
Federal government	\$ 8,408			8,408
Licenses and fees	35,725	22		35,747
Interest and other investment income	1,889			1,889
Other	4,410			4,410
Total revenues	50,432	14,834	34,562	99,828
EXPENDITURES				
Current:				
Environment and business regulations	43,395	5,372	10,706	59,473
Debt service:				
Principal	18			18
Capital outlays	14,034	8,836		22,870
Total expenditures	57,447	14,208	10,706	82,361
Excess (deficiency) of revenues over (under) expenditures	(7,015)	626	23,856	17,467
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out		(6,460)	(15,409)	(21,869)
Net other sources (uses) of financial resources		(6,460)	(15,409)	(21,869)
Net change in fund balances	(7,015)	(5,834)	8,447	(4,402)
Fund balances, July 1, 2006	40,647	23,063	53,802	117,512
Increase (decrease) for changes in inventories	(1,469)			(1,469)
FUND BALANCES, JUNE 30, 2007	\$ 32,163	\$ 17,229	\$ 62,249	\$ 111,641

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Employment Security

June 30, 2007 (Expressed in Thousands)

	Title III Social Security and Employment Service Fund	Unemployment Compensation Special Administration Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 21,292	\$ 10,522	\$ 31,814
Cash and cash equivalents	5		5
Receivables, net			
Intergovernmental	11,043		11,043
Other	48	89	137
Due from other funds	17	4,177	4,194
Inventories	1,355		1,355
Total assets	\$ 33,760	\$ 14,788	\$ 48,548
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,977	\$ 219	\$ 5,196
Intergovernmental payables	289		289
Due to other funds	8,005		8,005
Unavailable revenue	19		19
Unearned revenue	223		223
Total liabilities	13,513	219	13,732
FUND BALANCES			
Reserved for:			
Encumbrances	6		6
Inventories	1,355		1,355
Unreserved	18,886	14,569	33,455
Total fund balances	20,247	14,569	34,816
Total liabilities and fund balances	\$ 33,760	\$ 14,788	\$ 48,548

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Title III Social Security and Employment Service Fund	Unemployment Compensation Special Administration Fund	Total
REVENUES			
Federal government	\$ 164,582		\$ 164,582
Licenses and fees	25		25
Interest and other investment income	956	\$ 829	1,785
Other	2,173		2,173
Total revenues	167,736	829	168,565
EXPENDITURES			
Current:			
Employment and economic development	182,181	2,258	184,439
Capital outlays	693		693
Total expenditures	182,874	2,258	185,132
Excess (deficiency) of revenues over (under) expenditures	(15,138)	(1,429)	(16,567)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	10,013	16,675	26,688
Transfers-out	(712)	(11,483)	(12,195)
Net other sources (uses) of financial resources	9,301	5,192	14,493
Net change in fund balances	(5,837)	3,763	(2,074)
Fund balances, July 1, 2006	26,284	10,806	37,090
Increase (decrease) for changes in inventories	(200)		(200)
FUND BALANCES, JUNE 30, 2007	\$ 20,247	\$ 14,569	\$ 34,816

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
 Financial and Professional Regulation

June 30, 2007 (Expressed in Thousands)

	State Pensions Fund	Savings and Residential Finance Regulatory Fund	Real Estate License Administration Fund	Insurance Financial Regulation Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 244,381	\$ 29,100	\$ 18,668	\$ 12,495	\$ 304,644
Other receivables, net		638	76	11,859	12,573
Total assets	\$ 244,381	\$ 29,738	\$ 18,744	\$ 24,354	\$ 317,217
LIABILITIES					
Accounts payable and accrued liabilities	\$ 336	\$ 136	\$ 139	\$ 477	\$ 1,088
Intergovernmental payables	5	7	8	2	22
Due to other funds	9			4	13
Total liabilities	350	143	147	483	1,123
FUND BALANCES					
Reserved for encumbrances	1	28			29
Unreserved	244,030	29,567	18,597	23,871	316,065
Total fund balances	244,031	29,595	18,597	23,871	316,094
Total liabilities and fund balances	\$ 244,381	\$ 29,738	\$ 18,744	\$ 24,354	\$ 317,217

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	State Pensions Fund	Savings and Residential Finance Regulatory Fund	Real Estate License Administration Fund	Insurance Financial Regulation Fund	Total
REVENUES					
Licenses and fees		\$ 11,101	\$ 8,684	\$ 22,759	\$ 42,544
Interest and other investment income		1,237	753		1,990
Other		210	4	71	285
Total revenues		12,548	9,441	22,830	44,819
EXPENDITURES					
Current:					
Education	\$ 134,238				134,238
General government	7,769				7,769
Environment and business regulations		3,613	2,853	9,970	16,436
Total expenditures	142,007	3,613	2,853	9,970	158,443
Excess (deficiency) of revenues over (under) expenditures	(142,007)	8,935	6,588	12,860	(113,624)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	333,664				333,664
Transfers-out		(1,665)	(575)	(10,566)	(12,806)
Net other sources (uses) of financial resources	333,664	(1,665)	(575)	(10,566)	320,858
Net change in fund balances	191,657	7,270	6,013	2,294	207,234
Fund balances, July 1, 2006	52,374	22,325	12,584	21,577	108,860
FUND BALANCES, JUNE 30, 2007	\$ 244,031	\$ 29,595	\$ 18,597	\$ 23,871	\$ 316,094

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Human Services

June 30, 2007 (Expressed in Thousands)

	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	Mental Health Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
ASSETS							
Cash equity with State Treasurer	\$ 314	\$ 7,261	\$ 29,246	\$ 11,348	\$ 7,805		\$ 55,974
Cash and cash equivalents					3,103		3,103
Receivables, net							
Taxes		133					133
Intergovernmental	20,473	12,123	2,002	5,127			39,725
Other		717	1	465	12,457		13,640
Due from other funds		984		2,009	25		3,018
Other assets						\$ 183	183
Total assets	\$ 20,787	\$ 21,218	\$ 31,249	\$ 18,949	\$ 23,390	\$ 183	\$ 115,776
LIABILITIES							
Accounts payable and accrued liabilities	\$ 20,351	\$ 587	\$ 12,143	\$ 10,280	\$ 16,614		\$ 59,975
Intergovernmental payables	190	5	1,094	47	2,575		3,911
Due to other funds	117	24	1,079	88	170		1,478
Due to component units	154		1,675	62	10		1,901
Unavailable revenue		6,569	344				6,913
Unearned revenue			12,295	2,255	4,021	\$ 183	18,754
Total liabilities	20,812	7,185	28,630	12,732	23,390	183	92,932
FUND BALANCES							
Reserved for encumbrances	62	320	89	1			472
Unreserved	(87)	13,713	2,530	6,216			22,372
Total fund balances (deficits)	(25)	14,033	2,619	6,217			22,844
Total liabilities and fund balances	\$ 20,787	\$ 21,218	\$ 31,249	\$ 18,949	\$ 23,390	\$ 183	\$ 115,776

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, 2007 (Expressed in Thousands)

	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	Mental Health Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
REVENUES							
Other taxes		\$ 1,358					\$ 1,358
Federal government	\$ 67,918		\$ 172,568	\$ 56,362	\$ 192,076	\$ 1,557,406	2,046,330
Licenses and fees				3,331			3,331
Interest and other investment income				421	8		429
Other		34,559		33			34,592
Total revenues	67,918	35,917	172,568	60,147	192,084	1,557,406	2,086,040
EXPENDITURES							
Current:							
Health and social services	67,943	22,411	173,653	117,925	192,084	1,557,406	2,131,422
Capital outlays			18				18
Total expenditures	67,943	22,411	173,671	117,925	192,084	1,557,406	2,131,440
Excess (deficiency) of revenues over (under) expenditures	(25)	13,506	(1,103)	(57,778)	-- --	-- --	(45,400)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in				63,023			63,023
Net other sources (uses) of financial resources				63,023			63,023
Net change in fund balances	(25)	13,506	(1,103)	5,245	-- --	-- --	17,623
Fund balances, July 1, 2006		527	3,722	972			5,221
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (25)	\$ 14,033	\$ 2,619	\$ 6,217	\$ -- --	\$ -- --	\$ 22,844

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Healthcare and Family Services

June 30, 2007 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 16,004	\$ 42,260	\$ 4,828	\$ 63,092
Receivables, net				
Taxes	7,023			7,023
Intergovernmental		9,970	4,762	14,732
Other		10,113		10,113
Due from other funds		621		621
Total assets	\$ 23,027	\$ 62,964	\$ 9,590	\$ 95,581
LIABILITIES				
Accounts payable and accrued liabilities	\$ 896	\$ 6,808	\$ 6,159	\$ 13,863
Intergovernmental payables	339	10,397	3,380	14,116
Due to other funds	36	6,127	51	6,214
Unavailable revenue		31	330	361
Total liabilities	1,271	23,363	9,920	34,554
FUND BALANCES				
Unreserved	21,756	39,601	(330)	61,027
Total fund balances (deficits)	21,756	39,601	(330)	61,027
Total liabilities and fund balances	\$ 23,027	\$ 62,964	\$ 9,590	\$ 95,581

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
REVENUES				
Public utility taxes	\$ 84,256			\$ 84,256
Federal government		\$ 117,026	\$ 138,801	255,827
Other	1,500	14,800		16,300
Total revenues	85,756	131,826	138,801	356,383
EXPENDITURES				
Current:				
Health and social services	81,240	161,259	139,124	381,623
Capital outlays		31	7	38
Total expenditures	81,240	161,290	139,131	381,661
Excess (deficiency) of revenues over (under) expenditures	4,516	(29,464)	(330)	(25,278)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in	116	31,008		31,124
Net other sources (uses) of financial resources	116	31,008		31,124
Net change in fund balances	4,632	1,544	(330)	5,846
Fund balances, July 1, 2006	17,124	38,057		55,181
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 21,756	\$ 39,601	\$ (330)	\$ 61,027

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
Revenue

June 30, 2007 (Expressed in Thousands)

	State Gaming Fund	Rental Housing Support Program Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund
ASSETS						
Cash equity with State Treasurer	\$ 16,692	\$ 39,054	\$ 40,500	\$ 51,548	\$ 225,153	\$ 27,989
Receivables, net						
Taxes	3,947		17,327	19,636	101,301	
Other						103
Due from other funds					34,989	2,699
Due from component units						316,383
Total assets	\$ 20,639	\$ 39,054	\$ 57,827	\$ 71,184	\$ 361,443	\$ 347,174
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,865	\$ 10,750				\$ 22,815
Intergovernmental payables	12,349		\$ 12,477	\$ 45,376	\$ 361,443	
Due to other funds	2,500		45,350	25,524		
Due to component units	123					
Unavailable revenue			1,167	284	3,523	
Total liabilities	16,837	10,750	58,994	71,184	364,966	22,815
FUND BALANCES						
Reserved for encumbrances		65				
Unreserved	3,802	28,239	(1,167)		(3,523)	324,359
Total fund balances (deficits)	3,802	28,304	(1,167)		(3,523)	324,359
Total liabilities and fund balances	\$ 20,639	\$ 39,054	\$ 57,827	\$ 71,184	\$ 361,443	\$ 347,174

Horse Racing Equity Trust Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
\$ 43,081	\$ 47	\$ 320,909	\$ 10,545	\$ 775,518
		96,891	36,254	275,356
404		545	73	1,125
	135,815	86,209	9,450	269,162
				316,383
\$ 43,485	\$ 135,862	\$ 504,554	\$ 56,322	\$ 1,637,544
		\$ 6,632	\$ 12,154	\$ 54,216
	\$ 135,237	497,747		1,064,629
	625	175		74,174
				123
		64,032	1,180	70,186
	135,862	568,586	13,334	1,263,328
				65
\$ 43,485		(64,032)	42,988	374,151
43,485		(64,032)	42,988	374,216
\$ 43,485	\$ 135,862	\$ 504,554	\$ 56,322	\$ 1,637,544

State of Illinois

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

Revenue

For the Year Ended June 30, 2007 (Expressed in Thousands)

	State Gaming Fund	Rental Housing Support Program Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund
REVENUES						
Income taxes						
Sales taxes			\$ 245,262	\$ 342,509	\$ 1,624,381	
Public utility taxes						
Riverboat taxes	\$ 817,590					
Other taxes		\$ 25,705				\$ 49,376
Licenses and fees	809					35
Interest and other investment income						3,553
Other						58,296
Total revenues	818,399	25,705	245,262	342,509	1,624,381	111,260
EXPENDITURES						
Current:						
Health and social services	895					12,441
General government	67	11,546	3			92,344
Employment and economic development						
Capital outlays	220					
Intergovernmental	129,646		50,194	342,509	1,623,858	
Total expenditures	130,828	11,546	50,197	342,509	1,623,858	104,785
Excess (deficiency) of revenues over (under) expenditures	687,571	14,159	195,065	--	523	6,475
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in						
Transfers-out	(686,425)		(196,232)			(3,775)
Net other sources (uses) of financial resources	(686,425)		(196,232)			(3,775)
Net change in fund balances	1,146	14,159	(1,167)	--	523	2,700
Fund balances (deficits), July 1, 2006	2,656	14,145			(4,046)	321,659
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 3,802	\$ 28,304	\$ (1,167)	\$ --	\$ (3,523)	\$ 324,359

Horse Racing Equity Trust Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
		\$ 1,209,891		\$ 1,209,891
			\$ 420,087	2,632,239
		212,830		212,830
				817,590
\$ 39,755			109,718	224,554
				844
		3,950	995	8,498
				58,296
39,755		1,426,671	530,800	5,164,742

				13,336
	\$ 72	129		104,161
			30,786	30,786
				237
	1,244,879	1,560,853		4,951,939
	1,244,951	1,560,999	30,786	5,100,459
39,755	(1,244,951)	(134,328)	500,014	64,283

	1,249,951	86,209	70,251	1,406,411
	(5,000)		(567,427)	(1,458,859)
	1,244,951	86,209	(497,176)	(52,448)
39,755	-- --	(48,119)	2,838	11,835
3,730		(15,913)	40,150	362,381
\$ 43,485	\$ -- --	\$ (64,032)	\$ 42,988	\$ 374,216

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Transportation

June 30, 2007 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Downstate Public Transportation Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 1,803	\$ 9,080	\$ 14,971	\$ 20,994	\$ 46,848
Receivables, net					
Intergovernmental	25,362				25,362
Other		37			37
Due from other funds	732		47,445		48,177
Loans and notes receivable, net		24,090			24,090
Total assets	\$ 27,897	\$ 33,207	\$ 62,416	\$ 20,994	\$ 144,514
LIABILITIES					
Accounts payable and accrued liabilities	\$ 11,338	\$ 1,564			\$ 12,902
Intergovernmental payables	13,714		\$ 62,416	\$ 1,979	78,109
Due to other funds	28				28
Unavailable revenue	14,025				14,025
Unearned revenue	2,817				2,817
Total liabilities	41,922	1,564	62,416	1,979	107,881
FUND BALANCES					
Reserved for:					
Encumbrances				1	1
Long-term portion of:					
Loans and notes receivable		23,156			23,156
Unreserved:					
Designated for reappropriated accounts		665			665
Undesignated	(14,025)	7,822		19,014	12,811
Total fund balances (deficits)	(14,025)	31,643		19,015	36,633
Total liabilities and fund balances	\$ 27,897	\$ 33,207	\$ 62,416	\$ 20,994	\$ 144,514

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Downstate Public Transportation Fund	Total
REVENUES					
Federal government	\$ 120,922				\$ 120,922
Interest and other investment income		\$ 1,134			1,134
Other	10,214				10,214
Total revenues	131,136	1,134			132,270
EXPENDITURES					
Current:					
Transportation	141,664	3,251	\$ 302,162	\$ 69,693	516,770
Total expenditures	141,664	3,251	302,162	69,693	516,770
Excess (deficiency) of revenues over (under) expenditures	(10,528)	(2,117)	(302,162)	(69,693)	(384,500)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in			302,162	75,074	377,236
Transfers-out	(231)	(400)		(6,000)	(6,631)
Net other sources (uses) of financial resources	(231)	(400)	302,162	69,074	370,605
Net change in fund balances	(10,759)	(2,517)	-- --	(619)	(13,895)
Fund balances (deficits), July 1, 2006	(3,266)	34,160		19,634	50,528
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (14,025)	\$ 31,643	\$ -- --	\$ 19,015	\$ 36,633

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Departments

June 30, 2007 (Expressed in Thousands)

	Children and Family Services	Public Health	
	DCFS Childrens' Services Fund	Public Health Services Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 5,085	\$ 3,491	\$ 8,576
Cash and cash equivalents	32		32
Receivables, net			
Intergovernmental	76,134	19,958	96,092
Other		366	366
Due from other funds	30	2,427	2,457
Due from component units		1	1
Inventories		11,881	11,881
Total assets	\$ 81,281	\$ 38,124	\$ 119,405
LIABILITIES			
Accounts payable and accrued liabilities	\$ 68,684	\$ 13,099	\$ 81,783
Intergovernmental payables	490	9,628	10,118
Due to other funds	887	758	1,645
Due to component units	6,723	1,607	8,330
Unavailable revenue	10,656	5,833	16,489
Unearned revenue		3,432	3,432
Total liabilities	87,440	34,357	121,797
FUND BALANCES			
Reserved for inventories		11,881	11,881
Unreserved	(6,159)	(8,114)	(14,273)
Total fund balances (deficits)	(6,159)	3,767	(2,392)
Total liabilities and fund balances	\$ 81,281	\$ 38,124	\$ 119,405

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Children and Family Services	Public Health	
	DCFS Childrens' Services Fund	Public Health Services Fund	Total
REVENUES			
Federal government	\$ 437,375	\$ 176,355	\$ 613,730
Other	2,899	1,149	4,048
Total revenues	440,274	177,504	617,778
EXPENDITURES			
Current:			
Health and social services	482,329	182,691	665,020
Capital outlays	596	504	1,100
Total expenditures	482,925	183,195	666,120
Excess (deficiency) of revenues over (under) expenditures	(42,651)	(5,691)	(48,342)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	2,200		2,200
Net other sources (uses) of financial resources	2,200		2,200
Net change in fund balances	(40,451)	(5,691)	(46,142)
Fund balances, July 1, 2006	34,292	5,196	39,488
Increase (decrease) for changes in inventories		4,262	4,262
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (6,159)	\$ 3,767	\$ (2,392)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Environmental Protection Agency

June 30, 2007 (Expressed in Thousands)

	Clean Air Act (CAA) Permit Fund	Illinois Clean Water Fund	Hazardous Waste Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 16,249	\$ 12,934	\$ 13,438	\$ 42,621
Other receivables, net	3,969	14,438	14,319	32,726
Due from other funds	35		2,813	2,848
Total assets	\$ 20,253	\$ 27,372	\$ 30,570	\$ 78,195
LIABILITIES				
Accounts payable and accrued liabilities	\$ 200	\$ 64	\$ 1,037	\$ 1,301
Intergovernmental payables		19	6	25
Due to other funds	117	36	344	497
Due to component units	1	60		61
Unavailable revenue	3,044	4,514	8,465	16,023
Total liabilities	3,362	4,693	9,852	17,907
FUND BALANCES				
Reserved for encumbrances	114	104		218
Unreserved	16,777	22,575	20,718	60,070
Total fund balances	16,891	22,679	20,718	60,288
Total liabilities and fund balances	\$ 20,253	\$ 27,372	\$ 30,570	\$ 78,195

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Clean Air Act (CAA) Permit Fund	Illinois Clean Water Fund	Hazardous Waste Fund	Total
REVENUES				
Licenses and fees	\$ 16,205	\$ 20,146	\$ 1,398	\$ 37,749
Interest and other investment income	686	882		1,568
Other		75	11,017	11,092
Total revenues	16,891	21,103	12,415	50,409
EXPENDITURES				
Current:				
Environment and business regulations	17,096	7,779	6,735	31,610
Capital outlays	185	67	92	344
Total expenditures	17,281	7,846	6,827	31,954
Excess (deficiency) of revenues over (under) expenditures	(390)	13,257	5,588	18,455
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in			2,000	2,000
Transfers-out		(10,239)		(10,239)
Net other sources (uses) of financial resources		(10,239)	2,000	(8,239)
Net change in fund balances	(390)	3,018	7,588	10,216
Fund balances, July 1, 2006	17,281	19,661	13,130	50,072
FUND BALANCES, JUNE 30, 2007	\$ 16,891	\$ 22,679	\$ 20,718	\$ 60,288

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

State Board of Education

June 30, 2007 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 764	\$ 1,095	\$ 1,731	\$ 3,590
Receivables, net				
Intergovernmental	537	30,889	239,261	270,687
Other	17	32		49
Due from other funds	1,128	41	645	1,814
Due from component units			20	20
Inventories		860		860
Total assets	\$ 2,446	\$ 32,917	\$ 241,657	\$ 277,020
LIABILITIES				
Accounts payable and accrued liabilities			\$ 8,945	\$ 8,945
Intergovernmental payables	\$ 17,930	\$ 27,277	220,912	266,119
Due to other funds		385	2,322	2,707
Due to component units		111	1,637	1,748
Unavailable revenue		3,836	6,791	10,627
Total liabilities	17,930	31,609	240,607	290,146
FUND BALANCES				
Reserved for inventories		860		860
Unreserved	(15,484)	448	1,050	(13,986)
Total fund balances (deficits)	(15,484)	1,308	1,050	(13,126)
Total liabilities and fund balances	\$ 2,446	\$ 32,917	\$ 241,657	\$ 277,020

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, 2007 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
REVENUES				
Federal government		\$ 503,492	\$ 1,285,422	\$ 1,788,914
Licenses and fees	\$ 11,861			11,861
Other	6,019	57	132	6,208
Total revenues	17,880	503,549	1,285,554	1,806,983
EXPENDITURES				
Current:				
Education	17,995	507,182	1,285,391	1,810,568
Debt service:				
Principal			4	4
Capital outlays		11	65	76
Total expenditures	17,995	507,193	1,285,460	1,810,648
Excess (deficiency) of revenues over (under) expenditures	(115)	(3,644)	94	(3,665)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out	(900)			(900)
Capital lease financing			13	13
Net other sources (uses) of financial resources	(900)		13	(887)
Net change in fund balances	(1,015)	(3,644)	107	(4,552)
Fund balances (deficits), July 1, 2006	(14,469)	4,913	943	(8,613)
Increase (decrease) for changes in inventories		39		39
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (15,484)	\$ 1,308	\$ 1,050	\$ (13,126)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Office of the State Fire Marshal

June 30, 2007 (Expressed in Thousands)

	Fire Prevention Fund	Underground Storage Tank Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 36,586	\$ 9,504	\$ 46,090
Receivables, net			
Taxes	3	9,115	9,118
Other	430	27	457
Due from other funds	3		3
Total assets	\$ 37,022	\$ 18,646	\$ 55,668
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,036	\$ 437	\$ 1,473
Intergovernmental payables	598	4	602
Due to other funds	284	10	294
Due to component units	54		54
Unavailable revenue		462	462
Total liabilities	1,972	913	2,885
FUND BALANCES			
Reserved for encumbrances	423	20	443
Unreserved	34,627	17,713	52,340
Total fund balances	35,050	17,733	52,783
Total liabilities and fund balances	\$ 37,022	\$ 18,646	\$ 55,668

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Special Revenue Funds
Office of the State Fire Marshal

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Fire Prevention Fund	Underground Storage Tank Fund	Total
REVENUES			
Motor fuel taxes		\$ 76,635	\$ 76,635
Other taxes	\$ 20,313		20,313
Federal government	95		95
Licenses and fees	3,726	80	3,806
Other	33	2	35
Total revenues	24,167	76,717	100,884
EXPENDITURES			
Current:			
Education	2,076		2,076
General government	122	840	962
Public protection and justice	18,581	2,915	21,496
Environment and business regulations		54,700	54,700
Debt service:			
Principal		6	6
Interest		1	1
Capital outlays	80	6	86
Total expenditures	20,859	58,468	79,327
Excess (deficiency) of revenues over (under) expenditures	3,308	18,249	21,557
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out	(218)	(13,993)	(14,211)
Net other sources (uses) of financial resources	(218)	(13,993)	(14,211)
Net change in fund balances	3,090	4,256	7,346
Fund balances, July 1, 2006	31,960	13,477	45,437
FUND BALANCES, JUNE 30, 2007	\$ 35,050	\$ 17,733	\$ 52,783

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Agencies, Boards and Authorities

June 30, 2007 (Expressed in Thousands)

	Capital Development Board	Illinois Commerce Commission	Criminal Justice Information Authority	Workers' Compensation Commission	Metropolitan Pier and Exposition Authority	State Board of Elections		
	School Infrastructure Fund	Wireless Carrier Reimbursement Fund	Criminal Justice Trust Fund	Illinois Workers' Compensation Commission Operations Fund	Metropolitan and Exposition Auditorium and Office Building Fund	Help Illinois Vote Fund		Total
ASSETS								
Cash equity with State Treasurer	\$ 1,531	\$ 31,678	\$ 11,899	\$ 40,899	\$ 16,872	\$ 35,795		\$ 138,674
Receivables, net								
Taxes	1,354	672						2,026
Intergovernmental			5,344					5,344
Other	30			40,040		145		40,215
Due from other funds			1,298					1,298
Total assets	\$ 2,915	\$ 32,350	\$ 18,541	\$ 80,939	\$ 16,872	\$ 35,940		\$ 187,557
LIABILITIES								
Accounts payable and accrued liabilities	\$ 4,626	\$ 11,658	\$ 174	\$ 1,040		\$ 169		\$ 17,667
Intergovernmental payables			3,069	49		8,215		11,333
Due to other funds		7	4,303	341				4,651
Due to component units			61					61
Unavailable revenue	286			16,253				16,539
Unearned revenue			10,934			27,556		38,490
Total liabilities	4,912	11,665	18,541	17,683		35,940		88,741
FUND BALANCES								
Reserved for encumbrances	5	3		1				9
Unreserved	(2,002)	20,682		63,255	\$ 16,872			98,807
Total fund balances (deficits)	(1,997)	20,685		63,256	16,872			98,816
Total liabilities and fund balances	\$ 2,915	\$ 32,350	\$ 18,541	\$ 80,939	\$ 16,872	\$ 35,940		\$ 187,557

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Capital Development Board	Illinois Commerce Commission	Criminal Justice Information Authority	Workers' Compensation Commission	Metropolitan Pier and Exposition Authority	State Board of Elections		
	School Infrastructure Fund	Wireless Carrier Reimbursement Fund	Criminal Justice Trust Fund	Illinois Workers' Compensation Commission Operations Fund	Metropolitan and Exposition Auditorium and Office Building Fund	Help Illinois Vote Fund		Total
REVENUES								
Public utility taxes	\$ 97,124	\$ 19,700						\$ 116,824
Other taxes	60,000							60,000
Federal government			\$ 41,764			\$ 36,364		78,128
Licenses and fees				\$ 24,591				24,591
Interest and other investment income						2,557		2,557
Other				2,111				2,111
Total revenues	157,124	19,700	41,764	26,702		38,921		284,211
EXPENDITURES								
Current:								
Education	72							72
General government	601					2,215		2,816
Public protection and justice			41,716					41,716
Environment and business regulations		21,917		14,478				36,395
Capital outlays			39	212				251
Intergovernmental						36,706		36,706
Total expenditures	673	21,917	41,755	14,690		38,921		117,956
Excess (deficiency) of revenues over (under) expenditures	156,451	(2,217)	9	12,012		-- --		166,255
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Transfers-in	72,455				\$ 37,923			110,378
Transfers-out	(240,706)	(9,584)			(37,923)			(288,213)
Net other sources (uses) of financial resources	(168,251)	(9,584)			-- --			(177,835)
Net change in fund balances	(11,800)	(11,801)	9	12,012	-- --	-- --		(11,580)
Fund balances (deficits), July 1, 2006	9,803	32,486	(9)	51,244	16,872			110,396
FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (1,997)	\$ 20,685	\$ -- --	\$ 63,256	\$ 16,872	\$ -- --		\$ 98,816

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DEBT SERVICE FUNDS

The Debt Service Funds are maintained to account for resources obtained and accumulated to pay interest and principal on general long-term obligations.

SIGNIFICANT 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.

Department of Central Management Services

ESCO COP Debt Service Fund-- to account for payments of principal and interest related to ESCO Certificates of Participation. Funding consists of transfers from funds which use the facilities purchased with the ESCO Certificates of Participation proceeds and investment income.

Governor's Office of Management and Budget

Illinois Civic Center Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance the construction of local civic centers. Funding consists of transfers from the Metropolitan Exposition Auditorium and Office Building Fund and investment income.

Build Illinois Bond Retirement and Interest Fund--to account for the payment of principal and interest upon bonds issued to finance improvements related to existing or planned scientific research, manufacturing or industrial development or expansion in Illinois. Funding consists of transfers from the Build Illinois Fund and investment income.

Student Assistance Commission

ISAC COP Debt Service Fund-- to account for payments of principal and interest related to Student Assistance Commission Certificates of Participation. Funding consists of transfers from funds which use the facilities purchased with the Student Assistance Commission Certificates of Participation proceeds and investment income.

State of Illinois

Combining Balance Sheet
Nonmajor Debt Service Funds

June 30, 2007 (Expressed in Thousands)

	Treasurer	Central Management Services		Student Assistance Commission			
	General Obligation Bond Retirement and Interest Fund	ESCO COP Debt Service Fund	Governor's Office of Management and Budget	ISAC COP Debt Service Fund	Other	Total	
ASSETS							
Cash equity with State Treasurer	\$ 624,844		\$ 10,649			\$ 635,493	
Cash and cash equivalents	5,851	\$ 432	125,423		\$ 4,754	136,460	
Investments			49,215			49,215	
Other receivables, net	2,016		553		9	2,578	
Due from other funds	9,284					9,284	
Loans and notes receivable, net	18,228					18,228	
Total assets	\$ 660,223	\$ 432	\$ 185,840	\$ -- --	\$ 4,763	\$ 851,258	
FUND BALANCES							
Reserved for long-term portion of loans and notes receivable	\$ 17,061					\$ 17,061	
Unreserved	643,162	\$ 432	\$ 185,840		\$ 4,763	834,197	
Total fund balances	660,223	432	185,840		4,763	851,258	
Total liabilities and fund balances	\$ 660,223	\$ 432	\$ 185,840	\$ -- --	\$ 4,763	\$ 851,258	

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Treasurer	Central Management Services	Student Assistance Commission				
	General Obligation Bond Retirement and Interest Fund	ESCO COP Debt Service Fund	Governor's Office of Management and Budget	ISAC COP Debt Service Fund	Other	Total	
REVENUES							
Licenses and fees	\$ 197					\$ 197	
Interest and other investment income	28,576	\$ 25	\$ 15,675		\$ 25	44,301	
Other	75					75	
Total revenues	28,848	25	15,675		25	44,573	
EXPENDITURES							
Current:							
General government	1,164	523	47			1,734	
Employment and economic development			17			17	
Debt service:							
Principal	707,573	3,057	145,690	\$ 1,370	3,040	860,730	
Interest	979,074	95	132,375	569	3,071	1,115,184	
Total expenditures	1,687,811	3,675	278,129	1,939	6,111	1,977,665	
Excess (deficiency) of revenues over (under) expenditures	(1,658,963)	(3,650)	(262,454)	(1,939)	(6,086)	(1,933,092)	
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
General obligation refunding bonds issued	329,000					329,000	
Premiums on general obligation refunding bonds issued	14,014					14,014	
Transfers-in	2,570,153		302,118	1,939	6,192	2,880,402	
Transfers-out	(901,621)		(37,608)			(939,229)	
Payments to refunded bond escrow agent	(341,849)					(341,849)	
Net other sources (uses) of financial resources	1,669,697		264,510	1,939	6,192	1,942,338	
Net change in fund balances	10,734	(3,650)	2,056	-- --	106	9,246	
Fund balances, July 1, 2006	649,489	4,082	183,784		4,657	842,012	
FUND BALANCES, JUNE 30, 2007	\$ 660,223	\$ 432	\$ 185,840	\$ -- --	\$ 4,763	\$ 851,258	

State of Illinois

Combining Balance Sheet - Nonmajor Debt Service Funds

Governor's Office of Management and Budget

June 30, 2007 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 7,988	\$ 2,661	\$ 10,649
Cash and cash equivalents	16,054	109,369	125,423
Investments		49,215	49,215
Other receivables, net	29	524	553
Total assets	\$ 24,071	\$ 161,769	\$ 185,840
FUND BALANCES			
Unreserved	\$ 24,071	\$ 161,769	\$ 185,840
Total fund balances	24,071	161,769	185,840
Total liabilities and fund balances	\$ 24,071	\$ 161,769	\$ 185,840

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Debt Service Funds
Governor's Office of Management and Budget

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
REVENUES			
Interest and other investment income	\$ 776	\$ 14,899	\$ 15,675
Total revenues	<u>776</u>	<u>14,899</u>	<u>15,675</u>
EXPENDITURES			
Current:			
General government		47	47
Employment and economic development	17		17
Debt service:			
Principal	7,175	138,515	145,690
Interest	6,677	125,698	132,375
Total expenditures	<u>13,869</u>	<u>264,260</u>	<u>278,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,093)</u>	<u>(249,361)</u>	<u>(262,454)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	14,247	287,871	302,118
Transfers-out		(37,608)	(37,608)
Net other sources (uses) of financial resources	<u>14,247</u>	<u>250,263</u>	<u>264,510</u>
Net change in fund balances	<u>1,154</u>	<u>902</u>	<u>2,056</u>
Fund balances, July 1, 2006	<u>22,917</u>	<u>160,867</u>	<u>183,784</u>
FUND BALANCES, JUNE 30, 2007	<u>\$ 24,071</u>	<u>\$ 161,769</u>	<u>\$ 185,840</u>

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CAPITAL PROJECTS FUNDS

The Capital Projects Funds are maintained to account for the acquisition and/or construction of major capital facilities.

SIGNIFICANT NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS DESCRIPTIONS

Department of Commerce and Economic Opportunity

Coal Development Fund--to account for financial support of coal research, demonstration and commercialization activities.

Build Illinois Bond Fund--to account for the proceeds from bond issues of the Build Illinois Bond Program to finance improvements related to scientific research, manufacturing and industrial development or expansion.

Department of Natural Resources

Conservation 2000 Projects Fund--to account for the proceeds from bond issues to finance natural resources programs.

Department of Transportation

Transportation Bond Series A Fund--to account for the proceeds from bond issues to finance State highway acquisition, construction, reconstruction, extension and improvements.

Transportation Bond Series B Fund--to account for the proceeds from bond issues used to finance mass transportation and aviation infrastructure including, but not limited to, the acquisition of mass transportation equipment, including rail and bus, and other equipment for counties under the Regional Transportation Authority.

Capital Development Board

Capital Development Fund--to account for the proceeds from bond issues to finance capital development projects within the State.

School Construction Fund--to account for the proceeds from bond issues to finance school construction building projects.

CDB Contributory Trust Fund--to account for local, state and federal funding for the construction and remodeling of buildings and the purchase of land and equipment in connection with the various contributing educational institutions, State departments and agencies as authorized by law.

State of Illinois

**Combining Balance Sheet
Nonmajor Capital Projects Funds**

June 30, 2007 (Expressed in Thousands)

	Commerce and Economic Opportunity	Natural Resources Conservation 2000 Projects Fund	Transportation	Capital Development Board	Other	Total
ASSETS						
Cash equity with State Treasurer	\$ 37,876	\$ 3,397	\$ 44,117	\$ 137,058	\$ 618	\$ 223,066
Cash and cash equivalents	1,725		4,181	8,861	7	14,774
Receivables, net						
Intergovernmental				1,115		1,115
Other	57					57
Due from other funds	10			4,303	105	4,418
Total assets	\$ 39,668	\$ 3,397	\$ 48,298	\$ 151,337	\$ 730	\$ 243,430
LIABILITIES						
Accounts payable and accrued liabilities	\$ 28,970	\$ 12	\$ 8,171	\$ 40,883		\$ 78,036
Intergovernmental payables			5,848	701		6,549
Due to other funds			732	47		779
Unearned revenue				13,918		13,918
Total liabilities	28,970	12	14,751	55,549		99,282
FUND BALANCES						
Reserved for encumbrances				609		609
Unreserved:						
Designated for reappropriated accounts	241	3,385	33,547	95,179		132,352
Undesignated	10,457				\$ 730	11,187
Total fund balances	10,698	3,385	33,547	95,788	730	144,148
Total liabilities and fund balances	\$ 39,668	\$ 3,397	\$ 48,298	\$ 151,337	\$ 730	\$ 243,430

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Commerce and Economic Opportunity	Natural Resources Conservation 2000 Projects Fund	Transportation	Capital Development Board	Other	Total
REVENUES						
Federal government				\$ 21,066		\$ 21,066
Other				19,582		19,582
Total revenues				40,648		40,648
EXPENDITURES						
Current:						
Education	\$ 62,836			126,696		189,532
General government	132			42,922	\$ 1	43,055
Employment and economic development	113,043			14,061		127,104
Transportation			\$ 55,155		1,316	56,471
Public protection and justice				13,331		13,331
Environment and business regulations	6,251	\$ 874		977	767	8,869
Capital outlays	1,792	58	59,995	125,284		187,129
Total expenditures	184,054	932	115,150	323,271	2,084	625,491
Excess (deficiency) of revenues over (under) expenditures	(184,054)	(932)	(115,150)	(282,623)	(2,084)	(584,843)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation bonds issued	9,900		72,500	175,600		258,000
Premiums on general obligation bonds issued	367		3,224	8,494		12,085
Transfers-in				76,537	1,316	77,853
Transfers-out	(8,237)		(51,714)	(24,861)	(177)	(84,989)
Net other sources (uses) of financial resources	2,030		24,010	235,770	1,139	262,949
Net change in fund balances	(182,024)	(932)	(91,140)	(46,853)	(945)	(321,894)
Fund balances, July 1, 2006	192,722	4,317	124,687	142,641	1,675	466,042
FUND BALANCES, JUNE 30, 2007	\$ 10,698	\$ 3,385	\$ 33,547	\$ 95,788	\$ 730	\$ 144,148

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Commerce and Economic Opportunity

June 30, 2007 (Expressed in Thousands)

	Coal Development Fund	Build Illinois Bond Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 10,457	\$ 27,419	\$ 37,876
Cash and cash equivalents		1,725	1,725
Other receivables, net		57	57
Due from other funds		10	10
Total assets	\$ 10,457	\$ 29,211	\$ 39,668
LIABILITIES			
Accounts payable and accrued liabilities		\$ 28,970	\$ 28,970
Total liabilities		28,970	28,970
FUND BALANCES			
Unreserved:			
Designated for reappropriated accounts		241	241
Undesignated	\$ 10,457		10,457
Total fund balances	10,457	241	10,698
Total liabilities and fund balances	\$ 10,457	\$ 29,211	\$ 39,668

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Coal Development Fund	Build Illinois Bond Fund	Total
EXPENDITURES			
Current:			
Education		\$ 62,836	\$ 62,836
General government	\$ 63	69	132
Employment and economic development	5,091	107,952	113,043
Environment and business regulations		6,251	6,251
Capital outlays		1,792	1,792
Total expenditures	5,154	178,900	184,054
Excess (deficiency) of revenues over (under) expenditures	(5,154)	(178,900)	(184,054)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
General obligation bonds issued	9,900		9,900
Premiums on general obligation bonds issued	367		367
Transfers-out		(8,237)	(8,237)
Net other sources (uses) of financial resources	10,267	(8,237)	2,030
Net change in fund balances	5,113	(187,137)	(182,024)
Fund balances, July 1, 2006	5,344	187,378	192,722
FUND BALANCES, JUNE 30, 2007	\$ 10,457	\$ 241	\$ 10,698

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Transportation

June 30, 2007 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 24,111	\$ 20,006	\$ 44,117
Cash and cash equivalents	4,181		4,181
Total assets	\$ 28,292	\$ 20,006	\$ 48,298
LIABILITIES			
Accounts payable and accrued liabilities	\$ 7,350	\$ 821	\$ 8,171
Intergovernmental payables		5,848	5,848
Due to other funds		732	732
Total liabilities	7,350	7,401	14,751
FUND BALANCES			
Unreserved, designated for reappropriated accounts	20,942	12,605	33,547
Total fund balances	20,942	12,605	33,547
Total liabilities and fund balances	\$ 28,292	\$ 20,006	\$ 48,298

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
EXPENDITURES			
Current:			
Transportation	\$ 1,177	\$ 53,978	\$ 55,155
Capital outlays	58,391	1,604	59,995
Total expenditures	<u>59,568</u>	<u>55,582</u>	<u>115,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,568)</u>	<u>(55,582)</u>	<u>(115,150)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
General obligation bonds issued	31,700	40,800	72,500
Premiums on general obligation bonds issued	1,359	1,865	3,224
Transfers-out	(31,028)	(20,686)	(51,714)
Net other sources (uses) of financial resources	<u>2,031</u>	<u>21,979</u>	<u>24,010</u>
Net change in fund balances	<u>(57,537)</u>	<u>(33,603)</u>	<u>(91,140)</u>
Fund balances, July 1, 2006	<u>78,479</u>	<u>46,208</u>	<u>124,687</u>
FUND BALANCES, JUNE 30, 2007	<u>\$ 20,942</u>	<u>\$ 12,605</u>	<u>\$ 33,547</u>

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Capital Development Board

June 30, 2007 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 79,744	\$ 40,345	\$ 16,969	\$ 137,058
Cash and cash equivalents	6,655		2,206	8,861
Intergovernmental receivables, net			1,115	1,115
Due from other funds	1,354		2,949	4,303
Total assets	\$ 87,753	\$ 40,345	\$ 23,239	\$ 151,337
LIABILITIES				
Accounts payable and accrued liabilities	\$ 34,877		\$ 6,006	\$ 40,883
Intergovernmental payables		\$ 701		701
Due to other funds	47			47
Unearned revenue			13,918	13,918
Total liabilities	34,924	701	19,924	55,549
FUND BALANCES				
Reserved for encumbrances	609			609
Unreserved, designated for reappropriated accounts	52,220	39,644	3,315	95,179
Total fund balances	52,829	39,644	3,315	95,788
Total liabilities and fund balances	\$ 87,753	\$ 40,345	\$ 23,239	\$ 151,337

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, 2007 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
REVENUES				
Federal government			\$ 21,066	\$ 21,066
Other			19,582	19,582
Total revenues			40,648	40,648
EXPENDITURES				
Current:				
Education	\$ 77,318	\$ 33,314	16,064	126,696
General government	42,486		436	42,922
Employment and economic development	14,061			14,061
Public protection and justice	13,331			13,331
Environment and business regulations	977			977
Capital outlays	103,484		21,800	125,284
Total expenditures	251,657	33,314	38,300	323,271
Excess (deficiency) of revenues over (under) expenditures	(251,657)	(33,314)	2,348	(282,623)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	137,300	38,300		175,600
Premiums on general obligation bonds issued	6,687	1,807		8,494
Transfers-in	76,537			76,537
Transfers-out		(24,823)	(38)	(24,861)
Net other sources (uses) of financial resources	220,524	15,284	(38)	235,770
Net change in fund balances	(31,133)	(18,030)	2,310	(46,853)
Fund balances, July 1, 2006	83,962	57,674	1,005	142,641
FUND BALANCES, JUNE 30, 2007	\$ 52,829	\$ 39,644	\$ 3,315	\$ 95,788

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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 Revenue

State Lottery Fund--to account for all receipts and expenses from the operation of the State Lottery. The net proceeds are transferred to the Common School Account in the General Fund.

Student Assistance Commission

Student Loan Operation Fund--to account for the administration of the student loan guaranty program.

State of Illinois

Combining Statement of Net Assets

Nonmajor Enterprise Funds

June 30, 2007 (Expressed in Thousands)

	Revenue		Student Assistance Commission	Other	Total			
	State Fund	Lottery Fund	Student Loan Operation Fund					
ASSETS								
Cash equity with State Treasurer	\$	29,187	\$	19,236	\$	74,647	\$	123,070
Cash and cash equivalents		3,863				3,534		7,397
Investments		107				19,180		19,287
Receivables, net:								
Intergovernmental				2,467		137		2,604
Other		20,628		83		8,963		29,674
Due from other funds		61,158		28,151		349		89,658
Due from component units				21				21
Inventories		289						289
Prepaid expenses		341				168		509
Total current assets		<u>115,573</u>		<u>49,958</u>		<u>106,978</u>		<u>272,509</u>
Investments		937				6,952		7,889
Capital assets not being depreciated						190		190
Capital assets being depreciated, net		554		222		1,771		2,547
Total noncurrent assets		<u>1,491</u>		<u>222</u>		<u>8,913</u>		<u>10,626</u>
Total assets		<u>117,064</u>		<u>50,180</u>		<u>115,891</u>		<u>283,135</u>
LIABILITIES								
Accounts payable and accrued liabilities		75,687		20,350		32,340		128,377
Intergovernmental payables						5		5
Due to other funds		3,501		5,154		128		8,783
Due to component units		1		6,653				6,654
Unearned revenue		6,438				11,984		18,422
Current portion of long-term obligations		163		415		10,324		10,902
Total current liabilities		<u>85,790</u>		<u>32,572</u>		<u>54,781</u>		<u>173,143</u>
Noncurrent portion of long-term obligations		2,122		2,399		2,539		7,060
Total liabilities		<u>87,912</u>		<u>34,971</u>		<u>57,320</u>		<u>180,203</u>
NET ASSETS								
Invested in capital assets, net of related debt		554		222		1,961		2,737
Net assets restricted for education		28,598						28,598
Unrestricted				14,987		56,610		71,597
Total net assets	\$	<u>29,152</u>	\$	<u>15,209</u>	\$	<u>58,571</u>	\$	<u>102,932</u>

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Revenue	Student Assistance Commission		
	State Lottery Fund	Student Loan Operation Fund	Other	Total
OPERATING REVENUES				
Charges for sales and services	\$ 1,998,970	\$ 44,901	\$ 121,179	\$ 2,165,050
Interest and other investment income			61	61
Other	4,769		89	4,858
Total operating revenues	2,003,739	44,901	121,329	2,169,969
OPERATING EXPENSES				
Cost of sales and services	146,969	63,794	19,565	230,328
Benefit payments and refunds			63,519	63,519
Prizes and claims	1,159,571			1,159,571
General and administrative	63,764	34,685	19,044	117,493
Depreciation	255	116	244	615
Other			11,250	11,250
Total operating expenses	1,370,559	98,595	113,622	1,582,776
Operating income (loss)	633,180	(53,694)	7,707	587,193
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	517	1,056	4,156	5,729
Federal government			185	185
Income (loss) before transfers	633,697	(52,638)	12,048	593,107
Transfers-in		55,530		55,530
Transfers-out	(631,107)	(1,151)	(6,500)	(638,758)
Net income (loss)	2,590	1,741	5,548	9,879
Net assets (deficit), July 1, 2006, as restated	26,562	13,468	53,023	93,053
NET ASSETS (DEFICIT), JUNE 30, 2007	\$ 29,152	\$ 15,209	\$ 58,571	\$ 102,932

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Revenue		Student Assistance Commission		
	State Lottery Fund	Student Loan Operation Fund	Other	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services		\$ 40,607	\$ 132,824	\$ 173,431	
Cash received from lottery sales (net of \$887,785 cash prizes paid by agents and \$100,871 commissions retained by agents)	\$ 1,006,704			1,006,704	
Cash payments to suppliers for goods and services		(17,245)	(67,483)	(84,728)	
Cash payments to employees for services	(110,468)	(23,473)	(37,446)	(171,387)	
Cash payments for lottery prizes	(261,956)			(261,956)	
Cash receipts from other operating activities	5,069		481	5,550	
Cash payments for other operating activities		(29,915)	(10,058)	(39,973)	
Net cash provided by operating activities	639,349	(30,026)	18,318	627,641	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grants received			206	206	
Transfers-in to other funds		28,530		28,530	
Transfers-out to other funds	(626,551)	(1,150)	(6,500)	(634,201)	
Net cash (used) by noncapital financing activities	(626,551)	27,380	(6,294)	(605,465)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(188)	(23)	(180)	(391)	
Net cash (used) by capital and related financing activities	(188)	(23)	(180)	(391)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities			(35,826)	(35,826)	
Proceeds from sales and maturities of investment securities			34,302	34,302	
Interest and dividends on investments	517	1,060	3,959	5,536	
Net cash provided (used) by investing activities	517	1,060	2,435	4,012	
Net increase (decrease) in cash and cash equivalents	13,127	(1,609)	14,279	25,797	
Cash and cash equivalents, July 1, 2006, as restated	19,923	20,845	63,902	104,670	
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 33,050	\$ 19,236	\$ 78,181	\$ 130,467	
Reconciliation of cash and cash equivalents to the statement of net assets:					
Total cash and cash equivalents per statement of net assets	\$ 3,863		\$ 3,534	\$ 7,397	
Add: cash equity with State Treasurer	29,187	\$ 19,236	74,647	123,070	
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 33,050	\$ 19,236	\$ 78,181	\$ 130,467	

(continued)

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

(continued)

	Revenue	Student Assistance Commission		
	State Lottery Fund	Student Loan Operation Fund	Other	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ 633,180	\$ (53,694)	\$ 7,707	\$ 587,193
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	255	116	244	615
Provision for uncollectible accounts	1,911			1,911
Amortization			(85)	(85)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(9,593)		(109)	(9,702)
(Increase) decrease in intergovernmental receivables		(206)	(88)	(294)
(Increase) decrease in due from other funds	597	612	(64)	1,145
(Increase) decrease in due from component units		(21)		(21)
(Increase) decrease in inventory	1,002			1,002
(Increase) decrease in prepaid expenses	(261)		18	(243)
Increase (decrease) in accounts payable and accrued liabilities	8,023	19,733	9,045	36,801
Increase (decrease) in intergovernmental payables	(286)		3	(283)
Increase (decrease) in due to other funds	435	(3,121)	25	(2,661)
Increase (decrease) in due to component units	(1)	6,653		6,652
Increase (decrease) in unearned revenue	4,073		2,978	7,051
Increase (decrease) in other liabilities	14	(98)	(1,356)	(1,440)
Total adjustments	6,169	23,668	10,611	40,448
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 639,349	\$ (30,026)	\$ 18,318	\$ 627,641
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Transfer of assets from (to) other state funds	\$ (74)			\$ (74)
Increase (decrease) in fair value of investments			\$ (9)	\$ (9)

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INTERNAL SERVICE FUNDS

Internal Service Funds are maintained to account for the operations of State agencies which render services to other State agencies or governmental units on a cost-reimbursement basis.

SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

Department of Central Management Services

Statistical Services Revolving Fund--to account for the purchase, maintenance and operation of electronic data processing and information devices used by State agencies. Revenues consist of charges from the user agencies.

Communications Revolving Fund--to account for the expenses related to telecommunications services for State agencies. Revenues consist of charges from user agencies.

Facilities Management Fund--to account for rental, maintenance, and other expenses related to the use of buildings by State agencies. Revenues consist of charges from user agencies.

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.

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.

Department of Healthcare and Family Services

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.

State of Illinois

Combining Statement of Net Assets

Internal Service Funds

June 30, 2007 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
ASSETS					
Cash equity with State Treasurer	\$ 50,312	\$ 925	\$ 56,986	\$ 22,680	\$ 130,903
Cash and cash equivalents	3,675		39,061		42,736
Receivables, net:					
Intergovernmental	634	14	9,068	55	9,771
Other	325	310	10,921	8,290	19,846
Due from other funds	306,613	4,342	93,782	11,705	416,442
Due from component units	913	2	7,133	1,199	9,247
Inventories		10,595		1,725	12,320
Prepaid expenses	611	16			627
Total current assets	363,083	16,204	216,951	45,654	641,892
Capital assets not being depreciated	38,369	195			38,564
Capital assets being depreciated, net	256,020	4,385		736	261,141
Total noncurrent assets	294,389	4,580		736	299,705
Total assets	657,472	20,784	216,951	46,390	941,597
LIABILITIES					
Accounts payable and accrued liabilities	38,564	2,814	214,957	17,492	273,827
Intergovernmental payables	25,762		4	2	25,768
Due to other funds	6,158	7	1,240	7,417	14,822
Due to component units	2,790				2,790
Unearned revenue	172			11	183
Current portion of long-term liabilities	121,344	118	466	309	122,237
Total current liabilities	194,790	2,939	216,667	25,231	439,627
Noncurrent portion of long-term liabilities	133,776	1,428	284	2,615	138,103
Total liabilities	328,566	4,367	216,951	27,846	577,730
NET ASSETS					
Invested in capital assets, net of related debt	249,432	4,580		(39)	253,973
Restricted for debt service	3,675				3,675
Unrestricted	75,799	11,837		18,583	106,219
Total net assets	\$ 328,906	\$ 16,417	\$ -- --	\$ 18,544	\$ 363,867

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
OPERATING REVENUES					
Charges for sales and services	\$ 542,801	\$ 36,345	\$ 1,718,290	\$ 94,701	\$ 2,392,137
Other		2,088		169	2,257
Total operating revenues	542,801	38,433	1,718,290	94,870	2,394,394
OPERATING EXPENSES					
Cost of sales and services	390,834	24,935		75,621	491,390
Benefit payments and refunds	111,563		1,715,141		1,826,704
Interest			1,505		1,505
General and administrative	20,925	12,739	11,607	8,093	53,364
Depreciation	23,703	1,316		121	25,140
Other	11,912			426	12,338
Total operating expenses	558,937	38,990	1,728,253	84,261	2,410,441
Operating income (loss)	(16,136)	(557)	(9,963)	10,609	(16,047)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	1,854		5,091	1,030	7,975
Interest expense	(3,588)				(3,588)
Federal government			25,872		25,872
Other expenses	(212)	(34)			(246)
Income (loss) before contributions and transfers	(18,082)	(591)	21,000	11,639	13,966
Contributions of capital assets	18,541				18,541
Transfers-out	(5,452)	(580)	(21,000)	(5,195)	(32,227)
Net income (loss)	(4,993)	(1,171)	-- --	6,444	280
Net assets, July 1, 2006	333,899	17,588		12,100	363,587
NET ASSETS, JUNE 30, 2007	\$ 328,906	\$ 16,417	\$ -- --	\$ 18,544	\$ 363,867

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	\$ 13,328	\$ 13,653	\$ 274,898	\$ 2,621	\$ 304,500
Cash received from transactions with other funds	508,439	25,557	1,424,576	98,072	2,056,644
Cash payments to suppliers for goods and services	(316,109)	(25,744)	(1,744,386)	(71,823)	(2,158,062)
Cash payments to employees for services	(99,573)	(12,867)	(3,606)	(17,467)	(133,513)
Cash payments for workers compensation	(90,160)				(90,160)
Cash receipts from other operating activities	1,053	5	37,395	1,943	40,396
Cash payments for other operating activities				(22)	(22)
Net cash provided (used) by operating activities	16,978	604	(11,123)	13,324	19,783
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Grants received			36,472		36,472
Transfers-out to other funds	(5,452)	(580)	(21,000)	(5,195)	(32,227)
Net cash provided (used) by noncapital financing activities	(5,452)	(580)	15,472	(5,195)	4,245
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(12,436)	(302)			(12,738)
Principal paid on capital debt	(6,348)	(3)		(103)	(6,454)
Interest paid on capital debt	(2,547)				(2,547)
Net cash (used) by capital and related financing activities	(21,331)	(305)		(103)	(21,739)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	1,842		5,052	965	7,859
Net cash provided by investing activities	1,842		5,052	965	7,859
Net increase (decrease) in cash and cash equivalents	(7,963)	(281)	9,401	8,991	10,148
Cash and cash equivalents, July 1, 2006	61,950	1,206	86,646	13,689	163,491
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 53,987	\$ 925	\$ 96,047	\$ 22,680	\$ 173,639
Reconciliation of cash and cash equivalents to the statement of net assets:					
Total cash and cash equivalents per statement of net assets	\$ 3,675		\$ 39,061		\$ 42,736
Add: cash equity with State Treasurer	50,312	\$ 925	56,986	\$ 22,680	130,903
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 53,987	\$ 925	\$ 96,047	\$ 22,680	\$ 173,639

(continued)

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)
(continued)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	\$ (16,136)	\$ (557)	\$ (9,963)	\$ 10,609	\$ (16,047)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	23,703	1,316		121	25,140
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(20)	(62)	436	(8,197)	(7,843)
(Increase) decrease in intergovernmental receivables	(20)	10		(32)	(42)
(Increase) decrease in due from other funds	(43,900)	1,235	(18,296)	(4,653)	(65,614)
(Increase) decrease in due from component units	(319)	8	754	(471)	(28)
(Increase) decrease in inventories		(2,024)		(358)	(2,382)
(Increase) decrease in prepaid expenses	151	(8)			143
Increase (decrease) in accounts payable and accrued liabilities	6,736	282	15,649	9,634	32,301
Increase (decrease) in intergovernmental payables	24,473		(1)	1	24,473
Increase (decrease) in due to other funds	350	(495)	282	6,621	6,758
Increase (decrease) in due to component units	2,110	(1)			2,109
Increase (decrease) in unearned revenue	172			11	183
Increase (decrease) in other liabilities	19,678	900	16	38	20,632
Total adjustments	33,114	1,161	(1,160)	2,715	35,830
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 16,978	\$ 604	\$ (11,123)	\$ 13,324	\$ 19,783
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Cost of installment purchases	\$ 3,723			\$ 592	\$ 4,315
Loss on disposal of capital assets	\$ (212)	\$ (34)			\$ (246)
Transfer of assets from (to) other state funds	\$ 18,541				\$ 18,541

State of Illinois

Combining Statement of Net Assets - Internal Service Funds

Central Management Services

June 30, 2007 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Workers' Compensation Revolving Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 23,287	\$ 14,326	\$ 8,048	\$ 4,651	\$ 50,312
Cash and cash equivalents			3,675		3,675
Receivables, net:					
Intergovernmental		634			634
Other		240	64	21	325
Due from other funds	35,406	24,337	51,101	195,769	306,613
Due from component units	15	715	183		913
Prepaid expenses	611				611
Total current assets	59,319	40,252	63,071	200,441	363,083
Capital assets not being depreciated			38,369		38,369
Capital assets being depreciated, net	8,958	24,831	222,231		256,020
Total noncurrent assets	8,958	24,831	260,600		294,389
Total assets	68,277	65,083	323,671	200,441	657,472
LIABILITIES					
Accounts payable and accrued liabilities	8,674	11,608	18,213	69	38,564
Intergovernmental payables	14,523	9,698	1,541		25,762
Due to other funds	3,141	2,544	420	53	6,158
Due to component units		5	2,785		2,790
Unearned revenue	160	7	5		172
Current portion of long-term liabilities	2,141	2,126	2,528	114,549	121,344
Total current liabilities	28,639	25,988	25,492	114,671	194,790
Noncurrent portion of long-term liabilities	7,290	4,870	35,846	85,770	133,776
Total liabilities	35,929	30,858	61,338	200,441	328,566
NET ASSETS					
Invested in capital assets, net of related debt	5,508	19,160	224,764		249,432
Restricted for debt service			3,675		3,675
Unrestricted	26,840	15,065	33,894		75,799
Total net assets	\$ 32,348	\$ 34,225	\$ 262,333	\$ -- --	\$ 328,906

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Workers' Compensation Revolving Fund	Total
OPERATING REVENUES					
Charges for sales and services	\$ 113,358	\$ 109,970	\$ 208,742	\$ 110,731	\$ 542,801
Total operating revenues	113,358	109,970	208,742	110,731	542,801
OPERATING EXPENSES					
Cost of sales and services	120,389	89,423	181,022		390,834
Benefit payments and refunds				111,563	111,563
General and administrative	5,159	10,116	5,650		20,925
Depreciation	3,290	8,306	12,107		23,703
Other		11,912			11,912
Total operating expenses	128,838	119,757	198,779	111,563	558,937
Operating income (loss)	(15,480)	(9,787)	9,963	(832)	(16,136)
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income			491	1,363	1,854
Interest expense	(130)	(234)	(3,224)		(3,588)
Other expenses	(84)	(128)			(212)
Income (loss) before contributions and transfers	(15,694)	(10,149)	7,230	531	(18,082)
Contributions of capital assets	1,463		17,078		18,541
Transfers-out	(2,232)	(2,577)	(112)	(531)	(5,452)
Net income (loss)	(16,463)	(12,726)	24,196	--	(4,993)
Net assets, July 1, 2006	48,811	46,951	238,137		333,899
NET ASSETS, JUNE 30, 2007	\$ 32,348	\$ 34,225	\$ 262,333	\$ --	\$ 328,906

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Workers' Compensation Revolving Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services		\$ 12,396	\$ 932		\$ 13,328
Cash received from transactions with other funds	\$ 127,197	103,708	183,968	93,566	508,439
Cash payments to suppliers for goods and services	(66,553)	(93,125)	(155,999)	(432)	(316,109)
Cash payments to employees for services	(56,933)	(14,888)	(25,774)	(1,978)	(99,573)
Cash payments for workers compensation				(90,160)	(90,160)
Cash receipts from other operating activities				1,053	1,053
Net cash provided (used) by operating activities	3,711	8,091	3,127	2,049	16,978
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers-out to other funds	(2,232)	(2,577)	(112)	(531)	(5,452)
Net cash provided (used) by noncapital financing activities	(2,232)	(2,577)	(112)	(531)	(5,452)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(2,163)	(10,222)	(51)		(12,436)
Principal paid on bond maturities and equipment contracts	(1,566)	(1,949)	(2,833)		(6,348)
Interest paid on bond maturities and equipment contracts	(130)	(234)	(2,183)		(2,547)
Net cash (used) by capital and related financing activities	(3,859)	(12,405)	(5,067)		(21,331)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments			473	1,369	1,842
Net cash provided by investing activities			473	1,369	1,842
Net increase (decrease) in cash and cash equivalents	(2,380)	(6,891)	(1,579)	2,887	(7,963)
Cash and cash equivalents, July 1, 2006	25,667	21,217	13,302	1,764	61,950
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 23,287	\$ 14,326	\$ 11,723	\$ 4,651	\$ 53,987
Reconciliation of cash and cash equivalents to the statement of net assets:					
Total cash and cash equivalents per statement of net assets			\$ 3,675		\$ 3,675
Add: cash equity with State Treasurer	\$ 23,287	\$ 14,326	8,048	\$ 4,651	50,312
CASH AND CASH EQUIVALENTS, JUNE 30, 2007	\$ 23,287	\$ 14,326	\$ 11,723	\$ 4,651	\$ 53,987
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	\$ (15,480)	\$ (9,787)	\$ 9,963	\$ (832)	\$ (16,136)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	3,290	8,306	12,107		23,703
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable		(1)	(19)		(20)
(Increase) decrease in intergovernmental receivables		(20)			(20)
(Increase) decrease in due from other funds	(704)	(3,352)	(23,681)	(16,163)	(43,900)
(Increase) decrease in due from component units	2	(174)	(147)		(319)
(Increase) decrease in prepaid expenses	151				151
Increase (decrease) in accounts payable and accrued liabilities	1,623	2,909	2,153	51	6,736
Increase (decrease) in intergovernmental payables	14,391	9,680	402		24,473
Increase (decrease) in due to other funds	117	249	126	(142)	350
Increase (decrease) in due to component units		4	2,106		2,110
Increase (decrease) in unearned revenue	160	7	5		172
Increase (decrease) in other liabilities	161	270	112	19,135	19,678
Total adjustments	19,191	17,878	(6,836)	2,881	33,114
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,711	\$ 8,091	\$ 3,127	\$ 2,049	\$ 16,978
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Cost of installment purchases	\$ 3,723				\$ 3,723
Loss on disposal of capital assets	\$ (84)	\$ (128)			\$ (212)
Transfer of assets from (to) other state funds	\$ 1,463		\$ 17,078		\$ 18,541

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.

Department of Healthcare and Family Services

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 employees 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 114 for description of retirement systems.

State of Illinois

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

June 30, 2007 (Expressed in Thousands)

	Central Management Services		Healthcare and Family Services			
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
ASSETS						
Cash equity with State Treasurer	\$ 4,423	\$ 77,007	\$ 9,886	\$ 3,235	\$ 11,698	\$ 249,859
Cash and cash equivalents	4,637	8,906	609			
Investments:						
Equities	2,468,372					
Fixed income	588,723					
Private equity						
Real estate						
Other						
Equity in Illinois State						
Board of Investments				83,865	658,194	11,810,137
Securities lending collateral						
Receivables, net:						
Members				133	145	6,820
Employers						
Investment income	498			12	38	1,048
Intergovernmental		5,479	447			
Pending investment sales						
Other	843	11,972	751		34	9,632
Due from other funds					45	
Due from primary government funds						13,398
Due from component units						
Prepaid expenses						
Capital assets not being depreciated						905
Capital assets being depreciated, net				2	3	1,765
Total assets	3,067,496	103,364	11,693	87,247	670,157	12,093,564
LIABILITIES						
Accounts payable and accrued liabilities	895	37,454	2,109	4	28	4,511
Intergovernmental payables		1				
Due to other funds				45		
Due to primary government funds	105	57	16		1	9,345
Security lending collateral						
Payable to brokers for unsettled trades						
Long term obligations:						
Due within one year	4	1				1
Due subsequent to one year	128	61	6	16	37	798
Total liabilities	1,132	37,574	2,131	65	66	14,655
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS						
	\$ 3,066,364	\$ 65,790	\$ 9,562	\$ 87,182	\$ 670,091	\$ 12,078,909

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 2,962			\$ 359,070
334,373	\$ 788,902		1,137,427
23,487,980	9,268,310	\$ 32,400	35,257,062
10,074,533	5,042,965	57,705	15,763,926
1,894,312	941,516		2,835,828
4,693,519	327,824	210	5,021,553
1,468,950	121,719	491,195	2,081,864
			12,552,196
5,020,184	2,162,981		7,183,165
83,686	11,157	1,304	103,245
22,560	732	1,206	24,498
278,002	33,821		313,419
			5,926
3,201,553	2,186,217		5,387,770
	883		24,115
			45
	7		13,405
	2,157		2,157
1,105	14		1,119
238	532		1,675
2,154	6,913		10,837
50,566,111	20,896,650	584,020	88,080,302
140,440	21,827		207,268
			1
			45
38			9,562
5,020,184	2,162,981		7,183,165
3,494,733	2,725,186		6,219,919
	30		36
1,398	896		3,340
8,656,793	4,910,920		13,623,336
\$ 41,909,318	\$ 15,985,730	\$ 584,020	\$ 74,456,966

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Central Management Services	Healthcare and Family Services		General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security			
ADDITIONS						
Contributions:						
Employer State		\$ 58,191	\$ 3,645	\$ 5,470	\$ 35,237	\$ 358,786
Members:						
Employees	\$ 163,221	77,377	3,645	1,703	14,153	224,723
Retirees		128,580	11,544			
Federal Medicare Part D		17,026	1,343			
Other	3,695	189	49			
Total contributions	166,916	357,202	23,933	7,173	49,390	583,509
Investment income:						
Interest and other investment income	161,759	3,454	538	2,351	17,425	317,574
Net increase in fair value of investments	259,161			10,915	82,847	1,500,507
Reimbursements of expenses not separable from investment income	3,194					
Less investment expense	(484)			(275)	(2,114)	(38,174)
Net investment income	423,630	3,454	538	12,991	98,158	1,779,907
Total additions	590,546	360,656	24,471	20,164	147,548	2,363,416
DEDUCTIONS						
Benefit payments	154,291	356,212	24,432	14,719	75,616	1,161,291
Refunds	24			298	621	14,262
Depreciation				1	2	278
General and administration	3,136	3,253	347	219	452	8,529
Total deductions	157,451	359,465	24,779	15,237	76,691	1,184,360
Net additions (deductions)	433,095	1,191	(308)	4,927	70,857	1,179,056
Net assets held in trust for pension and other employee benefits, July 1, 2006, as restated	2,633,269	64,599	9,870	82,255	599,234	10,899,853
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2007	\$ 3,066,364	\$ 65,790	\$ 9,562	\$ 87,182	\$ 670,091	\$ 12,078,909

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 81,155	\$ 37,079	\$ 5,308	\$ 584,871
735,515	224,064	28,000	1,067,125
826,249	262,351	41,642	1,615,064
			140,124
36,916			18,369
			40,849
1,679,835	523,494	74,950	3,466,402
1,564,003	386,015		2,453,119
5,597,334	2,169,593	80,335	9,700,692
			3,194
(330,013)	(38,112)		(409,172)
6,831,324	2,517,496	80,335	11,747,833
8,511,159	3,040,990	155,285	15,214,235
3,111,752	1,177,348	3,227	6,078,888
59,732	41,354	12,053	128,344
337	971		1,589
14,909	10,734		41,579
3,186,730	1,230,407	15,280	6,250,400
5,324,429	1,810,583	140,005	8,963,835
36,584,889	14,175,147	444,015	65,493,131
\$ 41,909,318	\$ 15,985,730	\$ 584,020	\$ 74,456,966

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INVESTMENT TRUST FUNDS

Investment Trust Funds are maintained to account for the external portion of investment pools (the portion that belongs to legally separate entities that are not part of the sponsoring government's financial reporting entity).

INVESTMENT TRUST FUNDS DESCRIPTIONS

Treasurer

Public Treasurers' External Investment Pool Fund--to enhance the investment opportunities available to custodians of public agency funds throughout the State of Illinois. The pool operates as an open-ended mutual fund.

Department of Revenue

Deferred Prize Winners' Trust Fund--to hold the proceeds of investments that will be paid to Illinois State Lottery prize winners. Investment contracts are executed by the State Treasurer with the Director of the Department of Revenue's approval in a manner which ensures the timely payment to prize winners.

State of Illinois

Combining Statement of Fiduciary Net Assets

Investment Trust Funds

June 30, 2007 (Expressed in Thousands)

	Treasurer Public Treasurers' External Investment Pool Fund	Revenue Deferred Prize Winners' Trust Fund	Total
ASSETS			
Cash equity with State Treasurer		\$ 3,332	\$ 3,332
Cash and cash equivalents	\$ 5,269,064		5,269,064
Fixed income investments	116,841	624,526	741,367
Investment income receivables, net	2,156	2	2,158
Total assets	5,388,061	627,860	6,015,921
LIABILITIES			
Accounts payable and accrued liabilities	199		199
Due to primary government funds	349	443	792
Other liabilities		2,889	2,889
Total liabilities	548	3,332	3,880
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS	\$ 5,387,513	\$ 624,528	\$ 6,012,041

State of Illinois

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Treasurer	Revenue	
	Public Treasurers' External Investment Pool Fund	Deferred Prize Winners' Trust Fund	Total
ADDITIONS			
Investment income:			
Interest and other investment income	\$ 248,766	\$ 44,695	\$ 293,461
Net increase (decrease) in fair value of investments		(6,790)	(6,790)
Less investment expense	(4,495)		(4,495)
Net investment income	244,271	37,905	282,176
Capital share and individual account transactions:			
Shares sold	9,860,714	29,128	9,889,842
Reinvested distributions	244,271		244,271
Shares redeemed	(8,762,256)	(150,788)	(8,913,044)
Net capital share and individual account transactions	1,342,729	(121,660)	1,221,069
Total additions	1,587,000	(83,755)	1,503,245
DEDUCTIONS			
Distribution to pool investors	244,271		244,271
Total deductions	244,271	-- --	244,271
Net additions (deductions)	1,342,729	(83,755)	1,258,974
Net assets held in trust for pool participants, July 1, 2006, as restated	4,044,784	708,283	4,753,067
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2007	\$ 5,387,513	\$ 624,528	\$ 6,012,041

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PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose Trust Funds are maintained to account for resources legally held in trust for use by individuals, private organizations and other governments. There is no requirement that any portion of these resources be preserved as capital.

SIGNIFICANT PRIVATE-PURPOSE TRUST FUND DESCRIPTIONS

Treasurer

College Savings Pool Fund--to account for assets held by the Bright Start College Savings Program, a qualified State tuition program under Section 529 of the Internal Revenue Code. The program provides an opportunity for investors to invest on a tax-favored basis toward the qualified higher education expenses of a designated beneficiary associated with attending an institution of higher education.

State of Illinois

Combining Statement of Fiduciary Net Assets

Private-Purpose Trust Funds

June 30, 2007 (Expressed in Thousands)

	<u>Treasurer</u>		
	<u>College Savings Pool Fund</u>	<u>Other</u>	<u>Total</u>
ASSETS			
Cash equity with State Treasurer		\$ 1,121	\$ 1,121
Cash and cash equivalents	\$ 92,124	34	92,158
Investments:			
Equities	2,424,617	245	2,424,862
Fixed income		139	139
Receivables, net			
Investment income	15,885	4	15,889
Other		5	5
Loans and notes receivable, net		72	72
Total assets	<u>2,532,626</u>	<u>1,620</u>	<u>2,534,246</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 849	\$ 5	\$ 854
Other liabilities	6,205		6,205
Total liabilities	<u>7,054</u>	<u>5</u>	<u>7,059</u>
NET ASSETS			
Net assets held in trust for other purposes	<u>\$ 2,525,572</u>	<u>\$ 1,615</u>	<u>\$ 2,527,187</u>

State of Illinois

Combining Statement of Changes in Net Fiduciary Assets

Private-Purpose Trust Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	<u>Treasurer</u>		
	<u>College Savings Pool Fund</u>	<u>Other</u>	<u>Total</u>
ADDITIONS			
Contributions:			
Participants	\$ 1,025,070		\$ 1,025,070
Other		\$ 7	7
Total contributions	<u>1,025,070</u>	<u>7</u>	<u>1,025,077</u>
Investment income:			
Interest and other investment income	51,850	58	51,908
Net increase (decrease) in fair value of investments	<u>249,614</u>	<u>54</u>	<u>249,668</u>
Net investment income	<u>301,464</u>	<u>112</u>	<u>301,576</u>
Total additions	<u>1,326,534</u>	<u>119</u>	<u>1,326,653</u>
DEDUCTIONS			
Payments in accordance with trust agreements	635,557		635,557
General and administrative	<u>7,668</u>	<u>29</u>	<u>7,697</u>
Total deductions	<u>643,225</u>	<u>29</u>	<u>643,254</u>
Net additions (deductions)	683,309	90	683,399
Net assets held in trust for other purposes, July 1, 2006, as restated	<u>1,842,263</u>	<u>1,525</u>	<u>1,843,788</u>
NET ASSETS HELD IN TRUST FOR OTHER PURPOSES, JUNE 30, 2007	<u>\$ 2,525,572</u>	<u>\$ 1,615</u>	<u>\$ 2,527,187</u>

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AGENCY FUNDS

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

SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

Department of Financial and Professional Regulation

Security Deposit Fund--to hold securities on deposit by domestic and certain foreign domiciled insurance companies in the State for protection of all policyholders, policy obligations and creditors of the companies.

Department of Healthcare and Family Services

Child Support Enforcement Trust Administrative Fund--to account for collections for child support payments on behalf of non-TANF child support clients to the appropriate non-TANF recipient.

Department of Revenue

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

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.

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 Assets

Agency Funds

June 30, 2007 (Expressed in Thousands)

	Financial and Professional Regulation	Healthcare and Family Services Child Support Enforcement Trust Administrative	Revenue	Other	Total
	Security Deposit Fund	Fund			
ASSETS					
Cash equity with State Treasurer		\$ 10,189	\$ 220,401	\$ 76,008	\$ 306,598
Cash and cash equivalents	\$ 1,119	183		30,186	31,488
Investments	830,515			6,158	836,673
Receivables, net					
Taxes			102,054	31,135	133,189
Intergovernmental				288	288
Other		171,903	453	1,316	173,672
Due from primary government funds			66,816	2,064	68,880
Other assets				58,590	58,590
Total assets	\$ 831,634	\$ 182,275	\$ 389,724	\$ 205,745	\$ 1,609,378
LIABILITIES					
Accounts payable and accrued liabilities		\$ 11,218	\$ 1,549	\$ 24,398	\$ 37,165
Intergovernmental payables			388,175	92,991	481,166
Due to component units				61	61
Other obligations, current	\$ 831,634	171,057		88,295	1,090,986
Total liabilities	\$ 831,634	\$ 182,275	\$ 389,724	\$ 205,745	\$ 1,609,378

State of Illinois

Combining Statement of Fiduciary Net Assets - Agency Funds

Revenue

June 30, 2007 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax Fund	Home Rule County Retailers Occupation Tax Fund	Municipal Telecommunications Fund	RTA Sales Tax Trust Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 75,799	\$ 36,365	\$ 41,903	\$ 66,334	\$ 220,401
Receivables, net					
Taxes	43,681	17,337	8,493	32,543	102,054
Other	179	94		180	453
Due from primary government funds	20,485		20,807	25,524	66,816
Total assets	\$ 140,144	\$ 53,796	\$ 71,203	\$ 124,581	\$ 389,724
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,549				\$ 1,549
Intergovernmental payables	138,595	\$ 53,796	\$ 71,203	\$ 124,581	388,175
Total liabilities	\$ 140,144	\$ 53,796	\$ 71,203	\$ 124,581	\$ 389,724

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Assets						
	Cash equity with State Treasurer	Cash and cash equivalents	Investments	Receivables, net			Due from primary government funds
Taxes				Intergovernmental	Other		
AGENCY/FUND							
Financial and Professional Regulation:							
Security Deposit Fund							
Balance July 1, 2006		\$ 586	\$ 879,170				
Additions		32,972	263,467				
Deductions		32,439	312,122				
Balance June 30, 2007		1,119	830,515				
Healthcare and Family Services:							
Child Support Enforcement Trust							
Administrative Fund							
Balance July 1, 2006	\$ 8,527	195				\$ 157,657	
Additions	167,039	183				181,468	
Deductions	165,377	195				167,222	
Balance June 30, 2007	10,189	183				171,903	
Revenue:							
Home Rule Municipal Retailers							
Occupation Tax Fund							
Balance July 1, 2006	60,524			\$ 38,304		53	\$ 43,804
Additions	735,392			716,762		814	
Deductions	720,117			711,385		688	23,319
Balance June 30, 2007	75,799			43,681		179	20,485
Home Rule County Retailers							
Occupation Tax Fund							
Balance July 1, 2006	39,458			14,600		91	
Additions	317,961			319,332		1,369	
Deductions	321,054			316,595		1,366	
Balance June 30, 2007	36,365			17,337		94	
Municipal Telecommunications Fund							
Balance July 1, 2006	38,428			8,531			32,566
Additions	275,771			263,974			
Deductions	272,296			264,012			11,759
Balance June 30, 2007	41,903			8,493			20,807
RTA Sales Tax Trust Fund							
Balance July 1, 2006	69,911			27,612		154	25,779
Additions	725,690			601,256		2,495	126,641
Deductions	729,267			596,325		2,469	126,896
Balance June 30, 2007	66,334			32,543		180	25,524
Other:							
Balance July 1, 2006*	75,430	20,659	6,425	23,499	\$ 410	1,355	6,217
Additions	1,689,189	1,170,000	2,026	409,009	16,349	1,046,631	8,695
Deductions	1,688,611	1,160,473	2,293	401,373	16,471	1,046,670	12,848
Balance June 30, 2007	76,008	30,186	6,158	31,135	288	1,316	2,064
Total-All Agency Funds:							
Balance July 1, 2006*	292,278	21,440	885,595	112,546	410	159,310	108,366
Additions	3,911,042	1,203,155	265,493	2,310,333	16,349	1,232,777	135,336
Deductions	3,896,722	1,193,107	314,415	2,289,690	16,471	1,218,415	174,822
Balance June 30, 2007	\$ 306,598	\$ 31,488	\$ 836,673	\$ 133,189	\$ 288	\$ 173,672	\$ 68,880

* Amounts have been modified due to prior year restatements and reclassifications.

Liabilities

Due from component units	Other assets	Total assets	Accounts payable and accrued liabilities	Intergovernmental payables	Due to component units	Depository and other liabilities	Total liabilities
		\$ 879,756				\$ 879,756	\$ 879,756
		296,439				296,439	296,439
		344,561				344,561	344,561
		<u>831,634</u>				<u>831,634</u>	<u>831,634</u>
		166,379	\$ 9,385			156,994	166,379
		348,690	11,218			170,250	181,468
		<u>332,794</u>	<u>9,385</u>			<u>156,187</u>	<u>165,572</u>
		<u>182,275</u>	<u>11,218</u>			<u>171,057</u>	<u>182,275</u>
		142,685	1,456	\$ 141,229			142,685
		1,452,968	518	717,058			717,576
		<u>1,455,509</u>	<u>425</u>	<u>719,692</u>			<u>720,117</u>
		<u>140,144</u>	<u>1,549</u>	<u>138,595</u>			<u>140,144</u>
		54,149		54,149			54,149
		638,662		320,701			320,701
		<u>639,015</u>		<u>321,054</u>			<u>321,054</u>
		<u>53,796</u>		<u>53,796</u>			<u>53,796</u>
		79,525	11,634	67,891			79,525
		539,745		263,974			263,974
		<u>548,067</u>	<u>11,634</u>	<u>260,662</u>			<u>272,296</u>
		<u>71,203</u>	<u>--</u>	<u>71,203</u>			<u>71,203</u>
		123,456		123,456			123,456
		1,456,082		730,392			730,392
		<u>1,454,957</u>		<u>729,267</u>			<u>729,267</u>
		<u>124,581</u>		<u>124,581</u>			<u>124,581</u>
\$ 329	\$ 44,123	178,447	20,716	80,572	\$ 27	77,132	178,447
	21,750	4,363,649	1,178,532	1,266,492	305	424,734	2,870,063
329	7,283	4,336,351	1,174,850	1,254,073	271	413,571	2,842,765
---	58,590	205,745	24,398	92,991	61	88,295	205,745
329	44,123	1,624,397	43,191	467,297	27	1,113,882	1,624,397
	21,750	9,096,235	1,190,268	3,298,617	305	891,423	5,380,613
329	7,283	9,111,254	1,196,294	3,284,748	271	914,319	5,395,632
\$ ---	\$ 58,590	\$ 1,609,378	\$ 37,165	\$ 481,166	\$ 61	\$ 1,090,986	\$ 1,609,378

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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

Illinois Literacy Foundation--to account for supplemental funds raised from the private sector to promote the Illinois Literacy Foundation.

Illinois Grain Insurance Corporation--to account for monies held to compensate grain producers for losses from the failure of a grain dealer.

Illinois Conservation Foundation--to provide additional funding for the Illinois Department of Natural Resources' conservation programs that either are not receiving adequate State funding or else cannot be implemented because State funding is not available.

Illinois Arts Council Foundation--to further charitable, literary and educational art awareness programs.

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.

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.

IMSA Fund for Advancement of Education--to benefit, perform the function of and carry out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics and Science Academy.

Board of Trustees of Chicago State University--to operate, manage, control and maintain Chicago State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Eastern Illinois University--to operate, manage, control and maintain Eastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Governors State University--to operate, manage, control and maintain Governors State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Northeastern Illinois University--to operate, manage, control and maintain Northeastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Western Illinois University--to operate, manage, control and maintain Western Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

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State of Illinois

Combining Statement of Net Assets

Component Units - Other Authorities

June 30, 2007 (Expressed in Thousands)

	Illinois Literacy Foundation	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	Illinois Arts Council Foundation	Comprehensive Health Insurance Plan Board	East St. Louis Financial Advisory Authority
ASSETS						
Cash and cash equivalents	\$ 39	\$ 6,633	\$ 1,690	\$ 77	\$ 61,016	\$ 351
Investments			3,065			5,891
Receivables, net:						
Intergovernmental			181		1,185	
Other		4	23		1,082	62
Due from primary government		49				6
Inventories			7		2	
Prepaid expenses			8			
Unamortized bond issuance costs						
Loans and notes receivable, net						
Restricted assets:						
Cash equity with State Treasurer						
Cash and cash equivalents						
Investments						
Other receivables, net						
Loans and notes receivable, net						
Other assets						
Capital assets not being depreciated						
Capital assets being depreciated, net					34	
Total assets	39	6,686	4,974	77	63,319	6,310
LIABILITIES						
Accounts payable and accrued liabilities			238		2,313	6
Due to primary government					3	
Unearned revenue		1	9		15,672	
Short-term notes payable						
Long-term obligations:						
Due within one year					30,117	6
Due subsequent to one year					241	
Total liabilities		1	247		48,346	12
NET ASSETS						
Invested in capital assets, net of related debt					34	
Restricted for:						
Debt service						
Nonexpendable purposes			82			
Other purposes			2,842	77	15,540	
Unrestricted	39	6,685	1,803		(601)	6,298
Total net assets	\$ 39	\$ 6,685	\$ 4,727	\$ 77	\$ 14,973	\$ 6,298

Illinois Finance Authority	Illinois Medical District Commission	Quad Cities Regional Economic Development Authority	Southwestern Illinois Development Authority	Southeastern Illinois Economic Development Authority	Upper Illinois River Valley Development Authority	Will-Kankakee Regional Development Authority	IMSA Fund for Advancement of Education	Total
\$ 14,848	\$ 14	\$ 113	\$ 3,374	\$ 589	\$ 51	\$ 9	\$ 783	\$ 88,998
10,490					370		2,860	23,265
								1,366
766	579		3,663				143	6,322
	16						32	103
								9
171			3				4	186
800	772							1,572
32,443	7,330		1,792					41,565
21,379								21,379
4,898	16,086							20,984
8,507	11,804		192					20,503
1,202								1,202
55,820								55,820
	430							430
	40,290		100					40,390
260	12,092		363					12,749
151,584	89,413	113	9,487	589	421	9	3,822	336,843
2,405	1,978		19	24			4	6,987
189	8						15	215
841			3,600					20,123
	2,042							2,042
4,558		8	10					34,699
51,552	40,064		1					91,858
59,545	44,092	8	3,630	24			19	155,924
260	35,408		463					36,165
2,835								2,835
								82
31,872	3,982		192	533			2,137	57,175
57,072	5,931	105	5,202	32	421	9	1,666	84,662
\$ 92,039	\$ 45,321	\$ 105	\$ 5,857	\$ 565	\$ 421	\$ 9	\$ 3,803	\$ 180,919

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Illinois Literacy Foundation	\$ 211		\$ 95	
Illinois Grain Insurance Corporation	23	\$ 1,724	1	
Illinois Conservation Foundation	2,342	72	1,957	\$ 1,068
Illinois Arts Council Foundation	26		101	
Comprehensive Health Insurance Plan Board	163,554	104,826	4,214	
East St. Louis Financial Advisory Authority	256			
Illinois Finance Authority	10,750	11,767		
Illinois Medical District Commission	9,785	2,384	1,422	
Quad Cities Regional Economic Development Authority	89	107		
Southwestern Illinois Development Authority	369	445	400	
Southeastern Illinois Economic Development Authority	120	75	600	
Upper Illinois River Valley Development Authority	151	232		
Will-Kankakee Regional Development Authority	26	32		
IMSA Fund for Advancement of Education	749	10	395	
Total	<u>\$ 188,451</u>	<u>\$ 121,674</u>	<u>\$ 9,185</u>	<u>\$ 1,068</u>

Net (expense) revenue	General revenues			Additions to permanent endowments	Change in net assets	Net assets, July 1, 2006,	Net assets, June 30, 2007
	State appropriations	Interest and investment income	Other				
\$ (116)	\$ 128				\$ 12	\$ 27	\$ 39
1,702		\$ 311			2,013	4,672	6,685
755	68	442			1,265	3,462	4,727
75		2			77		77
(54,514)	12,000	3,339	\$ 21,326		(17,849)	32,822	14,973
(256)	238	272			254	6,044	6,298
1,017		2,972			3,989	88,050	92,039
(5,979)	176	1,347	252		(4,204)	49,525	45,321
18					18	87	105
476		155			631	5,226	5,857
555		10			565		565
81		22			103	318	421
6					6	3	9
(344)		289	499	\$ 259	703	3,100	3,803
<u>\$ (56,524)</u>	<u>\$ 12,610</u>	<u>\$ 9,161</u>	<u>\$ 22,077</u>	<u>\$ 259</u>	<u>\$ (12,417)</u>	<u>\$ 193,336</u>	<u>\$ 180,919</u>

State of Illinois

**Combining Statement of Net Assets
Component Units - Other Universities**

June 30, 2007 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
ASSETS					
Cash and cash equivalents	\$ 18,672	\$ 18,254	\$ 16,628	\$ 11,189	\$ 39,952
Investments	177	1,733	766	1,982	27,325
Receivables, net:					
Intergovernmental			2,757	3,895	381
Other	8,767	9,139	3,371	5,622	4,501
Due from component units					36
Due from primary government	1,403	468	931	204	1,189
Inventories	35	1,586	24	65	2,215
Prepaid expenses	1,170	46		474	27
Unamortized bond issuance costs		350		789	968
Loans and notes receivable, net	939	5,987	3,513	2,473	1,756
Restricted assets:					
Cash and cash equivalents	1,821	29,064		8,532	216
Investments	2,674	52,606		9,010	22,066
Other assets				23	
Other assets		629			
Capital assets not being depreciated	69,858	53,274	2,825	8,470	15,650
Capital assets being depreciated, net	75,936	144,223	52,184	95,807	120,302
Total assets	181,452	317,359	82,999	148,535	236,584
LIABILITIES					
Accounts payable and accrued liabilities	12,577	11,785	5,432	6,358	12,336
Intergovernmental payables			3,318		13
Due to component units	18	66			
Due to primary government	1,329			1,102	308
Unearned revenue	895	2,863	2,839	4,707	5,092
Short-term notes payable		1,512			
Long-term obligations:					
Due within one year	4,756	8,543	1,580	4,515	5,810
Due subsequent to one year	28,362	84,262	7,188	42,844	70,294
Total liabilities	47,937	109,031	20,357	59,526	93,853
NET ASSETS					
Invested in capital assets, net of related debt	122,795	140,529	51,871	77,269	89,022
Restricted for:					
Debt service	3,067	1,066		2,336	
Nonexpendable purposes	2,117	25,566	807	2,664	21,789
Other expendable purposes	11,625	39,768	1,116	6,989	4,291
Unrestricted	(6,089)	1,399	8,848	(249)	27,629
Total net assets	\$ 133,515	\$ 208,328	\$ 62,642	\$ 89,009	\$ 142,731

Total

\$	104,695
	31,983
	7,033
	31,400
	36
	4,195
	3,925
	1,717
	2,107
	14,668
	39,633
	86,356
	23
	629
	150,077
	488,452
	<u>966,929</u>
	48,488
	3,331
	84
	2,739
	16,396
	1,512
	25,204
	<u>232,950</u>
	<u>330,704</u>
	481,486
	6,469
	52,943
	63,789
	31,538
\$	<u><u>636,225</u></u>

State of Illinois

Combining Statement of Activities
Component Units - Other Universities
For the Year Ended June 30, 2007 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Chicago State University	\$ 118,620	\$ 29,108	\$ 36,873		\$ (52,639)
Eastern Illinois University	197,411	107,211	15,796	\$ 476	(73,928)
Governors State University	75,288	31,756	9,160		(34,372)
Northeastern Illinois University	135,029	41,537	30,847		(62,645)
Western Illinois University	230,703	120,857	20,176	2,887	(86,783)
Total	<u>\$ 757,051</u>	<u>\$ 330,469</u>	<u>\$ 112,852</u>	<u>\$ 3,363</u>	<u>\$ (310,367)</u>

General revenues			Additions to permanent endowments	Change in net assets	Net assets, July 1, 2006	Net assets, June 30, 2007
State appropriations	Interest and investment income	Other				
\$ 70,399	\$ 354		\$ 4	\$ 18,118	\$ 115,397	\$ 133,515
93,918	8,735	\$ 4,642	4,139	37,506	170,822	208,328
37,911	944	34	36	4,553	58,089	62,642
58,850	1,415	251	110	(2,019)	91,028	89,009
90,497	7,545	688	1,226	13,173	129,558	142,731
<u>\$ 351,575</u>	<u>\$ 18,993</u>	<u>\$ 5,615</u>	<u>\$ 5,515</u>	<u>\$ 71,331</u>	<u>\$ 564,894</u>	<u>\$ 636,225</u>

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Budgetary Schedules

The following budgetary schedules for the State have been prepared in accordance with the terminology and classifications of funds used by the State in the Statewide Accounting Management System (“SAMS”) budgetary purposes. SAMS establishes the following budgetary fund groups to account for the State’s budgetary activities:

- General** – funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds;
- Highway** – funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State;
- Special State** – funds designated by statute as special funds in the State Treasury and not elsewhere classified;
- Bond Financed** – funds established to receive and administer the proceeds of various bond issues of the State;
- Debt Service** – funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State;
- Federal Trust** – funds established pursuant to grants and contracts or under statutory authority between State agencies and the federal government;
- Revolving** – funds established to finance and account for intra-governmental services; and
- State Trust** – funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

As the attached schedules are presented on the budgetary basis and not the GAAP basis of accounting, all budgeted funds of the State, including those presented as required supplemental information, are presented. The schedules presented as required supplemental information classify certain major governmental funds differently for GAAP reporting purposes than the following budgetary presentation. Below is a summary of those differences:

GAAP Basis	Budgetary Basis Includes
General Fund	All General Funds Special State Funds: Budget Stabilization Fund Community Mental Health Medical Fund University of Illinois Hospital Services Fund County Provider Fund Care Provider Fund for Persons with Developmental Disabilities Fund Long Term Care Provider Fund Hospital Provider Fund Special Education Medicaid Matching Fund Family Care Fund Drug Rebate Fund Income Tax Refund Fund and 19 funds included as other special state funds State Trust Funds Public Aid Recoveries Trust Fund
Motor Fuel Tax Fund	Highway Funds: Motor Fuel Tax Fund - State Motor Fuel Tax Fund - Counties Motor Fuel Tax Fund - Municipalities Motor Fuel Tax Fund - Townships

State of Illinois

**Combined Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
All Budgeted Fund Groups**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 10,500,000	\$ 11,157,859	\$ 657,859			
Sales taxes	7,318,000	7,136,053	(181,947)			
Motor fuel taxes				\$ 1,372,000	\$ 1,375,535	\$ 3,535
Public utility taxes	1,100,000	1,130,697	30,697			
Federal government	4,777,000	4,637,760	(139,240)	1,065,120	1,021,230	(43,890)
Other	2,420,000	2,268,170	(151,830)	1,402,724	1,485,983	83,259
Less:						
Refunds	21,779	19,470	(2,309)	18,385	16,406	(1,979)
Total revenues	26,093,221	26,311,069	217,848	3,821,459	3,866,342	44,883
EXPENDITURES:						
Current:						
Health and social services	13,183,255	12,997,400	(185,855)	130,520	130,520	-
Education	9,808,517	9,616,111	(192,406)			
General government	709,458	671,335	(38,123)	192,500	189,751	(2,749)
Transportation	117,654	116,529	(1,125)	3,359,025	3,250,474	(108,551)
Public protection and justice	1,801,805	1,763,632	(38,173)	97,310	97,309	(1)
Employment and economic development	190,186	173,719	(16,467)	1,900	1,900	-
Environment and business regulation	116,993	110,863	(6,130)			
Debt service:						
Principal						
Interest						
Capital outlays	35,343	30,370	(4,973)	34,335	32,397	(1,938)
Total expenditures	25,963,211	25,479,959	(483,252)	3,815,590	3,702,351	(113,239)
Excess (deficiency) of revenues over (under) expenditures	130,010	831,110	701,100	5,869	163,991	158,122
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	900,000	900,000	-			
Operating transfers-in	6,161,532	6,161,532	-	1,344,815	1,344,815	-
Operating transfers-out	(7,736,603)	(7,736,603)	-	(1,677,427)	(1,677,427)	-
Total other sources (uses) of financial resources	(675,071)	(675,071)	-	(332,612)	(332,612)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(545,061)	156,039	701,100	(326,743)	(168,621)	158,122
Budgetary fund balances (deficits), July 1, 2006, as previously reported						
	(290,887)	(290,887)	-	789,011	789,011	-
Reclassifications between budgetary/nonbudgetary funds						
Budgetary fund balances (deficits), July 1, 2006, as reclassified						
	(290,887)	(290,887)	-	789,011	789,011	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (835,948)	\$ (134,848)	\$ 701,100	\$ 462,268	\$ 620,390	\$ 158,122

Special State Funds			Bond Financed Funds			Debt Service Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 2,826,166	\$ 2,829,872	\$ 3,706						
798,576	819,688	21,112						
129,325	78,171	(51,154)						
460,332	469,349	9,017						
3,786,017	3,547,048	(238,969)						
7,441,489	7,142,004	(299,485)				\$ 90,927	\$ 451,242	\$ 360,315
1,439,890	1,433,366	(6,524)						
14,002,015	13,452,766	(549,249)				90,927	451,242	360,315
9,759,745	7,406,377	(2,353,368)						
234,453	209,064	(25,389)	\$ 45,646	\$ 35,349	\$ (10,297)			
3,706,214	3,523,188	(183,026)	49,680	46,488	(3,192)			
422,694	385,707	(36,987)	126,963	126,948	(15)			
239,175	156,240	(82,935)	8,352	18,352	10,000			
709,246	526,540	(182,706)	534,721	131,838	(402,883)			
845,155	713,364	(131,791)	32,336	22,336	(10,000)			
						2,132,102	2,121,289	(10,813)
						1,127,026	1,115,485	(11,541)
46,499	41,373	(5,126)	287,264	240,299	(46,965)			
15,963,181	12,961,853	(3,001,328)	1,084,962	621,610	(463,352)	3,259,128	3,236,774	(22,354)
(1,961,166)	490,913	2,452,079	(1,084,962)	(621,610)	463,352	(3,168,201)	(2,785,532)	382,669
			268,728	268,728	-			
4,500,479	4,500,479	-	76,536	76,536	-	2,797,701	2,797,701	-
(4,740,836)	(4,740,836)	-	(76,714)	(76,714)	-			
(240,357)	(240,357)	-	268,550	268,550	-	2,797,701	2,797,701	-
(2,977)	(2,977)	-						
(2,204,500)	247,579	2,452,079	(816,412)	(353,060)	463,352	(370,500)	12,169	382,669
1,789,168	1,789,168	-	532,131	532,131	-	626,210	626,210	-
1,789,168	1,789,168	-	532,131	532,131	-	626,210	626,210	-
\$ (415,332)	\$ 2,036,747	\$ 2,452,079	\$ (284,281)	\$ 179,071	\$ 463,352	\$ 255,710	\$ 638,379	\$ 382,669

(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, 2007 (Expressed in Thousands)

(continued)

	Federal Trust Funds			Revolving Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 4,069,965	\$ 3,673,980	\$ (395,985)	\$ 4	\$ 423	\$ 419
Other	206,914	286,140	79,226	562,744	514,811	(47,933)
Less:						
Refunds	4,416	1,599	(2,817)	11,628	10,777	(851)
Total revenues	4,272,463	3,958,521	(313,942)	551,120	504,457	(46,663)
EXPENDITURES:						
Current:						
Health and social services	1,656,465	1,131,789	(524,676)			
Education	2,520,854	2,051,805	(469,049)			
General government	13,715	9,769	(3,946)	763,603	589,079	(174,524)
Transportation	153,789	152,789	(1,000)	800	680	(120)
Public protection and justice	489,496	172,644	(316,852)	39,831	38,224	(1,607)
Employment and economic development	457,974	268,079	(189,895)			
Environment and business regulation	188,927	96,978	(91,949)			
Debt service:						
Principal						
Interest						
Capital outlays	13,244	2,923	(10,321)	3,681	1,220	(2,461)
Total expenditures	5,494,464	3,886,776	(1,607,688)	807,915	629,203	(178,712)
Excess (deficiency) of revenues over (under) expenditures	(1,222,001)	71,745	1,293,746	(256,795)	(124,746)	132,049
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	40,386	40,386	-	108,274	108,274	-
Operating transfers-out	(39,745)	(39,745)	-	(11,099)	(11,099)	-
Total other sources (uses) of financial resources	641	641	-	97,175	97,175	-
Budgetary funds-nonbudgeted accounts	(15,711)	(15,711)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(1,237,071)	56,675	1,293,746	(159,620)	(27,571)	132,049
Budgetary fund balances (deficits), July 1, 2006, as previously reported	(326,336)	(326,336)	-	13,620	13,620	-
Reclassifications between budgetary/nonbudgetary funds-net	(178)	(178)	-			
Budgetary fund balances (deficits), July 1, 2006, as reclassified	(326,514)	(326,514)	-	13,620	13,620	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (1,563,585)	\$ (269,839)	\$ 1,293,746	\$ (146,000)	\$ (13,951)	\$ 132,049

State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 13,326,166	\$ 13,987,731	\$ 661,565
			8,116,576	7,955,741	(160,835)
			1,501,325	1,453,706	(47,619)
			1,560,332	1,600,046	39,714
\$ 94,641	\$ 133,765	\$ 39,124	13,792,747	13,014,206	(778,541)
611,299	692,959	81,660	12,736,097	12,841,309	105,212
312	208	(104)	1,496,410	1,481,826	(14,584)
705,628	826,516	120,888	49,536,833	49,370,913	(165,920)
281,335	220,917	(60,418)	25,011,320	21,887,003	(3,124,317)
17,009	5,489	(11,520)	12,626,479	11,917,818	(708,661)
320,304	179,876	(140,428)	5,755,474	5,209,486	(545,988)
			4,180,925	4,033,127	(147,798)
2,950	1,239	(1,711)	2,678,919	2,247,640	(431,279)
25	25	-	1,894,052	1,102,101	(791,951)
16,621	10,083	(6,538)	1,200,032	953,624	(246,408)
			2,132,102	2,121,289	(10,813)
			1,127,026	1,115,485	(11,541)
3,035	369	(2,666)	423,401	348,951	(74,450)
641,279	417,998	(223,281)	57,029,730	50,936,524	(6,093,206)
64,349	408,518	344,169	(7,492,897)	(1,565,611)	5,927,286
			1,168,728	1,168,728	-
			15,029,723	15,029,723	-
(224,891)	(224,891)	-	(14,507,315)	(14,507,315)	-
(224,891)	(224,891)	-	1,691,136	1,691,136	-
(129,687)	(129,687)	-	(148,375)	(148,375)	-
(290,229)	53,940	344,169	(5,950,136)	(22,850)	5,927,286
387,522	387,522	-	3,520,439	3,520,439	-
(27,222)	(27,222)	-	(27,400)	(27,400)	-
360,300	360,300	-	3,493,039	3,493,039	-
70,071	414,240	344,169	\$ (2,457,097)	\$ 3,470,189	\$ 5,927,286

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, 2007 (Expressed in Thousands)

	General Revenue			GR-CS Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 9,734,000	\$ 10,343,331	\$ 609,331			
Sales taxes	5,489,000	5,352,387	(136,613)	\$ 1,829,000	\$ 1,783,666	\$ (45,334)
Public utility taxes	994,000	1,021,787	27,787			
Federal government	4,777,000	4,637,760	(139,240)			
Other	2,241,000	2,089,150	(151,850)			
Less:						
Refunds	21,779	19,470	(2,309)			
Total revenues	23,213,221	23,424,945	211,724	1,829,000	1,783,666	(45,334)
EXPENDITURES:						
Current:						
Health and social services	13,183,255	12,997,400	(185,855)			
Education	4,134,765	3,968,982	(165,783)			
General government	709,458	671,335	(38,123)			
Transportation	117,654	116,529	(1,125)			
Public protection and justice	1,801,805	1,763,632	(38,173)			
Employment and economic development	190,186	173,719	(16,467)			
Environment and business regulation	116,993	110,863	(6,130)			
Capital outlays	35,343	30,370	(4,973)			
Total expenditures	20,289,459	19,832,830	(456,629)			
Excess (deficiency) of revenues over (under) expenditures	2,923,762	3,592,115	668,353	1,829,000	1,783,666	(45,334)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	900,000	900,000	-			
Operating transfers-in	1,732,167	1,732,167	-			
Operating transfers-out	(5,947,050)	(5,947,050)	-	(1,789,301)	(1,789,301)	-
Total other sources (uses) of financial resources	(3,314,883)	(3,314,883)	-	(1,789,301)	(1,789,301)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(391,121)	277,232	668,353	39,699	(5,635)	(45,334)
Budgetary fund balances (deficits), July 1, 2006	(801,976)	(801,976)	-	41,498	41,498	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (1,193,097)	\$ (524,744)	\$ 668,353	\$ 81,197	\$ 35,863	\$ (45,334)

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 766,000	\$ 814,528	\$ 48,528				\$ 10,500,000	\$ 11,157,859	\$ 657,859
			\$ 106,000	\$ 108,910	\$ 2,910	7,318,000	7,136,053	(181,947)
						1,100,000	1,130,697	30,697
						4,777,000	4,637,760	(139,240)
1,000	778	(222)	178,000	178,242	242	2,420,000	2,268,170	(151,830)
						21,779	19,470	(2,309)
767,000	815,306	48,306	284,000	287,152	3,152	26,093,221	26,311,069	217,848
						13,183,255	12,997,400	(185,855)
1,608,166	1,602,858	(5,308)	4,065,586	4,044,271	(21,315)	9,808,517	9,616,111	(192,406)
						709,458	671,335	(38,123)
						117,654	116,529	(1,125)
						1,801,805	1,763,632	(38,173)
						190,186	173,719	(16,467)
						116,993	110,863	(6,130)
						35,343	30,370	(4,973)
1,608,166	1,602,858	(5,308)	4,065,586	4,044,271	(21,315)	25,963,211	25,479,959	(483,252)
(841,166)	(787,552)	53,614	(3,781,586)	(3,757,119)	24,467	130,010	831,110	701,100
686,262	686,262	-	3,743,103	3,743,103	-	900,000	900,000	-
(82)	(82)	-	(170)	(170)	-	6,161,532	6,161,532	-
686,180	686,180	-	3,742,933	3,742,933	-	(7,736,603)	(7,736,603)	-
(154,986)	(101,372)	53,614	(38,653)	(14,186)	24,467	(545,061)	156,039	701,100
452,543	452,543	-	17,048	17,048	-	(290,887)	(290,887)	-
\$ 297,557	\$ 351,171	\$ 53,614	\$ (21,605)	\$ 2,862	\$ 24,467	\$ (835,948)	\$ (134,848)	\$ 701,100

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, 2007 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 1,372,000	\$ 1,375,535	\$ 3,535
Federal government	\$ 1,065,120	\$ 1,021,221	\$ (43,899)	-	9	9
Other	926,724	988,801	62,077	-	736	736
Less:						
Refunds	2,369	2,298	(71)	16,016	13,963	(2,053)
Total revenues	1,989,475	2,007,724	18,249	1,355,984	1,362,317	6,333
EXPENDITURES:						
Current:						
Health and social services	130,520	130,520	-			
General government	126,623	126,325	(298)	65,877	63,426	(2,451)
Transportation	2,152,610	2,056,182	(96,428)	8,924	8,475	(449)
Public protection and justice	97,310	97,309	(1)			
Employment and economic development	1,900	1,900	-			
Capital outlays	34,262	32,331	(1,931)	73	66	(7)
Total expenditures	2,543,225	2,444,567	(98,658)	74,874	71,967	(2,907)
Excess (deficiency) of revenues over (under) expenditures	(553,750)	(436,843)	116,907	1,281,110	1,290,350	9,240
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	385,220	385,220	-	2	2	-
Operating transfers-out	(323,902)	(323,902)	-	(1,310,049)	(1,310,049)	-
Total other sources (uses) of financial resources	61,318	61,318	-	(1,310,047)	(1,310,047)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(492,432)	(375,525)	116,907	(28,937)	(19,697)	9,240
Budgetary fund balances (deficits), July 1, 2006	728,903	728,903	-	123,661	123,661	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 236,471	\$ 353,378	\$ 116,907	\$ 94,724	\$ 103,964	\$ 9,240

Grade Crossing Protection			Motor Fuel Tax-Counties			Motor Fuel Tax-Municipalities		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 8	\$ 8						
-	145	145						
-	(137)	(137)						
24,371	24,371	-	\$ 232,600	\$ 228,612	\$ (3,988)	\$ 326,300	\$ 320,618	\$ (5,682)
24,371	24,371		232,600	228,612	(3,988)	326,300	320,618	(5,682)
(24,371)	(24,508)	(137)	(232,600)	(228,612)	3,988	(326,300)	(320,618)	5,682
27,000	27,000	-	232,176	232,176	-	325,616	325,616	-
(8,413)	(8,413)	-						
18,587	18,587	-	232,176	232,176	-	325,616	325,616	-
(5,784)	(5,921)	(137)	(424)	3,564	3,988	(684)	4,998	5,682
15,537	15,537	-	(20,355)	(20,355)	-	(28,548)	(28,548)	-
\$ 9,753	\$ 9,616	\$ (137)	\$ (20,779)	\$ (16,791)	\$ 3,988	\$ (29,232)	\$ (23,550)	\$ 5,682

(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, 2007 (Expressed in Thousands)

(continued)

	Motor Fuel Tax-Township			State Construction Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes						
Federal government						
Other				\$ 476,000	\$ 496,438	\$ 20,438
Less:						
Refunds						
Total revenues				<u>476,000</u>	<u>496,438</u>	<u>20,438</u>
EXPENDITURES:						
Current:						
Health and social services						
General government						
Transportation	\$ 105,600	\$ 103,761	\$ (1,839)	508,620	508,455	(165)
Public protection and justice						
Employment and economic development						
Capital outlays						
Total expenditures	<u>105,600</u>	<u>103,761</u>	<u>(1,839)</u>	<u>508,620</u>	<u>508,455</u>	<u>(165)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(105,600)</u>	<u>(103,761)</u>	<u>1,839</u>	<u>(32,620)</u>	<u>(12,017)</u>	<u>20,603</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	105,378	105,378	-	269,423	269,423	-
Operating transfers-out				(35,063)	(35,063)	-
Total other sources (uses) of financial resources	<u>105,378</u>	<u>105,378</u>	<u>-</u>	<u>234,360</u>	<u>234,360</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(222)</u>	<u>1,617</u>	<u>1,839</u>	<u>201,740</u>	<u>222,343</u>	<u>20,603</u>
Budgetary fund balances (deficits), July 1, 2006	(9,238)	(9,238)	-	(20,949)	(20,949)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	<u>\$ (9,460)</u>	<u>\$ (7,621)</u>	<u>\$ 1,839</u>	<u>\$ 180,791</u>	<u>\$ 201,394</u>	<u>\$ 20,603</u>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,372,000	\$ 1,375,535	\$ 3,535
1,065,120	1,021,230	(43,890)
1,402,724	1,485,983	83,259
18,385	16,406	(1,979)
3,821,459	3,866,342	44,883
130,520	130,520	-
192,500	189,751	(2,749)
3,359,025	3,250,474	(108,551)
97,310	97,309	(1)
1,900	1,900	-
34,335	32,397	(1,938)
3,815,590	3,702,351	(113,239)
5,869	163,991	158,122
1,344,815	1,344,815	-
(1,677,427)	(1,677,427)	-
(332,612)	(332,612)	-
(326,743)	(168,621)	158,122
789,011	789,011	-
\$ 462,268	\$ 620,390	\$ 158,122

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, 2007 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 2,826,166	\$ 2,829,872	\$ 3,706
Sales taxes				777,251	799,224	21,973
Motor fuel taxes						
Public utility taxes				299,485	293,403	(6,082)
Federal government	\$ 189,738	\$ 283,569	\$ 93,831	3,396,381	3,088,190	(308,191)
Other	307,396	311,997	4,601	6,142,845	5,813,950	(328,895)
Less:						
Refunds				1,435,512	1,430,320	(5,192)
Total revenues	497,134	595,566	98,432	12,006,616	11,394,319	(612,297)
EXPENDITURES:						
Current:						
Health and social services	420,594	417,533	(3,061)	9,125,392	6,847,433	(2,277,959)
Education	139,442	134,231	(5,211)			
General government	36,427	34,534	(1,893)	3,270,371	3,196,556	(73,815)
Transportation				397,274	369,191	(28,083)
Public protection and justice				72,960	51,613	(21,347)
Employment and economic development				500,268	375,296	(124,972)
Environment and business regulation	1,166	1,092	(74)	110,766	101,802	(8,964)
Capital outlays	2,752	734	(2,018)	17,435	15,685	(1,750)
Total expenditures	600,381	588,124	(12,257)	13,494,466	10,957,576	(2,536,890)
Excess (deficiency) of revenues over (under) expenditures	(103,247)	7,442	110,689	(1,487,850)	436,743	1,924,593
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	609,373	609,373	-	3,453,202	3,453,202	-
Operating transfers-out	(339,214)	(339,214)	-	(3,939,419)	(3,939,419)	-
Total other sources (uses) of financial resources	270,159	270,159	-	(486,217)	(486,217)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	166,912	277,601	110,689	(1,974,067)	(49,474)	1,924,593
Budgetary fund balances, July 1, 2006	260,380	260,380	-	510,607	510,607	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 427,292	\$ 537,981	\$ 110,689	\$ (1,463,460)	\$ 461,133	\$ 1,924,593

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 21,325	\$ 20,464	\$ (861)	\$ 2,826,166	\$ 2,829,872	\$ 3,706
\$ 129,325	\$ 78,171	\$ (51,154)	\$ 21,325	\$ 20,464	\$ (861)	798,576	819,688	21,112
142,703	154,124	11,421	18,144	21,822	3,678	460,332	469,349	9,017
90,473	95,187	4,714	109,425	80,102	(29,323)	3,786,017	3,547,048	(238,969)
291,370	330,331	38,961	699,878	685,726	(14,152)	7,441,489	7,142,004	(299,485)
41	4	(37)	4,337	3,042	(1,295)	1,439,890	1,433,366	(6,524)
653,830	657,809	3,979	844,435	805,072	(39,363)	14,002,015	13,452,766	(549,249)
12,523	12,442	(81)	201,236	128,969	(72,267)	9,759,745	7,406,377	(2,353,368)
102	102	-	94,909	74,731	(20,178)	234,453	209,064	(25,389)
183,605	113,893	(69,712)	215,811	178,205	(37,606)	3,706,214	3,523,188	(183,026)
			25,420	16,516	(8,904)	422,694	385,707	(36,987)
3,492	2,910	(582)	162,723	101,717	(61,006)	239,175	156,240	(82,935)
41,215	38,064	(3,151)	167,763	113,180	(54,583)	709,246	526,540	(182,706)
417,839	362,742	(55,097)	315,384	247,728	(67,656)	845,155	713,364	(131,791)
516	285	(231)	25,796	24,669	(1,127)	46,499	41,373	(5,126)
659,292	530,438	(128,854)	1,209,042	885,715	(323,327)	15,963,181	12,961,853	(3,001,328)
(5,462)	127,371	132,833	(364,607)	(80,643)	283,964	(1,961,166)	490,913	2,452,079
133,240	133,240	-	304,664	304,664	-	4,500,479	4,500,479	-
(264,414)	(264,414)	-	(197,789)	(197,789)	-	(4,740,836)	(4,740,836)	-
(131,174)	(131,174)	-	106,875	106,875	-	(240,357)	(240,357)	-
			(2,977)	(2,977)	-	(2,977)	(2,977)	-
(136,636)	(3,803)	132,833	(260,709)	23,255	283,964	(2,204,500)	247,579	2,452,079
480,028	480,028	-	538,153	538,153	-	1,789,168	1,789,168	-
\$ 343,392	\$ 476,225	\$ 132,833	\$ 277,444	\$ 561,408	\$ 283,964	\$ (415,332)	\$ 2,036,747	\$ 2,452,079

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Secretary of State			Comptroller		
	Secretary of State Special Services			Budget Stabilization		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ -	\$ 121	\$ 121			
Other	24,500	23,801	(699)			
Total revenues	24,500	23,922	(578)			
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	26,276	25,596	(680)			
Environment and business regulation						
Capital outlays						
Total expenditures	26,276	25,596	(680)			
Excess (deficiency) of revenues over (under) expenditures	(1,776)	(1,674)	102			
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				\$ 275,704	\$ 275,704	\$ -
Operating transfers-out	(5)	(5)	-	(275,704)	(275,704)	-
Total other sources (uses) of financial resources	(5)	(5)	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,781)	(1,679)	102			
Budgetary fund balances (deficits), July 1, 2006	7,125	7,125	-	275,704	275,704	-
BUDGETARY FUND BALANCES, JUNE 30, 2007	\$ 5,344	\$ 5,446	\$ 102	\$ 275,704	\$ 275,704	\$ -

Treasurer			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 189,738	\$ 283,448	\$ 93,710	\$ 189,738	\$ 283,569	\$ 93,831
282,896	288,196	5,300	307,396	311,997	4,601
472,634	571,644	99,010	497,134	595,566	98,432
420,594	417,533	(3,061)	420,594	417,533	(3,061)
139,442	134,231	(5,211)	139,442	134,231	(5,211)
10,151	8,938	(1,213)	36,427	34,534	(1,893)
1,166	1,092	(74)	1,166	1,092	(74)
2,752	734	(2,018)	2,752	734	(2,018)
574,105	562,528	(11,577)	600,381	588,124	(12,257)
(101,471)	9,116	110,587	(103,247)	7,442	110,689
333,669	333,669	-	609,373	609,373	-
(63,505)	(63,505)	-	(339,214)	(339,214)	-
270,164	270,164	-	270,159	270,159	-
168,693	279,280	110,587	166,912	277,601	110,689
(22,449)	(22,449)	-	260,380	260,380	-
\$ 146,244	\$ 256,831	\$ 110,587	\$ 427,292	\$ 537,981	\$ 110,689

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	State Pensions			Tobacco Settlement Recovery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 189,738	\$ 283,448	\$ 93,710
Other				282,896	288,196	5,300
Total revenues				472,634	571,644	99,010
EXPENDITURES:						
Current:						
Health and social services				420,594	417,533	(3,061)
Education	\$ 139,442	\$ 134,231	\$ (5,211)			
General government	8,300	7,772	(528)	1,851	1,166	(685)
Environment and business regulation				1,166	1,092	(74)
Capital outlays	17	3	(14)	2,735	731	(2,004)
Total expenditures	147,759	142,006	(5,753)	426,346	420,522	(5,824)
Excess (deficiency) of revenues over (under) expenditures	(147,759)	(142,006)	5,753	46,288	151,122	104,834
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	333,664	333,664	-	5	5	-
Operating transfers-out				(63,505)	(63,505)	-
Total other sources (uses) of financial resources	333,664	333,664	-	(63,500)	(63,500)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	185,905	191,658	5,753	(17,212)	87,622	104,834
Budgetary fund balances (deficits), July 1, 2006	52,374	52,374	-	(74,823)	(74,823)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 238,279	\$ 244,032	\$ 5,753	\$ (92,035)	\$ 12,799	\$ 104,834

Total		
Final Budget	Actual	Variance Over (Under)
\$ 189,738	\$ 283,448	\$ 93,710
282,896	288,196	5,300
472,634	571,644	99,010

420,594	417,533	(3,061)
139,442	134,231	(5,211)
10,151	8,938	(1,213)
1,166	1,092	(74)
2,752	734	(2,018)
574,105	562,528	(11,577)

(101,471)	9,116	110,587
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333,669	333,669	-
(63,505)	(63,505)	-
270,164	270,164	-

168,693	279,280	110,587
(22,449)	(22,449)	-
\$ 146,244	\$ 256,831	\$ 110,587

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, 2007 (Expressed in Thousands)

	Commerce and Economic Opportunity			Natural Resources		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	\$ 170,000	\$ 168,308	\$ (1,692)	\$ 6,982	\$ 8,261	\$ 1,279
Other	55	264	209	81,562	75,722	(5,840)
Less:						
Refunds				1,150	805	(345)
Total revenues	170,055	168,572	(1,483)	87,394	83,178	(4,216)
EXPENDITURES:						
Current:						
Health and social services						
General government				3	3	-
Transportation						
Public protection and justice						
Employment and economic development	353,139	231,212	(121,927)			
Environment and business regulation				64,228	60,851	(3,377)
Capital outlays	95	86	(9)	13,648	13,574	(74)
Total expenditures	353,234	231,298	(121,936)	77,879	74,428	(3,451)
Excess (deficiency) of revenues over (under) expenditures	(183,179)	(62,726)	120,453	9,515	8,750	(765)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	80,888	80,888	-			
Operating transfers-out	(49,358)	(49,358)	-	(15,521)	(15,521)	-
Total other sources (uses) of financial resources	31,530	31,530	-	(15,521)	(15,521)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(151,649)	(31,196)	120,453	(6,006)	(6,771)	(765)
Budgetary fund balances (deficits), July 1, 2006	55,106	55,106	-	112,033	112,033	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (96,543)	\$ 23,910	\$ 120,453	\$ 106,027	\$ 105,262	\$ (765)

Financial and Professional Regulation			Human Services			Healthcare and Family Services		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 87,388	\$ 81,306	\$ (6,082)
\$ 20,486	\$ 29,680	\$ 9,194	\$ 73,000	\$ 84,422	\$ 11,422	2,606,917	2,307,561	(299,356)
			27,578	31,150	3,572	2,190,072	1,988,902	(201,170)
3	-	(3)	100	8	(92)	4,750	55	(4,695)
20,483	29,680	9,197	100,478	115,564	15,086	4,879,627	4,377,714	(501,913)
			111,076	98,178	(12,898)	6,697,100	4,525,532	(2,171,568)
161	117	(44)				2,578	1,921	(657)
46,538	40,951	(5,587)						
314	201	(113)				2,534	1,333	(1,201)
47,013	41,269	(5,744)	111,076	98,178	(12,898)	6,702,212	4,528,786	(2,173,426)
(26,530)	(11,589)	14,941	(10,598)	17,386	27,984	(1,822,585)	(151,072)	1,671,513
28,493	28,493	-	1	1	-	1,627,847	1,627,847	-
(5,395)	(5,395)	-	(16,090)	(16,090)	-	(1,526,132)	(1,526,132)	-
23,098	23,098	-	(16,089)	(16,089)	-	101,715	101,715	-
(3,432)	11,509	14,941	(26,687)	1,297	27,984	(1,720,870)	(49,357)	1,671,513
19,774	19,774	-	7,940	7,940	-	(8,829)	(8,829)	-
\$ 16,342	\$ 31,283	\$ 14,941	\$ (18,747)	\$ 9,237	\$ 27,984	\$ (1,729,699)	\$ (58,186)	\$ 1,671,513

(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 - Code Departments

For the Year Ended June 30, 2007 (Expressed in Thousands)

(continued)

	Revenue			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 2,826,166	\$ 2,829,872	\$ 3,706			
Sales taxes	777,251	799,224	21,973			
Public utility taxes	212,097	212,097	-			
Federal government	14,051	14,051	-			
Other	2,020,058	1,942,958	(77,100)			
Less:						
Refunds	1,429,509	1,429,452	(57)			
Total revenues	4,420,114	4,368,750	(51,364)			
EXPENDITURES:						
Current:						
Health and social services	960	817	(143)			
General government	3,250,899	3,183,833	(67,066)			
Transportation				\$ 397,274	\$ 369,191	\$ (28,083)
Public protection and justice						
Employment and economic development	147,129	144,084	(3,045)			
Environment and business regulation						
Capital outlays	596	491	(105)			
Total expenditures	3,399,584	3,329,225	(70,359)	397,274	369,191	(28,083)
Excess (deficiency) of revenues over (under) expenditures	1,020,530	1,039,525	18,995	(397,274)	(369,191)	28,083
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1,334,658	1,334,658	-	377,594	377,594	-
Operating transfers-out	(2,295,744)	(2,295,744)	-	(7,120)	(7,120)	-
Total other sources (uses) of financial resources	(961,086)	(961,086)	-	370,474	370,474	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	59,444	78,439	18,995	(26,800)	1,283	28,083
Budgetary fund balances (deficits), July 1, 2006	384,092	384,092	-	19,907	19,907	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 443,536	\$ 462,531	\$ 18,995	\$ (6,893)	\$ 21,190	\$ 28,083

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 2,826,166	\$ 2,829,872	\$ 3,706
			777,251	799,224	21,973
			299,485	293,403	(6,082)
\$ 525,431	\$ 505,587	\$ (19,844)	3,396,381	3,088,190	(308,191)
1,803,034	1,745,274	(57,760)	6,142,845	5,813,950	(328,895)
			1,435,512	1,430,320	(5,192)
2,328,465	2,250,861	(77,604)	12,006,616	11,394,319	(612,297)
2,316,256	2,222,906	(93,350)	9,125,392	6,847,433	(2,277,959)
16,730	10,682	(6,048)	3,270,371	3,196,556	(73,815)
			397,274	369,191	(28,083)
72,960	51,613	(21,347)	72,960	51,613	(21,347)
			500,268	375,296	(124,972)
			110,766	101,802	(8,964)
248	-	(248)	17,435	15,685	(1,750)
2,406,194	2,285,201	(120,993)	13,494,466	10,957,576	(2,536,890)
(77,729)	(34,340)	43,389	(1,487,850)	436,743	1,924,593
3,721	3,721	-	3,453,202	3,453,202	-
(24,059)	(24,059)	-	(3,939,419)	(3,939,419)	-
(20,338)	(20,338)	-	(486,217)	(486,217)	-
(98,067)	(54,678)	43,389	(1,974,067)	(49,474)	1,924,593
(79,416)	(79,416)	-	510,607	510,607	-
\$ (177,483)	\$ (134,094)	\$ 43,389	\$ (1,463,460)	\$ 461,133	\$ 1,924,593

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building			Fund for Illinois' Future		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government						
Other				\$ -	\$ 8	\$ 8
Total revenues				-	8	8
EXPENDITURES:						
Current:						
Employment and economic development				40,131	25,862	(14,269)
Capital outlays						
Total expenditures				40,131	25,862	(14,269)
(Deficiency) of revenues (under) expenditures				(40,131)	(25,854)	14,277
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	\$ 37,923	\$ 37,923	\$ -			
Operating transfers-out	(37,924)	(37,924)	-			
Total other sources (uses) of financial resources	(1)	(1)	-			
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(1)	(1)	-	(40,131)	(25,854)	14,277
Budgetary fund balances (deficits), July 1, 2006	16,871	16,871	-	39,703	39,703	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 16,870	\$ 16,870	\$ -	\$ (428)	\$ 13,849	\$ 14,277

Tourism Promotion			Federal Workforce Training			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 2	\$ 2	\$ 170,000	\$ 168,308	\$ (1,692)	\$ 170,000	\$ 168,308	\$ (1,692)
-	2	2	55	254	199	55	264	209
-	2	2	170,055	168,562	(1,493)	170,055	168,572	(1,483)
38,008	36,343	(1,665)	275,000	169,007	(105,993)	353,139	231,212	(121,927)
95	86	(9)				95	86	(9)
38,103	36,429	(1,674)	275,000	169,007	(105,993)	353,234	231,298	(121,936)
(38,103)	(36,427)	1,676	(104,945)	(445)	104,500	(183,179)	(62,726)	120,453
42,965	42,965	-				80,888	80,888	-
(7,415)	(7,415)	-	(4,019)	(4,019)	-	(49,358)	(49,358)	-
35,550	35,550	-	(4,019)	(4,019)	-	31,530	31,530	-
(2,553)	(877)	1,676	(108,964)	(4,464)	104,500	(151,649)	(31,196)	120,453
10,972	10,972	-	(12,440)	(12,440)	-	55,106	55,106	-
\$ 8,419	\$ 10,095	\$ 1,676	\$ (121,404)	\$ (16,904)	\$ 104,500	\$ (96,543)	\$ 23,910	\$ 120,453

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Open Space Lands Acquisition and Development			Wildlife and Fish		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 6,982	\$ 8,261	\$ 1,279
Other	\$ 42,941	\$ 34,873	\$ (8,068)	38,621	40,849	2,228
Less:						
Refunds				1,150	805	(345)
Total revenues	42,941	34,873	(8,068)	44,453	48,305	3,852
EXPENDITURES:						
Current:						
General government				3	3	-
Environment and business regulation	16,418	16,200	(218)	47,810	44,651	(3,159)
Capital outlays				13,648	13,574	(74)
Total expenditures	16,418	16,200	(218)	61,461	58,228	(3,233)
Excess (deficiency) of revenues over (under) expenditures	26,523	18,673	(7,850)	(17,008)	(9,923)	7,085
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(15,481)	(15,481)	-	(40)	(40)	-
Total other (uses) of financial resources	(15,481)	(15,481)	-	(40)	(40)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	11,042	3,192	(7,850)	(17,048)	(9,963)	7,085
Budgetary fund balances, July 1, 2006	76,078	76,078	-	35,955	35,955	-
BUDGETARY FUND BALANCES, JUNE 30, 2007	\$ 87,120	\$ 79,270	\$ (7,850)	\$ 18,907	\$ 25,992	\$ 7,085

Total		
Final Budget	Actual	Variance Over (Under)
\$ 6,982	\$ 8,261	\$ 1,279
81,562	75,722	(5,840)
1,150	805	(345)
87,394	83,178	(4,216)
3	3	-
64,228	60,851	(3,377)
13,648	13,574	(74)
77,879	74,428	(3,451)
9,515	8,750	(765)
(15,521)	(15,521)	-
(15,521)	(15,521)	-
(6,006)	(6,771)	(765)
112,033	112,033	-
\$ 106,027	\$ 105,262	\$ (765)

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 Financial and Professional Regulation

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Professions Indirect Cost			Bank and Trust Company		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ 86	\$ 208	\$ 122	\$ 20,400	\$ 29,472	\$ 9,072
Less:						
Refunds				3	-	(3)
Total revenues	86	208	122	20,397	29,472	9,075
EXPENDITURES:						
Current:						
General government	1	1	-	160	116	(44)
Environment and business regulation	32,694	27,911	(4,783)	13,844	13,040	(804)
Capital outlays	314	201	(113)			
Total expenditures	33,009	28,113	(4,896)	14,004	13,156	(848)
Excess (deficiency) of revenues over (under) expenditures	(32,923)	(27,905)	5,018	6,393	16,316	9,923
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	28,467	28,467	-	26	26	-
Operating transfers-out	(539)	(539)	-	(4,856)	(4,856)	-
Total other sources (uses) of financial resources	27,928	27,928	-	(4,830)	(4,830)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(4,995)	23	5,018	1,563	11,486	9,923
Budgetary fund balances (deficits), July 1, 2006	(315)	(315)	-	20,089	20,089	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (5,310)	\$ (292)	\$ 5,018	\$ 21,652	\$ 31,575	\$ 9,923

Total		
Final Budget	Actual	Variance Over (Under)
\$ 20,486	\$ 29,680	\$ 9,194
3	-	(3)
20,483	29,680	9,197

161	117	(44)
46,538	40,951	(5,587)
314	201	(113)
47,013	41,269	(5,744)

(26,530)	(11,589)	14,941
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28,493	28,493	-
(5,395)	(5,395)	-
23,098	23,098	-

(3,432)	11,509	14,941
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19,774	19,774	-
\$ 16,342	\$ 31,283	\$ 14,941

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Mental Health			Community Mental Health Medicaid Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 73,000	\$ 84,422	\$ 11,422
Other	\$ 27,189	\$ 30,489	\$ 3,300	389	661	272
Less:						
Refunds	100	8	(92)			
Total revenues	27,089	30,481	3,392	73,389	85,083	11,694
EXPENDITURES:						
Current:						
Health and social services	15,386	13,974	(1,412)	95,690	84,204	(11,486)
Total expenditures	15,386	13,974	(1,412)	95,690	84,204	(11,486)
Excess (deficiency) of revenues over (under) expenditures	11,703	16,507	4,804	(22,301)	879	23,180
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				1	1	-
Operating transfers-out	(16,081)	(16,081)	-	(9)	(9)	-
Total other sources (uses) of financial resources	(16,081)	(16,081)	-	(8)	(8)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(4,378)	426	4,804	(22,309)	871	23,180
Budgetary fund balances, July 1, 2006	1,906	1,906	-	6,034	6,034	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (2,472)	\$ 2,332	\$ 4,804	\$ (16,275)	\$ 6,905	\$ 23,180

Total		
Final Budget	Actual	Variance Over (Under)
\$ 73,000	\$ 84,422	\$ 11,422
27,578	31,150	3,572
100	8	(92)
100,478	115,564	15,086
111,076	98,178	(12,898)
111,076	98,178	(12,898)
(10,598)	17,386	27,984
1	1	-
(16,090)	(16,090)	-
(16,089)	(16,089)	-
(26,687)	1,297	27,984
7,940	7,940	-
\$ (18,747)	\$ 9,237	\$ 27,984

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, 2007 (Expressed in Thousands)

	University of Illinois Hospital Services			County Provider Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes						
Federal government	\$ 141,316	\$ 137,410	\$ (3,906)	\$ 920,000	\$ 718,628	\$ (201,372)
Other	99,000	83,970	(15,030)	940,325	720,533	(219,792)
Less:						
Refunds				1,000	-	(1,000)
Total revenues	240,316	221,380	(18,936)	1,859,325	1,439,161	(420,164)
EXPENDITURES:						
Current:						
Health and social services	225,000	224,976	(24)	1,981,619	1,464,584	(517,035)
General government						
Capital outlays						
Total expenditures	225,000	224,976	(24)	1,981,619	1,464,584	(517,035)
Excess (deficiency) of revenues over (under) expenditures	15,316	(3,596)	(18,912)	(122,294)	(25,423)	96,871
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	44,701	44,701	-			
Operating transfers-out	(41,124)	(41,124)	-			
Total other sources (uses) of financial resources	3,577	3,577	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	18,893	(19)	(18,912)	(122,294)	(25,423)	96,871
Budgetary fund balances (deficits), July 1, 2006	20	20	-	(31,530)	(31,530)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 18,913	\$ 1	\$ (18,912)	\$ (153,824)	\$ (56,953)	\$ 96,871

Care Provider Fund for Persons with Developmental Disabilities			Long Term Care Provider			Hospital Provider		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 17,853	\$ 20,298	\$ 2,445	\$ 311,279	\$ 346,817	\$ 35,538	\$ 611,500	\$ 613,882	\$ 2,382
20,663	20,813	150	339,140	361,168	22,028	733,611	744,188	10,577
1,000	-	(1,000)	2,750	55	(2,695)			
37,516	41,111	3,595	647,669	707,930	60,261	1,345,111	1,358,070	12,959
40,094	40,066	(28)	797,530	662,057	(135,473)	2,430,400	1,215,193	(1,215,207)
15	15	-						
40,109	40,081	(28)	797,530	662,057	(135,473)	2,430,400	1,215,193	(1,215,207)
(2,593)	1,030	3,623	(149,861)	45,873	195,734	(1,085,289)	142,877	1,228,166
(4)	(4)	-	30,015	30,015	-	1,356,000	1,356,000	-
(4)	(4)	-				(1,484,091)	(1,484,091)	-
(4)	(4)	-	30,015	30,015	-	(128,091)	(128,091)	-
(2,597)	1,026	3,623	(119,846)	75,888	195,734	(1,213,380)	14,786	1,228,166
3,337	3,337	-	(52,058)	(52,058)	-	(6,147)	(6,147)	-
\$ 740	\$ 4,363	\$ 3,623	\$ (171,904)	\$ 23,830	\$ 195,734	\$ (1,219,527)	\$ 8,639	\$ 1,228,166

(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, 2007 (Expressed in Thousands)

(continued)

	Special Education Medicaid Matching			Supplemental Low Income Energy		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes				\$ 87,388	\$ 81,306	\$ (6,082)
Federal government	\$ 123,585	\$ 119,262	\$ (4,323)			
Other				1,612	1,500	(112)
Less:						
Refunds						
Total revenues	123,585	119,262	(4,323)	89,000	82,806	(6,194)
EXPENDITURES:						
Current:						
Health and social services	140,000	120,036	(19,964)	97,900	81,233	(16,667)
General government				8	8	-
Capital outlays						
Total expenditures	140,000	120,036	(19,964)	97,908	81,241	(16,667)
Excess (deficiency) of revenues over (under) expenditures	(16,415)	(774)	15,641	(8,908)	1,565	10,473
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				116	116	-
Operating transfers-out						
Total other sources (uses) of financial resources				116	116	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(16,415)	(774)	15,641	(8,792)	1,681	10,473
Budgetary fund balances (deficits), July 1, 2006	(8,113)	(8,113)	-	7,454	7,454	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (24,528)	\$ (8,887)	\$ 15,641	\$ (1,338)	\$ 9,135	\$ 10,473

Family Care			Drug Rebate			Child Support Administrative		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 23,975	\$ 24,210	\$ 235	\$ 376,504 720	\$ 247,581 2,114	\$ (128,923) 1,394	\$ 104,880 31,026	\$ 103,683 30,406	\$ (1,197) (620)
23,975	24,210	235	377,224	249,695	(127,529)	135,906	134,089	(1,817)
40,000	25,007	(14,993)	766,000	535,749	(230,251)	178,557 2,555	156,631 1,898	(21,926) (657)
40,000	25,007	(14,993)	766,000	535,749	(230,251)	183,646 2,534	159,862 1,333	(23,784) (1,201)
(16,025)	(797)	15,228	(388,776)	(286,054)	102,722	(47,740)	(25,773)	21,967
			172,014	172,014	-	25,001 (913)	25,001 (913)	- -
			172,014	172,014	-	24,088	24,088	-
(16,025)	(797)	15,228	(216,762)	(114,040)	102,722	(23,652)	(1,685)	21,967
951	951	-	89,251	89,251	-	(11,994)	(11,994)	-
\$ (15,074)	\$ 154	\$ 15,228	\$ (127,511)	\$ (24,789)	\$ 102,722	\$ (35,646)	\$ (13,679)	\$ 21,967

(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, 2007 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Public utility taxes	\$ 87,388	\$ 81,306	\$ (6,082)
Federal government	2,606,917	2,307,561	(299,356)
Other	2,190,072	1,988,902	(201,170)
Less:			
Refunds	4,750	55	(4,695)
Total revenues	4,879,627	4,377,714	(501,913)
EXPENDITURES:			
Current:			
Health and social services	6,697,100	4,525,532	(2,171,568)
General government	2,578	1,921	(657)
Capital outlays	2,534	1,333	(1,201)
Total expenditures	6,702,212	4,528,786	(2,173,426)
Excess (deficiency) of revenues over (under) expenditures	(1,822,585)	(151,072)	1,671,513
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	1,627,847	1,627,847	-
Operating transfers-out	(1,526,132)	(1,526,132)	-
Total other sources (uses) of financial resources	101,715	101,715	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,720,870)	(49,357)	1,671,513
Budgetary fund balances (deficits), July 1, 2006	(8,829)	(8,829)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (1,729,699)	\$ (58,186)	\$ 1,671,513

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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, 2007 (Expressed in Thousands)

	State Gaming			State and Local Sales Tax Reform		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes				\$ 220,846	\$ 241,728	\$ 20,882
Public utility taxes						
Federal government						
Other	\$ 798,430	\$ 812,594	\$ 14,164			
Less:						
Refunds	50	-	(50)			
Total revenues	798,380	812,594	14,214	220,846	241,728	20,882
EXPENDITURES:						
Current:						
Health and social services	960	817	(143)			
General government	140,407	135,630	(4,777)	46,386	46,386	-
Employment and economic development						
Capital outlays	289	284	(5)			
Total expenditures	141,656	136,731	(4,925)	46,386	46,386	-
Excess (deficiency) of revenues over (under) expenditures	656,724	675,863	19,139	174,460	195,342	20,882
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(685,067)	(685,067)	-	(191,010)	(191,010)	-
Total other sources (uses) of financial resources	(685,067)	(685,067)	-	(191,010)	(191,010)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(28,343)	(9,204)	19,139	(16,550)	4,332	20,882
Budgetary fund balances (deficits), July 1, 2006	4,214	4,214	-	29,091	29,091	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (24,129)	\$ (4,990)	\$ 19,139	\$ 12,541	\$ 33,423	\$ 20,882

Illinois Sports Facilities			Income Tax Refund			McCormick Place Expansion Project		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 1,639,288	\$ 1,642,994	\$ 3,706	\$ 135,961	\$ 137,052	\$ 1,091
			14,051	14,051	-			
\$ 34,500	\$ 36,500	\$ 2,000						
			1,429,411	1,429,411	-			
34,500	36,500	2,000	223,928	227,634	3,706	135,961	137,052	1,091
39,145	36,500	(2,645)				107,984	107,584	(400)
39,145	36,500	(2,645)				107,984	107,584	(400)
(4,645)	-	4,645	223,928	227,634	3,706	27,977	29,468	1,491
			9,766	9,766	-			
			(203,760)	(203,760)	-	(25,701)	(25,701)	-
			(193,994)	(193,994)	-	(25,701)	(25,701)	-
(4,645)	-	4,645	29,934	33,640	3,706	2,276	3,767	1,491
			122,275	122,275	-	10,176	10,176	-
\$ (4,645)	\$ -	\$ 4,645	\$ 152,209	\$ 155,915	\$ 3,706	\$ 12,452	\$ 13,943	\$ 1,491

(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, 2007 (Expressed in Thousands)

(continued)

	Local Government Distributive			State Lottery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government						
Other				\$ 1,049,834	\$ 955,944	\$ (93,890)
Less:						
Refunds				48	41	(7)
Total revenues				1,049,786	955,903	(93,883)
EXPENDITURES:						
Current:						
Health and social services						
General government	\$ 1,231,072	\$ 1,231,072	\$ -	377,779	331,225	(46,554)
Employment and economic development						
Capital outlays				261	180	(81)
Total expenditures	1,231,072	1,231,072	-	378,040	331,405	(46,635)
Excess (deficiency) of revenues over (under) expenditures	(1,231,072)	(1,231,072)	-	671,746	624,498	(47,248)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1,235,554	1,235,554	-	1,579	1,579	-
Operating transfers-out	(73)	(73)	-	(622,575)	(622,575)	-
Total other sources (uses) of financial resources	1,235,481	1,235,481	-	(620,996)	(620,996)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	4,409	4,409	-	50,750	3,502	(47,248)
Budgetary fund balances (deficits), July 1, 2006	(12,968)	(12,968)	-	(12,471)	(12,471)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (8,559)	\$ (8,559)	-	\$ 38,279	\$ (8,969)	\$ (47,248)

Personal Property Tax Replacement			Build Illinois			Rental Housing Support Program		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,186,878	\$ 1,186,878	\$ -						
212,097	212,097	-	\$ 420,444	\$ 420,444	\$ -			
3,889	3,889	-	107,519	107,519	-	\$ 25,886	\$ 26,512	\$ 626
1,402,864	1,402,864	-	527,963	527,963	-	25,886	26,512	626
1,428,505	1,427,908	(597)				26,750	11,612	(15,138)
46	27	(19)						
1,428,551	1,427,935	(616)				26,750	11,612	(15,138)
(25,687)	(25,071)	616	527,963	527,963	-	(864)	14,900	15,764
48,293	48,293	-	39,466	39,466	-			
(130)	(130)	-	(567,428)	(567,428)	-			
48,163	48,163	-	(527,962)	(527,962)	-			
22,476	23,092	616	1	1	-	(864)	14,900	15,764
230,438	230,438	-				13,337	13,337	-
\$ 252,914	\$ 253,530	\$ 616	\$ 1	\$ 1	\$ -	\$ 12,473	\$ 28,237	\$ 15,764

(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, 2007 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Income taxes	\$ 2,826,166	\$ 2,829,872	\$ 3,706
Sales taxes	777,251	799,224	21,973
Public utility taxes	212,097	212,097	-
Federal government	14,051	14,051	-
Other	2,020,058	1,942,958	(77,100)
Less:			
Refunds	1,429,509	1,429,452	(57)
Total revenues	4,420,114	4,368,750	(51,364)
EXPENDITURES:			
Current:			
Health and social services	960	817	(143)
General government	3,250,899	3,183,833	(67,066)
Employment and economic development	147,129	144,084	(3,045)
Capital outlays	596	491	(105)
Total expenditures	3,399,584	3,329,225	(70,359)
Excess (deficiency) of revenues over (under) expenditures	1,020,530	1,039,525	18,995
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	1,334,658	1,334,658	-
Operating transfers-out	(2,295,744)	(2,295,744)	-
Total other sources (uses) of financial resources	(961,086)	(961,086)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	59,444	78,439	18,995
Budgetary fund balances (deficits), July 1, 2006	384,092	384,092	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 443,536	\$ 462,531	\$ 18,995

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State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	\$ 322,200	\$ 299,615	\$ (22,585)	\$ 75,074	\$ 69,576	\$ (5,498)
Total expenditures	322,200	299,615	(22,585)	75,074	69,576	(5,498)
(Deficiency) of revenues (under) expenditures	(322,200)	(299,615)	22,585	(75,074)	(69,576)	5,498
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	302,520	302,520	-	75,074	75,074	-
Operating transfers-out	(729)	(729)	-	(6,391)	(6,391)	-
Total other sources (uses) of financial resources	301,791	301,791	-	68,683	68,683	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(20,409)	2,176	22,585	(6,391)	(893)	5,498
Budgetary fund balances, July 1, 2006				19,907	19,907	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (20,409)	\$ 2,176	\$ 22,585	\$ 13,516	\$ 19,014	\$ 5,498

Total		
Final Budget	Actual	Variance Over (Under)
\$ 397,274	\$ 369,191	\$ (28,083)
397,274	369,191	(28,083)
(397,274)	(369,191)	28,083
377,594	377,594	-
(7,120)	(7,120)	-
370,474	370,474	-
(26,800)	1,283	28,083
19,907	19,907	-
\$ (6,893)	\$ 21,190	\$ 28,083

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Central Management Services			Children and Family Services		
	Health Insurance Reserve			DCFS Children's Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 915	\$ 37,052	\$ 36,137	\$ 498,440	\$ 439,921	\$ (58,519)
Other	1,778,670	1,724,524	(54,146)	2,554	3,190	636
Total revenues	1,779,585	1,761,576	(18,009)	500,994	443,111	(57,883)
EXPENDITURES:						
Current:						
Health and social services	1,785,234	1,742,780	(42,454)	531,022	480,126	(50,896)
General government	15,184	9,161	(6,023)	1,546	1,521	(25)
Public protection and justice						
Capital outlays	12	-	(12)			
Total expenditures	1,800,430	1,751,941	(48,489)	532,568	481,647	(50,921)
Excess (deficiency) of revenues over (under) expenditures	(20,845)	9,635	30,480	(31,574)	(38,536)	(6,962)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				2,221	2,221	-
Operating transfers-out	(21,258)	(21,258)	-	(1,374)	(1,374)	-
Total other sources (uses) of financial resources	(21,258)	(21,258)	-	847	847	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(42,103)	(11,623)	30,480	(30,727)	(37,689)	(6,962)
Budgetary fund (deficits), July 1, 2006	(44,668)	(44,668)	-	(34,053)	(34,053)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2007	\$ (86,771)	\$ (56,291)	\$ 30,480	\$ (64,780)	\$ (71,742)	\$ (6,962)

Corrections			Total		
Corrections Reimbursements					
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 26,076	\$ 28,614	\$ 2,538	\$ 525,431	\$ 505,587	\$ (19,844)
21,810	17,560	(4,250)	1,803,034	1,745,274	(57,760)
47,886	46,174	(1,712)	2,328,465	2,250,861	(77,604)
			2,316,256	2,222,906	(93,350)
			16,730	10,682	(6,048)
72,960	51,613	(21,347)	72,960	51,613	(21,347)
236	-	(236)	248	-	(248)
73,196	51,613	(21,583)	2,406,194	2,285,201	(120,993)
(25,310)	(5,439)	19,871	(77,729)	(34,340)	43,389
1,500	1,500	-	3,721	3,721	-
(1,427)	(1,427)	-	(24,059)	(24,059)	-
73	73	-	(20,338)	(20,338)	-
(25,237)	(5,366)	19,871	(98,067)	(54,678)	43,389
(695)	(695)	-	(79,416)	(79,416)	-
\$ (25,932)	\$ (6,061)	\$ 19,871	\$ (177,483)	\$ (134,094)	\$ 43,389

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Illinois Commerce Commission			Environmental Protection Agency		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 129,325	\$ 78,171	\$ (51,154)
Public utility taxes	\$ 51,889	\$ 57,214	\$ 5,325			
Federal government	473	808	335	90,000	94,236	4,236
Other	7,370	9,043	1,673	155,514	186,948	31,434
Less:						
Refunds	17	1	(16)	24	3	(21)
Total revenues	59,715	67,064	7,349	374,815	359,352	(15,463)
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	10	10	-	3,832	3,590	(242)
Public protection and justice				3,492	2,910	(582)
Employment and economic development				9,607	7,279	(2,328)
Environment and business regulation	67,437	62,835	(4,602)	350,402	299,907	(50,495)
Capital outlays	112	98	(14)	404	187	(217)
Total expenditures	67,559	62,943	(4,616)	367,737	313,873	(53,864)
Excess (deficiency) of revenues over (under) expenditures	(7,844)	4,121	11,965	7,078	45,479	38,401
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				30,000	30,000	-
Operating transfers-out	(2,671)	(2,671)	-	(17,140)	(17,140)	-
Total other sources (uses) of financial resources	(2,671)	(2,671)	-	12,860	12,860	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources	(10,515)	1,450	11,965	19,938	58,339	38,401
Budgetary fund balances, July 1, 2006	5,075	5,075	-	379,797	379,797	-
BUDGETARY FUND BALANCES, JUNE 30, 2007	\$ (5,440)	\$ 6,525	\$ 11,965	\$ 399,735	\$ 438,136	\$ 38,401

Other Agencies, Boards and Commissions			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 129,325	\$ 78,171	\$ (51,154)
\$ 90,814	\$ 96,910	\$ 6,096	142,703	154,124	11,421
-	143	143	90,473	95,187	4,714
128,486	134,340	5,854	291,370	330,331	38,961
			41	4	(37)
219,300	231,393	12,093	653,830	657,809	3,979
12,523	12,442	(81)	12,523	12,442	(81)
102	102	-	102	102	-
179,763	110,293	(69,470)	183,605	113,893	(69,712)
			3,492	2,910	(582)
31,608	30,785	(823)	41,215	38,064	(3,151)
			417,839	362,742	(55,097)
			516	285	(231)
223,996	153,622	(70,374)	659,292	530,438	(128,854)
(4,696)	77,771	82,467	(5,462)	127,371	132,833
103,240	103,240	-	133,240	133,240	-
(244,603)	(244,603)	-	(264,414)	(264,414)	-
(141,363)	(141,363)	-	(131,174)	(131,174)	-
(146,059)	(63,592)	82,467	(136,636)	(3,803)	132,833
95,156	95,156	-	480,028	480,028	-
\$ (50,903)	\$ 31,564	\$ 82,467	\$ 343,392	\$ 476,225	\$ 132,833

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Public Utility			Wireless Service Emergency		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes	\$ 13,289	\$ 16,306	\$ 3,017	\$ 38,600	\$ 40,908	\$ 2,308
Federal government	473	808	335			
Other	7,370	9,043	1,673			
Less:						
Refunds	17	1	(16)			
Total revenues	21,115	26,156	5,041	38,600	40,908	2,308
EXPENDITURES:						
Current:						
General government	10	10	-			
Environment and business regulation	24,537	20,992	(3,545)	42,900	41,843	(1,057)
Capital outlays	112	98	(14)			
Total expenditures	24,659	21,100	(3,559)	42,900	41,843	(1,057)
Excess (deficiency) of revenues over (under) expenditures	(3,544)	5,056	8,600	(4,300)	(935)	3,365
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(2,671)	(2,671)	-			
Total other (uses) of financial resources	(2,671)	(2,671)	-			
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(6,215)	2,385	8,600	(4,300)	(935)	3,365
Budgetary fund balances, July 1, 2006	5,071	5,071	-	4	4	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (1,144)	\$ 7,456	\$ 8,600	\$ (4,296)	\$ (931)	\$ 3,365

Total		
Final Budget	Actual	Variance Over (Under)
\$ 51,889	\$ 57,214	\$ 5,325
473	808	335
7,370	9,043	1,673
17	1	(16)
59,715	67,064	7,349
10	10	-
67,437	62,835	(4,602)
112	98	(14)
67,559	62,943	(4,616)
(7,844)	4,121	11,965
(2,671)	(2,671)	-
(2,671)	(2,671)	-
(10,515)	1,450	11,965
5,075	5,075	-
\$ (5,440)	\$ 6,525	\$ 11,965

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Underground Storage Tank			Water Revolving		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes	\$ 129,325	\$ 78,171	\$ (51,154)			
Federal government				\$ 90,000	\$ 94,236	\$ 4,236
Other	94	57	(37)	115,100	154,382	39,282
Less:						
Refunds	19	3	(16)			
Total revenues	129,400	78,225	(51,175)	205,100	248,618	43,518
EXPENDITURES:						
Current:						
General government	935	841	(94)			
Public protection and justice	3,492	2,910	(582)			
Employment and economic development						
Environment and business regulation	79,539	54,546	(24,993)	194,724	192,894	(1,830)
Capital outlays	267	86	(181)			
Total expenditures	84,233	58,383	(25,850)	194,724	192,894	(1,830)
Excess (deficiency) of revenues over (under) expenditures	45,167	19,842	(25,325)	10,376	55,724	45,348
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(14,098)	(14,098)	-			
Total other sources (uses) of financial resources	(14,098)	(14,098)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	31,069	5,744	(25,325)	10,376	55,724	45,348
Budgetary fund balances (deficits), July 1, 2006	3,082	3,082	-	371,016	371,016	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ 34,151	\$ 8,826	\$ (25,325)	\$ 381,392	\$ 426,740	\$ 45,348

Solid Waste Management			Vehicle Inspection			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 129,325	\$ 78,171	\$ (51,154)
\$ 26,000	\$ 25,843	\$ (157)	\$ 14,320	\$ 6,666	\$ (7,654)	90,000	94,236	4,236
						155,514	186,948	31,434
5	-	(5)				24	3	(21)
25,995	25,843	(152)	14,320	6,666	(7,654)	374,815	359,352	(15,463)
1	1	-	2,896	2,748	(148)	3,832	3,590	(242)
						3,492	2,910	(582)
9,607	7,279	(2,328)				9,607	7,279	(2,328)
14,934	12,601	(2,333)	61,205	39,866	(21,339)	350,402	299,907	(50,495)
35	31	(4)	102	70	(32)	404	187	(217)
24,577	19,912	(4,665)	64,203	42,684	(21,519)	367,737	313,873	(53,864)
1,418	5,931	4,513	(49,883)	(36,018)	13,865	7,078	45,479	38,401
			30,000	30,000	-	30,000	30,000	-
(2,989)	(2,989)	-	(53)	(53)	-	(17,140)	(17,140)	-
(2,989)	(2,989)	-	29,947	29,947	-	12,860	12,860	-
(1,571)	2,942	4,513	(19,936)	(6,071)	13,865	19,938	58,339	38,401
(480)	(480)	-	6,179	6,179	-	379,797	379,797	-
\$ (2,051)	\$ 2,462	\$ 4,513	\$ (13,757)	\$ 108	\$ 13,865	\$ 399,735	\$ 438,136	\$ 38,401

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Housing Development Authority			Capital Development Board		
	Illinois Affordable Housing Trust			School Infrastructure		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes				\$ 90,814	\$ 96,910	\$ 6,096
Federal government						
Other	\$ 66,536	\$ 71,697	\$ 5,161	60,000	60,000	-
Total revenues	66,536	71,697	5,161	150,814	156,910	6,096
EXPENDITURES:						
Current:						
Health and social services	12,523	12,442	(81)			
Education				102	102	-
General government	71,300	71,110	(190)	663	605	(58)
Employment and economic development						
Total expenditures	83,823	83,552	(271)	765	707	(58)
Excess (deficiency) of revenues over (under) expenditures	(17,287)	(11,855)	5,432	150,049	156,203	6,154
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				72,455	72,455	-
Operating transfers-out	(3,897)	(3,897)	-	(240,706)	(240,706)	-
Total other sources (uses) of financial resources	(3,897)	(3,897)	-	(168,251)	(168,251)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(21,184)	(15,752)	5,432	(18,202)	(12,048)	6,154
Budgetary fund balances, July 1, 2006	19,851	19,851	-	12,096	12,096	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (1,333)	\$ 4,099	\$ 5,432	\$ (6,106)	\$ 48	\$ 6,154

Metropolitan Pier and Exposition Authority			State Board of Elections			Total		
MFEA Improvement Bond			Help Illinois Vote					
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 90,814	\$ 96,910	\$ 6,096
			\$ -	\$ 143	\$ 143	-	143	143
			1,950	2,643	693	128,486	134,340	5,854
			1,950	2,786	836	219,300	231,393	12,093
						12,523	12,442	(81)
						102	102	-
			107,800	38,578	(69,222)	179,763	110,293	(69,470)
\$ 31,608	\$ 30,785	\$ (823)				31,608	30,785	(823)
31,608	30,785	(823)	107,800	38,578	(69,222)	223,996	153,622	(70,374)
(31,608)	(30,785)	823	(105,850)	(35,792)	70,058	(4,696)	77,771	82,467
30,785	30,785	-				103,240	103,240	-
						(244,603)	(244,603)	-
30,785	30,785	-				(141,363)	(141,363)	-
(823)	-	823	(105,850)	(35,792)	70,058	(146,059)	(63,592)	82,467
5	5	-	63,204	63,204	-	95,156	95,156	-
\$ (818)	\$ 5	\$ 823	\$ (42,646)	\$ 27,412	\$ 70,058	\$ (50,903)	\$ 31,564	\$ 82,467

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Commerce and Economic Opportunity			Transportation		
	Build Illinois Bond					
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	\$ 34,293	\$ 34,293	\$ -			
General government	425	50	(375)			
Transportation				\$ 126,951	\$ 126,948	\$ (3)
Public protection and justice						
Employment and economic development	447,501	112,030	(335,471)			
Environment and business regulation	15,402	15,402	-			
Capital outlays	34,465	32,673	(1,792)			
Total expenditures	532,086	194,448	(337,638)	126,951	126,948	(3)
(Deficiency) of revenues (under) expenditures	(532,086)	(194,448)	337,638	(126,951)	(126,948)	3
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues				75,325	75,325	-
Operating transfers-in						
Operating transfers-out				(51,714)	(51,714)	-
Total other sources (uses) of financial resources	-	-	-	23,611	23,611	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(532,086)	(194,448)	337,638	(103,340)	(103,337)	3
Budgetary fund balances, July 1, 2006	198,956	198,956	-	147,454	147,454	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (333,130)	\$ 4,508	\$ 337,638	\$ 44,114	\$ 44,117	\$ 3

Capital Development Board			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 11,353	\$ 1,056	\$ (10,297)				\$ 45,646	\$ 35,349	\$ (10,297)
49,255	46,438	(2,817)				49,680	46,488	(3,192)
12	-	(12)				126,963	126,948	(15)
8,352	18,352	10,000				8,352	18,352	10,000
81,507	14,717	(66,790)	\$ 5,713	\$ 5,091	\$ (622)	534,721	131,838	(402,883)
16,166	6,166	(10,000)	768	768	-	32,336	22,336	(10,000)
252,799	207,626	(45,173)				287,264	240,299	(46,965)
419,444	294,355	(125,089)	6,481	5,859	(622)	1,084,962	621,610	(463,352)
(419,444)	(294,355)	125,089	(6,481)	(5,859)	622	(1,084,962)	(621,610)	463,352
183,199	183,199	-	10,204	10,204	-	268,728	268,728	-
76,536	76,536	-				76,536	76,536	-
(24,823)	(24,823)	-	(177)	(177)	-	(76,714)	(76,714)	-
234,912	234,912	-	10,027	10,027	-	268,550	268,550	-
(184,532)	(59,443)	125,089	3,546	4,168	622	(816,412)	(353,060)	463,352
178,967	178,967	-	6,754	6,754	-	532,131	532,131	-
\$ (5,565)	\$ 119,524	\$ 125,089	\$ 10,300	\$ 10,922	\$ 622	\$ (284,281)	\$ 179,071	\$ 463,352

State of Illinois

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Bond Financed Funds - Department of Transportation**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Transportation Bond Series A			Transportation Bond Series B		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	\$ 63,795	\$ 63,792	\$ (3)	\$ 63,156	\$ 63,156	\$ -
Total expenditures	63,795	63,792	(3)	63,156	63,156	-
(Deficiency) of revenues (under) expenditures	(63,795)	(63,792)	3	(63,156)	(63,156)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	32,879	32,879	-	42,446	42,446	-
Operating transfers-out	(31,028)	(31,028)	-	(20,686)	(20,686)	-
Total other sources (uses) of financial resources	1,851	1,851	-	21,760	21,760	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(61,944)	(61,941)	3	(41,396)	(41,396)	-
Budgetary fund balances, July 1, 2006	86,052	86,052	-	61,402	61,402	-
BUDGETARY FUND BALANCES, JUNE 30, 2007	\$ 24,108	\$ 24,111	\$ 3	\$ 20,006	\$ 20,006	\$ -

			Total
Final			Variance
Budget	Actual		Over (Under)
\$ 126,951	\$ 126,948	\$	(3)
126,951	126,948		(3)
(126,951)	(126,948)		3
75,325	75,325		-
(51,714)	(51,714)		-
23,611	23,611		-
(103,340)	(103,337)		3
147,454	147,454		-
\$ 44,114	\$ 44,117	\$	3

State of Illinois

Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Bond Financed Funds - Capital Development Board

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	\$ 11,353	\$ 1,056	\$ (10,297)			
General government	16,066	13,249	(2,817)	\$ 33,189	\$ 33,189	\$ -
Transportation	12	-	(12)			
Public protection and justice	8,352	18,352	10,000			
Employment and economic development	81,507	14,717	(66,790)			
Environment and business regulation	16,166	6,166	(10,000)			
Capital outlays	252,799	207,626	(45,173)			
Total expenditures	386,255	261,166	(125,089)	33,189	33,189	-
(Deficiency) of revenues (under) expenditures	(386,255)	(261,166)	125,089	(33,189)	(33,189)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	143,293	143,293	-	39,906	39,906	-
Operating transfers-in	76,536	76,536	-			
Operating transfers-out				(24,823)	(24,823)	-
Total other sources (uses) of financial resources	219,829	219,829	-	15,083	15,083	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(166,426)	(41,337)	125,089	(18,106)	(18,106)	-
Budgetary fund balances, July 1, 2006	120,517	120,517	-	58,450	58,450	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (45,909)	\$ 79,180	\$ 125,089	\$ 40,344	\$ 40,344	\$ -

Total		
Final Budget	Actual	Variance Over (Under)
\$ 11,353	\$ 1,056	\$ (10,297)
49,255	46,438	(2,817)
12	-	(12)
8,352	18,352	10,000
81,507	14,717	(66,790)
16,166	6,166	(10,000)
252,799	207,626	(45,173)
419,444	294,355	(125,089)
(419,444)	(294,355)	125,089
183,199	183,199	-
76,536	76,536	-
(24,823)	(24,823)	-
234,912	234,912	-
(184,532)	(59,443)	125,089
178,967	178,967	-
\$ (5,565)	\$ 119,524	\$ 125,089

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	General Obligation Bond, Retirement and Interest			Build Illinois Bond, Retirement and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ 90,427	\$ 451,022	\$ 360,595	\$ -	\$ 195	\$ 195
Total revenues	90,427	451,022	360,595	-	195	195
EXPENDITURES:						
Debt service:						
Principal	1,819,442	1,819,442	-	298,160	287,871	(10,289)
Interest	1,127,026	1,115,485	(11,541)			
Total expenditures	2,946,468	2,934,927	(11,541)	298,160	287,871	(10,289)
(Deficiency) of revenues (under) expenditures	(2,856,041)	(2,483,905)	372,136	(298,160)	(287,676)	10,484
OTHER SOURCES OF FINANCIAL RESOURCES:						
Operating transfers-in	2,495,582	2,495,582	-	287,871	287,871	-
Total other sources of financial resources	2,495,582	2,495,582	-	287,871	287,871	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(360,459)	11,677	372,136	(10,289)	195	10,484
Budgetary fund balances, July 1, 2006	613,167	613,167	-	2,467	2,467	-
BUDGETARY FUND BALANCES, JUNE 30, 2007	\$ 252,708	\$ 624,844	\$ 372,136	\$ (7,822)	\$ 2,662	\$ 10,484

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 500	\$ 25	\$ (475)	\$ 90,927	\$ 451,242	\$ 360,315
500	25	(475)	90,927	451,242	360,315
14,500	13,976	(524)	2,132,102	2,121,289	(10,813)
			1,127,026	1,115,485	(11,541)
14,500	13,976	(524)	3,259,128	3,236,774	(22,354)
(14,000)	(13,951)	49	(3,168,201)	(2,785,532)	382,669
14,248	14,248	-	2,797,701	2,797,701	-
14,248	14,248	-	2,797,701	2,797,701	-
248	297	49	(370,500)	12,169	382,669
10,576	10,576	-	626,210	626,210	-
\$ 10,824	\$ 10,873	\$ 49	\$ 255,710	\$ 638,379	\$ 382,669

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, 2007 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,248,014	\$ 1,296,220	\$ 48,206	\$ 2,301,006	\$ 2,048,435	\$ (252,571)
Other	87,508	93,007	5,499	-	55	55
Less:						
Refunds	3,226	1,586	(1,640)			
Total revenues	1,332,296	1,387,641	55,345	2,301,006	2,048,490	(252,516)
EXPENDITURES:						
Current:						
Health and social services	1,325,097	975,579	(349,518)	2,100	583	(1,517)
Education				2,168,641	1,765,669	(402,972)
General government	989	842	(147)	540	540	-
Transportation	144,279	144,279	-	2,545	1,545	(1,000)
Public protection and justice				432,600	142,303	(290,297)
Employment and economic development	413,748	238,877	(174,871)			
Environment and business regulation				148,526	69,269	(79,257)
Capital outlays	9,778	1,534	(8,244)	1,338	845	(493)
Total expenditures	1,893,891	1,361,111	(532,780)	2,756,290	1,980,754	(775,536)
Excess (deficiency) of revenues over (under) expenditures	(561,595)	26,530	588,125	(455,284)	67,736	523,020
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	14,133	14,133	-			
Operating transfers-out	(2,445)	(2,445)	-	(22,086)	(22,086)	-
Total other sources (uses) of financial resources	11,688	11,688	-	(22,086)	(22,086)	-
Budgetary funds-nonbudgeted accounts	(8,381)	(8,381)	-	(1,232)	(1,232)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(558,288)	29,837	588,125	(478,602)	44,418	523,020
Budgetary fund balances (deficits), July 1, 2006, as previously reported	(79,452)	(79,452)	-	(294,007)	(294,007)	-
Reclassifications between budgetary/nonbudgetary funds						
Budgetary fund balances (deficits), July 1, 2006, as reclassified	(79,452)	(79,452)	-	(294,007)	(294,007)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (637,740)	\$ (49,615)	\$ 588,125	\$ (772,609)	\$ (249,589)	\$ 523,020

Higher Education								
Illinois Student Assistance Commission			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 80,664	\$ 79,719	\$ (945)	\$ 440,281	\$ 249,606	\$ (190,675)	\$ 4,069,965	\$ 3,673,980	\$ (395,985)
101,152	172,842	71,690	18,254	20,236	1,982	206,914	286,140	79,226
			1,190	13	(1,177)	4,416	1,599	(2,817)
181,816	252,561	70,745	457,345	269,829	(187,516)	4,272,463	3,958,521	(313,942)
			329,268	155,627	(173,641)	1,656,465	1,131,789	(524,676)
335,243	277,775	(57,468)	16,970	8,361	(8,609)	2,520,854	2,051,805	(469,049)
			12,186	8,387	(3,799)	13,715	9,769	(3,946)
			6,965	6,965	-	153,789	152,789	(1,000)
			56,896	30,341	(26,555)	489,496	172,644	(316,852)
			44,226	29,202	(15,024)	457,974	268,079	(189,895)
			40,401	27,709	(12,692)	188,927	96,978	(91,949)
535	117	(418)	1,593	427	(1,166)	13,244	2,923	(10,321)
335,778	277,892	(57,886)	508,505	267,019	(241,486)	5,494,464	3,886,776	(1,607,688)
(153,962)	(25,331)	128,631	(51,160)	2,810	53,970	(1,222,001)	71,745	1,293,746
			26,253	26,253	-	40,386	40,386	-
(4)	(4)	-	(15,210)	(15,210)	-	(39,745)	(39,745)	-
(4)	(4)	-	11,043	11,043	-	641	641	-
			(6,098)	(6,098)	-	(15,711)	(15,711)	-
(153,966)	(25,335)	128,631	(46,215)	7,755	53,970	(1,237,071)	56,675	1,293,746
41,685	41,685	-	5,438	5,438	-	(326,336)	(326,336)	-
			(178)	(178)	-	(178)	(178)	-
41,685	41,685	-	5,260	5,260	-	(326,514)	(326,514)	-
\$ (112,281)	\$ 16,350	\$ 128,631	\$ (40,955)	\$ 13,015	\$ 53,970	\$ (1,563,585)	\$ (269,839)	\$ 1,293,746

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Commerce and Economic Opportunity			Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 72,725	\$ 57,813	\$ (14,912)	\$ 584,163	\$ 580,583	\$ (3,580)
Other				64,084	70,632	6,548
Less:						
Refunds	470	-	(470)	1,781	1,581	(200)
Total revenues	72,255	57,813	(14,442)	646,466	649,634	3,168
EXPENDITURES:						
Current:						
Health and social services				775,662	653,089	(122,573)
General government				137	137	-
Transportation						
Employment and economic development	162,638	57,615	(105,023)			
Capital outlays	37	1	(36)	3,859	304	(3,555)
Total expenditures	162,675	57,616	(105,059)	779,658	653,530	(126,128)
Excess (deficiency) of revenues over (under) expenditures	(90,420)	197	90,617	(133,192)	(3,896)	129,296
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				14,133	14,133	-
Operating transfers-out	(1,164)	(1,164)	-	(8)	(8)	-
Total other sources (uses) of financial resources	(1,164)	(1,164)	-	14,125	14,125	-
Budgetary funds-nonbudgeted accounts				(8,176)	(8,176)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(91,584)	(967)	90,617	(127,243)	2,053	129,296
Budgetary fund (deficits), July 1, 2006	(4,196)	(4,196)	-	(17,995)	(17,995)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2007	\$ (95,780)	\$ (5,163)	\$ 90,617	\$ (145,238)	\$ (15,942)	\$ 129,296

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 591,126	\$ 657,824	\$ 66,698	\$ 1,248,014	\$ 1,296,220	\$ 48,206
23,424	22,375	(1,049)	87,508	93,007	5,499
975	5	(970)	3,226	1,586	(1,640)
613,575	680,194	66,619	1,332,296	1,387,641	55,345
549,435	322,490	(226,945)	1,325,097	975,579	(349,518)
852	705	(147)	989	842	(147)
144,279	144,279	-	144,279	144,279	-
251,110	181,262	(69,848)	413,748	238,877	(174,871)
5,882	1,229	(4,653)	9,778	1,534	(8,244)
951,558	649,965	(301,593)	1,893,891	1,361,111	(532,780)
(337,983)	30,229	368,212	(561,595)	26,530	588,125
(1,273)	(1,273)	-	14,133	14,133	-
(1,273)	(1,273)	-	(2,445)	(2,445)	-
(1,273)	(1,273)	-	11,688	11,688	-
(205)	(205)	-	(8,381)	(8,381)	-
(339,461)	28,751	368,212	(558,288)	29,837	588,125
(57,261)	(57,261)	-	(79,452)	(79,452)	-
\$ (396,722)	\$ (28,510)	\$ 368,212	\$ (637,740)	\$ (49,615)	\$ 588,125

State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Department of Commerce and Economic Opportunity**

For the Year Ended June 30, 2007(Expressed in Thousands)

	Community Services Block Grant			Community Development/ Small Cities Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 30,000	\$ 28,293	\$ (1,707)	\$ 42,725	\$ 29,520	\$ (13,205)
Less:						
Refunds	170	-	(170)	300	-	(300)
Total revenues	29,830	28,293	(1,537)	42,425	29,520	(12,905)
EXPENDITURES:						
Current:						
Employment and economic development	50,722	29,162	(21,560)	111,916	28,453	(83,463)
Capital outlays	23	1	(22)	14	-	(14)
Total expenditures	50,745	29,163	(21,582)	111,930	28,453	(83,477)
Excess (deficiency) of revenues over (under) expenditures	(20,915)	(870)	20,045	(69,505)	1,067	70,572
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(563)	(563)	-	(601)	(601)	-
Total other (uses) of financial resources	(563)	(563)	-	(601)	(601)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(21,478)	(1,433)	20,045	(70,106)	466	70,572
Budgetary fund (deficits), July 1, 2006	(1,958)	(1,958)	-	(2,238)	(2,238)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2007	\$ (23,436)	\$ (3,391)	\$ 20,045	\$ (72,344)	\$ (1,772)	\$ 70,572

Total		
Final Budget	Actual	Variance Over (Under)
\$ 72,725	\$ 57,813	\$ (14,912)
470	-	(470)
72,255	57,813	(14,442)
162,638	57,615	(105,023)
37	1	(36)
162,675	57,616	(105,059)
(90,420)	197	90,617
(1,164)	(1,164)	-
(1,164)	(1,164)	-
(91,584)	(967)	90,617
(4,196)	(4,196)	-
\$ (95,780)	\$ (5,163)	\$ 90,617

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, 2007 (Expressed in Thousands)

	Prevention and Treatment of Alcohol and Substance Abuse Block Grant			Vocational Rehabilitation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 70,300	\$ 57,528	\$ (12,772)	\$ 108,021	\$ 95,286	\$ (12,735)
Other	-	1	1	200	2,351	2,151
Less:						
Refunds				1,581	1,581	-
Total revenues	70,300	57,529	(12,771)	106,640	96,056	(10,584)
EXPENDITURES:						
Current:						
Health and social services	78,627	67,994	(10,633)	135,231	99,502	(35,729)
General government	10	10	-	125	125	-
Capital outlays	14	3	(11)	1,746	141	(1,605)
Total expenditures	78,651	68,007	(10,644)	137,102	99,768	(37,334)
Excess (deficiency) of revenues over (under) expenditures	(8,351)	(10,478)	(2,127)	(30,462)	(3,712)	26,750
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(8)	(8)	-			
Total other sources (uses) of financial resources	(8)	(8)	-			
Budgetary funds-nonbudgeted accounts				(91)	(91)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(8,359)	(10,486)	(2,127)	(30,553)	(3,803)	26,750
Budgetary fund balances (deficits), July 1, 2006	(10,075)	(10,075)	-	8,950	8,950	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (18,434)	\$ (20,561)	\$ (2,127)	\$ (21,603)	\$ 5,147	\$ 26,750

DHS Special Purpose Trust			Old Age Survivors Insurance			USDA Women, Infants and Children		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 151,900	\$ 168,840	\$ 16,940	\$ 61,156	\$ 58,596	\$ (2,560)	\$ 192,786	\$ 200,333	\$ 7,547
531	104	(427)				63,353	68,176	4,823
						200	-	(200)
152,431	168,944	16,513	61,156	58,596	(2,560)	255,939	268,509	12,570
204,327	165,692	(38,635)	78,611	59,341	(19,270)	278,866	260,560	(18,306)
1	1	-	1	1	-	279	150	(129)
204,328	165,693	(38,635)	80,432	59,352	(21,080)	279,145	260,710	(18,435)
(51,897)	3,251	55,148	(19,276)	(756)	18,520	(23,206)	7,799	31,005
14,133	14,133	-						
14,133	14,133	-						
(8,085)	(8,085)	-						
(45,849)	9,299	55,148	(19,276)	(756)	18,520	(23,206)	7,799	31,005
5,347	5,347	-	(2,854)	(2,854)	-	(19,363)	(19,363)	-
\$ (40,502)	\$ 14,646	\$ 55,148	\$ (22,130)	\$ (3,610)	\$ 18,520	\$ (42,569)	\$ (11,564)	\$ 31,005

(continued)

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Department of Human Services

For the Year Ended June 30, 2007 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 584,163	\$ 580,583	\$ (3,580)
Other	64,084	70,632	6,548
Less:			
Refunds	1,781	1,581	(200)
Total revenues	646,466	649,634	3,168
EXPENDITURES:			
Current:			
Health and social services	775,662	653,089	(122,573)
General government	137	137	-
Capital outlays	3,859	304	(3,555)
Total expenditures	779,658	653,530	(126,128)
Excess (deficiency) of revenues over (under) expenditures	(133,192)	(3,896)	129,296
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	14,133	14,133	-
Operating transfers-out	(8)	(8)	-
Total other sources (uses) of financial resources	14,125	14,125	-
Budgetary funds-nonbudgeted accounts	(8,176)	(8,176)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(127,243)	2,053	129,296
Budgetary fund balances (deficits), July 1, 2006	(17,995)	(17,995)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (145,238)	\$ (15,942)	\$ 129,296

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State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Other Code Departments**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Employment Security			Public Health		
	Title III Social Security & Employment Service			Public Health Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 168,000	\$ 161,433	\$ (6,567)	\$ 126,500	\$ 123,598	\$ (2,902)
Other	10,762	13,170	2,408	662	863	201
Less:						
Refunds	300	5	(295)	75	-	(75)
Total revenues	178,462	174,598	(3,864)	127,087	124,461	(2,626)
EXPENDITURES:						
Current:						
Health and social services				169,656	126,641	(43,015)
General government	402	355	(47)	142	42	(100)
Transportation						
Employment and economic development	251,110	181,262	(69,848)			
Capital outlays	4,107	625	(3,482)	1,629	577	(1,052)
Total expenditures	255,619	182,242	(73,377)	171,427	127,260	(44,167)
Excess (deficiency) of revenues over (under) expenditures	(77,157)	(7,644)	69,513	(44,340)	(2,799)	41,541
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(1,273)	(1,273)	-			
Total other (uses) of financial resources	(1,273)	(1,273)	-			
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(78,430)	(8,917)	69,513	(44,340)	(2,799)	41,541
Budgetary fund balances (deficits), July 1, 2006	6,912	6,912	-	(10,673)	(10,673)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (71,518)	\$ (2,005)	\$ 69,513	\$ (55,013)	\$ (13,472)	\$ 41,541

Transportation			Aging			Healthcare and Family Services		
Federal/Local Airport			Services for Older Americans			Low Income Home Energy Block Grant		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 124,000	\$ 130,830	\$ 6,830	\$ 61,500	\$ 58,481	\$ (3,019)	\$ 111,126	\$ 183,482	\$ 72,356
12,000	8,342	(3,658)						
						600	-	(600)
136,000	139,172	3,172	61,500	58,481	(3,019)	110,526	183,482	72,956
			72,890	57,078	(15,812)	306,889	138,771	(168,118)
			3	3	-	305	305	-
144,279	144,279	-						
			1	-	(1)	145	27	(118)
144,279	144,279	-	72,894	57,081	(15,813)	307,339	139,103	(168,236)
(8,279)	(5,107)	3,172	(11,394)	1,400	12,794	(196,813)	44,379	241,192
			(205)	(205)	-			
(8,279)	(5,107)	3,172	(11,599)	1,195	12,794	(196,813)	44,379	241,192
6,759	6,759	-	(11,145)	(11,145)	-	(49,114)	(49,114)	-
\$ (1,520)	\$ 1,652	\$ 3,172	\$ (22,744)	\$ (9,950)	\$ 12,794	\$ (245,927)	\$ (4,735)	\$ 241,192

(continued)

State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Other Code Departments**

For the Year Ended June 30, 2007 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 591,126	\$ 657,824	\$ 66,698
Other	23,424	22,375	(1,049)
Less:			
Refunds	975	5	(970)
Total revenues	613,575	680,194	66,619
EXPENDITURES:			
Current:			
Health and social services	549,435	322,490	(226,945)
General government	852	705	(147)
Transportation	144,279	144,279	-
Employment and economic development	251,110	181,262	(69,848)
Capital outlays	5,882	1,229	(4,653)
Total expenditures	951,558	649,965	(301,593)
Excess (deficiency) of revenues over (under) expenditures	(337,983)	30,229	368,212
OTHER (USES) OF FINANCIAL RESOURCES:			
Operating transfers-out	(1,273)	(1,273)	-
Total other (uses) of financial resources	(1,273)	(1,273)	-
Budgetary funds-nonbudgeted accounts	(205)	(205)	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(339,461)	28,751	368,212
Budgetary fund balances (deficits), July 1, 2006	(57,261)	(57,261)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (396,722)	\$ (28,510)	\$ 368,212

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State of Illinois

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Agencies, Boards and Commissions

For the Year Ended June 30, 2007 (Expressed in Thousands)

	State Board of Education			Emergency Management Agency		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,881,485	\$ 1,814,982	\$ (66,503)	\$ 288,721	\$ 123,541	\$ (165,180)
Other	-	33	33			
Total revenues	1,881,485	1,815,015	(66,470)	288,721	123,541	(165,180)
EXPENDITURES:						
Current:						
Health and social services				2,100	583	(1,517)
Education	2,168,641	1,765,669	(402,972)			
General government	3	3	-	359	359	-
Transportation				2,545	1,545	(1,000)
Public protection and justice				335,400	82,674	(252,726)
Environment and business regulation				92,091	33,229	(58,862)
Capital outlays	455	307	(148)			
Total expenditures	2,169,099	1,765,979	(403,120)	432,495	118,390	(314,105)
Excess (deficiency) of revenues over (under) expenditures	(287,614)	49,036	336,650	(143,774)	5,151	148,925
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(22,086)	(22,086)	-			
Total other (uses) of financial resources	(22,086)	(22,086)	-			
Budgetary funds-nonbudgeted accounts	(1,192)	(1,192)	-	(40)	(40)	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(310,892)	25,758	336,650	(143,814)	5,111	148,925
Budgetary fund (deficits), July 1, 2006	(282,043)	(282,043)	-	(9,375)	(9,375)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (592,935)	\$ (256,285)	\$ 336,650	\$ (153,189)	\$ (4,264)	\$ 148,925

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 130,800	\$ 109,912	\$ (20,888)	\$ 2,301,006	\$ 2,048,435	\$ (252,571)
-	22	22	-	55	55
130,800	109,934	(20,866)	2,301,006	2,048,490	(252,516)
			2,100	583	(1,517)
			2,168,641	1,765,669	(402,972)
178	178	-	540	540	-
			2,545	1,545	(1,000)
97,200	59,629	(37,571)	432,600	142,303	(290,297)
56,435	36,040	(20,395)	148,526	69,269	(79,257)
883	538	(345)	1,338	845	(493)
154,696	96,385	(58,311)	2,756,290	1,980,754	(775,536)
(23,896)	13,549	37,445	(455,284)	67,736	523,020
			(22,086)	(22,086)	-
			(22,086)	(22,086)	-
			(1,232)	(1,232)	-
(23,896)	13,549	37,445	(478,602)	44,418	523,020
(2,589)	(2,589)	-	(294,007)	(294,007)	-
\$ (26,485)	\$ 10,960	\$ 37,445	\$ (772,609)	\$ (249,589)	\$ 523,020

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - State Board of Education

For the Year Ended June 30, 2007 (Expressed in Thousands)

	S.B.E. Federal Department of Agriculture			S.B.E. Federal Department of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 467,712	\$ 478,486	\$ 10,774	\$ 1,413,773	\$ 1,336,496	\$ (77,277)
Other	-	33	33			
Total revenues	467,712	478,519	10,807	1,413,773	1,336,496	(77,277)
EXPENDITURES:						
Current:						
Education	483,222	477,064	(6,158)	1,685,419	1,288,605	(396,814)
General government				3	3	-
Capital outlays	75	73	(2)	380	234	(146)
Total expenditures	483,297	477,137	(6,160)	1,685,802	1,288,842	(396,960)
Excess (deficiency) of revenues over (under) expenditures	(15,585)	1,382	16,967	(272,029)	47,654	319,683
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(22,086)	(22,086)	-
Total other (uses) of financial resources				(22,086)	(22,086)	-
Budgetary funds-nonbudgeted accounts	(466)	(466)	-	(726)	(726)	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(16,051)	916	16,967	(294,841)	24,842	319,683
Budgetary fund (deficits), July 1, 2006	(27,595)	(27,595)	-	(254,448)	(254,448)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2007	\$ (43,646)	\$ (26,679)	\$ 16,967	\$ (549,289)	\$ (229,606)	\$ 319,683

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,881,485	\$ 1,814,982	\$ (66,503)
-	33	33
<u>1,881,485</u>	<u>1,815,015</u>	<u>(66,470)</u>
2,168,641	1,765,669	(402,972)
3	3	-
455	307	(148)
<u>2,169,099</u>	<u>1,765,979</u>	<u>(403,120)</u>
(287,614)	49,036	336,650
(22,086)	(22,086)	-
(22,086)	(22,086)	-
(1,192)	(1,192)	-
(310,892)	25,758	336,650
(282,043)	(282,043)	-
<u>\$ (592,935)</u>	<u>\$ (256,285)</u>	<u>\$ 336,650</u>

State of Illinois

**Combining Schedule of Revenues, Expenditures and Changes
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Illinois Emergency Management Agency**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Federal Aid Disaster			Federal Civil Preparedness Administrative		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 4,858	\$ 28,119	\$ 23,261	\$ 283,863	\$ 95,422	\$ (188,441)
Total revenues	4,858	28,119	23,261	283,863	95,422	(188,441)
EXPENDITURES:						
Current:						
Health and social services				2,100	583	(1,517)
General government				359	359	-
Transportation				2,545	1,545	(1,000)
Public protection and justice				335,400	82,674	(252,726)
Environment and business regulation	90,000	32,322	(57,678)	2,091	907	(1,184)
Total expenditures	90,000	32,322	(57,678)	342,495	86,068	(256,427)
Excess (deficiency) of revenues over (under) expenditures	(85,142)	(4,203)	80,939	(58,632)	9,354	67,986
Budgetary funds-nonbudgeted accounts	(40)	(40)	-			
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(85,182)	(4,243)	80,939	(58,632)	9,354	67,986
Budgetary fund balances (deficits), July 1, 2006	189	189	-	(9,564)	(9,564)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2007	\$ (84,993)	\$ (4,054)	\$ 80,939	\$ (68,196)	\$ (210)	\$ 67,986

Total		
Final Budget	Actual	Variance Over (Under)
\$ 288,721	\$ 123,541	\$ (165,180)
288,721	123,541	(165,180)
2,100	583	(1,517)
359	359	-
2,545	1,545	(1,000)
335,400	82,674	(252,726)
92,091	33,229	(58,862)
432,495	118,390	(314,105)
(143,774)	5,151	148,925
(40)	(40)	-
(143,814)	5,111	148,925
(9,375)	(9,375)	-
\$ (153,189)	\$ (4,264)	\$ 148,925

State of Illinois

**Combining Schedule of Revenues, Expenditures and Changes
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Other Agencies, Boards and Commissions**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Environmental Protection Agency U. S. Environmental Protection			Criminal Justice Information Authority Criminal Justice Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
	REVENUES:					
Federal government	\$ 53,300	\$ 38,752	\$ (14,548)	\$ 77,500	\$ 71,160	\$ (6,340)
Other	-	1	1	-	21	21
Total revenues	53,300	38,753	(14,547)	77,500	71,181	(6,319)
EXPENDITURES:						
Current:						
General government	2	2	-	176	176	-
Public protection and justice				97,200	59,629	(37,571)
Environment and business regulation	56,435	36,040	(20,395)			
Capital outlays	883	538	(345)			
Total expenditures	57,320	36,580	(20,740)	97,376	59,805	(37,571)
Excess (deficiency) of revenues over (under) expenditures	(4,020)	2,173	6,193	(19,876)	11,376	31,252
Budgetary fund balances (deficits), July 1, 2006	1,184	1,184	-	(3,773)	(3,773)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (2,836)	\$ 3,357	\$ 6,193	\$ (23,649)	\$ 7,603	\$ 31,252

Total		
Final Budget	Actual	Variance Over (Under)
\$ 130,800	\$ 109,912	\$ (20,888)
-	22	22
130,800	109,934	(20,866)

178	178	-
97,200	59,629	(37,571)
56,435	36,040	(20,395)
883	538	(345)
154,696	96,385	(58,311)

(23,896)	13,549	37,445
(2,589)	(2,589)	-
\$ (26,485)	\$ 10,960	\$ 37,445

State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Student Assistance Commission**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Federal Student Loan			Student Loan Operation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 80,664	\$ 79,719	\$ (945)			
Other	65,915	102,649	36,734	\$ 35,237	\$ 70,193	\$ 34,956
Total revenues	146,579	182,368	35,789	35,237	70,193	34,956
EXPENDITURES:						
Current:						
Education	190,000	179,186	(10,814)	145,243	98,589	(46,654)
Capital outlays				535	117	(418)
Total expenditures	190,000	179,186	(10,814)	145,778	98,706	(47,072)
Excess (deficiency) of revenues over (under) expenditures	(43,421)	3,182	46,603	(110,541)	(28,513)	82,028
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(4)	(4)	-
Total other (uses) of financial resources				(4)	(4)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(43,421)	3,182	46,603	(110,545)	(28,517)	82,028
Budgetary fund balances, July 1, 2006	21,725	21,725	-	19,960	19,960	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (21,696)	\$ 24,907	\$ 46,603	\$ (90,585)	\$ (8,557)	\$ 82,028

Total		
Final Budget	Actual	Variance Over (Under)
\$ 80,664	\$ 79,719	\$ (945)
101,152	172,842	71,690
181,816	252,561	70,745

335,243	277,775	(57,468)
535	117	(418)
335,778	277,892	(57,886)

(153,962)	(25,331)	128,631
(4)	(4)	-
(4)	(4)	-

(153,966)	(25,335)	128,631
41,685	41,685	-

\$ (112,281)	\$ 16,350	\$ 128,631
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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) Revolving Funds

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 4	\$ 423	\$ 419			
Other	518,276	471,335	(46,941)	\$ 41,037	\$ 39,338	\$ (1,699)
Less:						
Refunds	11,603	10,774	(829)	15	1	(14)
Total revenues	506,677	460,984	(45,693)	41,022	39,337	(1,685)
EXPENDITURES:						
Current:						
General government	738,185	572,309	(165,876)	42	42	-
Transportation						
Public protection and justice				39,831	38,224	(1,607)
Capital outlays	2,693	708	(1,985)	317	253	(64)
Total expenditures	740,878	573,017	(167,861)	40,190	38,519	(1,671)
Excess (deficiency) of revenues over (under) expenditures	(234,201)	(112,033)	122,168	832	818	(14)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	93,564	93,564	-	1	1	-
Operating transfers-out	(8,698)	(8,698)	-	(816)	(816)	-
Total other sources (uses) of financial resources	84,866	84,866	-	(815)	(815)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(149,335)	(27,167)	122,168	17	3	(14)
Budgetary fund balances (deficits), July 1, 2006,	6,592	6,592	-	(2,676)	(2,676)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (142,743)	\$ (20,575)	\$ 122,168	\$ (2,659)	\$ (2,673)	\$ (14)

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 4	\$ 423	\$ 419
\$ 3,431	\$ 4,138	\$ 707	562,744	514,811	(47,933)
10	2	(8)	11,628	10,777	(851)
3,421	4,136	715	551,120	504,457	(46,663)
25,376	16,728	(8,648)	763,603	589,079	(174,524)
800	680	(120)	800	680	(120)
			39,831	38,224	(1,607)
671	259	(412)	3,681	1,220	(2,461)
26,847	17,667	(9,180)	807,915	629,203	(178,712)
(23,426)	(13,531)	9,895	(256,795)	(124,746)	132,049
14,709	14,709	-	108,274	108,274	-
(1,585)	(1,585)	-	(11,099)	(11,099)	-
13,124	13,124	-	97,175	97,175	-
(10,302)	(407)	9,895	(159,620)	(27,571)	132,049
9,704	9,704	-	13,620	13,620	-
\$ (598)	\$ 9,297	\$ 9,895	\$ (146,000)	\$ (13,951)	\$ 132,049

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Revolving Funds - Department of Central Management Services

For the Year Ended June 30, 2007 (Expressed in Thousands)

	State Garage			Statistical Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 4	\$ 5	\$ 1			
Other	41,991	35,110	(6,881)	\$ 139,202	\$ 128,925	\$ (10,277)
Less:						
Refunds	10	-	(10)	7,593	6,837	(756)
Total revenues	41,985	35,115	(6,870)	131,609	122,088	(9,521)
EXPENDITURES:						
Current:						
General government	41,209	38,035	(3,174)	155,320	125,737	(29,583)
Capital outlays	746	265	(481)	761	288	(473)
Total expenditures	41,955	38,300	(3,655)	156,081	126,025	(30,056)
Excess (deficiency) of revenues over (under) expenditures	30	(3,185)	(3,215)	(24,472)	(3,937)	20,535
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(788)	(788)	-	(3,778)	(3,778)	-
Total other sources (uses) of financial resources	(788)	(788)	-	(3,778)	(3,778)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(758)	(3,973)	(3,215)	(28,250)	(7,715)	20,535
Budgetary fund balances (deficits), July 1, 2006	(2,288)	(2,288)	-	12,151	12,151	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (3,046)	\$ (6,261)	\$ (3,215)	\$ (16,099)	\$ 4,436	\$ 20,535

Communications			Facilities Management			Workers' Compensation		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 418	\$ 418	\$ 226,287	\$ 187,582	\$ (38,705)	\$ 2,000	\$ 2,295	\$ 295
108,796	117,423	8,627						
4,000	3,937	(63)						
104,796	113,904	9,108	226,287	187,582	(38,705)	2,000	2,295	295
161,369	123,547	(37,822)	257,320	191,592	(65,728)	122,967	93,398	(29,569)
363	101	(262)	821	54	(767)	2	-	(2)
161,732	123,648	(38,084)	258,141	191,646	(66,495)	122,969	93,398	(29,571)
(56,936)	(9,744)	47,192	(31,854)	(4,064)	27,790	(120,969)	(91,103)	29,866
(3,474)	(3,474)	-	(127)	(127)	-	93,564	93,564	-
(3,474)	(3,474)	-	(127)	(127)	-	(531)	(531)	-
						93,033	93,033	-
(60,410)	(13,218)	47,192	(31,981)	(4,191)	27,790	(27,936)	1,930	29,866
6,623	6,623	-	(9,746)	(9,746)	-	(148)	(148)	-
\$ (53,787)	\$ (6,595)	\$ 47,192	\$ (41,727)	\$ (13,937)	\$ 27,790	\$ (28,084)	\$ 1,782	\$ 29,866

(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) Revolving Funds - Department of Central Management Services

For the Year Ended June 30, 2007 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 4	\$ 423	\$ 419
Other	518,276	471,335	(46,941)
Less:			
Refunds	11,603	10,774	(829)
Total revenues	506,677	460,984	(45,693)
EXPENDITURES:			
Current:			
General government	738,185	572,309	(165,876)
Capital outlays	2,693	708	(1,985)
Total expenditures	740,878	573,017	(167,861)
Excess (deficiency) of revenues over (under) expenditures	(234,201)	(112,033)	122,168
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	93,564	93,564	-
Operating transfers-out	(8,698)	(8,698)	-
Total other sources (uses) of financial resources	84,866	84,866	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(149,335)	(27,167)	122,168
Budgetary fund balances (deficits), July 1, 2006	6,592	6,592	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (142,743)	\$ (20,575)	\$ 122,168

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State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Code Departments			Other Agencies, Boards and Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 61,172	\$ 98,317	\$ 37,145	\$ 25,597	\$ 24,935	\$ (662)
Other	573,028	639,836	66,808	2,548	2,747	199
Less:						
Refunds	312	208	(104)			
Total revenues	633,888	737,945	104,057	28,145	27,682	(463)
EXPENDITURES:						
Current:						
Health and social services	268,300	212,517	(55,783)			
Education						
General government	88,885	78,587	(10,298)	227,729	99,186	(128,543)
Public protection and justice						
Employment and economic development						
Environment and business regulation						
Capital outlays	2,992	333	(2,659)			
Total expenditures	360,177	291,437	(68,740)	227,729	99,186	(128,543)
Excess (deficiency) of revenues over (under) expenditures	273,711	446,508	172,797	(199,584)	(71,504)	128,080
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(219,453)	(219,453)	-	(56)	(56)	-
Total other (uses) of financial resources	(219,453)	(219,453)	-	(56)	(56)	-
Budgetary funds-nonbudgeted accounts	(199,772)	(199,772)	-	94,558	94,558	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(145,514)	27,283	172,797	(105,082)	22,998	128,080
Budgetary fund balances, July 1, 2006, as previously reported	87,739	87,739	-	218,100	218,100	-
Reclassifications between budgetary/nonbudgetary funds	12,606	12,606	-			
Budgetary fund balances, July 1, 2006, as reclassified	100,345	100,345	-	218,100	218,100	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (45,169)	\$ 127,628	\$ 172,797	\$ 113,018	\$ 241,098	\$ 128,080

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 7,872	\$ 10,513	\$ 2,641	\$ 94,641	\$ 133,765	\$ 39,124
35,723	50,376	14,653	611,299	692,959	81,660
			312	208	(104)
43,595	60,889	17,294	705,628	826,516	120,888
13,035	8,400	(4,635)	281,335	220,917	(60,418)
17,009	5,489	(11,520)	17,009	5,489	(11,520)
3,690	2,103	(1,587)	320,304	179,876	(140,428)
2,950	1,239	(1,711)	2,950	1,239	(1,711)
25	25	-	25	25	-
16,621	10,083	(6,538)	16,621	10,083	(6,538)
43	36	(7)	3,035	369	(2,666)
53,373	27,375	(25,998)	641,279	417,998	(223,281)
(9,778)	33,514	43,292	64,349	408,518	344,169
(5,382)	(5,382)	-	(224,891)	(224,891)	-
(5,382)	(5,382)	-	(224,891)	(224,891)	-
(24,473)	(24,473)	-	(129,687)	(129,687)	-
(39,633)	3,659	43,292	(290,229)	53,940	344,169
81,683	81,683	-	387,522	387,522	-
(39,828)	(39,828)	-	(27,222)	(27,222)	-
41,855	41,855	-	360,300	360,300	-
\$ 2,222	\$ 45,514	\$ 43,292	\$ 70,071	\$ 414,240	\$ 344,169

State of Illinois

Combining Schedule of Revenues, Expenditures, Other 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, 2007 (Expressed in Thousands)

	Central Management Services			Human Services		
	Final Budget	Actual	Variance Over (Under)	Early Intervention Services	Revolving	Variance Over (Under)
REVENUES:						
Federal government	\$ 28	\$ 13	\$ (15)	\$ 61,144	\$ 66,474	\$ 5,330
Other	77,498	80,610	3,112	65,271	65,415	144
Less:						
Refunds				300	208	(92)
Total revenues	77,526	80,623	3,097	126,115	131,681	5,566
EXPENDITURES:						
Current:						
Health and social services				134,981	127,320	(7,661)
General government	87,905	77,635	(10,270)	20	20	-
Capital outlays						
Total expenditures	87,905	77,635	(10,270)	135,001	127,340	(7,661)
Excess (deficiency) of revenues over (under) expenditures	(10,379)	2,988	13,367	(8,886)	4,341	13,227
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(12)	(12)	-
Total other (uses) of financial resources				(12)	(12)	-
Budgetary funds-nonbudgeted accounts	(420)	(420)	-			
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(10,799)	2,568	13,367	(8,898)	4,329	13,227
Budgetary fund balances (deficits), July 1, 2006, as previously reported	(1,042)	(1,042)	-	(3,239)	(3,239)	-
Reclassifications between budgetary/nonbudgetary funds						
Budgetary fund balances (deficits), July 1, 2006, as reclassified	(1,042)	(1,042)	-	(3,239)	(3,239)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (11,841)	\$ 1,526	\$ 13,367	\$ (12,137)	\$ 1,090	\$ 13,227

Healthcare and Family Services			Revenue			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 31,830	\$ 31,830				\$ 61,172	\$ 98,317	\$ 37,145
430,256	493,811	63,555	\$ 3	\$ -	\$ (3)	573,028	639,836	66,808
			12	-	(12)	312	208	(104)
430,256	525,641	95,385	(9)	-	9	633,888	737,945	104,057
133,319	85,197	(48,122)				268,300	212,517	(55,783)
			960	932	(28)	88,885	78,587	(10,298)
2,992	333	(2,659)				2,992	333	(2,659)
136,311	85,530	50,781	960	932	(28)	360,177	291,437	(68,740)
293,945	440,111	146,166	(969)	(932)	37	273,711	446,508	172,797
(219,441)	(219,441)	-				(219,453)	(219,453)	-
(219,441)	(219,441)	-				(219,453)	(219,453)	-
(237,416)	(237,416)	-	38,064	38,064	-	(199,772)	(199,772)	-
(162,912)	(16,746)	146,166	37,095	37,132	37	(145,514)	27,283	172,797
19,822	19,822	-	72,198	72,198	-	87,739	87,739	-
			12,606	12,606	-	12,606	12,606	-
19,822	19,822	-	84,804	84,804	-	100,345	100,345	-
\$ (143,090)	\$ 3,076	\$ 146,166	\$ 121,899	\$ 121,936	\$ 37	\$ (45,169)	\$ 127,628	\$ 172,797

State of Illinois

**Combining Schedule of Revenues, Expenditures
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Department of Central Management Services**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Group Insurance Premium			State Employees Deferred Compensation Plan		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 28	\$ 13	\$ (15)			
Other	75,800	78,912	3,112	\$ 1,698	\$ 1,698	\$ -
Total revenues	75,828	78,925	3,097	1,698	1,698	-
EXPENDITURES:						
Current:						
General government	86,207	76,453	(9,754)	1,698	1,182	(516)
Total expenditures	86,207	76,453	(9,754)	1,698	1,182	(516)
Excess (deficiency) of revenues over (under) expenditures	(10,379)	2,472	12,851	-	516	516
Budgetary funds-nonbudgeted accounts				(420)	(420)	-
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(10,379)	2,472	12,851	(420)	96	516
Budgetary fund balances (deficits), July 1, 2006	(4,671)	(4,671)	-	3,629	3,629	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (15,050)	\$ (2,199)	\$ 12,851	\$ 3,209	\$ 3,725	\$ 516

Total		
Final Budget	Actual	Variance Over (Under)
\$ 28	\$ 13	\$ (15)
77,498	80,610	3,112
77,526	80,623	3,097
87,905	77,635	(10,270)
87,905	77,635	(10,270)
(10,379)	2,988	13,367
(420)	(420)	-
(10,799)	2,568	13,367
(1,042)	(1,042)	-
\$ (11,841)	\$ 1,526	\$ 13,367

State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Department of Healthcare and Family Services**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Public Aid Recoveries Trust			Local Government Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ -	\$ 31,624	\$ 31,624	\$ -	\$ 206	\$ 206
Other	350,924	428,798	77,874	79,332	65,013	(14,319)
Total revenues	350,924	460,422	109,498	79,332	65,219	(14,113)
EXPENDITURES:						
Current:						
Health and social services	33,268	22,918	(10,350)	100,051	62,279	(37,772)
Capital outlays	2,974	320	(2,654)	18	13	(5)
Total expenditures	36,242	23,238	(13,004)	100,069	62,292	(37,777)
Excess of revenues over expenditures	314,682	437,184	122,502	(20,737)	2,927	23,664
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(218,441)	(218,441)	-	(1,000)	(1,000)	-
Total other (uses) of financial resources	(218,441)	(218,441)	-	(1,000)	(1,000)	-
Budgetary funds-nonbudgeted accounts	(237,416)	(237,416)	-			
Excess of revenues over expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(141,175)	(18,673)	122,502	(21,737)	1,927	23,664
Budgetary fund balances, July 1, 2006	16,343	16,343	-	3,479	3,479	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2007	\$ (124,832)	\$ (2,330)	\$ 122,502	\$ (18,258)	\$ 5,406	\$ 23,664

			Total		
Final			Variance		
Budget	Actual		Over (Under)		
\$	-	\$ 31,830	\$	31,830	
	430,256	493,811		63,555	
	430,256	525,641		95,385	
	133,319	85,197		(48,122)	
	2,992	333		(2,659)	
	136,311	85,530		(50,781)	
	293,945	440,111		146,166	
	(219,441)	(219,441)		-	
	(219,441)	(219,441)		-	
	(237,416)	(237,416)		-	
	(162,912)	(16,746)		146,166	
	19,822	19,822		-	
\$	(143,090)	\$ 3,076	\$	146,166	

State of Illinois

**Combining Schedule of Revenues, Expenditures and Changes
in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Department of Revenue**

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Home Rule Municipal ROT			County Option Motor Fuel Tax		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other						
Less:						
Refunds						
Total revenues						
EXPENDITURES:						
Current:						
General government	\$ 420	\$ 413	\$ (7)	\$ 531	\$ 510	\$ (21)
Total expenditures	420	413	(7)	531	510	(21)
Excess of revenues over expenditures	(420)	(413)	7	(531)	(510)	21
Budgetary funds-nonbudgeted accounts	35,683	35,683	-	876	876	-
Excess of revenues over expenditures and budgetary funds- nonbudgeted accounts	35,263	35,270	7	345	366	21
Budgetary fund balances, July 1, 2006, as previously reported	33,253	33,253	-	5,760	5,760	-
Reclassifications between budgetary/nonbudgetary funds						
Budgetary fund balances, July 1, 2006, as reclassified	33,253	33,253	-	5,760	5,760	-
BUDGETARY FUND BALANCES, JUNE 30, 2007	\$ 68,516	\$ 68,523	\$ 7	\$ 6,105	\$ 6,126	\$ 21

Municipal Telecommunications			County Water Commission Tax			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 3	\$ -	\$ (3)				\$ 3	\$ -	\$ (3)
12	-	(12)				12	-	(12)
(9)	-	9				(9)	-	9
			\$ 9	\$ 9	\$ -	960	932	(28)
			9	9	-	960	932	(28)
(9)	-	9	(9)	(9)	-	(969)	(932)	37
5,918	5,918	-	(4,413)	(4,413)	-	38,064	38,064	-
5,909	5,918	9	(4,422)	(4,422)	-	37,095	37,132	37
33,185	33,185	-				72,198	72,198	-
			12,606	12,606	-	12,606	12,606	-
33,185	33,185	-	12,606	12,606	-	84,804	84,804	-
\$ 39,094	\$ 39,103	\$ 9	\$ 8,184	\$ 8,184	\$ -	\$ 121,899	\$ 121,936	\$ 37

State of Illinois

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

For the Year Ended June 30, 2007 (Expressed in Thousands)

	Illinois Housing Development Authority			State Employees' Retirement System		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 25,597	\$ 24,935	\$ (662)			
Other	2,548	2,747	199			
Total revenues	28,145	27,682	(463)			
EXPENDITURES:						
Current:						
General government	27,729	27,730	1	\$ 200,000	\$ 71,456	\$ (128,544)
Total expenditures	27,729	27,730	1	200,000	71,456	(128,544)
Excess (deficiency) of revenues over (under) expenditures	416	(48)	(464)	(200,000)	(71,456)	128,544
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(56)	(56)	-
Total other (uses) of financial resources				(56)	(56)	-
Budgetary funds-nonbudgeted accounts				94,558	94,558	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	416	(48)	(464)	(105,498)	23,046	128,544
Budgetary fund balances, July 1, 2006	241	241	-	217,859	217,859	-
BUDGETARY FUND BALANCES, JUNE 30, 2007	\$ 657	\$ 193	\$ (464)	\$ 112,361	\$ 240,905	\$ 128,544

Total		
Final Budget	Actual	Variance Over (Under)
\$ 25,597	\$ 24,935	\$ (662)
2,548	2,747	199
28,145	27,682	(463)
227,729	99,186	(128,543)
227,729	99,186	(128,543)
(199,584)	(71,504)	128,080
(56)	(56)	-
(56)	(56)	-
94,558	94,558	-
(105,082)	22,998	128,080
218,100	218,100	-
\$ 113,018	\$ 241,098	\$ 128,080

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Statistical Section

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Net Assets by Component

Last Six Fiscal Year Ends

(Accrual Basis of Accounting, Amounts in Thousands)

	June 30,					
	2002	2003	2004	2005	2006	2007
Governmental Activities						
Invested in capital assets, net of related debt	\$ 11,250,191	\$ 11,750,160	11,924,560	\$ 12,088,581	\$ 12,518,094	\$ 13,370,326
Restricted	1,596,793	1,855,032	912,938	942,154	956,926	954,435
Unrestricted	(21,528,664)	(26,381,582)	(28,182,316)	(30,541,574)	(32,151,175)	(34,726,329)
Total governmental activities net assets	(8,681,680)	(12,776,390)	(15,344,818)	(17,510,839)	(18,676,155)	(20,401,568)
Business-type activities						
Invested in capital assets, net of related debt	4,288	3,615	3,539	3,110	3,114	2,966
Restricted	2,741,127	1,976,093	2,322,443	2,543,836	3,878,704	4,454,892
Unrestricted	195,504	137,542	(352,806)	170,619	(111,414)	(15,145)
Total business-type activities net assets	2,940,919	2,117,250	1,973,176	2,717,565	3,770,404	4,442,713
Primary government						
Invested in capital assets, net of related debt	11,254,479	11,753,775	11,928,099	12,091,691	12,521,208	13,373,292
Restricted	4,337,920	3,831,125	3,235,381	3,485,990	4,835,630	5,409,327
Unrestricted	(21,333,160)	(26,244,040)	(28,535,122)	(30,370,955)	(32,262,589)	(34,741,474)
Total primary government net assets	\$ (5,740,761)	\$(10,659,140)	\$(13,371,642)	\$(14,793,274)	\$(14,905,751)	\$(15,958,855)

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002. In addition, balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

Fund Balances, Governmental Funds

Last Six Fiscal Year Ends

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	June 30,					
	2002	2003	2004	2005	2006	2007
General fund						
Reserved	\$ 101,881	\$ 275,203	\$ 145,766	\$ 50,375	\$ 49,921	\$ 53,544
Unreserved	(3,049,573)	(4,455,975)	(2,691,535)	(3,349,245)	(3,020,145)	(3,881,088)
Total general fund	(2,947,692)	(4,180,772)	(2,545,769)	(3,298,870)	(2,970,224)	(3,827,544)
All other governmental funds						
Reserved	\$ 158,720	\$ 166,137	\$ 316,714	\$ 158,571	\$ 180,970	\$ 165,428
Unreserved, reported in:						
Special revenue funds	2,644,924	11,108,679	1,850,173	1,901,255	2,573,641	2,541,507
Capital projects funds	142,562	37,208	(21,857)	32,959	465,974	143,539
Debt service funds	638,407	1,217,431	792,078	836,740	823,784	834,197
Permanent funds	2,931	2,897	539	418	1,108	1,131
Total all other governmental funds	\$ 3,587,544	\$ 12,532,352	\$ 2,937,647	\$ 2,929,943	\$ 4,045,477	\$ 3,685,802

Notes: Due to changes in the State's fund structure initiated when the State implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002, comparable fund balance information is not available for fiscal years prior to 2002.

The dramatic increase in unreserved fund balances reported in special revenue funds in fiscal year 2003 was the result of the \$10 billion general obligation bond for funding and reimbursing a portion of the State's contributions to the State's retirement system issued just prior to the end of fiscal year 2003. The majority of the bond issue was not distributed until fiscal year 2004.

Changes in Net Assets

Last Six Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Governmental Activities:						
Expenses						
Health and social services	\$ 15,773,221	\$ 16,495,962	\$ 17,746,164	\$ 19,553,743	\$ 18,591,748	\$ 21,417,224
Education	12,425,641	13,079,849	13,617,494	13,747,161	13,690,503	14,613,744
General government	610,701	846,163	535,511	492,374	1,502,362	1,668,454
Employment and economic development	1,275,772	1,342,665	1,217,263	968,262	1,091,298	988,866
Transportation	3,796,649	3,801,810	3,528,538	3,611,454	3,487,853	3,819,583
Public protection and justice	2,563,888	2,498,208	2,573,918	2,851,184	2,560,566	2,730,219
Environment and business regulation	823,035	867,002	778,161	899,723	733,128	835,328
Intergovernmental-revenue sharing	3,728,891	3,473,281	3,696,687	4,197,679	4,565,480	5,036,015
Interest	547,583	672,707	1,149,157	1,218,077	1,222,382	1,200,754
Total governmental activities expenses	41,545,381	43,077,647	44,842,893	47,539,657	47,445,320	52,310,187
Program revenues						
Charges for services:						
Health and social services	130,104	96,670	102,745	110,330	119,559	137,591
Education	2,306	2,306	10,630	6,685	4,381	14,650
General government	1,601,352	1,614,665	1,855,274	1,986,302	1,968,930	2,046,175
Employment and economic development	17,851	24,983	19,992	20,351	22,933	22,075
Transportation	20,945	20,685	21,632	28,829	30,483	78,355
Public protection and justice	111,918	81,633	79,504	87,934	92,988	89,335
Environment and business regulation	249,159	232,659	390,085	377,194	365,324	361,174
Operating grants and contributions	10,982,234	11,941,579	13,162,576	14,018,577	13,642,275	14,706,188
Capital grants and contributions	805,023	719,759	862,165	866,924	1,040,220	1,025,947
Total governmental activities program revenues	13,920,892	14,734,939	16,504,603	17,503,126	17,287,093	18,481,490
Total governmental activities net program expense	(27,624,489)	(28,342,708)	(28,338,290)	(30,036,531)	(30,158,227)	(33,828,697)
General revenues and other changes in net assets						
Taxes						
Income taxes	8,612,430	8,509,857	9,059,096	10,391,204	11,224,605	12,681,344
Sales taxes	8,299,981	8,227,295	8,941,852	9,150,521	9,603,316	9,846,437
Motor fuel taxes	1,353,947	1,325,748	1,402,081	1,425,794	1,426,605	1,443,544
Public utility taxes	1,508,633	1,605,144	1,510,606	1,521,187	1,523,795	1,605,502
Riverboat taxes	580,208	670,478	642,370	664,569	813,489	817,590
Hospital assessment taxes	68,507	83,276	76,077	707,619	75,515	1,538,512
Other taxes	1,695,624	1,827,859	1,933,620	2,112,874	1,986,155	1,973,612
Interest and investment income	225,548	125,184	91,255	145,601	272,987	367,884
Other revenues	755,939	1,344,446	1,547,298	1,109,719	1,405,335	1,175,340
Transfers	534,207	528,711	568,802	641,422	661,109	653,519
Total general revenues and other changes in net assets	23,635,024	24,247,998	25,773,057	27,870,510	28,992,911	32,103,284
Total governmental activities change in net assets	(3,989,465)	(4,094,710)	(2,565,233)	(2,166,021)	(1,165,316)	(1,725,413)

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002. In addition, balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

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.

Changes in Net Assets

Last Six Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Business-Type Activities:						
Expenses						
Unemployment compensation trust	2,667,222	3,054,290	2,672,436	1,982,556	1,731,262	1,795,169
Water revolving	9,472	15,828	18,519	23,988	22,620	22,820
Prepaid tuition program	15,864	25,825	35,771	41,148	50,730	61,641
Designated account purchase program	105,345	112,153	110,961	167,074	267,707	303,817
Insurance programs	269,068	294,569	335,476	379,752	409,726	-
Lottery	1,033,457	1,054,094	1,144,936	1,196,982	1,334,373	1,370,559
Other	135,619	134,251	93,990	95,892	93,633	212,217
Total business-type activities expenses	4,236,047	4,691,010	4,412,089	3,887,392	3,910,051	3,766,223
Program revenues						
Charges for services:						
Unemployment compensation trust	1,422,942	2,009,704	2,336,187	2,602,747	2,678,643	2,359,807
Water revolving	34,147	38,169	38,018	49,833	55,557	62,818
Prepaid tuition program	(6,410)	13,615	50,263	49,979	52,090	127,123
Designated account purchase program	96,556	91,748	89,077	107,734	163,023	192,214
Insurance programs	290,357	320,299	326,380	376,730	421,950	-
Lottery	1,598,982	1,589,846	1,712,831	1,818,422	1,968,755	2,003,739
Other	127,071	144,080	136,067	120,799	96,398	166,230
Operating grants and contributions	361,689	155,607	140,484	120,347	140,578	178,263
Total business-type activities program revenues	3,925,334	4,363,068	4,829,307	5,246,591	5,576,994	5,090,194
Total business-type activities net program program revenue (expense)	(310,713)	(327,942)	417,218	1,359,199	1,666,943	1,323,971
General revenues and other changes in net assets						
Interest and investment income	89,048	32,870	7,375	26,533	47,002	76,343
Other revenues	100	114	135	79	3	(17)
Transfers	(534,207)	(528,711)	(568,802)	(641,422)	(661,109)	(653,519)
Total business-type activities general revenues and other changes in net assets	(445,059)	(495,727)	(561,292)	(614,810)	(614,104)	(577,193)
Total business-type activities change in net assets	(755,772)	(823,669)	(144,074)	744,389	1,052,839	746,778
Total primary government change in net assets	\$ (4,745,237)	\$ (4,918,379)	\$ (2,709,307)	\$ (1,421,632)	\$ (112,477)	\$ (978,635)

Note: 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.

Changes in Fund Balances, Governmental Funds

Last Six Fiscal Years

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Revenues						
Income taxes	\$ 8,665,700	\$ 8,504,873	\$ 9,029,052	\$ 10,382,711	\$ 11,253,161	\$ 12,587,706
Sales taxes	8,307,399	8,227,102	8,937,628	9,148,752	9,590,006	9,864,637
Motor fuel taxes	1,355,665	1,377,995	1,408,961	1,425,776	1,426,963	1,436,518
Public utility taxes	1,533,836	1,612,941	1,489,459	1,523,083	1,531,206	1,615,402
Riverboat taxes	580,208	670,478	642,370	664,569	813,489	817,590
Hospital assessment taxes	68,507	83,276	76,077	707,619	75,515	804,797
Other taxes	1,678,874	1,827,394	1,908,260	2,118,860	1,990,265	1,973,752
Federal government	11,072,398	11,873,142	13,189,532	13,466,452	13,712,157	14,512,600
Licenses and fees	1,707,395	1,675,796	2,098,169	2,153,560	2,133,112	2,160,423
Interest and other investment income	223,729	124,535	90,767	143,944	267,695	359,510
Other revenues	1,656,079	2,162,727	2,374,839	2,408,932	2,668,983	2,403,798
Total revenues	36,849,790	38,140,259	41,245,114	44,144,258	45,462,552	48,536,733
Expenditures						
Health and social services	15,760,047	16,477,116	18,014,003	19,492,899	18,438,775	21,231,376
Education	11,512,385	11,810,720	18,238,413	12,341,718	11,739,956	12,538,146
General government	379,135	613,779	443,041	228,730	1,183,333	1,316,223
Employment and economic development	1,272,789	1,344,047	1,246,758	963,293	1,062,001	960,102
Transportation	2,974,039	2,936,622	2,734,649	2,697,841	2,471,789	2,802,030
Public protection and justice	2,476,364	2,434,904	2,887,584	2,700,104	2,338,618	2,488,988
Environment and business regulation	805,294	899,288	828,729	858,386	669,501	770,455
Debt service:						
Principal	663,553	735,430	662,936	775,756	820,486	864,533
Interest	405,449	490,854	1,026,546	1,083,680	1,117,167	1,116,514
Capital outlay	1,787,562	1,754,708	1,629,097	1,397,108	1,544,912	1,607,162
Intergovernmental	3,728,891	3,473,281	3,696,687	4,197,679	4,565,480	5,036,015
Total expenditures	41,765,508	42,970,749	51,408,443	46,737,194	45,952,018	50,731,544
Excess of revenues over (under) expenditures	(4,915,718)	(4,830,490)	(10,163,329)	(2,592,936)	(489,466)	(2,194,811)
Other Financing Sources (Uses)						
General and special obligation bonds issued	1,650,000	11,894,304	1,525,000	1,075,000	1,140,000	258,000
Premiums on general and special obligation bonds issued	67,192	116,805	76,773	73,513	63,780	12,085
Discounts on general obligation bonds issued	-	(2,869)	-	-	-	-
General and special obligation refunding bonds issued	654,045	695,025	617,175	-	274,950	329,000
Premiums on general and special obligation refunding bonds issued	50,269	65,573	63,171	-	11,824	14,014
Transfers-in	5,324,134	7,483,702	10,483,919	10,013,285	8,782,625	9,089,482
Transfers-out	(4,799,657)	(6,954,991)	(9,887,809)	(9,327,291)	(8,076,005)	(8,403,810)
Payment to refunded bond escrow agent	(697,084)	(757,330)	(678,668)	-	(285,778)	(341,849)
Capital lease financing	21,829	4,415	2,512	3,232	1,366	8,288
Proceeds from disposition of capital assets	-	-	-	-	5,500	-
Total other financing sources (uses)	2,270,728	12,544,634	2,202,073	1,837,739	1,918,262	965,210
Net change in fund balances	\$ (2,644,990)	\$ 7,714,144	\$ (7,961,256)	\$ (755,197)	\$ 1,428,796	\$ (1,229,601)
Debt service as a percentage of noncapital expenditures	2.67%	2.98%	3.39%	4.10%	4.36%	4.03%

Note: Due to changes in the State's fund structure initiated when the State implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002, comparable fund balance information is not available for fiscal years prior to 2002. In addition, balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

The dramatic increase in net change in fund balances reported in fiscal year 2003 was the result of the \$10 billion general obligation bond issued for funding and reimbursing a portion of the State's contributions to the State's retirement systems. The majority of the bond issue was shown as expenditures in fiscal year 2004 causing a corresponding decrease in net change in fund balance.

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

	For the Calendar Year				
	1997	1998	1999	2000	2001
Farm earnings	\$ 2,167,098	\$ 1,487,423	\$ 934,981	\$ 1,337,793	\$ 1,128,921
Agricultural/forestry, fishing, and other	1,192,182	1,330,134	1,453,704	1,573,006	334,309
Mining	850,746	884,433	956,772	1,055,400	1,643,287
Construction/utilities	13,556,953	14,738,185	16,603,565	17,834,336	22,083,170
Manufacturing	51,034,036	52,433,443	53,772,896	55,608,143	46,710,593
Transportation and public utilities	19,248,811	20,155,472	21,593,836	22,568,437	13,080,935
Wholesale trade	18,327,373	19,768,398	21,183,680	22,928,211	20,517,368
Retail trade	20,127,410	21,226,136	22,548,889	23,511,976	18,654,357
Finance, insurance, and real estate	26,109,093	28,830,206	32,038,963	34,896,045	35,551,295
Services	73,270,409	81,062,463	84,848,817	91,566,625	116,355,031
Federal, civilian	6,094,895	6,183,558	6,314,985	6,758,220	6,639,827
Military	1,870,375	1,934,042	2,007,022	2,069,468	2,177,901
State and local government	26,674,115	28,173,128	29,771,272	31,316,032	33,294,753
Other	77,373,525	81,887,521	79,355,258	87,349,588	89,081,848
Total personal income	\$ 337,897,021	\$ 360,094,542	\$ 373,384,640	\$ 400,373,280	\$ 407,253,595
Tax liability	\$ 5,986,056	\$ 6,425,611	\$ 6,745,011	\$ 7,135,222	\$ 6,773,749
Average effective rate	1.77%	1.78%	1.81%	1.78%	1.66%

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

Source: U.S. Bureau of Economic Analysis

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

	For the Fiscal Year				
	1998	1999	2000	2001	2002
General merchandise	\$ 14,042,618	\$ 14,860,016	\$ 15,719,843	\$ 16,571,654	\$ 17,766,204
Food	15,630,911	16,306,925	17,167,623	2,165,371	18,259,623
Drinking and eating places	11,652,572	12,616,435	7,627,704	14,030,965	13,746,083
Apparel	4,358,040	4,424,325	4,615,902	4,832,152	4,681,229
Furniture, household, and radio	7,582,837	8,492,471	8,937,271	8,828,065	8,492,443
Lumber, building, and hardware	6,312,571	7,033,619	7,603,666	7,638,291	8,334,140
Automotive and filling stations	7,495,482	26,378,978	29,911,280	29,693,612	25,372,775
Drugs and other retail	14,615,237	5,040,001	17,048,416	18,202,310	18,403,946
Agriculture and extractives	19,588,114	21,273,933	21,889,025	20,974,205	51,228,642
Manufacturing	4,634,637	4,671,091	3,330,505	4,568,658	3,885,721
Total	\$ 105,913,019	\$ 121,097,794	\$ 133,851,235	\$ 127,505,283	\$ 170,170,806

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,				
2002	2003	2004	2005	2006
\$ 407,582	\$ 1,363,710	\$ 2,889,537	\$ 920,557	\$ 997,475
324,781	346,970	348,207	368,949	371,920
1,834,033	1,977,683	2,134,687	2,221,636	2,798,252
22,935,639	23,255,272	24,228,383	25,670,399	27,036,308
46,667,283	46,677,486	48,492,515	49,986,782	51,758,786
13,034,758	12,925,609	14,089,533	14,776,267	15,878,233
20,359,083	20,589,133	21,754,255	23,062,954	24,568,729
19,063,948	19,360,800	19,738,430	20,322,009	20,911,961
37,008,808	38,456,714	41,327,086	42,631,714	44,995,609
118,176,414	120,851,456	129,197,206	137,442,133	145,271,751
6,967,149	7,105,210	7,676,010	7,985,029	8,178,530
2,378,957	2,618,910	2,764,831	2,828,176	2,900,516
35,266,504	43,301,021	41,017,393	39,094,328	40,594,959
89,285,814	88,046,713	89,611,173	96,851,091	105,158,697
\$ 413,710,753	\$ 426,876,687	\$ 445,269,246	\$ 464,162,024	\$ 491,421,726
\$ 6,500,463	\$ 6,797,980	\$ 7,394,901	\$ 7,729,649	\$ 8,388,536
1.57%	1.59%	1.66%	1.67%	1.71%

Schedule 6

Ended June 30,				
2003	2004	2005	2006	2007
\$ 17,988,962	\$ 18,626,322	\$ 19,088,864	\$ 19,600,033	\$ 20,309,083
18,433,453	18,741,796	18,362,003	18,832,493	18,894,356
14,036,937	14,968,004	15,652,501	16,627,151	17,116,672
4,806,953	5,159,596	5,528,017	5,827,022	6,141,805
8,529,475	9,224,073	9,897,051	10,441,898	10,280,540
8,582,184	9,593,743	10,414,709	10,879,756	10,453,412
30,501,503	30,975,760	32,207,314	35,803,644	34,942,450
25,348,617	20,414,099	21,351,837	22,775,595	24,817,828
21,010,315	20,922,639	31,350,034	25,522,299	25,952,233
4,059,975	3,896,955	4,639,168	4,927,891	5,068,327
\$ 153,298,374	\$ 152,522,987	\$ 168,491,498	\$ 171,237,782	\$ 173,976,706
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 1997 and 2006
(Amounts in Thousands)

For the Calendar Year Ended December 31, 1997

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	23	0.45%	\$ 955,120	15.96%
\$100,001 - \$500,000	343	6.73%	1,493,575	24.95%
\$50,001 - \$100,000	1,065	20.91%	1,818,627	30.38%
\$25,001 - \$50,000	1,305	25.62%	1,144,790	19.12%
\$15,001 - \$25,000	796	15.63%	352,703	5.89%
\$5,001 - \$15,000	956	18.77%	190,089	3.18%
\$5,000 and lower	582	11.43%	31,065	0.52%
Less than zero	23	0.46%	87	0.00%
Total	5,093	100.00%	\$ 5,986,056	100.00%

For the Calendar Year Ended December 31, 2006

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	45	0.83%	\$ 2,087,090	24.88%
\$100,001 - \$500,000	695	12.78%	2,804,326	33.43%
\$50,001 - \$100,000	1,296	23.81%	2,035,531	24.27%
\$25,001 - \$50,000	1,291	23.73%	1,013,659	12.08%
\$15,001 - \$25,000	732	13.46%	280,620	3.35%
\$5,001 - \$15,000	874	16.07%	147,989	1.76%
\$5,000 and lower	460	8.46%	19,177	0.23%
Less than zero	47	0.86%	144	0.00%
Total	5,440	100.00%	\$ 8,388,536	100.00%

Note: Generally, the tax liability for a filer (an individual or married couple) is calculated by taking the filer(s)'s federal adjusted gross income and subtracting the number of exemptions and multiplying the result by the State's income tax rate of 3%. The State exemption amount was \$1,000 for calendar year 1997 and \$2,000 for calendar year 2006. An exemption is allowed on a return for each filer(s) and dependent(s). Additional exemptions are allowed for each filer(s) who is 65 or older and for each filer(s) who is legally blind.

Source: Department of Revenue

Sales Tax Revenue Payers by Industry
Fiscal Years 1998 and 2007
(Amounts in Thousands)

	For the Fiscal Year Ended June 30, 1998			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	1,183	0.42%	\$ 919,823	13.24%
Food	9,905	3.53%	473,224	6.80%
Drinking and eating places	26,091	9.29%	859,793	12.38%
Apparel	6,584	2.34%	336,182	4.84%
Furniture, household, and radio	18,317	6.52%	554,783	7.99%
Lumber, building, and hardware	13,327	4.75%	465,529	6.70%
Automotive and filling stations	48,282	17.18%	510,699	7.35%
Drugs and other retail	64,167	22.85%	881,809	12.69%
Agriculture and extractives	78,822	28.07%	1,554,598	22.38%
Manufacturing	14,169	5.05%	391,346	5.63%
Total	280,847	100.00%	\$ 6,947,786	100.00%

	For the Fiscal Year Ended June 30, 2007			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,216	0.19%	\$ 1,288,094	11.25%
Food	8,037	0.71%	698,054	6.10%
Drinking and eating places	25,947	2.28%	1,322,874	11.56%
Apparel	8,202	0.72%	486,977	4.25%
Furniture, household, and radio	15,096	1.33%	777,804	6.79%
Lumber, building, and hardware	13,062	1.15%	812,045	7.09%
Automotive and filling stations	929,728	81.67%	2,402,677	20.99%
Drugs and other retail	59,984	5.27%	1,344,659	11.75%
Agriculture and extractives	64,216	5.64%	1,885,147	16.47%
Manufacturing	11,819	1.04%	429,770	3.75%
Total	1,138,307	100.00%	\$ 11,448,101	100.00%

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

Source: Department of Revenue

State of Illinois

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>For the Fiscal 2002</u>
Governmental activities					
General obligation bonds	\$ 5,886,104	\$ 6,126,444	\$ 6,599,444	\$ 7,350,525	\$ 8,300,408
Special obligation bonds	1,832,306	1,827,664	1,883,343	1,932,440	1,968,535
Capital leases	19,391	16,086	17,532	14,704	21,775
Installment purchases	21,758	24,713	21,422	26,637	29,166
Certificates of participation	129,715	124,925	155,305	147,915	138,090
Total governmental activities	<u>7,889,274</u>	<u>8,119,832</u>	<u>8,677,046</u>	<u>9,472,221</u>	<u>10,457,974</u>
Business-type activities					
Revenue bonds	1,146,212	1,310,680	1,465,850	1,891,235	2,650,830
Notes payable	95,954	100,794	100,594	100,494	100,294
Capital leases	2,382	1,839	921	770	75
Installment purchases	10,416	3,595	4,167	7,781	38
Total business-type activities	<u>1,254,964</u>	<u>1,416,908</u>	<u>1,571,532</u>	<u>2,000,280</u>	<u>2,751,237</u>
Total primary government	<u>\$ 9,144,238</u>	<u>\$ 9,536,740</u>	<u>\$ 10,248,578</u>	<u>\$ 11,472,501</u>	<u>\$ 13,209,211</u>
Total primary government debt as a percentage of personal income	<u>2.71%</u>	<u>2.65%</u>	<u>2.74%</u>	<u>2.87%</u>	<u>3.24%</u>
Total amount of primary government debt per capita	<u>\$ 0.750</u>	<u>\$ 0.777</u>	<u>\$ 0.829</u>	<u>\$ 0.922</u>	<u>\$ 1.055</u>

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

Schedule 9

Year Ended June 30,				
2003	2004	2005	2006	2007
\$ 19,779,249	\$ 20,554,896	\$ 20,909,291	\$ 21,257,664	\$ 20,865,798
2,130,229	2,409,159	2,515,469	2,614,724	2,467,733
19,022	13,895	11,139	11,392	10,735
19,859	10,217	16,123	10,574	16,241
130,720	122,965	114,805	107,580	97,335
<u>22,079,079</u>	<u>23,111,132</u>	<u>23,566,827</u>	<u>24,001,934</u>	<u>23,457,842</u>
3,260,400	3,785,870	4,675,455	4,454,444	3,709,323
100,294	685,469	-	-	-
75	50	24	-	-
29	4	-	-	-
<u>3,360,798</u>	<u>4,471,393</u>	<u>4,675,479</u>	<u>4,454,444</u>	<u>3,709,323</u>
<u>\$ 25,439,877</u>	<u>\$ 27,582,525</u>	<u>\$ 28,242,306</u>	<u>\$ 28,456,378</u>	<u>\$ 27,167,165</u>
<u>6.15%</u>	<u>6.46%</u>	<u>6.34%</u>	<u>6.13%</u>	<u>5.53%</u>
<u>\$ 2.020</u>	<u>\$ 2.180</u>	<u>\$ 2.221</u>	<u>\$ 2.229</u>	<u>\$ 2.117</u>

State of Illinois

Ratios of General Bonded Debt Outstanding and Debt Limitations

Last Ten Fiscal Years

(Amounts in Thousands)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>For the Fiscal 2002</u>
General bonded debt					
General obligation bonds	\$ 5,886,104	\$ 6,126,444	\$ 6,599,444	\$ 7,350,525	\$ 8,300,408
Special obligation bonds	1,832,306	1,827,664	1,883,343	1,932,440	1,968,535
	<u>7,718,410</u>	<u>7,954,108</u>	<u>8,482,787</u>	<u>9,282,965</u>	<u>10,268,943</u>
Less: Amounts restricted for debt service	733,968	817,622	925,236	809,384	648,156
Net total general bonded debt	<u>\$ 6,984,442</u>	<u>\$ 7,136,486</u>	<u>\$ 7,557,551</u>	<u>\$ 8,473,581</u>	<u>\$ 9,620,787</u>
Total general bonded debt as a percentage of personal income	<u>2.07%</u>	<u>1.98%</u>	<u>2.02%</u>	<u>2.12%</u>	<u>2.36%</u>
Total general bonded debt as a percentage of taxable sales	<u>6.59%</u>	<u>5.89%</u>	<u>5.65%</u>	<u>6.65%</u>	<u>5.65%</u>
Total amount of general obligation debt per capita	<u>\$ 0.573</u>	<u>\$ 0.582</u>	<u>\$ 0.612</u>	<u>\$ 0.681</u>	<u>\$ 0.768</u>
Authorized general bonded debt					
General obligation bonds	\$ 15,325,296	\$ 20,607,848	\$ 21,466,658	\$ 22,534,032	\$ 24,927,174
Special obligation bonds	2,343,450	3,101,100	3,163,565	3,854,585	4,121,024
Total authorized general bonded debt	<u>\$ 17,668,746</u>	<u>\$ 23,708,948</u>	<u>\$ 24,630,223</u>	<u>\$ 26,388,617</u>	<u>\$ 29,048,198</u>
Issued general bonded debt					
General obligation bonds	\$ 12,326,148	\$ 13,098,482	\$ 13,958,482	\$ 15,236,337	\$ 15,633,634
Special obligation bonds	2,098,008	2,158,008	2,283,008	2,408,008	2,558,008
Total issued general bonded debt	<u>\$ 14,424,156</u>	<u>\$ 15,256,490</u>	<u>\$ 16,241,490</u>	<u>\$ 17,644,345</u>	<u>\$ 18,191,642</u>
General bonded debt margin					
General obligation bonds	\$ 2,999,148	\$ 7,509,366	\$ 7,508,176	\$ 7,297,695	\$ 9,293,540
Special obligation bonds	245,442	943,092	880,557	1,446,577	1,563,016
Total general bonded debt margin	<u>\$ 3,244,590</u>	<u>\$ 8,452,458</u>	<u>\$ 8,388,733</u>	<u>\$ 8,744,272</u>	<u>\$ 10,856,556</u>
Issued bonded debt to authorized bonded debt ratio					
General obligation bonds	80.43%	63.56%	65.02%	67.61%	62.72%
Special obligation bonds	89.53%	69.59%	72.17%	62.47%	62.07%
Total issued bonded debt to authorized bonded debt ratio	81.64%	64.35%	65.94%	66.86%	62.63%

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

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

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

Schedule 10

Year Ended June 30,				
2003	2004	2005	2006	2007
\$ 19,779,249	\$ 20,554,896	\$ 20,909,291	\$ 21,257,664	\$ 20,865,798
2,130,229	2,409,159	2,515,469	2,614,724	2,467,733
<u>21,909,478</u>	<u>22,964,055</u>	<u>23,424,760</u>	<u>23,872,388</u>	<u>23,333,531</u>
745,023	799,825	848,213	833,273	846,063
<u>\$ 21,164,455</u>	<u>\$ 22,164,230</u>	<u>\$ 22,576,547</u>	<u>\$ 23,039,115</u>	<u>\$ 22,487,468</u>
<u>5.12%</u>	<u>5.19%</u>	<u>5.07%</u>	<u>4.96%</u>	<u>4.58%</u>
<u>13.81%</u>	<u>14.53%</u>	<u>13.40%</u>	<u>13.45%</u>	<u>12.93%</u>
<u>\$ 1.680</u>	<u>\$ 1.752</u>	<u>\$ 1.776</u>	<u>\$ 1.805</u>	<u>\$ 1.752</u>
\$ 34,927,174	\$ 34,196,174	\$ 34,196,174	\$ 34,196,174	\$ 34,196,174
4,122,774	4,122,774	4,122,774	4,122,774	4,122,774
<u>\$ 39,049,948</u>	<u>\$ 38,318,948</u>	<u>\$ 38,318,948</u>	<u>\$ 38,318,948</u>	<u>\$ 38,318,948</u>
\$ 27,722,187	\$ 29,280,828	\$ 30,028,803	\$ 31,085,805	\$ 31,463,708
2,740,233	3,090,233	3,290,233	3,505,233	3,505,233
<u>\$ 30,462,420</u>	<u>\$ 32,371,061</u>	<u>\$ 33,319,036</u>	<u>\$ 34,591,038</u>	<u>\$ 34,968,941</u>
\$ 7,204,987	\$ 4,915,346	\$ 4,167,371	\$ 3,110,369	\$ 2,732,466
1,382,541	1,032,541	832,541	617,541	617,541
<u>\$ 8,587,528</u>	<u>\$ 5,947,887</u>	<u>\$ 4,999,912</u>	<u>\$ 3,727,910</u>	<u>\$ 3,350,007</u>
79.37%	85.63%	87.81%	90.90%	92.01%
66.47%	74.96%	79.81%	85.02%	85.02%
78.01%	84.48%	86.95%	90.27%	91.26%

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

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
PRIMARY GOVERNMENT							
Build Illinois Bond Fund - Pledged revenue of portion of sales tax collections							
1998	\$ 400,008	\$ -	\$ 400,008	\$ 65,726	\$ 91,450	\$ 157,176	2.54
1999	434,185	-	434,185	65,665	90,404	156,069	2.78
2000	469,540	-	469,540	68,534	90,454	158,988	2.95
2001	484,694	-	484,694	72,964	92,421	165,385	2.93
2002	455,118	-	455,118	82,050	87,114	169,164	2.69
2003	456,824	-	456,824	94,725	101,215	195,940	2.33
2004	451,124	-	451,124	96,029	108,658	204,687	2.20
2005	486,767	-	486,767	102,200	118,537	220,737	2.21
2006	523,584	-	523,584	116,840	121,566	238,406	2.20
2007	545,699	-	545,699	138,515	125,698	264,213	2.07
Civic Center Bond Fund - Pledge revenue of portion of sales tax collections							
1998	\$ 19,000	\$ -	\$ 19,000	\$ 3,655	\$ 9,737	\$ 13,392	1.42
1999	19,000	-	19,000	4,430	9,868	14,298	1.33
2000	19,000	-	19,000	4,710	9,595	14,305	1.33
2001	19,000	-	19,000	5,990	7,872	13,862	1.37
2002	19,000	-	19,000	5,585	8,258	13,843	1.37
2003	19,000	-	19,000	5,875	7,972	13,847	1.37
2004	19,000	-	19,000	6,160	7,682	13,842	1.37
2005	19,000	-	19,000	6,455	7,383	13,838	1.37
2006	19,000	-	19,000	6,790	7,058	13,848	1.37
2007	19,000	-	19,000	7,175	6,677	13,852	1.37
Water Revolving Fund - Pledged revenue of loans receivable repayments							
2002	(a) \$ 34,792	\$ 8,741	\$ 26,051	\$ -	\$ -	\$ -	-
2003	38,169	9,626	28,543	3,085	5,153	8,238	3.46
2004	38,018	11,580	26,438	8,350	7,423	15,773	1.68
2005	49,833	11,855	37,978	14,075	12,086	26,161	1.45
2006	55,557	11,495	44,062	16,455	12,834	29,289	1.50
2007	62,818	12,402	50,416	17,155	12,071	29,226	1.73
Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments							
1998	\$ 88,097	\$ 21,125	\$ 66,972	\$ 10,695 (b)	\$ 57,604	\$ 68,299	0.98
1999	96,141	22,613	73,528	4,720 (c)	63,494	68,214	1.08
2000	149,601	24,956	124,645	4,965 (d)	21,832	26,797	4.65
2001	141,279	29,161	112,118	13,345 (e)	17,804	31,149	3.60
2002	97,034	37,869	59,165	10,805 (f)	49,855	60,660	0.98
2003	91,748	55,401	36,347	137,345	40,900	178,245	0.20
2004	89,077	65,449	23,628	80,375 (g)	31,478	111,853	0.21
2005	107,734	76,197	31,537	97,340	60,100	157,440	0.20
2006	163,023	91,585	71,438	130,475	132,548	263,023	0.27
2007	192,214	120,965	71,249	40,135 (h)	154,887	195,022	0.37

(a) The first year a Water Revolving Fund Bond was issued, dated June 27, 2002.

(b) The Commission redeemed \$19.3 million of principal with bond issuance proceeds in February 1998.

(c) The Commission redeemed \$34.6 million of principal with bond issuance proceeds in February 1999.

(d) The Commission redeemed \$34.8 million of principal with bond issuance proceeds in February 2000.

(e) The Commission redeemed \$29.5 million of principal with bond issuance proceeds in November 2000.

(f) The Commission redeemed \$33.6 million of principal with bond issuance proceeds in January 2002.

(g) The Commission redeemed \$50.5 million of principal with bond issuance proceeds in October 2003.

(h) The Commission redeemed \$690.2 million of principal by the sale of a portion of their student loan portfolio in January 2007.

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

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
MAJOR COMPONENT UNITS							
Illinois Housing Development Authority - Pledged revenue of loans receivable repayments							
1998	\$ 164,339	\$ 12,342	\$ 151,997	\$ 385,760	\$ 137,246	\$ 523,006	0.29
1999	148,635	11,114	137,521	234,517	128,004	362,521	0.38
2000	150,560	11,538	139,022	358,529	125,340	483,869	0.29
2001	150,603	8,843	141,760	237,500	129,254	366,754	0.39
2002	133,750	9,549	124,201	311,697	123,462	435,159	0.29
2003	125,738	8,134	117,604	392,805	111,058	503,863	0.23
2004	98,672	6,252	92,420	616,241	99,276	715,517	0.13
2005	91,505	6,892	84,613	452,138	79,271	531,409	0.16
2006	91,301	7,478	83,823	251,415	70,237	321,652	0.26
2007	103,846	6,619	97,227	355,485	77,406	432,891	0.22
Illinois State Toll Highway Authority - Pledged revenue of toll fees (i)							
1997	\$ 356,908	\$ 130,549	\$ 226,359	\$ 30,290	\$ 31,052	\$ 61,342	3.69
1998	361,123	133,284	227,839	26,610	30,919	57,529	3.96
1999	357,981	146,881	211,100	27,835	38,730	66,565	3.17
2000	380,095	151,386	228,709	33,580	44,549	78,129	2.93
2001	391,716	160,687	231,029	35,890	42,928	78,818	2.93
2002	384,861	165,469	219,392	37,575	41,195	78,770	2.79
2003	441,655	195,702	245,953	69,255	38,316	107,571	2.29
2004	427,390	200,525	226,865	41,235	36,319	77,554	2.93
2005	642,620	215,796	426,824	13,455	34,924	48,379	8.82
2006	660,874	219,292	441,582	45,035	72,012	117,047	3.77
Illinois State University - Pledged revenue of usage fees and rental income							
1998	\$ 47,625	\$ 36,692	\$ 10,933	\$ 3,025	\$ 2,029	\$ 5,054	2.16
1999	48,183	35,784	12,399	3,850	1,856	5,706	2.17
2000	49,152	37,498	11,654	4,070	1,637	5,707	2.04
2001	51,120	40,352	10,768	4,305	1,337	5,642	1.91
2002	54,881	46,773	8,108	4,560	1,145	5,705	1.42
2003	56,249	44,860	11,389	4,595	1,111	5,706	2.00
2004	58,448	45,921	12,527	4,790	1,302	6,092	2.06
2005	57,753	46,088	11,665	4,770	1,219	5,989	1.95
2006	61,864	49,947	11,917	5,095	1,175	6,270	1.90
2007	67,176	51,077	16,099	5,185	2,757	7,942	2.03
Northern Illinois University - Pledged revenue of usage fees and rental income							
1998	\$ 44,917	\$ 35,846	\$ 9,071	\$ 905	\$ 2,871	\$ 3,776	2.40
1999	48,602	38,837	9,765	1,390	4,063	5,453	1.79
2000	50,730	42,233	8,497	1,337	5,221	6,558	1.30
2001	57,405	47,148	10,257	2,733	5,193	7,926	1.29
2002	61,549	45,329	16,220	6,095	3,914	10,009	1.62
2003	64,132	49,394	14,738	5,015	5,128	10,143	1.45
2004	66,653	51,240	15,413	5,295	4,846	10,141	1.52
2005	67,645	51,008	16,637	5,595	4,549	10,144	1.64
2006	72,426	53,745	18,681	5,740	4,406	10,146	1.84
2007	78,163	69,751	8,412	6,255	4,526	10,781	0.78

(i) 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	
Southern Illinois University - Pledged revenue of usage fees, rental income, and medical fees							
1998	\$ 72,005	\$ 65,254	\$ 6,751	\$ 3,440	\$ 6,171	\$ 9,611	0.70
1999	76,099	65,668	10,431	4,680	5,363	10,043	1.04
2000	75,835	67,246	8,589	5,630	4,981	10,611	0.81
2001	81,183	67,667	13,516	9,385	3,333	12,718	1.06
2002	80,968	64,612	16,356	7,160	4,007	11,167	1.46
2003	81,515	65,836	15,679	7,465	4,098	11,563	1.36
2004	90,316	73,753	16,563	7,465	4,098	11,563	1.43
2005	97,859	79,784	18,075	8,260	4,478	12,738	1.42
2006	104,713	86,382	18,331	8,735	5,392	14,127	1.30
2007	116,481	92,345	24,136	10,920	7,430	18,350	1.32
University of Illinois - Pledged revenue of usage fees, rental income, and medical fees							
1998	\$ 599,392	\$ 531,053	\$ 68,339	\$ 20,945	\$ 10,824	\$ 31,769	2.15
1999	599,397	548,008	51,389	17,945	10,456	28,401	1.81
2000	713,905	654,264	59,641	18,985	11,801	30,786	1.94
2001	665,320	604,468	60,852	18,990	21,530	40,520	1.50
2002	613,413	540,832	72,581	24,785	23,903	48,688	1.49
2003	660,059	578,082	81,977	15,755	26,844	42,599	1.92
2004	810,251	609,442	200,809	22,560	29,179	51,739	3.88
2005	752,592	674,645	77,947	25,425	29,208	54,633	1.43
2006	793,906	712,608	81,298	24,080	34,643	58,723	1.38
2007	841,998	737,499	104,499	29,710	41,118	70,828	1.48

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State of Illinois**Demographic and Economic Statistics****Last Ten Calendar Years (expressed in thousands)**

	For the Calendar Year				
	1997	1998	1999	2000	2001
Population					
State	12,186	12,272	12,359	12,441	12,525
Percentage change	0.69%	0.71%	0.71%	0.66%	0.68%
National	272,647	275,854	279,040	282,217	285,226
Percentage change	1.21%	1.18%	1.15%	1.14%	1.07%
Total Personal Income					
State	\$ 337,897,021	\$ 360,094,542	\$ 373,384,640	\$ 400,373,280	\$ 407,253,595
Percentage change	5.57%	6.57%	3.69%	7.23%	1.72%
National	\$ 6,907,332,000	\$ 7,415,709,000	\$ 7,796,137,000	\$ 8,422,074,000	\$ 8,716,992,000
Percentage change	6.06%	7.36%	5.13%	8.03%	3.50%
Per Capita Personal Income					
State	\$ 27.728	\$ 29.343	\$ 30.212	\$ 32.182	\$ 32.515
Percentage change	4.84%	5.82%	2.96%	6.52%	1.04%
National	\$ 25.334	\$ 26.883	\$ 27.939	\$ 29.843	\$ 30.562
Percentage change	4.79%	6.11%	3.93%	6.81%	2.41%
Labor force					
State Labor Force	6,291	6,331	6,430	6,468	6,465
Employed	5,988	6,047	6,144	6,177	6,114
Unemployed	303	284	286	291	351
Unemployment rate	4.8%	4.5%	4.5%	4.5%	5.4%

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

Schedule 12

Ended,				
2002	2003	2004	2005	2006
12,595	12,650	12,714	12,765	12,832
0.56%	0.44%	0.51%	0.40%	0.52%
288,126	290,796	293,638	296,507	299,398
1.02%	0.93%	0.98%	0.98%	0.98%
\$ 413,710,753	\$ 426,876,687	\$ 445,269,246	\$ 464,162,024	\$ 491,421,726
1.59%	3.18%	4.31%	4.24%	5.87%
\$ 8,872,871,000	\$ 9,150,320,000	\$ 9,711,271,000	\$ 10,284,378,000	\$ 10,966,808,000
1.79%	3.13%	6.13%	5.90%	6.64%
\$ 32.847	\$ 33.745	\$ 35.022	\$ 36.362	\$ 38.297
1.02%	2.73%	3.78%	3.83%	5.32%
\$ 30.795	\$ 31.466	\$ 33.072	\$ 34.685	\$ 36.630
0.76%	2.18%	5.10%	4.88%	5.61%
6,387	6,370	6,410	6,484	6,613
5,969	5,943	6,012	6,113	6,316
418	427	398	371	297
6.5%	6.7%	6.2%	5.7%	4.5%

State of Illinois
Principal Employers
Current Year

Schedule 13

Employer	2007	
	Employees	Percentage of Total State Employment
U.S. Government	88,200	1.40%
State of Illinois	72,312	1.14%
Chicago School Board	44,437	0.70%
Wal-Mart	42,200	0.67%
City of Chicago	35,867	0.57%
Jewel-Osco	29,200	0.46%
University of Illinois	29,200	0.46%
Cook County	23,706	0.38%
Caterpillar	22,700	0.36%
Advocate Health Care	16,500	0.26%
Total	404,322	6.40%

Source: Department of Commerce and Economic Opportunity

State of Illinois
Employees by Function
Last Ten Fiscal Years

	Employees				
	1998	1999	2000	2001	2002
Health and social services	29,413	31,177	30,722	30,595	29,016
Education	1,079	1,082	1,114	1,056	964
General government	12,029	12,363	13,048	13,277	13,198
Employment and economic development	3,564	3,755	3,819	3,775	3,829
Transportation	9,627	9,894	10,082	10,167	10,138
Public protection and justice	21,541	22,931	23,104	23,854	23,958
Environment and business regulation	6,334	6,517	6,598	6,373	6,318
Total	83,587	87,719	88,487	89,097	87,421

Schedule 14

as of June 30,

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
24,134	24,262	22,767	23,230	22,784
806	767	766	763	750
11,804	11,934	12,256	12,421	12,515
3,412	3,576	3,394	3,366	3,213
9,336	8,760	8,261	8,098	8,407
20,320	20,819	20,414	20,181	19,793
5,434	5,294	4,788	4,844	4,850
<u>75,246</u>	<u>75,412</u>	<u>72,646</u>	<u>72,903</u>	<u>72,312</u>

State of Illinois

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

Function/Program	For the Fiscal Year			
	1998	1999	2000	2001
Health and Social Services				
Child abuse and neglect				
Calls to abuse/neglect hotline	339,649	304,945	306,818	306,506
Children investigated	114,011	106,903	103,577	100,448
Medical programs				
Number of children enrolled in medical programs	Not available	Not available	Not available	946,138
Number of parents enrolled in medical programs	Not available	Not available	Not available	Not available
Child support				
Number of child support cases with orders	Not available	Not available	322,012	323,296
Family case management				
Number of pregnant women and infants enrolled in FCM	199,859	223,548	230,000	233,906
Persons with disabilities receiving in-home services to prevent institutionalization	20,963	22,572	24,357	27,531
Immunization rates of children under age two	76%	76%	78%	77%
General government				
Taxes				
Number of individual income tax returns processed	5,404,670	5,699,948	5,621,775	5,700,000
Percent of individual income tax returns filed electronically	11.42%	12.57%	19.19%	22.33%
Total number of payments processed through State Treasury	14,042,540	13,809,108	14,884,506	15,988,446
Education				
Elementary and secondary education				
Public school enrollment	1,951,998	1,962,026	2,027,600	2,048,792
Graduation rate	81.80%	81.90%	82.60%	83.20%
Dropout rate	6.2%	5.9%	5.8%	5.7%
Higher education				
Enrollment	731,595	735,038	742,949	752,753
Degrees conferred	125,089	125,877	129,044	134,833
Transportation				
Miles of pavement maintained/improved	701	1,128	1,219	1,815
Number of bridges maintained/improved	315	380	254	501
Employment and economic development				
Unemployment insurance *				
Number of claims	652,052	600,164	604,070	636,532
Average duration (weeks)	16.91	16.34	17.60	15.77
State Fair				
State Fair attendees	798,799	826,648	1,063,059	1,162,000
DuQuoin State Fair attendees	400,000	400,633	411,749	393,088
Tourism				
Historic site attendance (in thousands)	2,785	2,847	2,915	2,664
Abraham Lincoln Presidential Library and Museum**	N/A	N/A	N/A	N/A
Public protection and justice				
Crime Rates				
Violent crime rates per 100,000 in population *	880	827	703	669
Property crime rates per 100,000 in population *	4,399	4,197	3,901	3,681
Total crime rates per 100,000 in population	5,279	5,024	4,604	4,350
Violent crime arrest rates per 100,000 in population *	256	243	238	220
Property crime arrest rates per 100,000 in population *	899	778	800	762
Total crime arrest rates per 100,000 in population	1,155	1,021	1,038	982
Forensic services				
Number of original crime scenes processed	Not available	Not available	Not available	4,896
Number of Deoxyribonucleic Acid (DNA) cases worked	Not available	Not available	Not available	Not available
Total number of forensic cases worked	Not available	Not available	Not available	Not available
Number of DNA offender samples worked	Not available	Not available	Not available	Not available
Environment and business regulation				
Professional Regulation				
Professional complaints received	9,058	8,742	10,372	9,702
Licenses placed on probation	Not available	404	504	572

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

** The Presidential Library opened October, 2004 and the Presidential Museum opened April, 2005.

Schedule 15

Ended or as of June 30,					
2002	2003	2004	2005	2006	2007
304,804	293,292	277,295	249,764	257,481	258,563
98,181	97,413	104,236	111,830	110,225	111,723
960,000	1,022,058	1,094,077	1,159,593	1,216,983	1,369,050
Not available	Not available	388,636	463,506	498,195	545,502
366,353	331,003	328,211	335,568	398,888	420,004
267,402	277,322	280,969	282,840	285,459	292,302
30,016	31,970	34,156	32,549	35,916	36,858
76%	80%	85%	86%	87%	83%
5,831,078	5,782,567	5,757,659	5,798,585	5,712,563	5,963,636
27.70%	33.41%	37.54%	41.84%	44.37%	46.20%
14,078,664	15,979,883	15,157,741	14,896,011	15,092,629	15,512,005
2,071,391	2,084,490	2,060,008	2,062,912	2,111,706	2,124,803
85.20%	86.00%	86.50%	87.40%	87.8%	85.90%
5.1%	6.0%	4.6%	4.0%	3.5%	3.5%
781,190	799,216	801,548	805,764	814,189	Not available
139,154	149,865	155,216	160,806	163,153	Not available
1,555	1,561	1,155	919	820	908
333	319	219	206	255	274
825,811	875,777	855,658	766,032	702,725	670,402
15.37	19.01	19.01	18.92	18.23	17.34
1,130,000	1,264,750	725,000	671,334	672,615	703,000
447,955	500,854	270,346	315,731	298,286	330,000
2,656	2,665	2,680	2,772	2,498	2,221
N/A	6,662	5,724	45,469	85,715	68,620
653	625	573	562	569	558
3,586	3,519	3,382	3,282	3,171	3,104
4,239	4,144	3,955	3,844	3,740	3,662
215	211	206	205	212	201
745	699	653	622	599	547
960	910	859	827	811	748
4,846	4,289	4,198	4,519	4,816	3,457
2,703	2,253	2,812	3,397	3,464	2,830
109,648	107,947	110,863	116,882	116,192	119,045
2,862	3,508	24,244	65,009	106,374	46,647
9,165	11,085	9,781	9,195	9,024	9,498
436	603	590	488	419	344

State of Illinois

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

	For the Fiscal Year				
	1998	1999	2000	2001	2002
Health and social services					
Mental health facilities	20	20	20	20	20
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	16,793	16,782	16,717	16,650	16,601
Bridges	8,215	8,229	8,251	8,239	8,230
Public protection and justice					
Adult correctional facilities	26	26	26	27	27
Juvenile correctional facilities	7	7	8	8	9
Environment and business regulation					
State park acreage	403,303	406,100	402,302	417,475	440,465
Protected natural area acreage	45,764	58,550	63,821	66,649	71,163

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

Schedule 16

Ended or as of June 30,

2003	2004	2005	2006	2007
18 4	18 4	18 4	18 4	18 4
16,538 8,227	16,513 8,222	16,459 8,232	16,430 8,296	16,398 8,284
26 8	27 8	27 8	27 8	28 8
450,814 76,179	456,039 82,957	387,753 85,375	499,515 87,731	371,793 89,731

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