ILLINOIS

DANIEL W. HYNES
COMPTROLLER

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

— For Fiscal Year Ended June 30, 2003 —

Comptroller Daniel W. Hynes is the Chief Fiscal Officer for the State of Illinois, managing its financial accounts, processing more than 18 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.

STATE OF ILLINOIS

Comprehensive Annual Financial Report

~ 2003 ~

For Fiscal Year Ended June 30, 2003

Comptroller Daniel W. Hynes

Printed by Authority of the State of Illinois
By the State of Illinois
5/04 - 235 Job No. 37770
Cost per Copy $7.83

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Comprehensive Annual Financial Report
Table of Contents

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DANIEL W. HYNES
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April 28, 2004

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, 2003. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2003, 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. This report necessarily includes certain amounts which are based on management's best estimates and judgments.

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

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

The CAFR includes 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 Pension Contribution Fund, the Unemployment Compensation Trust Fund, the Water Revolving Fund, and the Designated Account Purchase Program Fund. The reporting entity, major funds, and fund types are described in detail in Note 1 to the financial statements. To ensure readability of the financial statements, generally only funds with total assets, liabilities, fund equity, 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 .25% 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.

An organizational chart, showing the relationships between the Citizens of the State of Illinois, the three branches of Illinois State government and those of the various agencies, boards, commissions and universities which provide a full range of State government services, is presented on page I-13.

MAJOR INITIATIVES

General Funds

Many State programs are accounted for in the General Fund. As analyzed in the MD&A, the State's GAAP basis financial position at June 30, 2003 worsened from fiscal year 2002. The fund balance in the State's General Fund decreased by $1.218 billion on a GAAP basis (from a deficit of $2.948 billion, as restated, to a deficit of $4.166 billion). On the *budgetary basis*, there was a $1.094 billion deficit fund balance at June 30, 2003 compared to a $1.220 billion deficit fund balance at June 30, 2002, a $126 million increase. In addition, the *unreserved* fund deficit on a GAAP basis increased by $1.390 billion from a deficit of $3.100 billion, as restated, to a deficit of $4.490 billion**.**

Because of the continued weakness in its fiscal condition during fiscal years 2003 and 2004, Illinois undertook various initiatives to raise revenues and to reduce spending in the State's General Fund.

Short-term Borrowing

In July 2002, the State borrowed $1.0 billion in short-term notes with $700 million deposited into the General Revenue Account, $150 million deposited into the Income Tax Refund Fund, and $150 million deposited into the Long-Term Care Provider Fund. The principal and $22 million in interest was paid back by each of the funds by June 15, 2003.

In May 2003, the State borrowed an additional $1.5 billion in short-term notes with $975 million deposited into the General Revenue Account, $475 million deposited into the Income Tax Refund Fund, and $50 million deposited into the Long Term Care Provider Fund. The principal and $22 million in interest is to be paid back by May 15, 2004, with $50 million from Long-Term Care Provider Fund and the rest from the General Revenue Account.

The State also took additional actions to help alleviate the ongoing fiscal crisis. On July 1, 2002, $226 million was transferred from the Budget Stabilization Fund to the General Revenue Account. This amount was repaid on June 30, 2003, pursuant to State statutes, and was transferred from the Budget Stabilization Fund to the General Revenue Account again on July 1, 2003. Also, numerous funds with "surplus balances" transferred money to the General Revenue Account. On July 1, 2002, $155.5 million was transferred into the General Revenue Account with $9.5 million transferred later in the fiscal year. An additional $145 million was transferred on July 1, 2003, with $9 million more scheduled transfers for later in the year.

Pension Bonds

On June 12, 2003, the State issued General Obligation Bonds (pension bonds) totaling $10 billion. Immediately, $300 million was transferred to the General Revenue Account. After other costs were paid, $9.2 billion was deposited into the Pension Contribution Fund. In July 2003, $7.3 billion was transferred to the pension systems with the remaining $1.9 billion scheduled to be transferred to the General Revenue Account in correlation to pension payments.

Asset Sales and Leasebacks

Legislation was passed for fiscal year 2004 authorizing the sale and leaseback of certain State assets. The Governor's Office of Management and Budget expects the sale and leaseback of the Illinois State Toll Highway Authority headquarters, the James R. Thompson Center, and Elgin Mental Health Center to generate over $200 million.

Administrative Cost Allocations

The director of the Governor's Office of Management and Budget has been given statutory authorization to transfer from any fund held in the State Treasury to the General Revenue Account to help defray the State's operating costs. These administrative charges were originally estimated to transfer $330 million to the General Revenue Account.

Revenue Enhancements

Effective July 1, 2002, the cigarette tax rate was increased from 58 cents per pack to 98 cents per pack with the extra revenue designated for medical payments to long-term care providers. Effective July 1, 2003, riverboat gambling taxes which are designated for education programs were increased with the maximum rate going from 50% to 70% of annual adjusted gross receipts. Fiscal year 2004 has seen a wide range of fee rate increases largely from fees collected by the Secretary of State, agencies that regulate banks, insurance companies and other financial institutions, the Environmental Protection Agency, and the Industrial Commission which oversees workers compensation insurance. The Governor's Office of Management and Budget expects that the fee increases will generate over $300 million in revenues annually.

Besides rate increases, new revenue initiatives included acceleration of collections and the closing of tax loopholes.

Collections were accelerated for the cigarette taxes. Effective July 1, 2003, distributors were no longer allowed 30 days to make final payment for tax stamps. An additional acceleration of collections occurred through the Tax Delinquency Amnesty Act. The amnesty program, which ran from October 1, 2003, through November 17, 2003, generated over $500 million in revenues. The largest portion of the revenues went to the General Funds, the Income Tax Refund Fund, and the Personal Property Tax Replacement Fund.

A new gas use tax was levied, effective October 1, 2003, on natural gas purchased outside of Illinois for use or consumption in Illinois. Exemptions are granted to natural gas used by government bodies, not-for-profit groups, petroleum refineries, and businesses in enterprise zones; gas used to produce electricity, ammonia, and fertilizer; and value added products for resale. The new aircraft use tax, effective for purchases after June 30, 2003, applies to the acquisition of aircraft that will be used in Illinois.

The Illinois estate tax had been equal to the maximum credit granted states against the federal estate tax. With the abolition of the federal estate tax, there would no longer have been a credit which would eliminate the Illinois tax. The Illinois tax was partially restored for calendar years 2003 through 2009. The restored Illinois tax is equal to the amount that would have been credited if the federal estate tax had been continued with exclusions rising to the first $2 million of an estate after 2005.

Several sales and income tax loopholes and tax expenditures were eliminated beginning in fiscal year 2004. Notable changes include the elimination of business income tax credits for investing in employee training and for expanding research spending for tax years ending on or after December 31, 2003, ending of loss carryback provisions, and a reworking of the tax treatment for rolling stock (motor vehicles, trailers, buses, rail cars, barges, and aircraft) used in interstate commerce. The rolling stock changes include a new commercial distribution fee, a narrowing of the definition of rolling stock qualifying for the interstate commerce sales tax exemption, and a new transportation income tax credit.

Spending Initiatives

One of the initiatives to reduce spending was to make State government more efficient by reorganizing and consolidating state agencies and functions. To accomplish this, a number of executive orders were announced by the Governor with estimated annual savings.

1. Executive Order No. 7 abolished twelve boards, councils, and committees.

2. Executive Order No. 9 consolidated the Department of Lottery, the Liquor Control Commission and the Racing Board into the Department of Revenue. This consolidation was estimated to save $2.1 million in fiscal year 2004.

3. Executive Order No. 10 consolidated agency legal functions into a central Law Office within the Department of Central Management Services (CMS) to increase the quality, consistency and efficiency of the State's legal activities. While some adjudicatory legal staff may remain with an agency, all legal work related to personnel, procurement, state statutes, federal laws and regulations, bond financing and other common legal issues will be moved to the new central Law Office. Consolidated legal services were estimated to save $5.5 million in fiscal year 2004 and an estimated $11 million in fiscal year 2005.

4. Executive Order No. 11 directed that the Workforce Investment Act and the Trade Adjustment Assistance Act and associated programs at the Department of Employment Security, the Current Workforce Training Grant at the Illinois Community College Board, as well as the Prairie State 2000 Authority, be consolidated with the Department of Commerce and Economic Opportunity, (CEO, formerly known as Department of Commerce and Community Affairs). This consolidation was projected to save just under $16 million.

5. Executive Order No. 12 consolidated the Department of Nuclear Safety with the Illinois Emergency Management Agency. The Governor's Office of Management and Budget estimated this consolidation would save $704,600 in fiscal year 2004, due to the elimination of eight full-time positions.

In addition to executive orders, legislation was enacted to reorganize State government. Senate Bill 1075 (Public Act 93-205) transferred the functions from previously existing authorities to the newly created Illinois Finance Authority. The authorities consolidated are: 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, the Illinois Rural Bond Bank, and the Research Park Authority. This consolidation was projected to save $234 thousand.

Also, the Governor consolidated agency internal auditing functions within CMS. The State's audit consolidation is expected to improve efficiency and create a management tool for additional streamlining, accountability and risk management in addition to saving the State $5 million in fiscal year 2004 and an estimated $10 million in fiscal year 2005. Savings are expected to be achieved by reducing headcount, administrative costs and duplicative software licenses.

Facilities management functions also were consolidated within CMS. Agencies under the Governor occupy 43 million square feet of space. Maintenance, repair, security, utilities, and other facilities management functions cost these agencies an estimated $416 million per year. The consolidation of these functions could generate savings of $14 million in fiscal year 2004 and an estimated $30 million in fiscal year 2005. Savings are expected to be achieved through improved staff scheduling, consolidating energy contracts, energy utilization management and economies of scale for outside contractors.

The Governor also ended the State's pickup of merit compensation employees' share of pension contributions for fiscal year 2004 and granted no pay raises to merit compensation employees for fiscal years 2003 and 2004.

Receivables Reporting

The Office of the Comptroller continues to establish and enforce measures to help reduce the amount of receivables owed to the State. Effective January 1, 1998, all debts that exceed $1,000 and are more than 90 days past due are required to be reported in the Comptroller's Offset System. Prior to this date, only debts in excess of $1,000 and more than 1 year past due were required to be reported. The new legislation enables the Comptroller's Office to intercept tax refunds and other payments that may otherwise be paid to the State's debtors. Due to stricter monitoring of State agency compliance, the Office of the Comptroller has effected the recovery of over $20 million in fiscal year 2003.

The Public Accountability Report of Service Efforts and Accomplishments (SEA)

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

Internal Control

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

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

Budgetary Controls

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.

Investment Management

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

Cash Management

The State of Illinois' daily activities are operated on a "cash basis," where bills are paid with the available balances of cash on hand. As chief fiscal officer of the State of Illinois, the Comptroller maintains the State's central fiscal accounts and is responsible for ordering all payments into and out of the funds held by the State Treasurer. The State's end-of-year budgetary cash balance in the General Funds increased $61 million to $317 million during fiscal year 2003. The State's "cash basis" activity during fiscal year 2003 is discussed in more detail in the MD&A.

Risk Management

The State's risk management program encompasses a wide range of State government activities. Generally, the State has elected to retain most exposures to risk, with only limited purchase of commercial insurance. Among the exceptions are coverage for real property at the James R. Thompson Center in Chicago, the State Retirement Systems building, and the Regional State Office complex in Collinsville. Limited commercial coverage for personal property includes a small portion of the State's fleet of motor vehicles, certain telecommunications equipment, the fixed and rotary wing aircraft fleet, some State watercraft, selected items of electronic data processing equipment, a portion of the State's collection of fine art, as well as a small number of other property and liability exposures.

The State retains workers' compensation and auto liability exposures, including claims management. Other major retained risks include employee fidelity and surety, as well as general liability. The State's risk management program also includes legal representation and indemnification of employees sued for violation of civil and constitutional rights and other tort liabilities while acting in an official capacity.

Independent Audit

The Illinois Auditor General has performed an audit of the accompanying basic financial statements in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. His unqualified opinion appears at the beginning of the financial section of this report. In addition, the Illinois Auditor General is conducting an 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.

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, 2002. This is the nineteenth 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

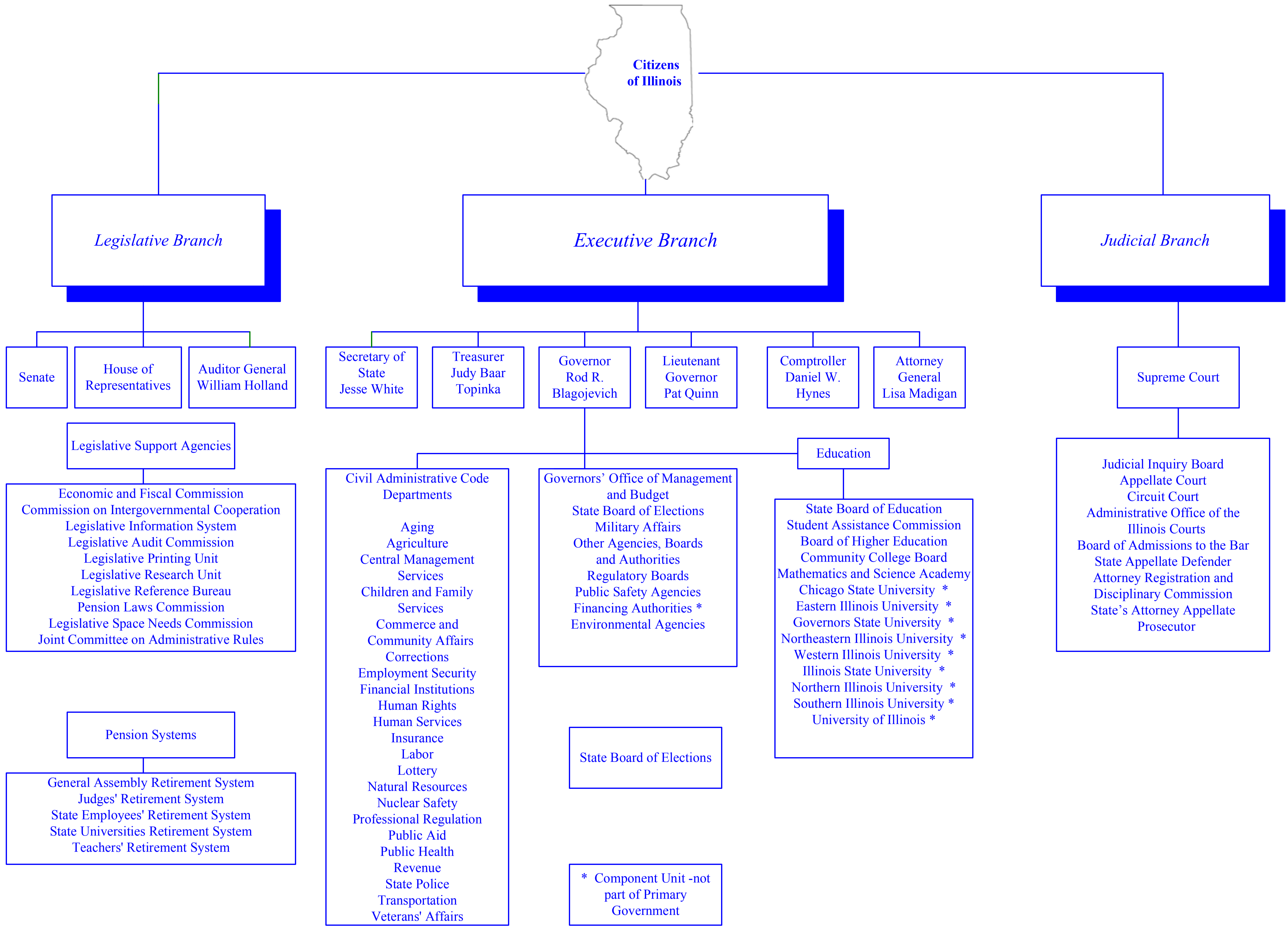
State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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.

President

Executive Director


Citizens of Illinois
Legislative Branch
Executive Branch
Judicial Branch
Senate
House of Representatives
Auditor General William Holland
Secretary of State Jesse White
Treasurer Judy Baar Topinka
Governor Rod R. Blagojevich
Lieutenant Governor Pat Quinn
Comptroller Daniel W. Hynes
Attorney General Lisa Madigan
Supreme Court
Legislative Support Agencies
Economic and Fiscal Commission
Commission on Intergovernmental Cooperation
Legislative Information System
Legislative Audit Commission
Legislative Printing Unit
Legislative Research Unit
Legislative Reference Bureau
Pension Laws Commission
Legislative Space Needs Commission
Joint Committee on Administrative Rules
Pension Systems
General Assembly Retirement System
Judges' Retirement System
State Employees' Retirement System
State Universities Retirement System
Teachers' Retirement System
Civil Administrative Code Departments
Aging
Agriculture
Central Management Services
Children and Family Services
Commerce and Community Affairs
Corrections
Employment Security
Financial Institutions
Human Rights
Human Services
Insurance
Labor
Lottery
Natural Resources
Nuclear Safety
Professional Regulation
Public Aid
Public Health
Revenue
State Police
Transportation
Veterans' Affairs
Governors' Office of Management and Budget
State Board of Elections
Military Affairs
Other Agencies, Boards and Authorities
Regulatory Boards
Public Safety Agencies
Financing Authorities *
Environmental Agencies
State Board of Elections
* Component Unit -not part of Primary Government
Education
State Board of Education
Student Assistance Commission
Board of Higher Education
Community College Board
Mathematics and Science Academy
Chicago State University *
Eastern Illinois University *
Governors State University *
Northeastern Illinois University *
Western Illinois University *
Illinois State University *
Northern Illinois University *
Southern Illinois University *
University of Illinois *
Judicial Inquiry Board
Appellate Court
Circuit Court
Administrative Office of the Illinois Courts
Board of Admissions to the Bar
State Appellate Defender
Attorney Registration and Disciplinary Commission
State's Attorney Appellate Prosecutor

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STATE OF ILLINOIS
WILLIAM G. HOLLAND
AUDITOR GENERAL

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of and for the year ended June 30, 2003, which collectively comprise the State of Illinois' basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the State's 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, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the State of Illinois adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 41, *Budgetary Comparison Schedules-Perspective Differences*; and GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*, effective July 1, 2002.

OFFICE OF THE AUDITOR GENERAL • ILES PARK PLAZA • 740 EAST ASH • SPRINGFIELD, ILLINOIS 62703-3154 • 217/782-6046

As discussed in Note 2, the financial statements have been restated as of July 1, 2002 for prior year reporting errors and for changes in accounting principles.

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 the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical and economic section has 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.

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 grants will be issued under a separate cover. That report, upon its issuance, is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

WILLIAM G. HOLLAND
Auditor General
State of Illinois

Bruce L. Bullard

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

Springfield, Illinois
April 28, 2004

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, 2003. 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 changes 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 11 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 funds financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). Modified accrual accounting focuses on current financial resources, which are the resources available for spending in the near future (defined by the State as 60 days). Accrual accounting reports 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 deferred 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 funds statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental funds 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 36 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 non-major funds is presented beginning on page 113. 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 funds 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. 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, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 29. 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) 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 statements for non-major governmental, proprietary and fiduciary funds and non-major discretely presented component units and 2) combining budgetary schedules using the terminology and classifications of funds used by the State for budgetary purposes. The combining financial statements present by fund category, and then by fund type, the amounts presented in the non-major funds column in the fund financial statements.

FINANCIAL ANALYSIS OF THE STATE

The State's combined net assets decreased $4.891 billion during the current fiscal year. The net assets of the State's governmental activities decreased $4.130 billion or 46.7% and the net assets of the State's business-type activities decreased $824 million or 28.0%. 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, 2003:

Net Assets as of June 30 (in millions of dollars)	Governmental Activities		Business-type Activities		Total Primary Government	
	2003	2002	2003	2002	2003	2002
Assets:						
Current and other non-current assets	$ 18,897	$ 8,908	$ 6,147	$ 6,214	$ 25,044	$ 15,122
Capital assets	16,587	15,943	4	4	16,591	15,947
Total assets	35,484	24,851	6,151	6,218	41,635	31,069
Liabilities:						
Other liabilities	9,715	7,659	248	213	9,963	7,872
Long-term liabilities	38,693	26,049	3,786	3,064	42,479	29,113
Total liabilities	48,408	33,708	4,034	3,277	52,442	36,985
Net assets:						
Invested in capital assets, net of related debt	11,588	11,138	4	4	11,592	11,142
Restricted	1,855	1,597	1,976	2,891	3,831	4,488
Unrestricted	(26,367)	(21,592)	137	46	(26,230)	(21,546)
Total net assets	$(12,924)	$ (8,857)	$ 2,117	$ 2,941	$ (10,807)	$ (5,916)

The State's largest asset is its capital assets (land, buildings, equipment, infrastructure, and others). The largest liability is its long-term liabilities including the net pension obligation ($16.0 billion) and the bonds payable obligation ($25.3 billion). The largest component of the State's net assets reflects the State's investment in capital assets, less any related debt that was recorded to acquire or construct the assets. Restricted net assets consists of resources subject to external restrictions or enabling legislation on how they can be used. The remaining portion, unrestricted net assets, may be used at the State's discretion.

The State's assets increased $10.5 billion from $31.1 billion at June 30, 2002, to $41.6 billion at June 30, 2003, due mainly from the cash inflow from the issuance of $10.0 billion of pension obligation bonds. The State's increase in liabilities of $15.4 billion from $37.0 billion at June 30, 2002, to $52.4 billion at June 30, 2003, occurred mostly from the issuance of pension obligation bonds ($10.0 billion), increase in net pension obligation ($1.4 billion), increase in other general and special obligation bond liabilities ($1.4 billion), and issuance of short-term borrowings ($1.5 billion).

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2003	2002	2003	2002	2003	2002	2002 to 2003
Revenues							
Program revenues							
Charges for services	$ 2,074	$ 2,134	$ 4,207	$ 3,563	$ 6,281	$ 5,697	10.3%
Operating grants and contributions	11,941	10,919	156	511	12,097	11,430	5.8%
Capital grants and contributions	720	805			720	805	(10.6%)
General revenues							
Income taxes	8,390	8,607			8,390	8,607	(2.5%)
Sales taxes	8,351	8,298			8,351	8,298	0.6%
Motor fuel taxes	1,326	1,354			1,326	1,354	(2.1%)
Public utility taxes	1,617	1,509			1,617	1,509	7.2%
Other taxes	2,591	2,353			2,591	2,353	10.1%
Interest and investment earnings	125	226	33	89	158	315	(49.8%)
Miscellaneous	1,344	756			1,344	756	77.8%
Total revenues	38,479	36,961	4,396	4,163	42,875	41,124	4.3%
Expenses							
Health and social services	16,072	15,411			16,072	15,411	4.3%
Education	12,622	12,023			12,622	12,023	5.0%
General government	2,450	2,006			2,450	2,006	22.1%
Employment and economic development	1,311	1,250			1,311	1,250	4.9%
Transportation	3,569	3,581			3,569	3,581	(0.3%)
Public protection and justice	2,116	2,239			2,116	2,239	(5.5%)
Environment and business regulation	842	764			842	764	10.2%
Unemployment compensation fund			3,054	2,667	3,054	2,667	14.5%
Water revolving fund			16	9	16	9	77.8%
Designated account purchase program fund			112	105	112	105	6.7%
Insurance programs			281	259	281	259	8.5%
Lottery			1,054	1,034	1,054	1,034	1.9%
Prepaid tuition programs			26	16	26	16	62.5%
Other business-type activities			148	146	148	146	1.4%
Interest	673	548			673	548	22.8%
Intergovernmental	3,483	3,729			3,483	3,729	(6.6%)
Total expenses	43,138	41,551	4,691	4,236	47,829	45,787	4.5%
Excess (deficiency) before transfers	(4,659)	(4,590)	(295)	(73)	(4,954)	(4,663)	6.2%
Transfers	529	534	(529)	(534)	-	-	0.0%
Increase (decrease) in net assets	(4,130)	(4,056)	(824)	(607)	(4,954)	(4,663)	6.2%
Net assets - beginning - restated	(8,794)	(4,801)	2,941	3,548	(5,853)	(1,253)	367.1%
Net assets - ending	$ (12,924)	$ (8,857)	$ 2,117	$ 2,941	$ (10,807)	$ (5,916)	82.7%

Governmental Activities:

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

- *Health and social services* – The health and social services function consists of programs such as Medicaid, Temporary Assistance for Needy Families (TANF) and Child Support Enforcement which are administered mostly by the Department of Public Aid, the Department of Human Services and the Department of Children and Family Services.

- *Education* – The education function consists of support for local public school districts and post-secondary institutions administered mostly by the State Board of Education, the State Board of Higher Education and the Illinois Community College Board.

- *General government* – The general government consists of the day-to-day operations of the State performed mostly by the Elected Officials, Members of the General Assembly, the Department of Central Management Services and the Department of Revenue.

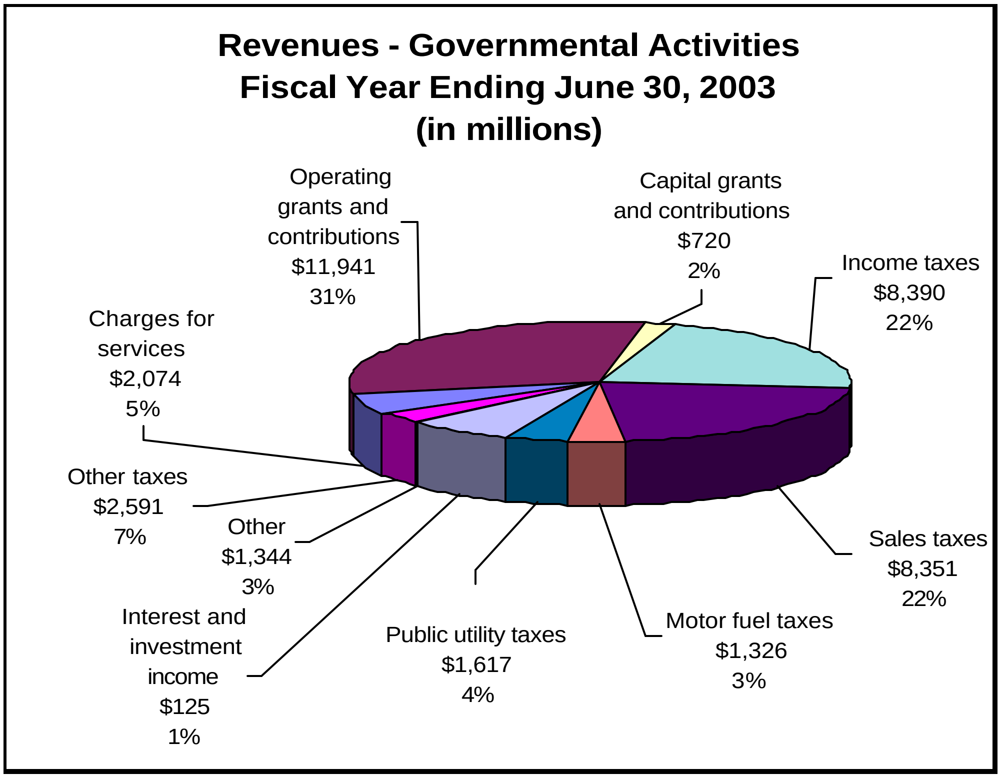
- *Employment and economic development* – The employment and economic development function consists of job training for citizens and support for the growth of public sector commerce administered mostly by the Department of Commerce and Community Affairs.

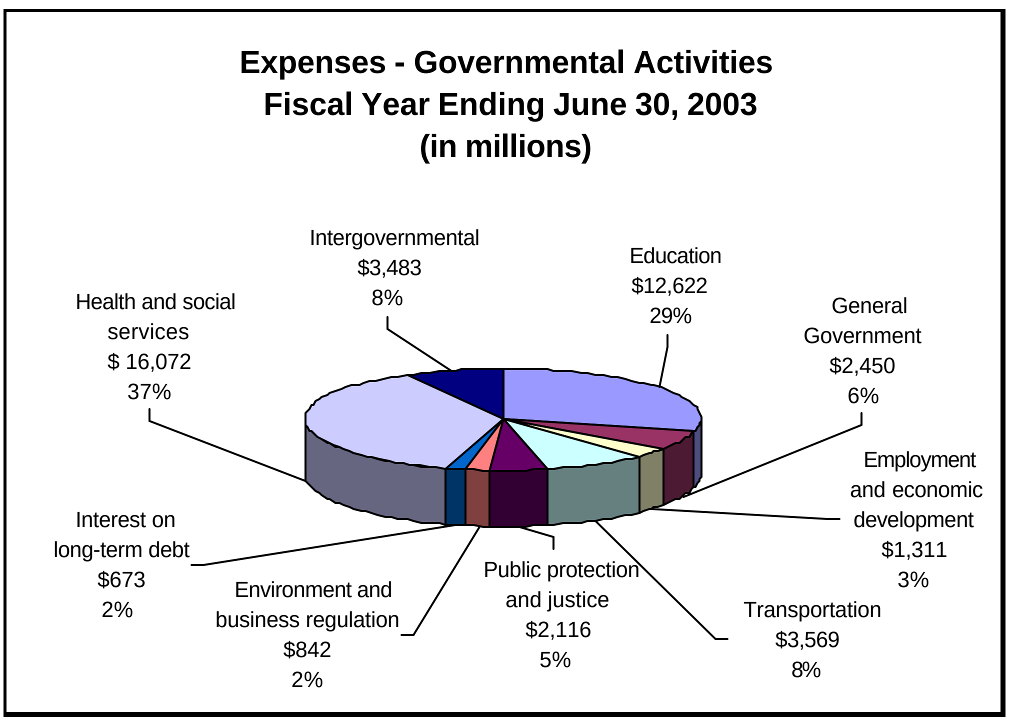
- *Transportation* – The transportation function consists of support for building and maintaining infrastructure capital assets owned by the State and owned by local governments of the State which is administered mostly by the Department of Transportation.

- *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 Community Affairs, the Department of Natural Resources, the Department of Financial Institutions, the Department of Insurance 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 $1.5 billion during fiscal year 2003 with the largest revenue increases in operating grant revenues ($1.1 billion) and miscellaneous income ($588 million) offsetting the decrease of $202 million in income tax revenues. The main components of the increase in miscellaneous income were a $212 million grant from the federal government as a part of the Jobs and Growth Tax Relief Reconciliation Act of 2003, a $88 million release of tobacco settlement monies pursuant to court order, and a $131 million increase in intergovernmental transfer revenues from Cook County. The State's governmental activities expenses increased $1.6 billion during fiscal year 2003 with the largest increases resulting from the allocation of the increase in net pension obligation of $1.4 billion.

Business-type Activities:

Net assets of business-type activities decreased $824 million during fiscal year 2003. The main factor contributing to this decrease was a loss of $1 billion in the Unemployment Compensation Trust Fund. This loss in conjunction with the prior year loss of $787 million has caused the State to explore various borrowing techniques in the short-term to finance the State's unemployment program.

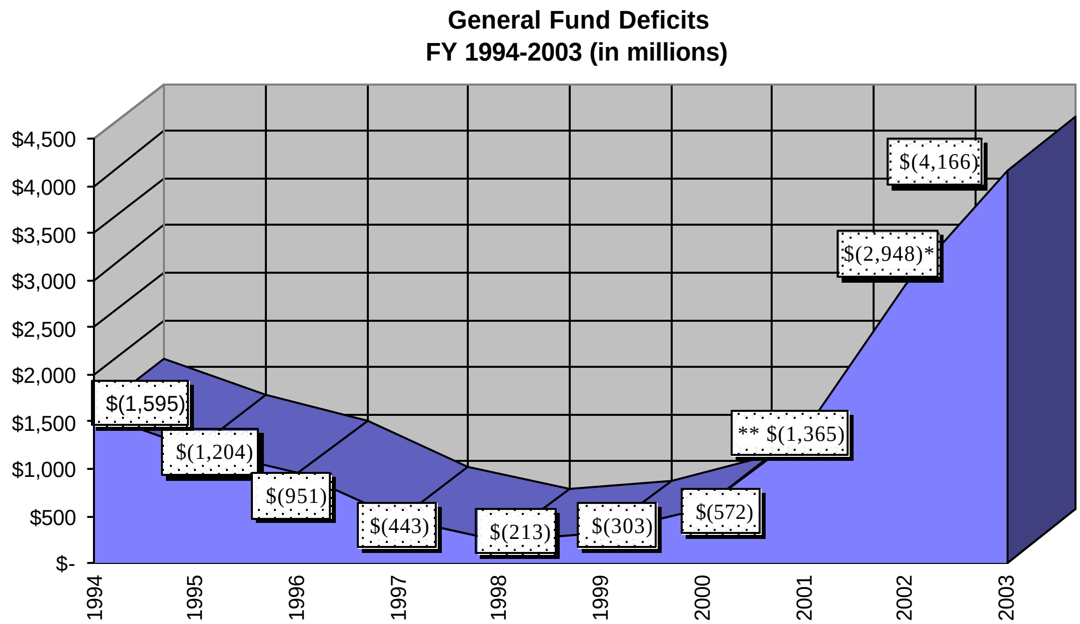
FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS

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 113. For budgetary purposes, the General Funds consist of the General Revenue Fund, Special Account Fund, Education Assistance Fund and Common School Fund Accounts.

During fiscal year 2003, the State's budgetary (cash basis) financial position was a deficit for the third consecutive year. At June 30, 2003, the General Funds budgetary fund balance was a deficit of $1.094 billion compared to a $1.220 billion deficit recorded in fiscal year 2002. However, $975 million of short-term loan proceeds were deposited into the General Funds in May 2003, which are required to be repaid by May 2004. As no short-term loans were outstanding at June 30, 2002, the actual balance in the General Funds taking into account the borrowing was a $2.069 billion deficit or a $849 million decrease between fiscal years.

At the same time, the State's General Fund GAAP balance decreased for the fifth consecutive year, dropping from a deficit of $2.948 billion, as restated, in fiscal year 2002, to a record deficit of $4.166 billion. This $1.218 billion drop is $365 million or 23% less than last year's $1.583 billion deterioration as shown below:



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

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

At the beginning of fiscal year 2003, the State entered into a $700 million short-term loan to increase the General Revenue Account, transferred $156 million in surplus money from other funds, and transferred $226 million from the Budget Stabilization Fund. These monies were used to pay the backlog of bills being held due to insufficient funds, including the backlog of Medicaid bills. After less than a week, the General Revenue Account payment delays began to accumulate again. In addition to the General Revenue Account, $150 million was borrowed for the Long-Term Care Provider Account and $150 million was borrowed for the Income Tax Refund Fund for a total short-term loan of $1 billion. Full payment of this short-term loan was made in June 2003.

Prior to full payment on the short-term loan, the State entered into another short-term loan which matures in May 2004. As mentioned above, the General Revenue Account received $975 million from this borrowing. The second short-term loan also borrowed $50 million for the Long-Term Care Provider Account and $475 million for the Income Tax Refund Fund for a total borrowing of $1.5 billion.

The factors that determine the GAAP fund balance of the General Funds include 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. After falling substantially from 1995 through 1997, Section 25 liabilities increased in each of the last six years reaching $752 million in 1998, $894 million in 1999, $1.075 billion in 2000, $1.118 billion in 2001, $1.436 billion in 2002, and $1.849 billion in 2003 – the fourth consecutive year that these deferrals have exceeded $1 billion. The $413 million growth in 2003 included a $493 million increase in the State's Medicaid program administered by the Department of Public Aid and a $80 million decrease in the group health insurance program for employees, retirees, and their dependents administered by the Department of Central Management Services.

Even with the increase in Section 25 deferrals, the State's General Fund expenditures on a GAAP basis only increased $260 million due to budget reductions at the beginning of the fiscal year. Revenues increased $658 million as federal government revenues increased $441 million and other revenues increased $436 million helping to offset a decrease in income taxes of $160 million and a decrease in interest and other investment income of $59 million. This net increase of $398 million coupled with a decrease of $33 million in net transfers, capital lease financing and changes in inventory explains the decrease in the State's net loss in the General Fund on a GAAP basis of $365 million.

Road Fund
The Road Fund incurred a $554 million loss in the current year and has a $274 million fund balance. The current year loss was caused mainly by the receipt of less federal reimbursements than expected. The Road Fund has an unreserved fund balance deficit of $941 million.

Motor Fuel Tax Fund
The Motor Fuel Tax Fund ended fiscal year 2003 with a $122 million fund balance (all unreserved) after incurring a $11 million gain.

State Construction Account
The State Construction Account's fund balance increased $37 million in fiscal year 2003 to an ending fund balance of $272 million. The unreserved portion of the State Construction Account's fund balance is a deficit of $123 million. Expenditures in the fund were decreased significantly during the year.

Pension Contribution Fund
The Pension Contribution Fund was established in fiscal year 2003 to account for proceeds of a $10 billion general obligation bond to be used for pension funding. A portion of the $9.2 billion fund balance will be paid to the Retirement Systems in fiscal year 2004 to fund a portion of the State's unfunded pension liability. The remainder of the fund balance will be used to reimburse the State's General Fund for the State's contributions to the Retirement Systems for fiscal year 2004.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2003, the State had $16.591 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	
	2003	2002	2003	2002	2003	2002
Land and land improvements	$ 2,288	$ 2,189			$ 2,288	$ 2,189
Site improvements	314	306			314	306
Buildings and building improvements	2,171	2,021	$ 1	$ 1	2,172	2,022
Equipment	287	314	3	3	290	317
Infrastructure	11,283	10,806			11,283	10,806
Other	38	40			38	40
Subtotal	16,381	15,676	4	4	16,385	15,680
Construction in progress	206	267			206	267
Total	$ 16,587	$ 15,943	$ 4	$ 4	$ 16,591	$ 15,947

Infrastructure assets consist of 68% of the State's net capital assets and comprise $1.323 billion of the $1.776 billion (74%) 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 represented in Note 7 of the financial statements on page 66.

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 of the financial statements beginning on page 70.

During the fiscal year ending June 30, 2003, the State issued general obligation bonds totaling $12.3 billion including $564.9 million to pay off amounts outstanding on previously issued bonds that carried higher interest costs. In addition, the State issued special obligation bonds totaling $312.4 million including $130.2 million to pay off amounts outstanding on previously issued bonds that carried higher interest costs. Lastly, the State issued revenue bonds totaling $750.0 million. There were no refunding revenue bond issues during fiscal year 2003.

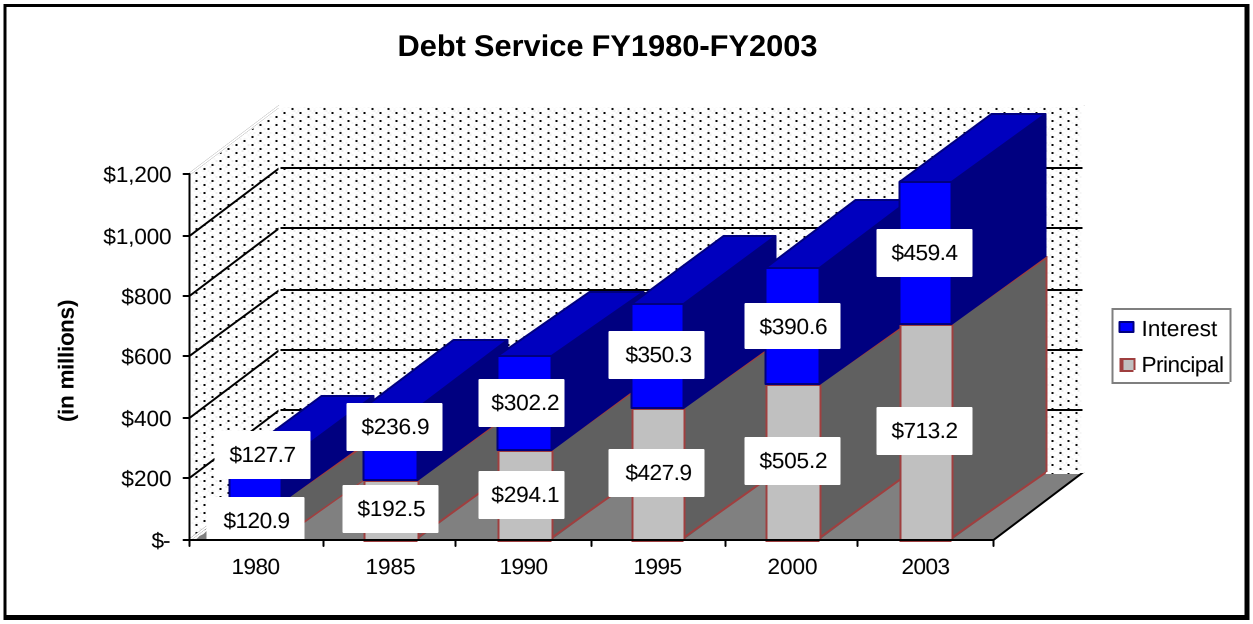
Outstanding Bonded Debt as of June 30
(in millions of dollars)

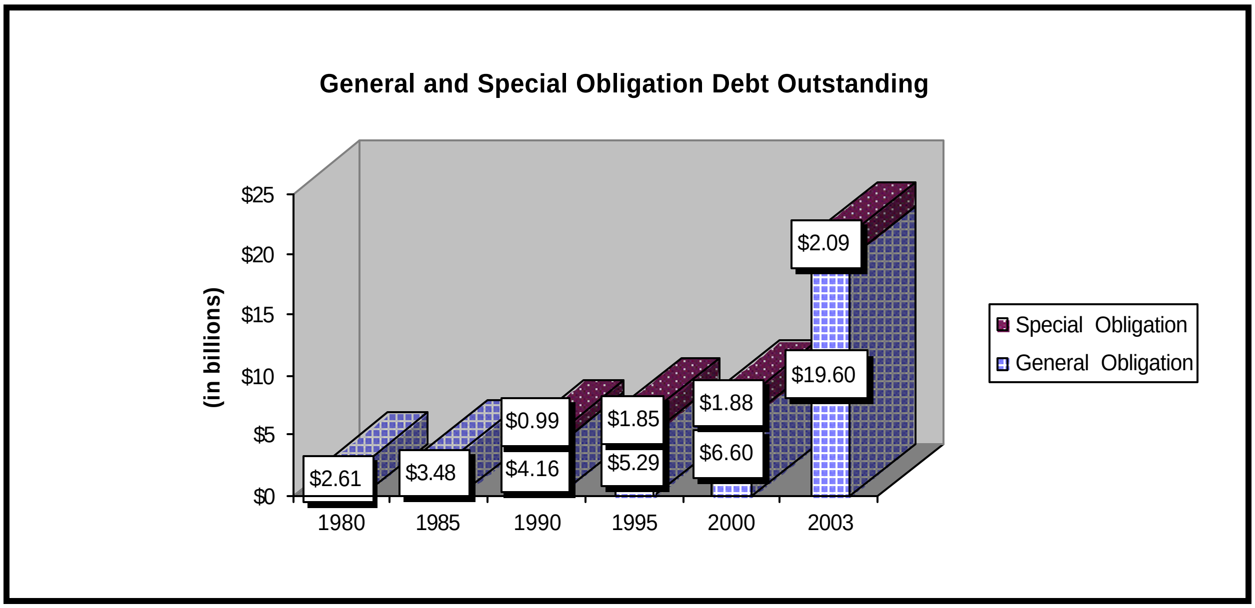
Primary Government	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
General obligation bonds (backed by the State)	$ 19,600	$ 8,405			$ 19,600	$ 8,405
Special obligation bonds (backed by specific fee revenue)	2,091	2,003			2,091	2,003
Revenue bonds (backed by specific tax and fee revenue)			$ 3,260	$ 2,651	3,260	2,651
	$ 21,691	$ 10,408	$ 3,260	$ 2,651	$ 24,951	$ 13,059

Illinois had outstanding general and special obligation bonds at June 30, 2003 totaling $21.7 billion. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources.

Included in the $21.7 billion of general and special obligation bonds outstanding at June 30, 2003 is $10.0 billion of general obligation pension contribution bonds. On April 7, 2003, the Governor signed Public Act 93-0002 (House Bill 2660) that amended the General Obligation Bond Act (30 ILCS 330 et seq.) which authorized the sale of $10.0 billion of general obligation bonds for the purpose of making contributions to the Pension Contribution Fund (a major governmental fund). The net proceeds of this bond issue were used to: (i) reimburse the State's General Fund for a portion of the contributions to the Retirement Systems for the last quarter of fiscal year 2003; (ii) reimburse the State's General Fund for the State's contributions to the Retirement Systems for fiscal year 2004; and (iii) fund a portion of the State's unfunded portion of prior years retirement liabilities. These bonds were issued on June 12, 2003. In early fiscal year 2004, the Pension Contribution Fund transferred $7.3 billion to the various retirement systems to fulfill obligation (iii) above.

General and special obligation bonds, excluding refunding bonds, aggregating $11.7 billion and $182.2 million, respectively, were issued during fiscal year 2003 at average interest rates ranging from 2.500% to 5.375%. Debt service principal of $713.2 million and interest costs of $459.4 million were paid and charged, respectively, in fiscal year 2003. The dramatic increase since fiscalyear 1980 is displayed in the following chart:





In addition to general and special obligation bonds, the primary government has $1.5 billion of general obligation certificates payable, $3.3 billion of revenue bonds, $100.3 million of notes payable and $1.4 billion of other long-term obligations outstanding as of June 30, 2003.

Both Moody's Investors Services and Fitch Ratings lowered the general obligation and special obligation-Build Illinois bond ratings during fiscal year 2003. Moody's Investors Services revised the State's bond rating from Aa2 to Aa3. Fitch Ratings revised the State's bond rating from AA+ to AA. The ratings revisions were based on the cumulative negative effect of the weak economy and stock market on the State's finances. Standard & Poor's rating of AA for general obligation bonds and AAA for special obligation-Build Illinois bonds remained unchanged from fiscal year 2002. In addition, Moody's Investors Services rating of A1 on special obligation-Civic Center bonds also remained unchanged.

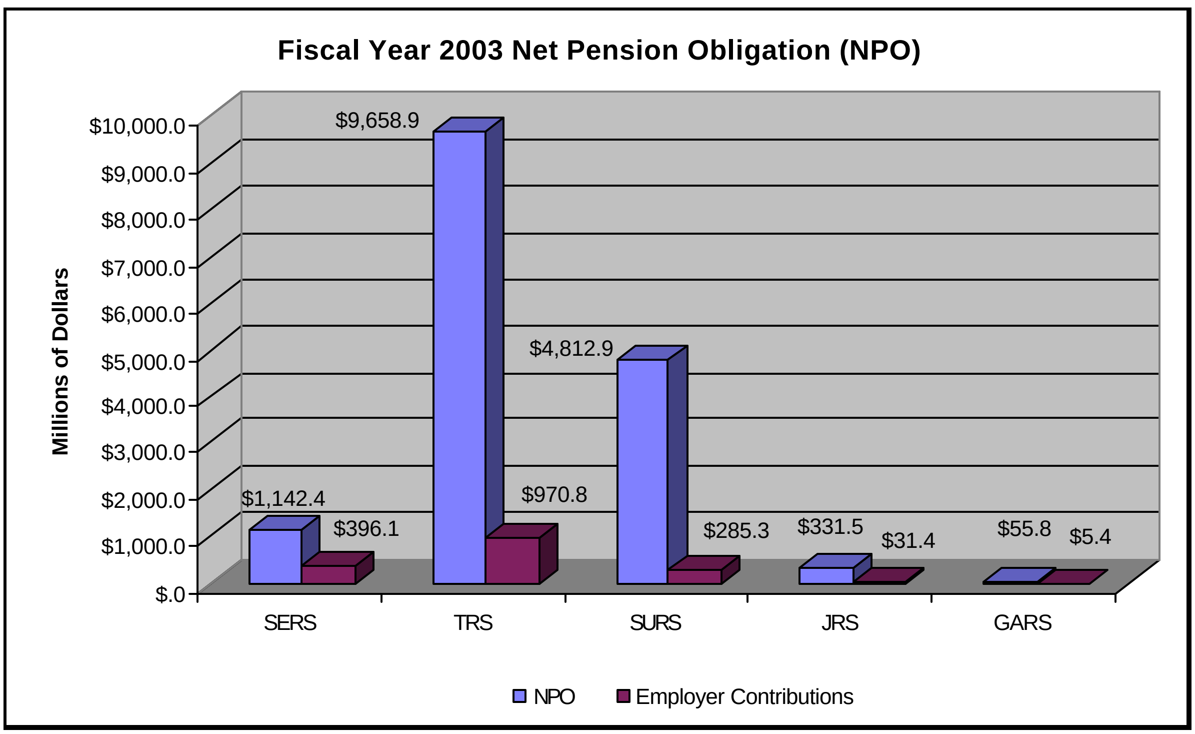
Retirement Systems

Total net assets of the State's five pension trust funds, on a "fair value" basis, aggregated $40.9 billion at June 30, 2003, an increase of $.5 billion (1%) from the previous year. The State reports assets in the pension trust funds in accordance with GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers.* The statement requires, among other things, that assets be valued at *fair market value*.

The majority of the $.5 billion increase in net assets can be explained by investments (at fair value) appreciating by $346.2 million opposed to depreciating $3.1 billion in the previous fiscal year in which $2.5 billion was lost.

GASB Statement 27 focuses the reader of the State's CAFR on annual pension cost (APC) in accordance with certain accounting parameters as compared to the amount contributed. The State retirement systems were underfunded by $1.4 billion during fiscal year 2003 and this amount has been added to the Net Pension Obligation (NPO) in the Statement of Activities as increased governmental activity expenses (See chart below). Of the $1.4 billion, $790.9 million occurred at TRS where the APC was calculated to be $1.8 billion and employer contributions were $970.8 million and $463.8 million at SURS where the APC was calculated to be $749.1 million and employer contributions were $285.3 million.

During fiscal year 2003, all of the State systems were funded in accordance with the *statutory funding* requirement. The new law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15 year phase-in and a "continuing appropriation." The continuing appropriation provides the Comptroller's Office with the authority to automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process. However, the State's 50-year funding plan does *not* meet the more stringent 40-year minimum amortization "parameters" required to be reported in the State's financial statements in accordance with GASB Statement 27.



ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2003

Fiscal year 2003 was a year of decline for the Illinois economy with lower employment and a higher average quarterly unemployment rate than in the prior fiscal year. The average quarterly Illinois unemployment rate increased from 6.0% in fiscal year 2002 to 6.5% for 2003, its highest level since 6.6% in fiscal year 1994. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.881 million workers in fiscal year 2003, a decrease of 43,000 jobs or 0.7% below 2002 employment and 164,000 jobs or 2.7% below peak employment of 6.045 million jobs in fiscal 2001. During the nine consecutive years of employment growth culminating in fiscal year 2001, Illinois added 830,000 non-agricultural jobs (a 15.9% increase).

The Illinois labor market did show signs of improvement during the fiscal year. The average quarterly Illinois unemployment rate declined from 6.7% to 6.4% between the first two and the second two quarters of the year. Average employment (from the household survey used to estimate the unemployment rate) increased from 5.941 million to 5.982 million, while the average number of unemployed decreased from 424,000 to 408,000.

Manufacturing continues to be the hardest hit sector of the Illinois economy. Average fiscal year 2003 employment of 744,000 jobs was down 35,000 jobs or 4.5% from fiscal year 2002 and down 163,000 jobs or 18.0% 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. Personal income includes wages and salaries, property income, and transfer payments such as social security. Illinois personal income adjusted for inflation declined 0.4% for the second consecutive year in fiscal year 2003. A 1.8% increase in nominal personal income was more than offset by a 2.2% increase in the consumer price index. This was the first two year decrease in real Illinois personal income since fiscal years 1982 and 1983. This recession followed a ten year period where annual Illinois economy growth was at least 1.2%.

Global Insight, Inc., an economic and financial information company, has forecasted the Illinois unemployment rate to increase to 6.7% for fiscal year 2004 with non-agricultural employment decreasing by 9,000 jobs or 0.2% to 5.872 million. In addition, Global Insight Inc. projects an increase in personal income adjusted for inflation of 1.7% in fiscal year 2004 with personal income growing 3.3% in relation to an increase in the consumer price index of 1.6%.

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, 2003. 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 their own separately issued 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, 2003 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash equity with State Treasurer	$ 14,226,627	$ 409,422	$ 14,636,049	$ 362,009
Cash and cash equivalents	177,806	46,152	223,958	635,288
Investments	134,378	548,820	683,198	1,209,179
Receivables, net:				
Taxes	1,228,462	288,208	1,516,670	
Intergovernmental	2,086,055	92,127	2,178,182	4,229
Other	226,080	124,211	350,291	371,291
Unrestricted internal balances	(25,876)	39,755	13,879	
Due from fiduciary funds	227	610	837	
Due from component units	28,393	193	28,586	17,230
Due from primary government				98,156
Inventories	82,913	3,400	86,313	41,723
Prepaid expenses	18,687	229	18,916	37,726
Unamortized bond issuance costs	59,343	630	59,973	40,078
Loans and notes receivable, net	44,497	983,551	1,028,048	1,805,117
Restricted assets:				
Cash equity with State Treasurer	302,852		302,852	
Cash and cash equivalents	4,937	173,455	178,392	205,037
Investments	2,670	597,408	600,078	1,651,133
Taxes receivable	51		51	
Intergovernmental receivables	217,611		217,611	
Other receivables	739	50,369	51,108	12,224
Internal balances	(14,988)	1,109	(13,879)	
Inventories				48
Loans and notes receivable, net	80,351	2,787,653	2,868,004	10,341
Other assets	66		66	1,032
Other assets	15,392	300	15,692	94,656
Capital assets not being depreciated	2,532,341	190	2,532,531	1,034,640
Capital assets being depreciated, net	14,054,335	3,526	14,057,861	4,863,076
Total assets	35,483,949	6,151,318	41,635,267	12,494,213
LIABILITIES				
Accounts payable and accrued liabilities	5,306,260	173,366	5,479,626	502,714
Intergovernmental payables	2,397,404	63,459	2,460,863	3,476
Due to fiduciary funds	53,067	4	53,071	
Due to component units	96,068	57	96,125	17,230
Due to primary government				34,924
Deferred revenues	352,277	11,521	363,798	246,367
General obligation certificates payable	1,509,420		1,509,420	
Liabilities payable from restricted assets				82,257
Other liabilities				58,900
Long term obligations:				
Due within one year	946,182	456,884	1,403,066	527,022
Due subsequent to one year	37,746,776	3,328,777	41,075,553	4,506,928
Total liabilities	48,407,454	4,034,068	52,441,522	5,979,818
NET ASSETS				
Invested in capital assets, net of related debt	11,588,045	3,615	11,591,660	3,686,159
Restricted for:				
Capital projects	767		767	24,746
Debt service	1,242,502	215,950	1,458,452	64,044
Municipal lending		1,286,394	1,286,394	
Unemployment compensation benefits		431,269	431,269	
Permanent Funds:				
Expendable	334		334	
Nonexpendable	2,563		2,563	
Education	70,440		70,440	
Employment and economic development	120,597		120,597	
Health and social services	24,309		24,309	
Public protection and justice	14,254		14,254	
Environment and business regulation	89,592		89,592	
Transportation	49,345		49,345	
Nonexpendable purposes				615,898
Other expendable purposes				684,838
Other purposes	240,329	42,480	282,809	477,259
Unrestricted net assets	(26,366,582)	137,542	(26,229,040)	961,451
Total net assets	$ (12,923,505)	$ 2,117,250	$ (10,806,255)	$ 6,514,395

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, 2003 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities				
Health and social services	$ 16,071,805	$ 96,670	$ 9,329,672	
Education	12,621,510	2,306	1,727,578	
General government	2,450,460	1,614,665	38,233	
Employment and economic development	1,311,068	24,983	485,481	$ 49
Transportation	3,568,584	20,685	159,255	716,218
Public protection and justice	2,115,889	81,633	128,918	
Environment and business regulation	842,393	232,659	72,442	3,492
Intergovernmental	3,483,426			
Interest	672,707			
Total governmental activities	43,137,842	2,073,601	11,941,579	719,759
Business-type activities				
Unemployment compensation trust	3,054,290	2,009,704		
Water revolving	15,828	38,169	127,110	
Designated account purchase program	112,153	91,748	28,497	
Insurance programs	280,822	305,126		
Lottery	1,054,094	1,589,846		
Prepaid tuition program	25,825	13,615		
Other	147,998	159,253		
Total business-type activities	4,691,010	4,207,461	155,607	
Total primary government	$ 47,828,852	$6,281,062	$ 12,097,186	$ 719,759
Component units				
Authorities				
Illinois Housing Development Authority	$ 308,436	$ 134,936	$ 177,180	
Toll Highway Authority	357,136	372,046		
Other Authorities	135,188	84,225	4,382	
Universities				
Illinois State University	312,382	157,001	25,881	$ 467
Northern Illinois University	378,878	171,046	56,162	1,555
Southern Illinois University	735,457	304,084	81,993	12,832
University of Illinois	3,325,936	1,280,912	860,228	17,329
Other Universities	610,354	228,680	94,844	36
Total component units	$ 6,163,767	$2,732,930	$ 1,300,670	$ 32,219

General revenues

Taxes:

Income taxes

Sales taxes

Motor fuel taxes

Public utility taxes

Other taxes

Interest and investment income

Other revenues

Payments from the State of Illinois

Additions to permanent endowments

Transfers

Total general revenues, payments from the State of Illinois, additions to permanent funds and transfers

Change in net assets

Net assets, July 1, 2002, as restated

Net assets, June 30, 2003

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
$ (6,645,463)		$ (6,645,463)	
(10,891,626)		(10,891,626)	
(797,562)		(797,562)	
(800,555)		(800,555)	
(2,672,426)		(2,672,426)	
(1,905,338)		(1,905,338)	
(533,800)		(533,800)	
(3,483,426)		(3,483,426)	
(672,707)		(672,707)	
(28,402,903)			
	$ (1,044,586)	(1,044,586)	
	149,451	149,451	
	8,092	8,092	
	24,304	24,304	
	535,752	535,752	
	(12,210)	(12,210)	
	11,255	11,255	
	(327,942)		
		(28,730,845)	
			$ 3,680
			14,910
			(46,581)
			(129,033)
			(150,115)
			(336,548)
			(1,167,467)
			(286,794)
			(2,097,948)
8,390,241		8,390,241	
8,350,714		8,350,714	
1,325,748		1,325,748	
1,616,763		1,616,763	
2,591,336		2,591,336	
125,184	32,870	158,054	98,065
1,344,446	114	1,344,560	270,740
			2,066,885
			31,783
528,711	(528,711)	-	
24,273,143	(495,727)	23,777,416	2,467,473
(4,129,760)	(823,669)	(4,953,429)	369,525
(8,793,745)	2,940,919	(5,852,826)	6,144,870
$ (12,923,505)	$ 2,117,250	$ (10,806,255)	$ 6,514,395

State of Illinois

Balance Sheet - Governmental Funds

June 30, 2003 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Pension Contribution Fund	Other Non-major Funds	Total Governmental Funds
ASSETS							
Cash equity with State Treasurer	$ 1,056,794	$ 464,130	$ 114,647	$ 245,172	$ 9,177,293	$ 3,380,235	$ 14,438,271
Cash and cash equivalents	1,119	409				53,669	55,197
Investments	150					136,898	137,048
Receivables, net:							
Taxes	891,338		128,294			208,881	1,228,513
Intergovernmental	1,660,979	115,206				526,913	2,303,098
Other	110,217	37,920		274		73,333	221,744
Due from other funds	89,067	25,026		83,751		257,823	455,667
Due from component units	18,123					3,638	21,761
Inventories	31,651	18,582				21,082	71,315
Loans and notes receivable, net	13,564					111,284	124,848
Other assets	4,092					11,366	15,458
Total assets	$ 3,877,094	$ 661,273	$ 242,941	$ 329,197	$ 9,177,293	$ 4,785,122	$ 19,072,920
LIABILITIES							
Accounts payable and accrued liabilities	$ 4,085,101	$ 147,036	$ 10,651	$ 54,919		$ 546,721	$ 4,844,428
Intergovernmental payables	1,240,515	106,567	49,939	2,116		998,103	2,397,240
Due to other funds	415,755	94,456	44,699			191,898	746,808
Due to component units	68,660	4,718		28		22,641	96,047
Deferred revenues	719,051	31,483	15,472			327,533	1,093,539
General obligation certificates payable	1,509,420						1,509,420
Matured portion of long-term liabilities	4,364	2,628				11,866	18,858
Total liabilities	8,042,866	386,888	120,761	57,063		2,098,762	10,706,340
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	67,937	1,194,537	31	394,759		1,744,370	3,401,634
Long-term portion of:							
Intergovernmental receivables	211,160	1,743					212,903
Other receivables		225				2,953	3,178
Loans and notes receivable	13,169					92,252	105,421
Other assets	349					14,406	14,755
Inventories	31,651	18,582				21,082	71,315
Debt service						1,217,431	1,217,431
Capital projects						28,698	28,698
Unreserved:							
General fund	(4,490,038)						(4,490,038)
Special revenue funds		(940,702)	122,149	(122,625)	9,177,293	1,101,882	9,337,997
Capital projects funds						(1,539,611)	(1,539,611)
Permanent trust funds						2,897	2,897
Total fund balances (deficits)	(4,165,772)	274,385	122,180	272,134	9,177,293	2,686,360	8,366,580
Total liabilities and fund balances (deficits)	$ 3,877,094	$ 661,273	$ 242,941	$ 329,197	$ 9,177,293	$ 4,785,122	$ 19,072,920

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, 2003
(Expressed in Thousands)

Total fund balances-governmental funds		$ 8,366,580
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.		16,535,599
Prepaid expenses for governmental activities are current uses of financial resources for funds		18,077
Bond issuance costs are reported as current expenditures in the 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.		59,343
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.		168,339
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		745,222
Bond refunding costs are reported as current expenditures in the funds. However, bond refunding costs are deferred and amortized over the life of the defeased bonds and are included as governmental activities in the Statement of Net Assets.		54,522
Some liabilities reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:		
Net pension obligation	(16,001,428)	
General obligation bonds	(19,599,971)	
Special obligation bonds	(2,091,170)	
Unamortized premiums	(272,859)	
Other commitments	(55,562)	
Compensated absences	(404,721)	
Certificates of participation	(130,720)	
Workers' compensation	(126,765)	
Capital lease and installment purchase obligations	(32,723)	
Accrued interest	(155,268)	
		(38,871,187)
Net assets of governmental activities		$ (12,923,505)

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 Balance - Governmental Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Pension Contribution Fund	Other Non-major Funds	Total Governmental Funds
REVENUES							
Income taxes	$ 7,846,082					$ 539,175	$ 8,385,257
Sales taxes	6,048,153					2,302,368	8,350,521
Motor fuel taxes			$ 1,305,569			72,426	1,377,995
Public utility taxes	1,062,711					550,341	1,613,052
Other taxes	1,693,752		9			908,618	2,602,379
Federal government	5,641,003	$ 705,488				5,526,651	11,873,142
Licenses and fees	75,045	731,985	1,614	$ 500,150		367,002	1,675,796
Interest and other investment income	60,410	12,098		2,641		49,386	124,535
Other	1,346,620	64,995				751,112	2,162,727
Total revenues	23,773,776	1,514,566	1,307,192	502,791		11,067,079	38,165,404
EXPENDITURES							
Current:							
Health and social services	12,560,629					3,492,330	16,052,959
Education	8,612,292					2,740,089	11,352,381
General government	1,529,566	225,340	59,675		$ 38,799	361,825	2,215,205
Employment and economic development	165,801					1,146,649	1,312,450
Transportation	59,226	1,429,881	625,679	51,430		537,320	2,703,536
Public protection and justice	1,691,038	97,205				264,342	2,052,585
Environment and business regulation	187,175					640,325	827,500
Debt service:							
Principal	11,194	1,692	132	7,671		722,412	743,101
Interest	1,684	178	4	967		488,988	491,821
Capital outlays	23,878	410,318	272	638,328		681,912	1,754,708
Intergovernmental						3,483,426	3,483,426
Total expenditures	24,842,483	2,164,614	685,762	698,396	38,799	14,559,618	42,989,672
Excess (deficiency) of revenues over (under) expenditures	(1,068,707)	(650,048)	621,430	(195,605)	(38,799)	(3,492,539)	(4,824,268)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
General and special obligation bonds issued					9,518,961	2,375,343	11,894,304
Premiums on general and special obligation bonds issued						116,805	116,805
Discounts on general obligation bonds issued					(2,869)		(2,869)
General and special obligation refunding bonds issued						695,025	695,025
Premiums on general and special obligation refunding bonds issued						65,573	65,573
Transfers-in	2,887,927	324,863	156	223,475		4,047,281	7,483,702
Transfers-out	(3,036,357)	(229,507)	(610,378)		(300,000)	(2,778,749)	(6,954,991)
Payment to refunded bond escrow agent						(757,330)	(757,330)
Proceeds from other financing sources				8,778			8,778
Capital lease financing	2,387	727				1,301	4,415
Net other sources (uses) of financial resources	(146,043)	96,083	(610,222)	232,253	9,216,092	3,765,249	12,553,412
Net change in fund balances	(1,214,750)	(553,965)	11,208	36,648	9,177,293	272,710	7,729,144
Fund balances (deficits), July 1, 2002, as restated	(2,947,692)	830,783	110,972	235,486		2,410,303	639,852
Increase (decrease) for changes in inventories	(3,330)	(2,433)				3,347	(2,416)
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (4,165,772)	$ 274,385	$ 122,180	$ 272,134	$ 9,177,293	$ 2,686,360	$ 8,366,580

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, 2003
(Expressed in Thousands)

Net change in fund balances		$ 7,729,144
Change in inventories		(2,416)
		7,726,728
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation in the current period.		712,005
Bond proceeds and other financing sources proceeds provide current financial resources to governmental funds, but the issuance increases long-term obligations in the Statement of Net Assets. In the current period, proceeds were received from:		
Bonds obligations including net premiums of $68,606	(12,768,839)	
Other financing obligations	(8,778)	
Total proceeds		(12,777,617)
Bond issue costs are reported as current expenditures in the 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.		51,672
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	713,200	
Capital lease principal payments	14,860	
Certificates of participation principal retirements	7,370	
Other financing obligations principal payments	7,671	
Payments to the bond refunding agent	757,330	
Total repayments		1,500,431
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets the lease obligation is reported as a liability.		(4,415)
Internal service funds are used to charge to 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.		24,413
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		113,875
Prepaid expenses in the Statement of Net Assets are not reported as expenses in governmental funds.		7,162
Proceeds from sales of capital assets are reported in the governmental funds. However, in the Statement of Activities, losses from the sale of capital assets are also reported. This is the amount the losses from the sale of capital assets exceeded proceeds.		(64,827)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Below are such activities.		
Increase in net pension obligation	(1,368,402)	
Decrease in compensated absences obligation	126,745	
Interest accreted on capital appreciation debt	(111,801)	
Deferred loss on current year refundings of debt	50,305	
Redemption premiums for refundings of debt	(10,572)	
Accrued interest paid to refunding agent	(41,178)	
Amortization of bond premiums	18,432	
Amortization of bond issuance costs	(2,232)	
Amortization of deferred loss on refundings of debt	(23,848)	
Increase in workers' compensation obligation	(862)	
Increase in accrued interest on obligations	(56,314)	
Decrease in other obligations	540	
		(1,419,187)
Change in net assets of governmental activities		$ (4,129,760)

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, 2003 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds: Major: Unemployment Compensation Trust Fund	Major: Water Revolving Fund	Major: Designated Account Purchase Program Fund	Non-major Proprietary Funds	Total	Governmental Activities - Internal Service Funds
ASSETS						
Cash equity with State Treasurer		$ 292,180		$ 117,242	$ 409,422	$ 91,208
Cash and cash equivalents	$ 8,355	14,063	$ 3,555	20,179	46,152	127,438
Investments, short-term	97,319	2,904	247	34,447	134,917	
Receivables, net:						
Taxes	288,208				288,208	
Intergovernmental	51,093	38,000		3,034	92,127	568
Other	62,204	32,120		29,887	124,211	5,075
Due from other funds	14,851			48,976	63,827	203,532
Due from component units	193				193	6,632
Loans and notes receivable, net		66,100			66,100	
Restricted assets:						
Cash and cash equivalents			173,455		173,455	
Investments			597,408		597,408	
Other receivables, net			50,369		50,369	
Due from other funds			1,109		1,109	
Loans and notes receivable, net		23,445	420,246		443,691	
Inventories				3,400	3,400	11,598
Prepaid expenses				229	229	610
Other assets			300		300	
Total current assets	522,223	468,812	1,246,689	257,394	2,495,118	446,661
Investments		70,554		343,349	413,903	
Loans and notes receivable, net		917,451			917,451	
Restricted assets:						
Cash and cash equivalents						108
Loans and notes receivable, net		233,945	2,110,017		2,343,962	
Unamortized bond issuance costs		630			630	
Capital assets not being depreciated				190	190	1,761
Capital assets being depreciated, net		170	131	3,225	3,526	49,316
Total assets	522,223	1,691,562	3,356,837	604,158	6,174,780	497,846
LIABILITIES						
Accounts payable and accrued liabilities	75,385	2,638	13,219	82,124	173,366	306,564
Intergovernmental payables	12,439	51,019		1	63,459	164
Due to other funds	3,130	98	16	20,222	23,466	6,095
Due to component units		57			57	21
Deferred revenues				11,521	11,521	3,960
Current portion of long-term obligations		8,688	415,769	32,427	456,884	4,908
Total current liabilities	90,954	62,500	429,004	146,295	728,753	321,712
Noncurrent portion of long-term obligations		147,244	2,785,210	396,323	3,328,777	7,795
Total liabilities	90,954	209,744	3,214,214	542,618	4,057,530	329,507
NET ASSETS						
Invested in capital assets, net of related debt		170	131	3,314	3,615	44,919
Net assets restricted for:						
Debt service		73,458	142,492		215,950	108
Municipal lending		1,286,394			1,286,394	
Unemployment compensation benefits	431,269				431,269	
Other purposes				42,480	42,480	
Unrestricted		121,796		15,746	137,542	123,312
Total net assets	$ 431,269	$ 1,481,818	$ 142,623	$ 61,540	$ 2,117,250	$ 168,339

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

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Proprietary Funds	Total	Governmental Activities - Internal Service Funds
OPERATING REVENUES						
Charges for sales and services				$ 2,028,083	$ 2,028,083	$ 1,579,409
Interest income pledged as revenue bond security			$ 91,748		91,748	
Interest and other investment income		$ 38,169		11,058	49,227	
Employer contributions	$ 1,367,760				1,367,760	
Federal government	641,944				641,944	
Other				28,699	28,699	8,723
Total operating revenues	2,009,704	38,169	91,748	2,067,840	4,207,461	1,588,132
OPERATING EXPENSES						
Cost of sales and services				143,459	143,459	234,570
Benefit payments and refunds	3,054,290			291,738	3,346,028	1,274,388
Prizes and claims				885,170	885,170	
Interest			56,721	8	56,729	
General and administrative		9,626	55,401	121,217	186,244	33,735
Depreciation		93	31	1,140	1,264	13,073
Other				65,987	65,987	10,377
Total operating expenses	3,054,290	9,719	112,153	1,508,719	4,684,881	1,566,143
Operating income (loss)	(1,044,586)	28,450	(20,405)	559,121	(477,420)	21,989
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	28,664	2,222		1,984	32,870	649
Interest expense		(6,100)		(9)	(6,109)	(277)
Federal government revenue		127,110	28,497		155,607	
Other revenues	114				114	2,186
Other expenses		(9)		(11)	(20)	(134)
Income (loss) before operating transfers	(1,015,808)	151,673	8,092	561,085	(294,958)	24,413
Transfers-in		21,000	6,633	2,000	29,633	
Transfers-out	(10,045)	(533)	(572)	(547,194)	(558,344)	
Change in net assets	(1,025,853)	172,140	14,153	15,891	(823,669)	24,413
Net assets, July 1, 2002, as restated	1,457,122	1,309,678	128,470	45,649	2,940,919	143,926
NET ASSETS, JUNE 30, 2003	$ 431,269	$ 1,481,818	$ 142,623	$ 61,540	$ 2,117,250	$ 168,339

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, 2003 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds: Major: Unemployment Compensation Trust Fund	Major: Water Revolving Fund	Major: Designated Account Purchase Program Fund	Non-major Proprietary Funds	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services				$ 2,029,374	$ 2,029,374	$ 1,551,551
Cash payments to suppliers for goods and services			$ (29,765)	(428,864)	(458,629)	(1,419,188)
Cash payments to employees for services		$ (6,946)	(10,176)	(151,711)	(168,833)	(64,711)
Cash payments for lottery prizes				(885,195)	(885,195)	
Cash receipts from other operating activities	$ 1,977,444	30,551	620,036	140,693	2,768,724	7,926
Cash payments for other operating activities	(3,043,621)	(2,997)	(945,659)	(33,140)	(4,025,417)	(992)
Net cash provided (used) by operating activities	(1,066,177)	20,608	(365,564)	671,157	(739,976)	74,586
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from borrowing, net of bond issuance costs			746,835		746,835	
Principal paid on revenue bonds and other borrowing		(3,085)	(137,345)	(359)	(140,789)	
Interest paid on revenue bonds and other borrowing		(5,153)	(57,537)	(9)	(62,699)	
Operating grants received		104,110	35,542		139,652	
Transfers-in from other funds		21,000	6,633	2,000	29,633	
Transfers-out to other funds	(11,052)	(533)	(10,760)	(541,357)	(563,702)	
Other noncapital financing activities	114	(153,835)			(153,721)	
Net cash provided (used) by noncapital financing activities	(10,938)	(37,496)	583,368	(539,725)	(4,791)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets		(88)	(91)	(378)	(557)	(5,647)
Principal paid on capital debt				(70)	(70)	(3,586)
Interest paid on capital debt						(277)
Other capital and financing activities		(9)			(9)	293
Net cash (used) by capital and related financing activities		(97)	(91)	(448)	(636)	(9,217)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities			(1,109,500)	(166,002)	(1,275,502)	
Proceeds from sale and maturities of investment securities	1,013,750	1,512	959,365	46,148	2,020,775	
Interest and dividends on investments	28,664	2,166	16,455	7,896	55,181	1,309
Net cash provided (used) by investing activities	1,042,414	3,678	(133,680)	(111,958)	800,454	1,309
Net increase (decrease) in cash and cash equivalents	(34,701)	(13,307)	84,033	19,026	55,051	66,678
Cash and cash equivalents, July 1, 2002	43,056	319,550	92,977	118,395	573,978	152,076
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 8,355	$ 306,243	$ 177,010	$ 137,421	$ 629,029	$ 218,754
Reconciliation of cash and cash equivalents to the balance sheet:						
Total cash and cash equivalents per the balance sheet	$ 8,355	$ 306,243	$ 3,555	$ 137,421	$ 455,574	$ 218,646
Add: restricted cash equivalents			173,455		173,455	108
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 8,355	$ 306,243	$ 177,010	$ 137,421	$ 629,029	$ 218,754
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	$ (1,044,586)	$ 28,450	$ (20,405)	$ 559,121	$ (477,420)	$ 21,989
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		93	31	1,140	1,264	13,073
Provision for uncollectible accounts	56,944			280	57,224	(17)
Amortization			11,931	22,007	33,938	
Interest and investment income			(9,734)	(10,122)	(19,856)	
Interest expense			56,720		56,720	
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(64,942)	(7,618)	(388,426)	(1,636)	(462,622)	(4,214)
(Increase) decrease in intergovernmental receivables	(342)			136	(206)	333
(Increase) decrease in due from other funds	(11,617)		2,572	639	(8,406)	43,872
(Increase) decrease in due from component units	(10)				(10)	29,497
(Increase) decrease in inventory				627	627	1,621
(Increase) decrease in prepaid expenses				12	12	307
(Increase) decrease in other assests			270	5	275	
Increase (decrease) in accounts payable and accrued liabilities	(2,818)	(136)	(4,255)	(8,470)	(15,679)	(37,091)
Increase (decrease) in intergovernmental payables	1,194	(137)			1,057	79
Increase (decrease) in due to other funds		59		(472)	(413)	3,442
Increase (decrease) in due to component units		(5)			(5)	(10)
Increase (decrease) in deferred revenues				273	273	3,835
Increase (decrease) in other liabilities		(98)		107,614	107,516	(2,130)
Other			(14,268)	3	(14,265)	
Total adjustments	(21,591)	(7,842)	(345,159)	112,036	(262,556)	52,597
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (1,066,177)	$ 20,608	$ (365,564)	$ 671,157	$ (739,976)	$ 74,586
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Cost of capital assets acquisitions financed by capital leases	$ -- --	$ -- --	$ -- --	$ 70	$ 70	$ 80
Cost of installment purchases	$ -- --	$ -- --	$ -- --	$ -- --	$ -- --	$ 2,986
Transfer of assets from other state funds	$ -- --	$ -- --	$ -- --	$ -- --	$ -- --	$ 1,895
Increase (decrease) in fair value of investments	$ -- --	$ -- --	$ 7,137	$ 4,783	$ 11,920	$ -- --

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, 2003 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private Purpose Trust Fund	Agency Funds
ASSETS				
Cash equity with State Treasurer	$ 54,678	$ 1,362	$ 1,957	$ 196,589
Cash and cash equivalents	398,175	263,335	168	31,228
Investments:				
Equities	20,148,263	625,196	144	
Fixed income	11,339,115	1,171,658		
Real estate	2,413,043			
Other	1,729,547			
Equity in Illinois State Board of Investments	7,801,021			
Public Treasuer's Investment Pool		3,340,587		
Securities lending collateral	3,364,835			
Receivables, net:				
Taxes				80,839
Intergovernmental				365
Members	126,784			
Employers	20,819			
Investment income	618,296	1,793		
Other	48,165		7	205,622
Due from other funds	27,063			26,085
Due from component units	8,187			227
Prepaid expenses	2,213			
Loans and notes receivable, net			68	
Other assets				1,316,848
Capital assets not being depreciated	1,670			
Capital assets being depreciated, net	16,243			
Total assets	48,118,117	5,403,931	2,344	$ 1,857,803
LIABILITIES				
Accounts payable and accrued liabilities	1,120,380	149	5	$ 30,160
Intergovernmental payables				281,339
Due to other funds	304	610		
Due to component units				2,040
Depository and other liabilities	4,243,234	2,245		1,544,264
Long term obligations:				
Due within one year	10,028			
Due subsequent to one year	11,547			
Total liabilities	5,385,493	3,004	5	$ 1,857,803
NET ASSETS				
Net assets held in trust for:				
Pension and other employee benefits	42,732,624			
Pool participants		5,400,927		
Other purposes			2,339	
Total Net Assets	$ 42,732,624	$ 5,400,927	$ 2,339	

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, 2003 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private Purpose Trust Fund
ADDITIONS			
Deposits/Contributions:			
Employer	$ 514,447		
State	1,199,356		
Members/participants	1,471,568	5,370,820	
Other contributions	54,757		$ 7
Total contributions	3,240,128	5,370,820	7
Investment income:			
Interest and other investment income	1,171,108	152,880	41
Net appreciation of investments	362,867	91,304	
Investment expense	(148,346)	(4,499)	
Net investment income	1,385,629	239,685	41
Total additions	4,625,757	5,610,505	48
DEDUCTIONS			
Benefit payments and refunds	3,884,357		
Participants' withdrawals	104,395	5,360,763	
Distribution to pool investors		62,583	
Interest expense	1,282		
Depreciation	2,519		
General and administration	33,582	1,325	11
Other	192		79
Total deductions	4,026,327	5,424,671	90
Net additions (deductions)	599,430	185,834	(42)
Net Assets, July 1, 2002	42,133,194	5,215,093	2,381
Net Assets, June 30, 2003	$ 42,732,624	$ 5,400,927	$ 2,339

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

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State of Illinois

Statement of Net Assets
Component Units

June 30, 2003 (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	$ 36,081	$ 304,230	$ 21,698			
Cash and cash equivalents	35,596	51,114	89,499	$ 42,227	$ 29,367	$ 44,843
Investments	122,984		55,877	40,113	59,424	215,783
Receivables, net:						
Intergovernmental	426					
Other	15,984	7,828	3,001	11,798	13,101	37,027
Due from component units				81	2,033	9,460
Due from primary government			444	12,404	2,273	17,889
Inventories			15	2,516	3,449	6,601
Prepaid expenses		3,468	202	202		9,145
Unamortized bond issuance costs	23,059	3,132	1,041	778	3,137	3,109
Loans and notes receivable, net	1,614,271		81,411	9,683	9,073	18,564
Restricted assets:						
Cash and cash equivalents		103,347	5,037	1,568		
Investments	733,083	58,391	28,481	28,616		
Other receivables, net		5,813	5,385			
Inventory						
Loans and notes receivable, net			10,341			
Other assets		580				
Other assets	41,389	34,815	191	1,590	657	
Capital assets not being depreciated		385,894	26,410	28,355	60,162	120,551
Capital assets being depreciated, net	703	1,478,443	7,078	190,648	273,020	300,573
Total assets	2,623,576	2,437,055	336,111	370,579	455,696	783,545
LIABILITIES						
Accounts payable and accrued liabilities	84,990	57,241	13,508	9,653	18,915	25,854
Intergovernmental payables			1			
Due to component units				19	2,242	9,318
Due to primary government	6		4,025	154	281	2,847
Deferred revenue		57,432	6,711	4,901	6,931	51,455
Liabilities payable from restricted assets		51,617	60			
Other liabilities				7,534	605	1,069
Long-term obligations:						
Due within one year	290,780	52,495	48,075	7,170	10,050	19,818
Due subsequent to one year	1,642,550	747,420	80,124	72,702	179,552	234,982
Total liabilities	2,018,326	966,205	152,504	102,133	218,576	345,343
NET ASSETS						
Invested in capital assets, net of related debt	703	1,076,103	33,453	166,432	175,779	271,496
Restricted for:						
Capital projects				17,908		
Debt service				675		31,015
Nonexpendable purposes			65	28,526	20,055	53,139
Other expendable purposes				23,350	11,193	42,987
Other purposes	294,616	111,753	70,890			
Unrestricted	309,931	282,994	79,199	31,555	30,093	39,565
Total net assets	$ 605,250	$ 1,470,850	$ 183,607	$ 268,446	$ 237,120	$ 438,202

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

University of Illinois	Other Universities	Total
		$ 362,009
$ 262,732	$ 79,910	635,288
681,215	33,783	1,209,179
	3,803	4,229
264,388	18,164	371,291
5,593	63	17,230
57,886	7,260	98,156
23,779	5,363	41,723
24,232	477	37,726
5,216	606	40,078
58,518	13,597	1,805,117
75,400	19,685	205,037
761,227	41,335	1,651,133
	1,026	12,224
	48	48
		10,341
	452	1,032
15,365	649	94,656
351,076	62,192	1,034,640
2,204,908	407,703	4,863,076
4,791,535	696,116	12,494,213
256,116	36,437	502,714
	3,475	3,476
5,544	107	17,230
24,426	3,185	34,924
107,991	10,946	246,367
14,476	16,104	82,257
44,822	4,870	58,900
78,830	19,804	527,022
1,348,994	200,604	4,506,928
1,881,199	295,532	5,979,818
1,633,583	328,610	3,686,159
	6,838	24,746
23,550	8,804	64,044
495,160	18,953	615,898
562,463	44,845	684,838
		477,259
195,580	(7,466)	961,451
$ 2,910,336	$ 400,584	$ 6,514,395

State of Illinois

Statement of Activities
Component Units

For the Year Ended June 30, 2003 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues: Charges for service	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expense) revenue
Authorities:					
Illinois Housing Development Authority	$ 308,436	$ 134,936	$ 177,180		$ 3,680
Toll Highway Authority	357,136	372,046			14,910
Other authorities	135,188	84,225	4,382		(46,581)
Universities:					
Illinois State University	312,382	157,001	25,881	$ 467	(129,033)
Northern Illinois University	378,878	171,046	56,162	1,555	(150,115)
Southern Illinois University	735,457	304,084	81,993	12,832	(336,548)
University of Illinois	3,325,936	1,280,912	860,228	17,329	(1,167,467)
Other universities	610,354	228,680	94,844	36	(286,794)
Total	$ 6,163,767	$ 2,732,930	$ 1,300,670	$ 32,219	$ (2,097,948)

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

	General revenues						
State appropriations	Interest and investment income	Other	Additions to permanent endowments	Change in net assets	Net assets, July 1, 2002, as restated	Cumulative effect of a change in accounting principle	Net assets, June 30, 2003
	$ 2,600	$ 35,678		$ 41,958	$ 563,292		$ 605,250
	13,921			28,831	1,442,019		1,470,850
$ 7,874	3,042	23,010		(12,655)	196,262		183,607
131,945	2,096	14,136	3,931	23,075	257,755	$ (12,384)	268,446
159,136	1,873	827		11,721	225,399		237,120
342,511	14,133	45,021	1,802	66,919	372,212	(929)	438,202
1,101,498	56,558	148,182	24,346	163,117	2,747,219		2,910,336
323,921	3,842	3,886	1,704	46,559	354,025		400,584
$ 2,066,885	$ 98,065	$ 270,740	$ 31,783	$ 369,525	$ 6,158,183	$ (13,313)	$ 6,514,395

Index of Notes to the Financial Statements

STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2003

1 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. Complete financial statements of the individual component units can be obtained from the respective component unit's administrative offices (as listed in parentheses below).

Blended Component Units

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

1. *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. *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). The THA has no amounts reported as due from or to the primary government or other component units at December 31, 2002. At June 30, 2003, THA would report a due to the primary government (in thousands) of $2,076 and a due from the primary government of $9.

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. *Community Development Finance Corporation ("Corporation").* The Corporation assists various community development corporations to promote economic redevelopment in designated areas within the State of Illinois. The State has the ability to hire, reassign and dismiss those persons responsible for the day-to-day operations of the Corporation. (Administrative Offices: 300 West Jefferson, Springfield, Illinois 62702).

5. *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).

6. *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).

7. *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).

8. *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).

9. *Illinois Farm Development Authority ("Authority").* The Authority develops various programs designed to maintain and promote the agricultural economy of the State of Illinois. The State is secondarily liable for payment of principal and interest on debt issued by the Authority. (Administrative Offices: 427 East Monroe, Suite 201, Springfield, Illinois 62701).

10. *Illinois Development Finance Authority ("IDFA").* The IDFA provides funding for industrial, commercial and manufacturing development in areas of Illinois with critical unemployment. The State funds certain programs of the IDFA. (Administrative Offices: 233 South Wacker Drive, Suite 4000, Chicago, Illinois 60606).

11. *Illinois Rural Bond Bank ("Bond Bank").* The Bond Bank provides assistance to rural governmental units by providing adequate capital markets and facilities for borrowing money and financing public improvements at low interest rates. The State is secondarily liable for payment of principal and interest on debt issued by the Bond Bank. Excess reserves of the Bond Bank must be returned to the State's General Fund. (Administrative Offices: 427 East Monroe Street, Suite 202, Springfield, Illinois 62701).

12. *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).

13. *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: 2508 Dickens Drive, Springfield, Illinois 62707).

14. *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).

15. *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: 2508 Dickens Drive, Springfield, Illinois 62707).

16. *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, 104 Altgeld 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, 346 Administration Building, 506 South Wright, Urbana, Illinois 61801).

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: 2508 Dickens Drive, Springfield, Illinois 62707).

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. *Illinois Health Facilities Authority ("Authority").* The Authority provides assistance and alternative methods of financing private and public institutions, which are consistent with the orderly and economic development of health facilities and services. (Administrative Offices: 180 North Stetson, Suite 1100, Chicago, Illinois 60601).

2. *Illinois Educational Facilities Authority ("Authority").* The Authority provides tax-exempt financing for the acquisition or construction of educational facilities and education loans for private institutions of higher education, certain related not-for-profit academic institutions, private cultural institutions and education loan corporations within the State of Illinois. (Administrative Offices: 105 West Orchard Street, Itasca, Illinois 60143).

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, 2002 were $95 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 did not receive a State share contribution for 2002 as the Fund incurred investment losses. The affirmative vote of all of the members is required for all actions of the Fund. Complete financial statements of the Fund can be obtained from the Fund's Administrative Offices at 1560 Sherman Avenue, Suite 880, Evanston, Illinois 60201.

Related Organizations

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

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

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

Jointly Governed Organizations

The State's officials, in conjunction with various other state and local government officials, are members of the boards of other organizations. However, the State has no ongoing financial interest or responsibility except the role of a participant in the various organizations' purpose and, in certain instances, pays annual dues or assessments. The Governor, sometimes with the advice and consent of the Senate, appoints the number of board members (as indicated in parentheses below) of the following organizations:

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

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

C. *Basis of Presentation*

Government-wide Financial Statements

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

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

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.

- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through enabling legislation.

- **Unrestricted net assets** consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them to be available for general operations. They often have resources 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.

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.

Pension Contribution – This fund accounts for bond proceeds issued to fund or reimburse a portion of the State's obligation to make contributions to its five public employee retirement systems.

The State reports the following major proprietary funds:

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

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

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

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

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

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

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

Component Units

The component statements provide aggregate information about the State's discretely presented component units, emphasizing major component units. The State's major component units are 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 and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, excise taxes, wealth taxes, grants, entitlements and donations. On an accrual basis, revenues from self assessed taxes, principally income, excise and wealth taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

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

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.

The following major agencies, departments or component units, however, have elected to apply all applicable private-sector standards (i.e. statements and interpretations of the Financial Accounting Standards Board):

- Illinois Student Assistance Commission
- Comprehensive Health Insurance Plan Board
- Illinois Farm Development Authority

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 original maturities of three months or less. 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 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.

Investment income is recorded as revenue in the General Fund, except for resources of retirement systems and certain other individual funds that are statutorily authorized to be separately invested and specifically credited with the income realized thereon. 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

For governmental funds, the State recognizes the costs of material inventories as expenditures when purchased. At year-end, physical counts are taken of significant inventories for the governmental fund types and are generally reported on the balance sheet at moving-average cost. Inventories reported in the governmental funds do not reflect current appropriable resources, and therefore, the State reserves an equivalent portion of fund balance.

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 includes 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	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

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	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

The State and the University of Illinois, a component unit, do not capitalize certain collections of works of art or historical treasures held for public exhibition, education, or research in furtherance of public service rather than capital gain. 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 15). 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. Based on actuarial consultations, the State's contributions have been less than the retirement benefits paid during the year for the last twenty-two fiscal years. Prior to fiscal year 1982, the State had funded the retirement costs at a level at least as great as the retirement benefits paid during the year.

Annual pension cost (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 cost over forty years, one year's interest on the net pension obligation and an adjustment to the ARC to offset the effect of actuarial amortization of past under or over contributions.

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

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

M. Compensated Absences

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

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

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

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

N. Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest 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 July 1, 2002, the State adopted the provisions of GASB Statement No. 41, *Budgetary Comparison Schedules-Perspective Differences*. This Statement amends GASB Statement No. 34 by providing clarification of budgetary presentation requirements for governments with significant budgetary perspective differences. There was no significant impact on the State's financial statements as a result of adopting this statement.

Effective July 1, 2002, the State adopted the provisions of GASB Technical Bulletin No. 2003-1, *Disclosure Requirements for Derivatives Not Reported at Fair Value on the Statement of Net Assets*. This Technical Bulletin supersedes GASB Technical Bulletin No. 94-1 and clarifies guidance on derivative disclosures.

S. Future Adoption of GASB Statement

Effective for the year ending June 30, 2004, the State will adopt GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, which amends GASB Statement No. 14 by providing additional guidance in determining whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The State has not yet determined the impact of the statement adoption on the financial statements.

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2 RESTATEMENT

The financial statements have been restated as of July 1, 2002 for the following prior year reporting errors:

- Understatement of estimated tax revenues $224.7 million in the General Revenue Account, a sub-account of the General Fund, $15.0 million in the Long-Term Care Provider Account, a sub-account of the General Fund, $1.1 million in the Motor Fuel Tax Fund, a major governmental fund, and $40.3 million in the Personal Property Tax Replacement Fund, a non-major governmental fund;
- Overstatement of federal government revenues of $63.0 million in the County Hospital Services Account, a sub-account of the General Fund, which did not meet the State's availability criteria;

Table 2-1 (amounts expressed in thousands)

	Governmental Activities					Business-type Activities	
	Governmental Funds			Proprietary Funds		Proprietary Funds	
	Major Funds		Non-major Funds	Non-major Funds		Major Funds	Non-major Funds
	General	Motor Fuel Tax	Special Revenue	Internal Service	Governmental Activities	Water Revolving	Enterprise
Fund Balance (Net Assets), June 30, 2002, as previously reported	$ (3,306,239)	$ 109,901	$ 1,559,601	$ 133,907	$ (9,256,640)	$ 1,458,846	$ 28,452
Prior Period Adjustments							
Understatement of tax revenues	239,664	1,071	40,290		281,025		
Overstatement of intergovernmental revenues	(62,987)					(149,168)	
Overstatement of expenses	181,870				181,870		17,197
Overstatement of prior general revenues							
Reclassification of fund type			(10,019)	10,019			
Understatement of self-insurance accrual							
Unreported related organization							
Change in Accounting Principle							
Revenue recognition							
Capitalization threshold							
Fund Balance/Net Assets, June 30, 2002, as restated	$ (2,947,692)	$ 110,972	$ 1,589,872	$ 143,926	$ (8,793,745)	$ 1,309,678	$ 45,649

- Overstatement of general government expenses related to health insurance expenses of $105.9 million in the General Revenue Account;
- Understatement of social assistance recoveries of $76.0 million in the General Revenue Account;

Table 2-1 continued (amounts expressed in thousands)

	Component Units		
	Major universities		Non-major authorities
Business-type Activities	Illinois State University	Southern Illinois University	Illinois Grain Insurance Corporation
$ 3,072,890	$ 257,755	$ 379,785	$ 27
(149,168)			
17,197			
			(4,000)
		(7,655)	
		82	
		(929)	
	(12,384)		
$ 2,940,919	$ 245,371	$ 371,283	$ (3,973)

- Overstatement of federal government revenues of $149.2 million in the Water Revolving Fund, a major proprietary fund;
- Overstatement of incurred but not reported claims expenses of $7.4 million in the Local Government Health Insurance Reserve Fund and $9.8 million in the Teacher Health Insurance Security Fund, non-major enterprise funds;
- Change in method of accounting for capital assets of $12.4 million at Illinois State University;
- Understatement of health and life self-insurance liabilities of $7.7 million at Southern Illinois University;
- Unreported prior activities of $.1 million of the Southern Illinois Research Park, Inc., a related organization of Southern Illinois University; and
- Change in method of accounting for life membership dues of $.9 million for The Association of Alumni, Former Students and Friends of Southern Illinois University, Incorporated, a related organization of Southern Illinois University; and
- Unreported liability of $4.0 million at the Illinois Grain Insurance Corporation.

3 DEPOSITS AND INVESTMENTS

The State Treasurer is the custodian of the State's cash, cash equivalents and investments for most funds maintained in the State Treasury. Funds maintained outside the State Treasury (locally held funds), including the funds of the State's retirement systems, have independent authority to manage their own cash and investments. The investment policy and related deposit and investment disclosures for the State Treasury, Illinois State Board of Investment and funds held outside the State Treasury are described below.

Investments are categorized to give an indication of the level of custodial credit risk assumed by the State at June 30, 2003. Category 1 includes investments that are insured or registered or for which the securities are held by the State or its agent in the State's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent in the State's name. Category 3 includes uninsured and unregistered investments (whether or not held in the State's name) and securities held by any other party (State's agent, counterparty's trust department or agent) but not in the State's name.

STATE TREASURY

The investment authority for the State Treasury is found in the State Treasurer Act (15 ILCS 505). 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. 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".

Investment Policy -

The Treasurer's investment activities are governed by the Treasurer's published investment policy that was developed in accordance with the State statute. Investments are recorded at fair market value. Unrealized gains and losses are accounted for in the investment in which the change in fair value occurred. In addition, the Treasurer's Office has adopted its own investment practices that supplement the statutory requirements. Cash received by the Treasurer is initially deposited in clearing accounts maintained in banks located in Illinois that are insured by the Federal Deposit Insurance Corporation (FDIC). Surplus funds, as determined by the Treasurer, may be invested in time deposits, certificates of deposit and other interest-bearing accounts in FDIC-insured banks and savings and loan associations located in the State, credit unions whose principal office is located in Illinois, short-term obligations of corporations whose obligations are rated among the three highest classifications established by at least two standard rating services, repurchase agreements or other investments approved by State law.

Collateral equal to at least 102% of the amount of the deposit not covered by Federal deposit insurance is required for all time deposits and other interest-bearing deposits. Securities that may be pledged as collateral are obligations of the State and its agencies and obligations of the State and its municipalities and school districts.

Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit was made. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial bank. Prior to placing the deposit and at least monthly thereafter, the Treasurer determines that the collateral has a market value adequate to secure the deposit.

The Treasurer has established accounts with the Public Treasurers' Investment Pool for investment of State funds. Public Treasurers' Investment Pool participation provides comparable yields, a source of liquidity and requires less administrative intervention than other short-term investments. The Public Treasurers' Investment Pool was established in 1976 to supplement and enhance the investment opportunities available to custodians of public agency funds throughout the State of Illinois. The management, custodianship and operation of the Public Treasurers' Investment Pool are under the supervision of the State of Illinois, Office of the Treasurer.

The Treasurer purchased investments in fifteen mutual funds. These mutual funds provide a comparable yield to other investments, particularly during times of falling interest rates and are a source of liquidity when cash is needed. Investments to the mutual funds can be made daily and interest income is received monthly.

Repurchase agreements are purchased from various financial institutions and rated brokerage firms located in the State. Securities pledged as collateral to secure these agreements are required to have a market value of at least 102% of the agreement. The agreements require both parties to maintain an acceptable margin on underlying securities to ensure the agreements are adequately collateralized. The Treasurer accepts only full faith and credit obligations of the United States government as collateral for repurchase agreements.

All securities pledged to secure repurchase agreements are required to be delivered to a bank other than the institution from whom the investment was acquired. A written custodial agreement with the banks that hold the Treasurer's repurchase agreement collateral requires, among other things, that the collateral securities be held separately from the assets of the bank.

Commercial paper is purchased from various brokerage firms located in the State and is held in safekeeping by a bank for the Treasurer. A written custodial agreement requires, among other things, that the safekeeping bank hold the commercial paper separately from the bank's assets.

Federal Farm Credit Banks Consolidated Systemwide Bonds are purchased from AgriBank, St. Paul, Minnesota (formerly the Farm Credit Bank of St. Louis). These bonds are held in book entry form in the Treasurer's account at the Federal Reserve Bank of Chicago. Bond proceeds are loaned to Illinois farmers through participating Production Credit Associations. Timely payment of interest and ultimate repayment of principal are 100% guaranteed by the AgriBank, a United States government corporation.

The Treasurer's investment in the State of Illinois Secondary Pool Investment Program was deposited in a trust to purchase a security interest in a pool of Small Business Administration (SBA) and Federal Home Loan Mortgage Corporation (FHLMC) loans. The securities have a floating rate indexed to the prime rate as quoted in *The Wall Street Journal* and are adjusted quarterly. The pool is guaranteed by the United States government and/or its respective agency. The trustee for the program is Bank One-Rockford. The primary pool assembler is Meridian Capital Markets, Inc. Dana Investment Advisors, Inc. works with Meridian to assemble the SBA pools and to establish a fair market price. The pool's investment advisor is Mesirow Advanced Strategies, Inc.

The Treasurer has purchased investments in U.S. Treasury Bills, Notes, and Agencies (invested in U.S. Agency discount notes in fiscal year 1998). These Treasury purchases permit greater portfolio diversification, provide comparable yields to other investment options, and provide liquidity due to the active secondary market.

Additional information on cash and investments in the State Treasury is available in the Office of the Treasurer, Fiscal Officer Responsibilities Audit Report, as of June 30, 2003. A copy of the report can be obtained from the State Treasurer at 300 West Jefferson, Springfield, Illinois, 62701.

The carrying amount of the Treasurer's cash deposits at June 30, 2003, was $1.980 billion. The bank balance of the Treasurer's cash deposits at June 30, 2003, was $3.043 billion. All of the bank balance was covered by federal depository insurance or by collateral held by the Treasurer or the Treasurer's agent in the Treasurer's name.

Table 3-1 (amounts expressed in thousands)

	Category 1	Category 2	Category 3	Fair Value
Primary Government				
State Treasury				
Categorized:				
Repurchase agreements	$ 3,201,257			$ 3,201,257
U.S. Treasury and agency obligations	7,483,074			7,483,074
Commercial paper	1,604,241			1,604,241
Foreign treasury obligations	10,000			10,000
Total categorized investments	$ 12,298,572	$ -	$ -	12,298,572
Investments not subject to categorization:				
Public Treasurers' Investment Pool				1,043,375
Mortgage Reserve Fund				18
Total investments				$ 13,341,965

ILLINOIS STATE BOARD OF INVESTMENT

The Illinois State Board of Investment (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 member systems retain all of their available cash in the State Treasury. "Available cash" is determined to be that amount which is required for the current operating expenditures of the member systems. The excess of available cash is transferred to the Illinois State Board of Investment (ISBI) for purposes of long-term investment for the member systems. 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 $231 million in investments greater than the member systems equity due to net investment liabilities of the ISBI.

The member systems transfer money to the ISBI for investment. All investment transactions are initiated by the investment managers (either internal or external). The transaction settlement information is then forwarded to the agent bank's trust department under a master custodial agreement.

Custody of a majority of the actual physical securities is maintained at an agent of the agent bank's trust department using a book-entry system. The ISBI's master custodian is The Northern Trust Company. The agent of the master custodian is the Depository Trust Company.

Investment Policy -

ISBI's investment authority are specified as part of the Illinois Pension Code at 40 ILCS 5/22A-112. The ISBI reports securities at fair value. Where appropriate, the fair value includes estimated disposition costs.

For additional information on ISBI's investments, please refer to their audited financial statements as of June 30, 2003. A copy of the statements can be obtained from ISBI at 180 North LaSalle Street, Suite 2015, Chicago, Illinois 60601.

The carrying amount and bank balance of ISBI's cash deposits at June 30, 2003, was $40 thousand. All of the bank balance was covered by federal depository insurance or by collateral held by ISBI or ISBI's agent in ISBI's name.

Table 3-2 (amounts expressed in thousands)

	Category 1	Category 2	Category 3	Fair Value
Illinois State Board of Investment				
Categorized:				
U.S. Treasury and agency obligations	$ 862,128			$ 862,128
Corporate obligations	619,010			619,010
Convertible bonds	862			862
Common stock and equity funds	3,462,973			3,462,973
Convertible preferred stock	4			4
Preferred stock	4,403			4,403
Foreign equity securities	1,144,903			1,144,903
Forw ard foreign exchange contracts	(18)			(18)
Foreign obligations	181,134			181,134
Total categorized investments	$ 6,275,399	$ -	$ -	6,275,399
Investments not subject to categorization:				
Corporate obligations				76,779
Common stock and equity funds				309,830
Foreign equity securities				29,762
Real estate funds				614,847
Alternative investments				441,537
Money market instruments				283,728
Total investments				$ 8,031,882

FUNDS MAINTAINED OUTSIDE THE STATE TREASURY

Investment Policy –

In addition to the State Treasury and the ISBI, statutes authorize public agencies, including the State of Illinois primary government and its component units, to engage in a wide variety of investment activities. These include bonds, notes, certificates of indebtedness, treasury bills or other securities guaranteed by the United States; interest-bearing savings accounts, certificates of deposit, interest-bearing time deposits or any other investments that constitute direct obligations of any bank; short-term obligations of certain qualified United States corporations; short-term discount obligations of the Federal National Mortgage Association; shares or other securities legally issued by certain state or federal savings and loan associations; insured dividend-bearing share accounts and certain other accounts of chartered credit unions; certain money market mutual funds; Public Treasurers' Investment Pool; and repurchase agreements that meet certain instrument and transaction requirements. Statutes require that investments purchased must mature or be redeemable prior to the date they will be needed to pay expenditures.

The investments of the State's five retirement systems (classified as pension trust funds) are governed by the State Pension Code. Authorized investments consist of bonds, equities, real estate, venture capital and other activities that are consistent with the "prudent person" rule. The "prudent person" rule, as adopted by the Illinois General Assembly in 1982, states that fiduciaries must discharge their duties with the care, skill, prudence and diligence which a prudent person acting in a like capacity and familiar with such matters would use under conditions prevailing at the time.

In addition to statutory requirements, primary government agencies and component units have adopted their own supplemental investment practices, which further regulate such activities.

Deposits –

By statute, public monies deposited in financial institutions must either be collateralized; insured by an agency of the federal government; or not exceed 75% of the capital stock and surplus, 75% of the net worth, or 50% of the unimpaired capital and surplus of a financial institution.

Primary Government-Governmental and Business-Type Activities

As of June 30, 2003, the carrying amount (amounts expressed in thousands) of cash deposits for the primary government was $370,636 and the bank balance was $375,452. Of the bank balance, $227,452 was covered by federal depository insurance or by collateral held by the State or the State's agent in the State's name, $147,468 was covered by collateral held in the pledging bank's trust department or by its agent in the State's name and $532 was uninsured and uncollateralized.

Fiduciary Funds

As of June 30, 2003, the carrying amount (amounts expressed in thousands) of cash deposits for the fiduciary funds was $630,886 and the bank balance was $628,891. Of the bank balance, $617,339 was covered by Federal depository insurance or by collateral held by the State or the State's agent in the State's name, $9,756 was covered by collateral held in the pledging banks trust department or by its agent in the State's name and $1,796 was uninsured and uncollateralized.

Component Units

As of June 30, 2003, the carrying amount (amounts expressed in thousands) of the State's component units' cash deposits was $289,792 and the bank balance was $317,984. Of the bank balance, $301,400 was covered by federal depository insurance or by collateral held by the State or the State's agent in the State's name, $9,661 was covered by collateral held in the pledging bank's trust department or by its agent in the State's name and $6,923 was uninsured and uncollateralized.

Table 3-3 (amounts expressed in thousands)

	Category			Fair
	1	2	3	Value
Primary Government				
Governmental and Business-Type Activities				
Funds Maintained Outside the State Treasury				
Categorized:				
U.S. Treasury and agency obligations	$ 229,265		$ 597,656	$ 826,921
Corporate equity securities	184			184
Total categorized investments	$ 229,449	$ -	$ 597,656	827,105
Investments not subject to categorization:				
Investment contracts/security lending investment pools				24,100
Tangible property				1,718
Investments not held for income or profit				10,270
Investments held in U.S. Treasury for unemployment claims				97,319
Investment in mutual funds				364,748
Total investments				$ 1,325,260

Table 3-4 (amounts expressed in thousands)

	Category 1	Category 2	Category 3	Fair Value
Fiduciary Funds				
Categorized:				
Repurchase agreements	$ 2,859,032	$ 15,425		$ 2,874,457
U.S. Treasury and agency obligations	5,936,083		$ 30,029	5,966,112
Municipal debt	29,179			29,179
Commercial paper	505,898			505,898
Corporate debt securities	5,226,714		24,259	5,250,973
Corporate equity securities	9,882,987		286	9,883,273
Total categorized investments	$ 24,439,893	$ 15,425	$ 54,574	24,509,892
Investments not subject to categorization:				
Investment contracts/security lending investment pools				5,343,018
Tangible property				2,272,624
Foreign currency investments				23,906
Investments held by broker-dealers under securities loans:				
U.S. Treasury debt				881,559
Corporate debt				227,264
Corporate equity				1,296,003
Collective investment funds				735,248
Equity in Public Treasurers' Investment Pool				144
Investment in mutual funds				10,204,682
Total investments				$ 45,494,340

Table 3-5 (amounts expressed in thousands)

	Category 1	Category 2	Category 3	Fair Value
Component Units				
Categorized:				
Repurchase agreements	$ 40,869	$ 95,442		$ 136,311
U.S. Treasury and agency obligations	918,801	14,066	$ 3,555	936,422
Municipal debt	748			748
Commercial paper	21,968		180	22,148
Corporate debt securities	275,061	7,717	280	283,058
Corporate equity securities	263,106	50,567	4,491	318,164
Total categorized investments	$ 1,520,553	$ 167,792	$ 8,506	1,696,851
Investments not subject to categorization:				
Investment contracts				515,910
Tangible property				36,859
Equity in Public Treasurers' Investment Pool				197,317
Investment in mutual funds				963,908
Total investments				$ 3,410,845

RECONCILIATION TO STATEMENT OF NET ASSETS AND STATEMENT OF FIDUCIARY NET ASSETS

The Statement of Net Assets and Statement of Fiduciary Net Assets account cash and cash equivalents contains certain short-term investments (included as investments above) to reflect their liquidity. In addition, the disclosures related to deposits and investments above include certain items that the Statement of Net Assets and the Statement of Fiduciary Net Assets show as restricted assets or other assets. A reconciliation follows:

Table 3-7 (amounts expressed in thousands)

Component Units	Deposits	Investments
Amounts Per Note:		
Funds maintained outside of the State Treasury	$ 289,792	$ 3,410,845
Cash equivalents	550,533	(550,533)
Amounts per Statement of Net Assets	$ 840,325	$ 2,860,312

Table 3-6 (amounts expressed in thousands)

Primary Government	Deposits	Investments
Amounts Per Note:		
ISBI (net of investment liabilities of $230,901)	$ 40	$ 7,800,981
Governmental and business-type	370,636	1,325,260
Fiduciary	630,886	45,494,340
Cash equivalents	93,694	(93,694)
Other assets		(1,310,202)
Total	$ 1,095,256	$ 53,216,685
Amount per Statement of Net Assets	$ 402,350	$ 1,283,276
Amount per Fiduciary Funds Statement of Net Assets	692,906	51,933,409
Total	$ 1,095,256	$ 53,216,685

DERIVATIVES

Certain State agencies, principally Teachers' Retirement System (TRS), ISBI and State Universities Retirement System (SURS), invest in derivative securities. These derivative securities have been authorized by the policies of the applicable State agencies and the Illinois Compiled Statutes. 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 TRS, ISBI 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 TRS, ISBI 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.

TRS, ISBI 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, 2003, the net unrealized gain(loss) of foreign currency forward contracts outstanding (expressed in thousands) for TRS, ISBI and SURS was ($464), ($18) and ($360), 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, 2003, the fair value of collateralized mortgage obligations (expressed in thousands) for ISBI and SURS was $112,763 and $140,074, 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, TRS, ISBI 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, 2003, the fair value of option contracts written (expressed in thousands) for TRS and SURS was ($464) and ($2,095), respectively.

Table 3-8 (amounts expressed in thousands)

	Contractual Principal Outstanding*		
Type of Derivative Contract	**Teachers' Retirement System**	**Universities Retirement System**	**Illinois State Board of Investment**
Domestic interest rate products			
Fixed income futures purchased	$ 31,577	$ 16,700	$ 2,347
Fixed income futures sold		192,700	103,030
Fixed income put options (w rittten, purchased)	7,939	301,150	1,126
Fixed income call options (w ritten, purchased)	9,093	261,750	898
International interest rate products			
Fixed income futures purchased	8,981	547,699	
Fixed income futures sold		31,000	
Fixed income put options (w ritten, purchased)		434,000	
Fixed Income call options (w ritten, purchased)		44,929	
Domestic Equity Products			
S & P 500 Index and other equity futures purchased	972,813	372,423	50,368
Foreign Currency Products			
Forw ard foreign currency futures (net)	136,556		
Currency put options (w ritten)	8,153		

* 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.

The preceding table represents the derivative positions held by TRS, ISBI and SURS at June 30, 2003 in financial futures and financial options. Additional information concerning the derivative investments of TRS, ISBI and SURS can be obtained from their separately issued annual reports.

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, principally the retirement systems and certain universities, 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.

As of June 30, 2003, agencies had outstanding loaned investment securities (amounts expressed in thousands) having a fair value of $4,405,881 against which they had received collateral having a fair value of $4,550,643.

4 TAXES RECEIVABLE

Taxes receivable for the primary government at June 30, 2003 are as follows:

Table 4-1 (amounts expressed in thousands)

	Income	Sales	Motor fuel	Public utility	Unemploy-ment comp-ensation	Other	Less allowance for uncollectible taxes	Total
Primary Government								
Governmental Activities:								
General Fund	$ 645,574	$ 566,076		$ 18,656		$ 223,608	$ 562,576	$ 891,338
Motor Fuel Tax Fund			$ 160,808				32,514	128,294
Non-major Funds	44,740	199,077	7,707	21,229		31,438	95,310	208,881
Total governmental activities	690,314	765,153	168,515	39,885	$ --	255,046	690,400	1,228,513
Business-type Activities:								
Unemployment Compensation Trust Fund					369,735		81,527	288,208
Total business-type activities	--	--	--	--	369,735	--	81,527	288,208
Total Primary Government	$ 690,314	$ 765,153	$ 168,515	$ 39,885	$ 369,735	$ 255,046	$ 771,927	$ 1,516,721
Fiduciary Funds:	$ --	$ 75,920	$ --	$ --	$ --	$ 4,919	$ --	$ 80,839

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2003 consisted of the following:

Table 5-1 (amounts expressed in thousands)

	Due From										
Due To	General Fund	Road Fund	Motor Fuel Tax Fund	Non-major Governmental Funds	Unemploy-ment Com-pensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ --	$ 6,173	$ 1	$ 82,777	$ --	$ 50	$ --	$ 63	$ 3	$ --	$ 89,067
Road Fund	--	--	25,026	--	--	--	--	--	--	--	25,026
State Construction Account	--	66,941	16,810	--	--	--	--	--	--	--	83,751
Non-major Governmental Funds	151,206	11,515	2,670	72,484	3,130	--	15	16,780	23	--	257,823
Unemployment Compensation Trust Fund	14,099	627	--	125	--	--	--	--	--	--	14,851
Designated Account Purchase Program Fund	--	--	--	1,090	--	--	--	19	--	--	1,109
Non-major Enterprise Funds	47,214	--	--	1,152	--	--	--	--	--	610	48,976
Internal Service Funds	175,803	5,855	85	12,242	--	48	1	3,356	5,915	227	203,532
Fiduciary Funds	27,433	3,345	107	22,028	--	--	--	4	154	77	53,148
Total	$415,755	$ 94,456	$44,699	$ 191,898	$ 3,130	$ 98	$ 16	$ 20,222	$ 6,095	$ 914	$777,283

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, 2003 consisted of the following:

Table 5-2 (amounts expressed in thousands)

	Transfers-Out									
Transfers-In	**General Fund**	**Road Fund**	**Motor Fuel Tax Fund**	**Pension Contribution Fund**	**Non-major Governmental Funds**	**Unemployment Compensation Trust Fund**	**Water Revolving Fund**	**Designated Account Purchase Program Fund**	**Non-major Enterprise Funds**	**Total**
General Fund	$ --	$ --	$ --	$ 300,000	$ 2,048,400	$ --	$ --	$ --	$539,527	$2,887,927
Road Fund	--	--	324,863	--	--	--	--	--	--	324,863
Motor Fuel Tax Fund	--	--	--	--	156	--	--	--	--	156
State Construction Account	--	--	223,475	--	--	--	--	--	--	223,475
Non-major Governmental Funds	3,034,357	229,507	62,040	--	709,193	10,045	533	572	1,034	4,047,281
Water Revolving Fund	--	--	--	--	21,000	--	--	--	--	21,000
Designated Account Purchase Program Fund	--	--	--	--	--	--	--	--	6,633	6,633
Non-major Enterprise Funds	2,000	--	--	--	--	--	--	--	--	2,000
Total	$ 3,036,357	$ 229,507	$610,378	$ 300,000	$ 2,778,749	$ 10,045	$ 533	$ 572	$547,194	$7,513,335

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, $156 million were transferred into the General Revenue Account, a sub-account of the General Fund from various non-major governmental funds.

The repayments of short-term certificate principal, $1,000,000, and premiums $10,620, by the General Obligation Bond Retirement and Interest Fund, a non-major governmental fund, are shown as a transfer-out to the General Revenue Account and the Long-Term Care Provider Account, sub-accounts of the General Fund. Also, $445 thousand was transferred from the General Obligation Bond Retirement and Interest Fund to pay arbitrage rebates to the federal government.

6 LOANS AND NOTES RECEIVABLE

Loans and notes receivable at June 30, 2003, consisted of the following:

Table 6-1 (amounts expressed in thousands)

	Primary Government					
	General Fund	Non-major Governmental Funds	Water Revolving Fund	Designated Account Purchase Program Fund	Fiduciary Funds	Component Units
Mortgage loan program	$ 3	$ 119				$ 1,660,353
Student loan program	30,276	1,492		$ 2,535,983	$ 113	118,493
Local government infrastructure			$ 1,240,941			78,859
Business loan program	29,299					465
Port district construction	15,228					
Other	2,811	111,488				2,787
	77,617	113,099	1,240,941	2,535,983	113	1,860,957
Less: Allowance for uncollectible accounts	64,053	1,815		5,720	45	45,499
Total	13,564	111,284	1,240,941	2,530,263	68	1,815,458
Less: Amounts representing restricted assets			257,390	2,530,263		10,341
Loans and notes receivable, net	$ 13,564	$ 111,284	$ 983,551	$ --	$ 68	$ 1,805,117

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

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

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

On March 13, 2000, the Circuit Court in Madison County entered a judgment order requiring the Trustee and Treasurer to sell the mortgage loans on the hotel properties to the plaintiffs. The court found that the plaintiffs were ready, willing and able to perform the buy-sell agreements at the time originally set for closing in 1995. The Trustee and the Treasurer are appealing the order. Briefings on the appeal were completed in February 2001 with oral arguments to order. No ruling has yet been issued on the arguments.

On October 31, 1997, the trustee filed suit against the Hotel ventures for making improper deductions in determining payments due, creating a default and making the loan balances due upon demand. At the time of the filing of the suit, the trustee presented letters of credit with a value of $2.7 million, which serve as collateral for the loans of one of the properties, for collection. The ventures obtained a restraining order to prevent collection of the letters of credit.

The two lawsuits were filed in Cook County. The affiliates of the owners of the hotel loans asked the Court to stay the lawsuits while the Madison County action was pending, and their motions were granted. After the final judgment was entered in the Madison County case, the Judge in the Cook County matter who is presiding over one of the lawsuits lifted his stay. Plaintiffs in the Madison County case then asked the Court to hold the trustee and its counsel in contempt for pursuing the Cook County case. Eventually, the trustee petitioned the Illinois Supreme Court for a supervisory order to allow it to proceed prosecuting the Cook County case without being held in contempt by the Madison County Court. The Supreme Court issued such a supervisory order in the fall of 2001, and the Cook County case is now proceeding. However, the other lawsuit remains stayed. As a result of discovery in the case which is proceeding, the trustee has determined that there have been additional events of default, and as a result, the trustee has now filed an amended complaint. The outcome of this litigation is not presently determinable.

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

7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003 was as follows:

Table 7-1 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Governmental Activities					
Capital assets not being depreciated:					
Land and land improvements	$ 2,189,166	$ 113,146	$ 11,803	$ (2,380)	$ 2,288,129
Historical treasures and works of art	37,712	308	--	222	38,242
Construction in progress	267,324	249,085	18,505	(291,934)	205,970
Total capital assets not being depreciated	2,494,202	362,539	30,308	(294,092)	2,532,341
Capital assets being depreciated:					
Infrastructure	18,904,350	1,323,142	356,013	--	19,871,479
Site improvements	510,601	7,132	496	13,193	530,430
Buildings and building improvements	3,478,147	5,619	23,484	256,039	3,716,321
Equipment	1,060,702	77,446	39,713	(12,936)	1,085,499
Historical treasures and works of art	130	--	--	--	130
Total capital assets being depreciated	23,953,930	1,413,339	419,706	256,296	25,203,859
Less accumulated depreciation for:					
Infrastructure	8,098,001	846,595	356,013	--	8,588,583
Site improvements	203,274	18,059	5,395	588	216,526
Buildings and building improvements	1,457,261	92,770	12,778	7,810	1,545,063
Equipment	746,270	98,352	37,386	(8,014)	799,222
Historical treasures and works of art	130	--	--	--	130
Total accumulated depreciation	10,504,936	1,055,776	411,572	384	11,149,524
Total capital assets being depreciated, net	13,448,994	357,563	8,134	255,912	14,054,335
Governmental activities capital assets, net	$ 15,943,196	$ 720,102	$ 38,442	$ (38,180)	$ 16,586,676

Depreciation expense for governmental activities was charged to functions as follows:	
Health and social services	$ 46,573
Education	8,785
General government	42,524
Employment and economic development	7,535
Transportation	876,685
Public protection and justice	51,814
Environmental and business regulation	21,860
Total	$ 1,055,776

Table 7-2 (amounts expressed in thousands)

	Beginning Balance, as Restated	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Business-type Activities					
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	1,229	130	--	--	1,359
Equipment	10,669	530	1,069	(116)	10,014
Total capital assets being depreciated	11,898	660	1,069	(116)	11,373
Less accumulated depreciation for:					
Buildings and building improvements	97	29	--	--	126
Equipment	7,600	1,235	1,037	(77)	7,721
Total accumulated depreciation	7,697	1,264	1,037	(77)	7,847
Total capital assets being depreciated, net	4,201	(604)	32	(39)	3,526
Business-type activities capital assets, net	$ 4,391	$ (604)	$ 32	$ (39)	$ 3,716
Fiduciary Funds					
Capital assets not being depreciated:					
Land and land improvements	$ 1,670	$ --	$ --	$ --	$ 1,670
Total capital assets not being depreciated	1,670	--	--	--	1,670
Capital assets being depreciated:					
Site improvements	322	--	--	--	322
Buildings and building improvements	14,280	64	--	--	14,344
Equipment	26,536	339	216	(288)	26,371
Total capital assets being depreciated	41,138	403	216	(288)	41,037
Less accumulated depreciation for:					
Site improvements	251	11	--	--	262
Buildings and building improvements	4,900	410	--	--	5,310
Equipment	17,613	2,098	201	(288)	19,222
Total accumulated depreciation	22,764	2,519	201	(288)	24,794
Total capital assets being depreciated, net	18,374	(2,116)	15	--	16,243
Fiduciary funds capital assets, net	$ 20,044	$ (2,116)	$ 15	$ --	$ 17,913
Component Units					
Capital assets not being depreciated:					
Land and land improvements	$ 384,042	$ 14,503	$ 1,955	$ 3,922	$ 400,512
Historical treasures and works of art	24,038	2,945	110	(7,100)	19,773
Construction in progress	825,096	301,584	16,462	(495,863)	614,355
Total capital assets not being depreciated	1,233,176	319,032	18,527	(499,041)	1,034,640
Capital assets being depreciated:					
Infrastructure	2,914,525	64,244	3,050	330,969	3,306,688
Site improvements	637,450	38,200	1,319	60,285	734,616
Buildings and building improvements	3,633,167	102,676	3,958	111,337	3,843,222
Equipment	1,668,997	192,281	75,767	1,912	1,787,423
Historical treasures and works of art	311,528	19,341	4	--	330,865
Total capital assets being depreciated	9,165,667	416,742	84,098	504,503	10,002,814
Less accumulated depreciation for:					
Infrastructure	1,810,834	126,187	1,887	(9,470)	1,925,664
Site improvements	224,264	17,017	303	9,307	250,285
Buildings and building improvements	1,482,804	85,070	939	1,649	1,568,584
Equipment	1,081,797	142,900	67,003	(1,506)	1,156,188
Historical treasures and works of art	224,775	16,237	1,995	--	239,017
Total accumulated depreciation	4,824,474	387,411	72,127	(20)	5,139,738
Total capital assets being depreciated, net	4,341,193	29,331	11,971	504,523	4,863,076
Component units capital assets, net	$ 5,574,369	$ 348,363	$ 30,498	$ 5,482	$ 5,897,716

8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2003 are summarized as follows:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	$ 8,405,437	$ 12,381,199	$ (1,186,665)	$ 19,599,971	$ 634,690
Special obligation bonds (note 10)	2,003,353	319,931	(232,114)	2,091,170	102,190
Deferred amount on refundings:					
General obligation bonds (note 9)	(20,136)	(44,914)	16,115	(48,935)	--
Special obligation bonds (note 10)	(7,929)	--	2,342	(5,587)	--
Unamortized premiums:					
General obligation bonds (note 9)	84,893	161,542	(15,413)	231,022	--
Special obligation bonds (note 10)	26,889	20,836	(3,079)	44,646	--
Unamortized (discounts):					
General obligation bonds (note 9)	--	(2,869)	60	(2,809)	--
Total bonds payable	10,492,507	12,835,725	(1,418,754)	21,909,478	736,880
Other long-term obligations:					
Capital lease obligations (note 13A)	21,775	1,258	(4,011)	19,022	4,668
Installment purchases (note 13D)	29,166	6,029	(15,336)	19,859	10,283
Certificates of participation (note 13B)	138,090	--	(7,370)	130,720	7,755
Department of Nuclear Safety (note 13C)	17,500	--	--	17,500	--
Cape Girardeau bridge (note 13E)	18,254	8,778	(7,671)	19,361	7,721
Workers compensation (note 18)	132,717	79,880	(76,334)	136,263	69,086
Auto liability (note 18)	7,726	2,771	(2,572)	7,925	3,687
Compensated absences (note 1M)	540,141	269,429	(398,304)	411,266	93,916
Net pension obligation (note 15)	14,633,026	1,368,402	--	16,001,428	--
Other obligations (note 13H)	18,118	2,466	(448)	20,136	12,186
Total other long-term obligations	15,556,513	1,739,013	(512,046)	16,783,480	209,302
Total Governmental Activities	$ 26,049,020	$ 14,574,738	$ (1,930,800)	$ 38,692,958	$ 946,182
Business-type Activities					
Water Revolving:					
Bonds and notes payable:					
Revenue bonds (note 11)	$ 150,000	$ --	$ (3,085)	$ 146,915	$ 8,350
Unamortized premiums/(discounts)	9,816	--	(1,696)	8,120	--
Total bonds and notes payable	159,816	--	(4,781)	155,035	8,350
Other long-term obligations:					
Compensated absences (note 1M)	995	350	(448)	897	338
Total Water Revolving	160,811	350	(5,229)	155,932	8,688
Designated Account Purchase Program:					
Bonds and notes payable:					
Revenue bonds (note 11)	2,500,830	750,000	(137,345)	3,113,485	315,475
Notes payable (note 12)	100,294	--	--	100,294	100,294
Deferred amount on refundings	(242)	--	145	(97)	--
Unamortized premiums/(discounts)	(10,377)	(3,165)	839	(12,703)	--
Total Designated Account Purchase Program	2,590,505	746,835	(136,361)	3,200,979	415,769

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2002 as Restated	Additions	Deletions	Balance June 30, 2003	Amounts Due Within One Year
Primary Government continued					
Business-type Activities, continued					
Other business-type activity programs:					
Other long-term obligations:					
Lottery prize awards (note 13F)	$ 34,180	$ --	$ (14,969)	$ 19,211	$ 14,519
Capital lease obligations (note 13A)	75	70	(70)	75	40
Installment purchases (note 13D)	38	--	(9)	29	28
Tuition and related accretion payable (note 13G)	264,380	136,511	(3,976)	396,915	9,932
Compensated absences (note 1M)	4,695	4,710	(4,288)	5,117	505
Other obligations (note 13H)	9,750	--	(2,347)	7,403	7,403
Total other business-type activity programs	313,118	141,291	(25,659)	428,750	32,427
Total Business-type Activities	$ 3,064,434	$ 888,476	$ (167,249)	$ 3,785,661	$ 456,884
Fiduciary Funds					
Revenue bonds (note 11)	$ 17,024	$ 1,283	$ --	$ 18,307	$ 10,000
Capital lease obligations (note 13A)	59	--	(45)	14	14
Compensated absences (note 1M)	3,446	399	(591)	3,254	14
Total Fiduciary Funds	$ 20,529	$ 1,682	$ (636)	$ 21,575	$ 10,028
Component Units					
Bonds and notes payable:					
Revenue bonds (note 11)	$ 3,922,066	$ 404,200	$ (495,010)	$ 3,831,256	$ 231,033
Notes payable (note 12)	40,524	26,257	(19,543)	47,238	29,742
Deferred amount on refundings	(33,749)	(532)	2,208	(32,073)	--
Unamortized premiums/(discounts)	(12,091)	10,232	181	(1,678)	56
Total bonds and notes payable	3,916,750	440,157	(512,164)	3,844,743	260,831
Other long-term obligations:					
Capital lease obligations (note 13A) *	31,673	33,398	(9,956)	55,115	10,535
Installment purchases (note 13D)	3,597	37	(919)	2,715	291
Certificates of participation (note 13B)	387,280	25,200	(11,685)	400,795	12,725
Unamortized premiums/(discounts)	8,445	78	(68)	8,455	--
Accrued self-insurance (note 18) *	107,911	48,560	(39,248)	117,223	28,079
Compensated absences (note 1M) *	369,544	9,663	(26,706)	352,501	39,277
Other obligations (note 13H) *	248,131	48,088	(43,816)	252,403	175,284
Total other long-term obligations	1,156,581	165,024	(132,398)	1,189,207	266,191
Total Component Units	$ 5,073,331	$ 605,181	$ (644,562)	$ 5,033,950	$ 527,022

* Prior year amounts restated for prior misclassification as other liabilities

The amounts liquidated in subsequent years for certain liabilities for governmental activities of the primary government will be as follows:

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

Workers compensation – by the General Fund, the Road Fund or the Mental Health Fund (non-major governmental fund) based on the function of the related employees.

Net pension obligation – by the applicable charges to funds that account 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 in subsequent years from the General Fund will liquidate amounts for employees who are members of the Teachers' Retirement System or the State Universities Retirement System.

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

9 GENERAL OBLIGATION BONDS

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds 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 as an energy source. 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. General obligation bonds are redeemed over a period not to exceed 30 years from available resources in the debt service funds. However, the State of Illinois has generally issued 25 year serial bonds with equal amounts of principal and interest maturing each year, except for capital appreciation and refunding bonds which mature in varying amounts. 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.

On April 7, 2003, the Governor signed Public Act 93-0002 (House Bill 2660) that amended the General Obligation Bond Act (30 ILCS 330 et seq.) which authorized the sale of $10 billion of general obligation bonds for the purpose of making contributions to the Pension Contribution Fund (a major governmental fund). The net proceeds of this bond issue were used to: (i) reimburse the State's General Fund for a portion of the contributions made to the Retirement Systems for the last quarter of fiscal year 2003, (ii) reimburse the State's General Fund for the State's contributions to the Retirement Systems for fiscal year 2004, and (iii) fund a portion of the State's unfunded portion of prior years liabilities (see Notes 1(K) and 15). These bonds were issued as taxable bonds based on the Internal Revenue Code of 1986, as amended, and as such are not subject to the arbitrage regulations as outlined by the Tax Reform Act of 1986.

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2003 are as follows:

Table 9-1 (amounts expressed in thousands)

Governmental Activities

Purpose	Outstanding Interest Rates	Outstanding Amounts	Authorized but Unissued
Capital Development	2.50 % to 6.10%	$ 3,605,301	$ 2,016,844
Transportation	2.50 % to 6.10%	2,199,299	1,539,926
Anti-Pollution	2.50 % to 12.0%	223,478	47,589
School Construction	2.50 % to 6.10%	1,814,369	1,101,711
Coal Development	3.00 % to 6.00%	53,903	568,694
Tobacco Securitization	--	--	750,000
Pension Funding Contribution	2.50 % to 5.10%	10,000,000	--
Refunding	3.00 % to 5.50%	1,703,621	1,180,225
		19,599,971	$ 7,204,989
Deferred amount on refundings		(48,935)	
Unamortized premiums/(discounts)		228,213	
		$ 19,779,249	

Changes in general obligation bonds during the year ended June 30, 2003, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2003 are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities Principal	Interest	Total
2004	$ 634,690	$ 880,448	$ 1,515,138
2005	645,300	875,177	1,520,477
2006	646,935	854,081	1,501,016
2007	615,770	833,604	1,449,374
2008	673,775	814,220	1,487,995
2009-2013	3,077,465	3,761,569	6,839,034
2014-2018	2,627,985	3,200,280	5,828,265
2019-2023	2,866,330	2,568,980	5,435,310
2024-2028	3,650,795	1,781,082	5,431,877
2029-2033	4,775,000	772,650	5,547,650
	20,214,045	$ 16,342,091	$ 36,556,136
Less: Unaccreted appreciation	(614,074)		
	19,599,971		
Deferred amount on refundings	(48,935)		
Unamortized premiums /(discounts)	228,213		
Total	$ 19,779,249		

10 SPECIAL OBLIGATION BONDS

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

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

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

Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax and are redeemed over a period of not more than 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued for governmental activities at June 30, 2003, are as follows:

Table 10-1 (amounts expressed in thousands)

Governmental Activities

Purpose	Outstanding Interest Rates	Outstanding Amounts	Authorized but Unissued
Build Illinois			
Public infrastructure	3.25 % to 7.25%	$ 699,796	$ 590,470
Business development	3.25 % to 7.25%	67,031	69,699
Education	3.25 % to 7.25%	200,389	509,427
Environment	3.25 % to 7.25%	26,477	67,165
Refunding	3.00 % to 7.00%	947,786	Unlimited
		1,941,479	1,236,761
Civic Center:			
Civic centers	6.25 % to 7.40%	54,986	142,405
Libraries	6.25 % to 6.25%	6,625	3,375
Refunding	4.40 % to 6.50%	88,080	Unlimited
		149,691	145,780
		2,091,170	$ 1,382,541
Deferred amount on refundings		(5,587)	
Unamortized premiums /(discounts)		44,646	
		$ 2,130,229	

Changes in special obligation bonds during the year ended June 30, 2003, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2003, are as follows:

Table 10-2 (amounts expressed in thousands)

Year Ending June 30	**Governmental Activities Principal**	**Interest**	**Total**
2004	$ 102,190	$ 109,458	$ 211,648
2005	107,555	105,607	213,162
2006	112,005	100,788	212,793
2007	126,215	94,757	220,972
2008	130,140	88,192	218,332
2009-2013	680,775	339,291	1,020,066
2014-2018	584,035	165,667	749,702
2019-2023	251,155	47,790	298,945
2024-2028	56,000	8,400	64,400
	2,150,070	$ 1,059,950	$ 3,210,020
Less: Unaccreted appreciation	(58,900)		
	2,091,170		
Deferred amount on refundings	(5,587)		
Unamortized premiums /(discounts)	44,646		
Total	$ 2,130,229		

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, 2003 (except for the Illinois State Toll Highway Authority which is as of December 31, 2002), net of unamortized discounts, unamortized deferred amount on bond refundings and unamortized bond premiums are as follows:

Table 11-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Outstanding Interest Rates	Annual Maturity To
Primary Government			
Business-type Activities			
Major Funds:			
Water Revolving Fund	$ 155,035	3.250% to 5.500%	2020
Designated Account Purchase Program	3,100,685	4.000% to 18.000%	2042
Total Business-type Activities	$ 3,255,720		
Fiduciary Funds:			
State Universities Retirement System	$ 18,307	7.350% to 7.450%	2005
Component Units			
Major Component Units:			
Illinois Housing Development Authority	$ 1,782,883	1.130% to 15.000%	2045
Illinois State Toll Highway Authority	764,792	3.500% to 6.300%	2017
Illinois State University	58,752	2.000% to 7.350%	2023
Northern Illinois University	124,703	4.000% to 6.550%	2029
Southern Illinois University	152,352	1.150% to 6.200%	2029
University of Illinois	697,614	2.000% to 7.960%	2034
	3,581,096		
Non-Major Component Units	216,353	2.350% to 7.300%	2031
Total Component Units	$ 3,797,449		

Changes in revenue bonds during the year ended June 30, 2003 are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2003, are as follows:

Table 11-2 (amounts expressed in thousands)

	Primary Government				Component Units	
Year Ending	Business-type Activities		Fiduciary Funds			
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2004	$ 323,825	$ 48,935	$ 10,000	$ --	$ 231,033	$ 283,859
2005	83,640	44,171	--	--	149,613	186,116
2006	119,115	41,568	10,000	--	159,326	178,926
2007	47,535	38,836	--	--	167,594	171,247
2008	14,905	37,248	--	--	176,865	163,455
2009-2013	175,600	172,455	--	--	946,801	689,576
2014-2018	59,325	149,463	--	--	1,047,529	445,500
2019-2023	8,755	139,360	--	--	552,346	253,166
2024-2028	275,300	131,732	--	--	456,204	130,615
2029-2033	170,450	116,162	--	--	215,720	30,784
2034-2038	1,531,950	68,453	--	--	10,890	3,412
2039-2043	450,000	17,480	--	--	6,505	1,665
2044-2048	--	--	--	--	2,730	184
	3,260,400	$ 1,005,863	20,000	$ --	4,123,156	$ 2,538,505
Less: Unaccreted appreciation	--		(1,693)		(291,900)	
	3,260,400		18,307		3,831,256	
Deferred amount on refundings	(97)		--		(32,073)	
Unamortized premiums/(discounts)	(4,583)		--		(1,734)	
Total	$ 3,255,720		$ 18,307		$ 3,797,449	

Included within the $1,782.9 million of outstanding Illinois Housing Development Authority (IHDA) revenue bonds and $216.4 million of outstanding non-major component unit revenue bonds are $1,490.2 million and $18.2 million of bonds, respectively, which do not require the Governor to include in the State budget for payment of principal and interest. Payment of principal and interest on a portion of the IHDA bonds are general obligations of various authorities and is guaranteed from pledged revenues of the properties. Payment of principal and interest of the remainder of the IHDA bonds and the non-major component unit bonds are guaranteed by a municipal bond insurance policy.

Demand and Variable Rate Bonds

Designated Account Purchase Program (IDAPP)

Included in the $3,113.5 million of outstanding revenue bonds issued by IDAPP are $383.0 million of variable rate demand bonds, (Series B, Series D, Series 1996A, Series 1996B, Series 1997A, Series 1997B, Series 1998A, Series 1998B, Series 1999A and Series 1999B), the proceeds of which were used to purchase and originate student loans. The bonds mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the bonds to be sold at a price equal to their principal amount, but not to exceed 18% per annum for the Series B, 15% per annum for the Series D, Series 1996B, Series 1997B, and Series 1998B bonds and 12% per annum for the Series 1996A, Series 1997A, Series 1998A, Series 1999A and Series 1999B bonds. Of these, $150.0 million are recorded as non-current. Included in the non-current demand bonds is $100.0 million of variable rate demand student loan revenue bonds, Series 1999A and Series 1999B, maturing on September 1, 2034, and $50.0 million of taxable variable rate demand student loan revenue bonds, Series D, maturing on September 1, 2023.

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

Irrevocable letters of credit have been issued by various credit facilities in order to permit the Trustee to draw amounts to pay the tender price of the variable rate demand bonds tendered for payment under early redemption and demand provisions of the bond issues. Under these letters of credit, the various credit facilities, acting as tender agent, paying agent, and bond registrar for the respective bond issues, are entitled to draw the amount needed (a) to pay interest on the bonds on each interest payment date; (b) to pay principal and interest on the bonds called for redemption; (c) to pay principal and interest on the bonds resulting from an acceleration of maturity due to an event of default; and (d) to pay the tender price of bonds tendered or required to be tendered for purchase which is not to be paid from remarketing proceeds or from certain funds held under the indenture. The letters of credit have variable interest rates ranging from the Federal funds rate plus .5% to 20% per annum and expire at various dates through December 9, 2005. If the remarketing agent is unable to resell any bonds that are "put" within 180 days of the "put" date, IDAPP is required to repay the amounts drawn on the letters of credit for the redemption of these bonds. Repayment of amounts drawn on the letters of credit will be made by IDAPP from the trustee accounts.

IDAPP 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 .55% of the available amount of the letters of credit.

Also included in the $3,113.5 million of outstanding revenue bonds are $2,952.9 million of variable rate bonds. These bonds carry a maximum interest rate ranging from 16% to 17%. The interest rate in effect at June 30, 2003 was used in calculating future interest payments.

There is a requirement within certain bond agreements and indentures that IDAPP must deliver to bond trustees audited financial statements within 120 days after its fiscal year-end. IDAPP was unable to meet this requirement in fiscal year 2003. IDAPP requested the trustees to waive their right to demand payment of the bonds as a result of the noncompliance. The trustees agreed to the waiver of this right. Additional information regarding IDAPP's demand bonds may be obtained from their separately issued annual report.

Illinois Housing Development Authority (IHDA)

Included within the IHDA's outstanding revenue bonds are $8.1 million of Multi-Family Variable Rate Demand Bonds Series 1996A and $56.6 million of Multi-Family Housing Revenue Bonds Series 1997 and Series 2000A, 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. 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 of and interest on the bonds when due are insured by a financial guarantee insurance policy. The IHDA has a general obligation to reimburse the insurer for any such payments made.

Illinois State Toll Highway Authority (THA)

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

To mitigate the effect of interest rate changes, the THA has entered into Interest Rate Swap Agreements for both the Series 1993B bonds and the Series 1998B bonds. These agreements effectively change the THA's interest rates to a synthetic fixed rate of 4.92% and 4.325%, respectively. The THA will be exposed to variable rates if a counter party to the swap agreement defaults or if the swap is terminated. However, the THA does not anticipate nonperformance. The amounts shown in the schedule of revenue bond debt service requirements are based on the fixed rate effects of this interest rate swap.

Derivatives

IDAPP and IHDA have entered into various derivative instruments. As of June 30, 2003, IDAPP had two active interest rate swap contracts and IHDA had six active interest rate swap contracts, an interest rate cap and a forward delivery swap. Details of these agreements are as follows:

Table 11-3 (amounts expressed in thousands)

Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Rate in Effect at 6/30/03	Fair Values (4)	Swap Termination Date	Counterparty Credit Rating
Interest Rate Swap Contracts								
IDAPP								
RAMS*								
Series 2001B	$ 90,000	6/02	2.672%	1 mo LIBOR^	1.12%	$ (105)	7/03	AAA/AA+/Aa2
Series 2001B	150,000	6/03	1.305%	1 mo LIBOR^	1.12%	(218)	7/04	AAA/AA+/Aa2
IHDA								
MVRDB**								
Series 1996A	5,135	12/98	6.410%	30 day nonfinancial commercial paper	1.02%	(982)	12/08	A+/Aa3
Series 1996A	3,000	4/99	6.060%	30 day nonfinancial commercial paper	1.02%	(87)	12/03	AA-/Aa3
MHRB***								
Series 2000A (Lakeshore Plaza) (2)	42,385	6/02	5.510%	Actual bond rate	0.95%	(2,707)	7/27	AAA/Aaa
HMRB****								
Series 2001D	7,855	7/01	6.130%	1 mo LIBOR^+30bp^^	1.42%	(1,012)	2/10	AAA/Aaa
Series 2001F	10,000	1/02	6.615%	1 mo LIBOR^+40bp^^	1.52%	(2,313)	8/20	A+/Aa3
Series 2002B	10,000	5/02	6.145%	1 mo LIBOR^+41.5bp^^	1.53%	(1,488)	2/23	AAA/Aaa
Interest Rate Cap								
IHDA								
MHRB***								
Series 1997 (Camelot Development)	14,170	11/97	5.750%	Stated rate	5.75%	(126)	12/07	AA-/Aa3
Forward Delivery Swap								
IHDA								
AHPTFB*****								
Series 1994A (3)	24,115	8/04	6.500%	1 mo LIBOR	1.12%	(4,071)	6/26	A/A2

* Reset Auction Mode Securities, Student Loan Revenue Bonds
** Multi-Family Variable Rate Demand Bonds
*** Multi-Family Housing Revenue Bonds
**** Homeowner Mortgage Revenue Bonds
***** Affordable Housing Program Trust Fund Bonds
^ London Interbank Offered Rate
^^ basis points

(1) All bond issues are taxable debt instruments.
(2) $550 premium received 9/17/98. Par termination rights at IHDA's option beginning 7/01/05.
(3) Counterparty collateralizes negative market value.
(4) Includes accrued interest.

Objectives of the swaps and interest rate cap. To protect against the potential rising of interest rates, IDAPP and IHDA entered into various pay-fixed, receive variable interest rate swap agreements, the objective of which is to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had IDAPP or IHDA issued fixed-rate debt. In addition, IHDA has entered into an interest rate cap agreement, the objective of which is to establish a maximum debt service which may be paid over the life of the underlying bonds. A forward delivery swap agreement, which will create a synthetic fixed interest rate on bonds which IHDA intends to issue at a future date, the objective is to lock in debt service savings on the existing bonds, which are not yet eligible to be refunded.

Terms and fair values. The terms, fair values and credit ratings of the outstanding agreements as of June 30, 2003 are as shown in Table 11-3. The notional amounts of the swaps match the principal amounts of the associated debt. The swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category.

Because interest rates have declined since the implementation of the swap agreements, all currently active swaps had a negative fair value as of June 30, 2003. Because the coupons on the variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

Credit risk. As of June 30, 2003, IDAPP and IHDA were not exposed to credit risk because of the negative fair values of the swaps. Should interest rates change and the fair values become positive, IDAPP and IHDA would be exposed to credit risk in the amount of the swaps' fair value. Fair value is a factor only upon termination.

IHDA had one swap agreement that contains a collateral agreement, at 105%, as determined by a formula, with the counter-party. The remaining swaps do not have collateral agreements. Collateral is in the form of cash, U.S. government securities or Federal Agency debentures.

Basis risk. IDAPP and IHDA are exposed to basis risk on swaps when the variable payment received is 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. However, IDAPP and IHDA believe their swap agreements have been structured to minimize this risk.

Termination risk. IDAPP, IHDA or their counter-parties may terminate any of the swap agreements if the other party fails to perform under the terms of the agreements. If a swap is insured, a termination event occurs if the insurer fails to meet its obligations under the agreement. If a swap is terminated, the related variable-rate bond would no longer carry a synthetic fixed interest rate. IDAPP's interest swap agreements are structured that should the counterparty's bond rating drop, the counterparty would be required to put up collateral for the amount of the additional exposure. IHDA's Lakeshore Plaza interest rate swap agreement is their only insured agreement. Of the remaining IHDA agreements, IHDA would be liable to the counterparty for a payment equal to the swap's fair value if at the time of termination the swap has a negative fair value.

Rollover risk. IDAPP and IHDA are not exposed to rollover risk on their swap agreements.

As of June 30, 2003, debt service requirements of IDAPP and IHDA's outstanding variable-rate debt and net swap payments, assuming current interest rates remain the same, for their terms are as follows:

Table 11-4 (amounts expressed in thousands)

Swap Payments and Associated Debt
Variable Rate Bonds

	IDAPP				IHDA			
Year Ending June 30	**Principal**	**Interest**	**Interest Rate Swaps, Net**	**Total**	**Principal**	**Interest**	**Interest Rate Swaps, Net**	**Total**
2004	$ 9,600	$ 1,729	$ 325	$ 11,654	$ 2,525	$ 910	$ 3,426	$ 6,861
2005	3,600	149	20	3,769	3,055	872	3,305	7,232
2006	--	--	--	--	3,085	827	3,168	7,080
2007	--	--	--	--	6,565	784	3,031	10,380
2008	--	--	--	--	7,550	706	2,866	11,122
2009-2013	--	--	--	--	9,145	2,741	10,935	22,821
2014-2018	--	--	--	--	15,230	2,153	8,641	26,024
2019-2023	--	--	--	--	15,735	983	4,473	21,191
2024-2028	--	--	--	--	11,385	278	1,333	12,996
Total	$ 13,200	$ 1,878	$ 345	$ 15,423	$ 74,275	$ 10,254	$ 41,178	$ 125,707

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

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, 2003, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding as reported by authority officials are as follows:

Table 11-5 (amounts expressed in thousands)

Authority		**Amount Outstanding**	**Annual Maturity To**
Illinois Health Facilities Authority		$ 8,242,050	2036
Illinois Development Finance Authority			
501(c) not for profit	$ 2,930,304		2041
Environmental facilities	1,555,960		2032
Industrial development	1,146,307		2033
Infrastructure	1,054,366		2024
Housing	331,988		2039
Leases, notes and certificates of participation	46,781		2021
Financially distressed city	16,235		2013
		7,081,941	
Illinois Educational Facilities Authority		2,839,236	2041
Illinois Housing Development Authority		284,534	2044
Southwestern Illinois Development Authority		193,688	2038
Illinois Farm Development Authority		90,659	2041
Upper Illinois River Valley Development Authority		44,508	2037
Will-Kankakee Regional Development Authority		40,515	2030
Quad Cities Regional Economic Development Authority		25,250	2031
Total		$ 18,842,381	

12 NOTES/GENERAL OBLIGATION CERTIFICATES PAYABLE

The State has obtained notes payable, normally secured by specific revenue sources, to provide financing. Outstanding notes payable at June 30, 2003 were as follows:

Table 12-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Primary Government			
Business-type Activities			
Major Funds:			
Designated Account Purchase Program	$ 100,294	0.95% to 1.15%	Demand
Component Units			
Major Component Units:			
Illinois State University	$ 1,000	4.25%	2004
Northern Illinois University	6,159	4.35% to 7.25%	2012
Southern Illinois University	2,480	3.00% to 5.05%	2009
University of Illinois	7,489	1.78%	Demand
	17,128		
Non-Major Component Units	30,110	0.00% to 8.98%	2019
	47,238		
Unamortized premiums/(discounts)	56		
Total Component Units	$ 47,294		

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 July 23, 2002, the State issued $1,000.0 million of revenue anticipation certificates of which $100.0 million matured on January 15, 2003 with an interest rate of 2.25%; $300.0 million matured on April 15, 2003 with an interest rate of 3.00%; $300.0 million matured on May 15, 2003 with an interest rate of 2.50%; and $300.0 million matured on June 15, 2003 with an interest rate of 3.00%. The certificates were issued to meet significant timing variations between disbursement and receipt of budgeted funds during fiscal year 2003. Proceeds from the certificates were deposited into the following funds: $700.0 million into the General Revenue Account; $150.0 into the Income Tax Refund Account; $150.0 million into the Long Term Care Provider Account (sub-accounts of the General Fund); and $10.6 million of bond issuance premium into the General Obligation Bond Retirement and Interest Fund (a non-major governmental fund).

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

On May 22, 2003, the State issued $1,500.0 million of general obligation certificates of which $300.0 million is scheduled to mature on January 15, 2004 with an interest rate of 2.00%; $250.0 million is scheduled to mature on March 15, 2004 with an interest rate of 1.50%; $450.0 million is scheduled to mature on April 15, 2004 with an interest rate of 2.00%; and $500.0 million is scheduled to mature on May 15, 2004 with an interest rate of 1.50%. The certificates were issued to meet a revenue shortfall in fiscal year 2003. Proceeds from the certificates were deposited into the following funds: $975.0 million into the General Revenue Account; $50.0 million into the Long Term Care Provider Account; $475.0 million into the Income Tax Refund Account (a sub-account of the General Fund); and $9.4 million of bond issuance premium into the General Obligation Bond Retirement and Interest Fund.

Changes in notes payable during the year ended June 30, 2003 are summarized in Note 8. Changes in general obligation certificates payable during the year ended June 30, 2003 are as follows:

Table 12-2 (amounts expressed in thousands)

	Balance July 1, 2002	Additions	Deletions	Balance June 30, 2003
Primary Government				
Governmental Activities				
General obligation certificates payable	$ --	$ 2,500,000	$ (1,000,000)	$ 1,500,000
Unamortized premiums	--	20,040	(10,620)	9,420
Total Governmental Activities	$ --	$ 2,520,040	$ (1,010,620)	$ 1,509,420

Future notes and general obligation certificates payable debt service requirements as of June 30, 2003, are as follows:

Table 12-3 (amounts expressed in thousands)

	Primary Government				Component Units	
	Governmental Activities		Business-type Activities			
Year Ending June 30	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2004	$ 1,500,000	$ 22,875	$ 100,294	$ 1,083	$ 29,742	$ 1,103
2005	--	--	--	--	3,329	790
2006	--	--	--	--	2,393	664
2007	--	--	--	--	2,294	546
2008	--	--	--	--	2,000	436
2009-2013	--	--	--	--	5,315	1,013
2014-2018	--	--	--	--	1,019	412
2019-2023	--	--	--	--	1,146	155
	1,500,000	$ 22,875	100,294	$ 1,083	47,238	$ 5,119
Unamortized premiums/(discounts)	9,420		--		56	
	$ 1,509,420		$ 100,294		$ 47,294	

13 OTHER LONG-TERM OBLIGATIONS

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

Table 13-1 (amounts expressed in millions)

Description	Reference	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Fiduciary Funds	Component Units
Capital lease obligations	(A)	$ 19.0	$ 0.1	$ --	$ 55.1
Certificates of participation	(B)	130.7	--	--	409.3
Department of Nuclear Safety	(C)	17.5	--	--	--
Installment purchase obligations	(D)	19.9	--	--	2.7
Cape Girardeau Bridge - State of Illinois / State of Missouri Joint Agreement	(E)	19.4	--	--	--
Obligations to Lottery Prize Winners	(F)	--	19.2	--	--
Illinois Student Assistance Commission/ Tuition obligations	(G)	--	396.9	--	--
Other obligations	(H)	20.1	7.4	--	252.4
Total Other Long-Term Obligations		$ 226.6	$ 423.6	$ --	$ 719.5

(A) Lease Commitments –

The State has entered into various capital and operating leases for land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. Any operating leases with scheduled rent increases are considered immaterial to the future minimum lease payments and current rental expenditures.

At June 30, 2003, assets capitalized under capitalized leases are as follows:

Table 13-2 (amounts expressed in thousands)

	Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Fiduciary Funds	Component Units
Land and land improvements	$ --	$ --	$ --	$ 6,232
Buildings and building improvements	18,253	--	--	16,051
Equipment	3,909	124	129	41,239
	22,162	124	129	63,522
Less: Accumulated depreciation	4,404	47	23	7,334
	$ 17,758	$ 77	$ 106	$ 56,188

Future minimum commitments for non-cancelable leases as of June 30, 2003 are as follows:

Table 13-3 (amounts expressed in thousands)

Primary Government

Year Ending June 30	Operating Leases	Capitalized Leases: Governmental Activities	Capitalized Leases: Business-type Activities	Capitalized Leases: Fiduciary Funds	Total
2004	$ 103,300	$ 4,990	$ 52	$ 14	$ 108,356
2005	80,608	4,286	27	--	84,921
2006	69,533	1,965	14	--	71,512
2007	53,371	1,817	--	--	55,188
2008	38,444	1,760	--	--	40,204
2009-2013	117,882	8,518	--	--	126,400
2014-2018	--	6,239	--	--	6,239
Total minimum lease payments	$ 463,138	29,575	93	14	$ 492,820
Less amounts representing interest		10,553	18	--	
Present value of net minimum lease payments		$ 19,022	$ 75	$ 14	

Table 13-4 (amounts expressed in thousands)

Component Units

Year Ending June 30	Operating Leases	Capitalized Leases	Total
2004	$ 11,497	$ 15,006	$ 26,503
2005	7,230	12,966	20,196
2006	5,840	9,767	15,607
2007	3,730	5,458	9,188
2008	2,573	4,842	7,415
2009-2013	9,824	8,889	18,713
2014-2018	7,160	7,374	14,534
2019-2023	7,160	7,208	14,368
2024-2028	4,642	2,796	7,438
Total minimum lease payments	$ 59,656	74,306	$ 133,962
Less amounts representing interest		19,191	
Present value of net minimum lease payments		$ 55,115	

Rental payments (amounts expressed in thousands) for operating leases charged to operations during the year ended June 30, 2003 aggregated $306,528 for the primary government and $27,022 for component units.

(B) Certificates of Participation -

State-issued Certificates of Participation. The State is authorized to issue certificates of participation ("Certificates") representing the right to receive a proportionate share in lease-purchase or installment purchase payments to be made for the benefit of State agencies for the acquisition or improvement of real or personal property, refinancing of such property, payment of expenses of such property or payment of expenses related to the issuance. The outstanding balance of the State-issued Certificates included in the governmental activities financial statements as of June 30, 2003 was $32.1 million.

Certain universities have also issued Certificates representing the right to receive a proportionate share of lease-purchase or installment payments. All of these Certificates issued by component units are considered state-issued. The outstanding balance of these Certificates as of June 30, 2003 was $409.3 million, which includes unamortized premiums of $8.5 million for the university funds, and is included in the component unit financial statements.

Non-State-issued Certificates of Participation. The State also finances the purchase of certain state-owned real and personal property through third party (non-State-issued) certificates. These non-State-issued Certificates are sold by private concerns and are repaid by State agency appropriations pursuant to installment purchase agreements. The outstanding balance of non-State-issued Certificates included in the governmental activities financial statements as of June 30, 2003 was $98.6 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, 2003 are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Certificates of Participation – Governmental Activities – State-Issued Principal	State-Issued Interest	Non-State-Issued Principal	Non-State-Issued Interest	Total Principal	Total Interest	Component Units Principal	Component Units Interest
2004	$ 1,425	$ 1,825	$ 6,330	$ 5,394	$ 7,755	$ 7,219	$ 12,725	$ 20,149
2005	1,500	1,750	6,660	5,061	8,160	6,811	27,300	19,246
2006	1,580	1,669	7,025	4,702	8,605	6,371	22,040	17,927
2007	1,660	1,581	8,655	4,279	10,315	5,860	23,180	16,820
2008	1,750	1,487	5,355	3,900	7,105	5,387	24,420	15,634
2009-2013	10,325	5,771	31,400	14,807	41,725	20,578	131,915	57,967
2014-2018	13,835	2,202	30,475	5,870	44,310	8,072	79,510	31,632
2019-2023	--	--	2,745	161	2,745	161	79,705	8,651
	32,075	$16,285	98,645	$44,174	130,720	$60,459	400,795	$188,026
Unamortized premiums/(discounts)	--		--		--		8,455	
	$32,075		$98,645		$130,720		$409,250	

(C) Department of Nuclear Safety -

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 Department of Nuclear Safety for clean-up.

Although the State was not culpable for the creation of the hazard, federal law makes it, as the owner, a potentially responsible party along with the corporations that did the dumping. These corporations are defunct and in recognition of the State's lack of culpability, the USEPA has estimated the clean-up plan to cost $40 million. The USEPA has estimated the State's liability for the clean-up. The State has recorded this liability in the governmental activities statement of net assets in the amount of $17.5 million at June 30, 2003.

(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, 2003 are as follows:

Table 13-6 (amounts expressed in thousands)

	Primary Government					Component Units		
	Governmental Activities		Business-type Activities					
Year Ending June 30	Principal	Interest	Principal	Interest	Total	Principal	Interest	Total
2004	$ 10,283	$ 907	$ 28	$ 2	$ 11,220	$ 291	$ 69	$ 360
2005	7,229	438	1	--	7,668	422	81	503
2006	1,692	84	--	--	1,776	414	64	478
2007	483	25	--	--	508	377	51	428
2008	172	6	--	--	178	390	38	428
2009-2013	--	--	--	--	--	821	35	856
	$ 19,859	$ 1,460	$ 29	$ 2	$ 21,350	$ 2,715	$ 338	$ 3,053

(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, 2003, the balance of the Illinois/Missouri Joint Agreement was $19.4 million and is included in the governmental activities financial statements. In subsequent years, this liability will be liquidated from future resources of the State Construction Account Fund, a major governmental fund. Future Illinois/Missouri Joint Agreement debt service requirements at June 30, 2003, are as follows:

Table 13-7 (amounts expressed in thousands)

Year Ending June 30	Principal	Interest	Total
2004	$ 7,721	$ 1,026	$ 8,747
2005	5,481	617	6,098
2006	3,964	326	4,290
2007	2,195	117	2,312
	$19,361	$ 2,086	$21,447

(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. In addition, the State has fulfilled its obligations for certain other prize winners through the purchase of annuities under group contracts.

Prior to July 1985, the State purchased annuity contracts in the name of the prize winner through agreements with insurance companies which provide payments corresponding to the Lottery's obligation to the prize winner. The State would be contingently liable for such future payments if the insurance company defaulted on their payment obligation.

As the State has met its primary obligation for these future payments, the liability and corresponding value of the annuity contracts are not included in these financial statements. The present value of future installment payments owed to these prize winners approximates $4.2 million at June 30, 2003.

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 Lottery, may contract to invest in securities, which provide payments corresponding to the Lottery's obligation to these winners. The present value of these annuities and the related liabilities owed to prize winners, approximating $19.2 million, have been reported in the financial statements of the State Lottery Fund, a non-major enterprise fund.

In addition to the prize obligations discussed above, the State has provided for other payments corresponding to the Lottery's 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 $1.17 billion at year-end and the fund balance is reported as reserved for external investment pool participants.

(G) Illinois Student Assistance Commission -

Tuition payable in the Illinois Prepaid Tuition Fund, a non-major enterprise fund, as of June 30, 2003, represents net principal payments received for contracts held by the fund in the amount of $347.3 million, of which $9.2 million is considered current. In addition, an accretion payable recorded in the same fund in the amount of $49.6 million of which $.7 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 2003 is 8.25% based on the actuarial reporting. The accretion expense is calculated on a monthly basis on the balance in the tuition payable account.

(H) Other Obligations -

Primary Government - Governmental Activities

The Tax Reform Act of 1986 requires issuers of state and local government bonds to rebate to the federal government arbitrage profits earned on those bonds under certain circumstances. In accordance with that, it was determined that there was an arbitrage rebate liability of $76 thousand as of June 30, 2003. The Build Illinois Bond Retirement and Interest Fund, a non-major governmental fund, is expected to be used to repay $76 thousand of the liability 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 June 1999, requires the ISBE to pay $2.75 million per year through January 2006. Payments to the District commenced in November 1999 but were frozen in March 2000, when the District failed to disburse an adequate amount of the ISBE's portion of the settlement for the intended purpose. The District's failure to disburse the funds resulted in a refund of $2.45 million to ISBE. Payments to the District resumed in January 2002. Beginning in fiscal year 2003, in an effort to eliminate the accumulation of funds by the District, payments were made based on expenditure reports submitted to ISBE. As of June 30, 2003, ISBE has paid $1.64 million to the District. The current year portion of the obligation is accounted for in ISBE Federal Department of Education Fund, a non-major governmental fund. As of June 30, 2003, the current year portion of the obligation is $12.11 million, which includes $1.11 million of the fiscal year 2000 obligation and $11.00 million for the full fiscal years 2001, 2002, 2003 and 2004 obligation. The long term portion of the obligation at June 30, 2003 was $5.50 million and is accounted for in the governmental activities financial statements.

The Department of Children and Family Services has a long-term awarded judgment of $2.45 million which has been accrued. The General Revenue Account, a sub-account of the General Fund, is expected to pay the judgment from future resources of the fund.

Primary Government - Business-type Activities

The Self Insurers' Security Fund, a non-major enterprise fund, has recorded a liability of $7.4 million for unpaid claims. This amount is the estimated future benefit payments for bankrupt companies. This liability is expected to be paid with current resources of the fund.

Component Units

The Illinois Housing Development Authority (IHDA) has loans throughout the State. Loans receivable in the Mortgage Loan Programs and the Affordable Housing Programs are secured by first mortgage liens on the related developments. Each development is subject to a regulatory agreement under which the IHDA has certain powers relating to rents, profits, occupancy, management and operations. Monies are required to be deposited in reserve accounts monthly by all mortgagors for real estate tax reserves and by substantially all mortgagors for insurance and replacement reserves.

The deposits from developers, which are held in escrow, may be used when necessary to pay principal and interest payments and fund construction cost overruns, change orders, tax and insurance payments and capital improvements. In addition, on certain developments, letters of credit and assignments of syndication proceeds are held by the IHDA for similar purposes and to fund potential operating deficits of the related developments. Investment income earned on deposited funds is credited to the respective developer's escrow accounts. As of June 30, 2003, the deposits in escrow were $150.4 million.

In addition, component units presented other miscellaneous obligations in the amount of $102.0 million. These obligations will be liquidated by the reporting component unit.

14 REFUNDINGS OF LONG-TERM OBLIGATIONS

(A) Advance Refundings

During the year ended June 30, 2003, the State issued advanced refunding bonds to lower interest rates or to restructure debt service requirements for cash management purposes. General obligation bonds were issued to refund portions of earlier issues. The principal of the refunded bonds will be redeemed on various dates through 2010 at redemption prices ranging from 100% to 102%. Proceeds from the sales 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 those bonds has been removed from the financial statements of the State. At June 30, 2003, the outstanding balance of the defeased bonds was $516.3 million. Advance refunding bonds issued during fiscal year 2003 were as follows:

Table 14-1 (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/(Loss)	Accounting Gain/(Loss)
Primary Government							
Governmental Activities							
General Obligation - August 2002	$ 564.9	3.00% to 5.50%	$ 574.1	5.00% to 6.25%	$ 51.7	$ 33.4	$ (44.9)

(B) Current Refundings

During the year ended June 30, 2003, the State issued current refunding bonds to lower interest rates and to restructure debt service requirements for cash management purposes. These special obligation and revenue bonds were issued to currently refund portions of earlier issues maturing on dates ranging from April 1, 2003 through June 15, 2003 at a redemption price of 102%. Current refunding bonds issued during fiscal year 2003 were as follows:

Table 14-2 (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/(Loss)	Accounting Gain/(Loss)
Primary Government							
Governmental Activities							
Special Obligation - December 2002	$ 54.4	5.00% to 5.25%	$ 54.4	4.90% to 5.50%	$ 2.3	$ 2.2	$ (2.1)
Special Obligation - March 2003	75.8	5.00% to 5.25%	77.1	5.25%	2.9	2.9	(3.3)
Total Governmental Activities	$ 130.2		$ 131.5		$ 5.2	$ 5.1	$ (5.4)
Component Units:							
Southern Illinois University - Series 2003A	$ 8.4	1.15% to 4.85%	$ 8.0	5.70% to 5.80%	$ 0.9	$ 0.8	$ (0.2)
Illinois State University - Series 2003	9.3	4.00% to 5.00%	9.6	5.75%	1.3	1.0	(0.5)
Total Component Units	$ 17.7		$ 17.6		$ 2.2	$ 1.8	$ (0.7)

(C) Prior Year Refundings

In prior years, the State defeased certain callable maturities of general obligation, special obligation and revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. At June 30, 2003, the outstanding balances of prior year defeased bonds were as follows:

Table 14-3 (amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units
General obligation bonds	$ 271,820	$ --	$ --
Special obligation bonds	138,646	--	--
Revenue bonds	--	--	377,119
	$ 410,466	$ --	$ 377,119

15 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 890 local school districts, 141 special districts and 27 other State agencies that contribute to the TRS plan. At June 30, 2003, the TRS had outstanding receivables of $69 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 14 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 15,500 of the approximately 78,700 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. 7,480 of the approximately 78,700 members have chosen this option. $190.5 million of the $9.9 billion total assets relate to the Self-Managed Plan. Plan member contributions were $29.6 million and employer contributions were $24.8 million for the year ended June 30, 2003.

Each of the five State-sponsored retirement systems provide retirement, death and disability benefits to members and beneficiaries. Each plan also issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports may be obtained by writing or calling the plan as follows:

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

Funding Policy and Annual Pension Cost. Member contributions are based on fixed percentages set by statute ranging from 4.0% to 11.5%. 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. As illustrated in Table 15-1, the State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2003. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions. In addition for TRS, the annual contribution required per statute is the State funding requirement certified before Public Act 92-505 was enacted. This act allowed school districts to reduce their contributions to TRS by the amount they contribute to the Teachers' Health Insurance Security Fund. The act was effective January 1, 2002 through June 30, 2003.

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 15-1.

Table 15-1 (amounts expressed in thousands)

	GARS	JRS	SERS	TRS	SURS
Actuarially required contribution ("ARC")	$ 7,752	$ 53,471	$ 449,349	$ 1,427,519	$ 597,545
Plus: Interest on net pension obligation ("NPO")	4,135	23,940	90,533	753,776	369,669
Adjustment to the ARC	(2,369)	(13,716)	(66,517)	(419,507)	(218,128)
Annual pension cost ("APC")	9,518	63,695	473,365	1,761,788	749,086
Employer contributions	5,434	31,440	396,067	970,845	285,264
Increase in NPO	4,084	32,255	77,298	790,943	463,822
NPO at June 30, 2002	51,694	299,245	1,065,092	8,867,949	4,349,046
NPO at June 30, 2003	$ 55,778	$ 331,500	$ 1,142,390	$ 9,658,892	$ 4,812,868
Required contribution amounts/rates:					
* Statutory required contribution - State	$ 5,163	$ 31,373	$ 375,616	$ 963,858	$ 285,264
Members	11.5%	11%	4% - 11.5%	9%	8% - 9.5%
Actuarial valuation date	6/30/2003	6/30/2003	6/30/2003	6/30/2003	6/30/2003
Actuarial cost method	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit
Amortization method	Level % of pay	Level % of pay	Level % of pay	Level % of pay	Level % of pay
Remaining amortization period	40 years. Open	40 years. Open	40 years. Open	40 years. Open	40 years. Open
Asset valuation method	Fair value	Fair value	Fair value	Fair value	Fair value
Actuarial assumptions:					
Investment rate of return	8%	8%	8.5%	8.5%	8.5%
Projected salary increases	6.5%	5.5%	1% - 7%	5.9% - 10.1% **	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%.

** Composite, approximately 7.0%

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 15-2:

Table 15-2 (amounts expressed in thousands)

		GARS	JRS	SERS	TRS	SURS
Annual Pension Cost ("APC")						
	6/30/2001	$ 8,171	$ 51,613	$ 316,739	$ 1,386,289	$ 464,983
	6/30/2002	$ 8,747	$ 57,364	$ 329,655	$ 1,474,196	$ 578,734
	6/30/2003	$ 9,518	$ 63,695	$ 473,365	$ 1,761,788	$ 749,086
% of APC Contributed						
	6/30/2001	52.77%	47.18%	115.56%	56.15%	53.15%
	6/30/2002	53.98%	48.00%	117.13%	58.47%	44.26%
	6/30/2003	57.09%	49.36%	83.67%	55.11%	38.08%
Net Pension Obligation						
	6/30/2001	$ 47,669	$ 269,413	$ 1,121,554	$ 8,255,642	$ 4,026,436
	6/30/2002	$ 51,694	$ 299,245	$ 1,065,092	$ 8,867,949	$ 4,349,046
	6/30/2003	$ 55,778	$ 331,500	$ 1,142,390	$ 9,658,892	$ 4,812,868

16 POST-EMPLOYMENT BENEFITS

The State provides health, dental and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to $5,000 per annuitant age 60 and older. The total cost of all members, including post-employment health and dental, 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 2003, the cost of providing post-employment health and dental benefits and life insurance benefits for the approximately 92,800 retirees and their dependents was estimated to be $348.9 million and $13.2 million, respectively.

The State also provides health insurance benefits to non-State employees who are annuitants of the Teachers' Retirement System (TRS). Funding is provided by a one-half of one percent contribution from active teachers and matching appropriations from the State to pay the subsidy portion of participating annuitants. Persons enrolling in TRS managed care or residing in areas with no managed care receive a 75% premium subsidy. All others receive a 50% subsidy. At June 30, 2003, there were approximately 40,400 TRS annuitants enrolled in the health plan. Payments into this plan by the annuitants as well as the state subsidy were approximately $91.5 million for the year ended June 30, 2003. The teachers' health insurance program is administered by the Illinois Department of Central Management Services (CMS) and is accounted for in the Teachers' Health Insurance Security Fund, a non-major enterprise fund. TRS is responsible for program enrollment and eligibility determination. CMS is responsible for providing information and consultation to plan participants.

17 FUND DEFICITS

Primary Government

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 $4.166 billion at June 30, 2003, although the budgetary basis fund deficit at that date was $1.094 billion. This deficit results from a substantial decrease in current year revenues due to the economy in addition to the recognition of fund liabilities significantly in excess of accrued revenues.

Non-major Governmental Funds

The DHS Special Purposes Trust Fund of the Department of Human Services has a deficit at June 30, 2003, aggregating $1.8 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Community Mental Health Medical Fund of the Department of Human Services has a deficit at June 30, 2003, aggregating $6.3 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Maternal and Child Health Services Block Grant Fund of the Department of Human Services has a deficit at June 30, 2003, aggregating $1.2 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Special Education Medicaid Matching Fund of the Department of Public Aid has a deficit at June 30, 2003, aggregating $29.5 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Public Assistance Recoveries Trust Fund of the Department of Public Aid has a deficit at June 30, 2003, aggregating $2.0 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Local Government Tax Fund of the Department of Revenue has a deficit at June 30, 2003, aggregating $3.6 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Illinois Tax Increment Fund of the Department of Revenue has a deficit at June 30, 2003, aggregating $.5 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Federal/Local Airport Fund of the Department of Transportation has a deficit at June 30, 2003, aggregating $1.2 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Services for Older Americans Fund of the Department on Aging has a deficit at June 30, 2003, aggregating $.1 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Drivers Education Fund of the State Board of Education has a deficit at June 30, 2003, aggregating $9.7 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The Federal Department of Agriculture Fund of the State Board of Education has a deficit at June 30, 2003, aggregating $3.7 million, resulting from program costs incurred in the current year but not paid until the subsequent year.

The Federal Department of Education Fund of the State Board of Education has a deficit at June 30, 2003, aggregating $14.2 million, resulting from a liability recorded due to a lawsuit settlement during fiscal year 2003.

The Rate Adjustment Fund of the Illinois Industrial Commission has a deficit at June 30, 2003, aggregating $13.0 million, resulting from program costs in excess of charges for services.

The Build Illinois Bond Fund of the Department of Commerce and Community Affairs has a deficit at June 30, 2003, aggregating $35.8 million, resulting from recognition of fund liabilities in excess of bond issuances.

The Capital Development Fund of the Capital Development Board has a deficit at June 30, 2003, aggregating $22.2 million, resulting from recognition of fund liabilities in excess of bond issuances.

The School Construction Fund of the Capital Development Board has a deficit at June 30, 2003, aggregating $12 thousand, resulting from recognition of fund liabilities in excess of bond issuances.

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

Non-major Proprietary Funds

The Prepaid Tuition Fund of the Illinois Student Assistance Commission has a deficit at June 30, 2003, aggregating $53.8 million, resulting from program costs incurred since the inception of the program which will be paid in subsequent years.

Component Units

The Illinois Grain Insurance Corporation has a deficit at June 30, 2003, aggregating $2.6 million, resulting from claim expenditures in excess of assessments in previous fiscal years.

18 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.

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. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using an interest rate of 4.958% which is the average interest rate for fiscal year 2003 general obligation debt issues.

The State's risk financing of auto liability has been determined using an estimate of claims outstanding. The liability is expected to be paid from future resources of the General Fund and Road Fund in the amount of $4.2 million and $3.7 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. Claims that will be liquidated with expendable available financial resources have been recorded as a liability in the General Fund, the Road Fund and the Mental Health Fund (a non-major governmental fund), in the amounts of $4.4, $2.6 and $2.5 million, respectively. The remaining portion of the liability, $126.8 million as of June 30, 2003, is included in the government-wide financial statement. Of this liability, $63.9, $30.9 and $32.0 million are expected to be paid from future resources of the General Fund, the Road Fund and the Mental Health Fund, respectively

The following is a reconciliation of the State's claims liabilities for the year ended June 30, 2003:

Table 18-1 (amounts expressed in thousands)

	Changes in Claims Liability Balances			
Year Ended June 30	Beginning Balance, as Restated	Claims Incurred	Decreases	Ending Balance
Primary Government-Governmental Activities:				
2002	$ 139,952	$ 67,704	$ 67,213	$ 140,443
2003	$ 140,443	$ 82,651	$ 78,906	$ 144,188
Component Units, (Information for the Toll Highway Authority is as of December 31):				
2002	$ 97,424	$ 38,754	$ 27,267	$ 107,911
2003	$ 107,911	$ 48,560	$ 39,248	$ 117,223

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

Component Units

The Toll Highway Authority, a major component unit, records an accrued self-insurance liability which covers workers' compensation liability and auto liability. The Authority accrued self-insurance liability was $4.5 million at December 31, 2002.

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 $21.8 million at June 30, 2003.

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 $91.0 million at June 30, 2003.

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

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

19 *COMMITMENTS AND CONTINGENCIES*

(A) Construction Commitments

The Department of Transportation has outstanding construction commitments for highway improvement programs of $1,286.5 million as of June 30, 2003. These commitments will be financed through State reappropriations, with $859.1 million available for federal reimbursement. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of $330.3 million as of June 30, 2003, 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 $140.0 million as of December 31, 2002. Chicago State University, Southern Illinois University, and the University of Illinois have outstanding construction commitments for various building and building improvement projects of $20.9, $10.4, and $164.8 million, respectively.

(B) Protested Taxes

The State of Illinois has $206 million in protested tax cases which have not been adjudicated at June 30, 2003. The ultimate disposition of these cases is not determinable at this time.

(C) Federal Disallowance

In December 1994, the Centers for Medicare and Medicaid Services (CMS, formerly known as Health Care Financing Administration) informed the State that there is a potential disallowance of federal financial participation of $112 million related to the fiscal year 1993 Nursing Home Assessment. On June 15, 2000, CMS provided a draft audit report that indicated that the State owes $89.6 million and gave the State until July 14, 2000 to respond. The State's Department of Public Aid responded on July 14, 2000, challenging CMS's draft report. On December 19, 2000, CMS issued its final report, which recommended that the State repay $89.6 million within 30 days. The final report further stated that if repayment was not made within 30 days, a formal disallowance would be issued. On January 19, 2001, a formal disallowance was issued.

The Department filed an appeal of the disallowance before the U.S. Department of Health and Human Services Department Grant Appeals Board on February 16, 2001. While the appeal is pending, repayment need not be made, although interest will accrue on any portion that the State may have to repay. Requests for a stay have been filed by both the Department and CMS in order for the State to pursue a settlement. Any settlement repayments of or offsets to the federal financing participation would not likely occur until fiscal year 2004 at the earliest.

(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, 2003, other than those identified in note 19(C) above, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the State believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

(E) Tobacco Settlement

A Master Settlement Agreement (MSA) was executed in November of 1998 between five tobacco companies and 46 states, including the State of Illinois. The MSA called for, among other things, the payment of more than $200 billion allocated to the states in installments payable until the year 2025 with additional payments continuing thereafter in perpetuity. The Illinois share is expected to be $9.1 billion through 2025. The payments are subject to various adjustments such as those for volume shipped, inflation, and the success of litigation by other governmental units and could amount to less than the expected amounts. Various aspects of the MSA have been challenged in court both locally and nationally and the State has been awarded punitive damages of $3 billion in a private case in which the State was not a party. This decision has been appealed and the defendant states it may go bankrupt if it is not given relief from the appeal bond requirement. Because of the novelty of the MSA and of the many related claims and because of the uncertainty inherent in calculation under the MSA, it is not possible to accurately predict the amount of money that will actually be received by the State with reasonable certainty. The State received $350, $268, $312 and $319 million in fiscal years 2000, 2001, 2002 and 2003, respectively, and $270 million through April 28, 2004.

(F) 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.

(G) Illinois Housing Development Authority Bonds (IHDA)

The IHDA, a component unit of the State, has a portion of its general obligation 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 IHDA.

As of June 30, 2003, the outstanding balance of bonds, which the State is morally obligated to repay is $308.6 million.

(H) Metropolitan Pier and Exposition Authority (McCormick Place)

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

The bonds are special obligations of the Authority and are payable from and secured by a pledge of revenues derived from dedicated state taxes, discussed above, imposed and collected by the State of Illinois. For State fiscal years in which these bonds are outstanding, the State shall transfer from the McCormick Place Account in the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund (a non-major governmental fund) an amount equal to 150% of the Authority's certified amount for that fiscal year divided by the number of months during that fiscal year in which bonds of the Authority are outstanding. The maximum amount in any fiscal year shall not exceed $33.5 million or a lesser sum as is actually necessary and required to pay the debt service requirements for that fiscal year after giving effect to net operating revenues of the Authority available for that purpose as certified by Authority. During fiscal year 2003, debt service requirements were $31.6 million. However, the amount paid to the Authority based on their annual certification was $31.0 million, which is below the authorized amount of $33.5 million.

The Authority is also authorized to issue an additional $2,107 million of bonds (excluding refunding bonds) which were used to finance the McCormick Place expansion and certain other improvements to its facilities and Navy Pier. These bonds are special, limited obligations of the Authority and are payable from and secured by a pledge of revenues derived from Authority taxes and State sales tax deposits. For State fiscal years when these bonds are outstanding, monthly deposits of Authority taxes to the McCormick Place Expansion Project Fund (a non-major governmental fund) are required to be made in an amount equal to 1/8 of the annual debt service as specified in the Authority's Annual Certification plus any prior months' deficiencies in transfers. To the extent that Authority taxes are not sufficient to satisfy the requirements of the Authority's Annual Certification, State sales taxes are deposited into the McCormick Place Expansion Fund. The maximum amount that can be deposited into the McCormick Place Expansion Project Fund from the State sales taxes shall not exceed $99 million in fiscal year 2003, $103 million in fiscal year 2004, $108 million in fiscal year 2005, $113 million in fiscal year 2006, $119 million in fiscal year 2007 and graduating to $275 million in fiscal year 2023 until fiscal year 2042. During fiscal year 2003, debt service requirements for these bonds were $89.0 million. The amount paid to the Authority based on their annual certification was $88.9 million. During fiscal year 2003, 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.

(I) Regional Transportation Authority (RTA)

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

The bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Fund to the Public Transportation Fund (a non-major governmental fund) for payment in amount equal to the lesser of monthly debt service on the SCIP bonds, or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization currently provides for $55 million each year with an additional $54 million in fiscal year 2003, $73 million in fiscal year 2004, $93 million in fiscal year 2005, and $100 million each fiscal year thereafter. During fiscal year 2003, the State provided $60.8 million to the RTA, which is below the authorized amount of $109 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.

(J) Illinois Sports Facilities Authority (Authority)

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

The bonds are secured by payments from the Illinois Sports Facilities Fund (a non-major governmental fund) from collections of 1) the State's Hotel Operator's Occupation Tax in an amount equal to the applicable advance amount plus $5 million and 2) the City of Chicago's share of the Local Government Distributive Fund (a non-major governmental fund) in the amount of $5 million. This advance amount is required to be repaid by the Authority from collections of the Authority's Hotel Tax to the State's General Fund by the end of the fiscal year. In the event of a deficiency in the Hotel Tax, amounts otherwise payable to the City of Chicago from the Local Government Distributive Fund should be used for the repayment.

Annually, the Authority is required to certify to the State Comptroller and the State Treasurer their requirements for the next fiscal year. This certification shall be the lesser of 1) the advance amount plus $10 million and 2) the amount to pay principal and interest and other payments relating to its obligations issued or to be issued during the fiscal year plus the amount anticipated to pay obligations under provisions of any management agreement with respect to facilities owned by the Authority or any assistance agreement with respect to any facility for which financial assistance is provided under the Act plus an amount to pay other capital or operating expenses of the Authority. Under this formula, the maximum advance amount for fiscal year 2003 was $23.425 million plus $10 million for a total of $33.425 million. The Authority's annual certification for fiscal year 2003 was in the amount of $29.166 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 $34.741 million in fiscal year 2004, $36.131 million in fiscal year 2005, $37.599 million in fiscal year 2006, $39.149 million in fiscal year 2007 and graduating to $124.252 million in fiscal year 2032. Of these amounts, only $5 million per year is the State's share.

(K) 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 4.15% to 9.25% and mature annually through 2021. The State has accepted a moral obligation to repay the bonds in the event the SWIDA and the companies are unable to meet the bonds' repayment commitments.

As of June 30, 2003 the outstanding balance of bonds, which the State is morally obligated to repay, is $71.3 million.

(L) 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, 2003 the outstanding balance, which the State is morally obligated to repay, is $24.4 million.

(M) Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating $70.3 million for the purchase of various home loans as of June 30, 2003.

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20 SEGMENT INFORMATION

COMPONENT UNITS

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

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

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

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

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

The following are the condensed financial statements at June 30, 2003 for the segments described above:

Table 20-1 (amounts expressed in thousands)

	Illinois State University Auxiliary Facilities System	Northern Illinois University Auxiliary Facilities System
Condensed Statement of Net Assets:		
Assets		
Current assets	$ 18,553	$ 24,691
Noncurrent assets:		
Capital assets, net of accumulated depreciation	78,900	115,552
Other noncurrent assets	28,200	2,567
Total assets	125,653	142,810
Liabilities		
Current liabilities	7,539	10,093
Noncurrent liabilities	58,001	119,696
Total liabilites	65,540	129,789
Net Assets		
Invested in capital assets, net of related debt	27,650	(9,484)
Restricted-other expendable purposes	8,245	
Unrestricted	24,218	22,505
Total net assets	$ 60,113	$ 13,021
Condensed Statement of Revenues, Expenses and Changes in Net Assets:		
Operating revenues	$ 56,249	$ 60,055
Operating expenses	(44,860)	(47,286)
Depreciation expense	(3,353)	(2,830)
Operating income (loss)	8,036	9,939
Nonoperating revenues (expenses)	(2,641)	(5,983)
Capital and endowment additions		
Increase in net assets	5,395	3,956
Net assets (deficit), July 1, 2002-as previously reported	56,083	9,065
Prior period adjustment	(1,365)	
Net assets (deficit), July 1, 2002-as restated	54,718	9,065
Net assets (deficit), June 30, 2003	$ 60,113	$ 13,021
Condensed Statement of Cash Flows:		
Net cash flows provided by operating activities	$ 10,768	$ 12,572
Net cash flows provided by noncapital financing activities	208	
Net cash flows provided (used) by capital and related financing activities	756	(30,282)
Net cash flows provided (used) by investing activities	1,433	14,400
Net increase (decrease) in cash and cash equivalents	13,165	(3,310)
Cash and cash equivalents, July 1, 2002	879	15,306
Cash and cash equivalents, June 30, 2003	$ 14,044	$ 11,996

Table 20-1 (continued)

	Southern Illinois University		University of Illinois		
	Housing and Auxiliary Facilities System	**Medical Facilities System**	**Auxiliary Facilities System**	**Health Services Facilities System**	**Willard Airport Facility**
	$ 39,417	$ 3,027	$ 227,023	$ 98,947	$ 3,090
	75,010	13,761	429,337	173,111	31,441
	19,796	2,412	45,354	4,499	23
	134,223	19,200	701,714	276,557	34,554
	15,158	1,270	56,338	42,547	1,708
	130,051	17,212	546,629	92,593	1,188
	145,209	18,482	602,967	135,140	2,896
	(46,785)	(1,813)	3,979	98,823	30,067
	24,988	2,856	22,649	28	493
	10,811	(325)	72,119	42,566	1,098
	$ (10,986)	$ 718	$ 98,747	$ 141,417	$ 31,658
	$ 59,362	$ 21,725	$ 201,703	$ 423,878	$ 2,078
	(57,040)	(24,666)	(171,831)	(401,488)	(2,560)
	(3,259)	(718)	(13,715)	(14,477)	(1,470)
	(937)	(3,659)	16,157	7,913	(1,952)
	1,884	3,582	(5,516)	272	647
					3,299
	947	(77)	10,641	8,185	1,994
	(11,933)	795	80,119	144,503	29,664
			7,987	(11,271)	
	(11,933)	795	88,106	133,232	29,664
	$ (10,986)	$ 718	$ 98,747	$ 141,417	$ 31,658
	$ 9,468	$ 503	$ 42,579	$ 24,125	$ 52
	877		676	4,520	524
	(13,658)	(1,339)	(18,371)	(20,950)	(774)
	3,840	98	(17,416)	(1,083)	69
	527	(738)	7,468	6,612	(129)
	27,452	2,311	57,909	19,237	2,107
	$ 27,979	$ 1,573	$ 65,377	$ 25,849	$ 1,978

21 SUBSEQUENT EVENTS

General Obligation, Special Obligation and Revenue Bonds and Notes:

Subsequent to June 30, 2003, the following general obligation, special obligation and revenue bonds, notes and certificates of participation have been issued:

Table 21-1 (amounts expressed in millions)

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
Primary Government:				
Governmental Activities:				
General obligation bonds:				
October, 2003-Series A	10/30/2003	$ 363.0	2.50% to 5.25%	2020
October, 2003-Series B	10/30/2003	$ 600.0	Variable	2033
March, 2004-Series A	4/1/2004	$ 484.4	5.00%	2034
March, 2004-Series B (refunding issue)	4/1/2004	$ 344.8	5.00%	2014
Special obligation bonds:				
July, 2003 (Build Illinois)	7/24/2003	$ 150.0	4.00% to 5.25%	2028
March, 2004 (Build Illinois)	3/4/2004	$ 200.0	2.00% to 5.00%	2028
Business-type Activities:				
Designated Account Purchase Program:				
Taxable Student Loan Revenue Bond				
Senior Series III-1	10/2/2003	$ 17.8	Variable	2006
Senior Series III-2	10/2/2003	$ 32.7	Variable	2011
Senior Series IV-1, IV-2, IV-3	10/2/2003	$ 264.5	Variable	2043
Subordinate Series V	10/2/2003	$ 35.0	Variable	2043
Component Units:				
Bonds payable:				
Illinois Rural Bond Bank:				
Series 2003-A (refunding issue)	7/1/2003	$ 11.7	1.00% to 4.15%	2021
Series 2003-B	9/24/2003	$ 10.7	1.10% to 5.20%	2024
Illinois Housing Development Authority:				
Homeowner Mortgage Revenue Bonds				
Series 2003-B	9/30/2003	$ 50.0	1.20% to 5.15%	2034
Series 2004 - A1	3/16/2004	$ 14.3	1.10% to 4.00%	2017
Series 2004 - A2	3/16/2004	$ 25.0	4.60% to 5.50%	2034
Series 2004 - A3	3/16/2004	$ 10.7	Variable	2034
Homeowner Mortgage Revenue Notes				
Series 2004 - B1	3/16/2004	$ 45.7	0.990%	2006
Series 2004 - B2	3/16/2004	$ 45.6	1.04%	2006
Housing Bonds				
Series 2003-A	12/30/2003	$ 20.9	2.55% to 5.05%	2046
Series 2003-B	12/11/2003	$ 55.3	3.30% to 5.05%	2040
Series 2003-C	12/30/2003	$ 6.3	1.55% to 4.95%	2034
Series 2004-A	3/31/2004	$ 25.0	2.90% to 4.70%	2039
Series 2004-B	3/31/2004	$ 10.0	Variable	2034
Multi-Family Housing				
Series 2004 (Mattoon Towers)	2/24/2004	$ 3.4	Variable	2034
Series 2004 (Village Center)	3/30/2004	$ 8.9	Variable	2020
Northeastern Illinois Unversity:				
Series 2004 (Facilities System)	4/8/2004	$ 17.0	3.45% to 4.50%	2035
University of Illinois:				
UIC South Campus Development				
Series 2003	8/27/2003	$ 10.0	2.00% to 5.25%	2023
Certificates of Participation:				
Eastern Illinois University:				
Energy & Network Infrastructure Project				
Series 2003	8/19/2003	$ 8.6	3.00% to 4.00%	2013
University of Illinois:				
UI-Integrate Project				
Series 2003	12/10/2003	$ 31.7	4.50% to 5.00%	2014
Utility Infrastructure Projects				
Series 2003	01/06/2004	$ 69.1	4.00% to 5.00%	2016
Series 2004	03/05/2004	$ 143.7	Variable	2021

On April 7, 2003, the Governor signed Public Act 93-0002 into law that establishes the Pension Contribution Fund and authorizes the issuance of up to $10 billion of general obligation bonds. The proceeds of this issuance are to be deposited into the Pension Contribution Fund (a major governmental fund). The Pension Contribution Fund will transfer $.3 billion which represents the required State contribution to the designated retirement systems for the last quarter of State fiscal year 2003, plus $1.86 billion representing the required State contributions to the designated retirement systems for State fiscal year 2004. The designated retirement systems for purposes of this legislation means the State Employees' Retirement System of the State of Illinois; the Teachers' Retirement System of the State of Illinois; the State Universities Retirement System; the Judges' Retirement System of Illinois and the General Assembly Retirement System.

Subsequent to June 30, 2003, the State distributed the pension general obligation bond proceeds that were deposited into the Pension Contribution Fund in June 2003 (see Note 9). On July 2, 2003, $7.32 billion of the $9.48 billion that had been deposited in the Pension Contribution Fund was distributed as follows: $4.33 billion to the Teachers' Retirement System; $1.43 billion to the State Universities Retirement System; $1.39 billion to the State Employees' Retirement System; $.14 billion to the Judges' Retirement System; $.03 billion to the General Assembly Retirement System. These proceeds are to be used to fund a portion of the State's unfunded portion of prior years liabilities (see Notes 1(K) and 15).

Unemployment Compensation Trust Fund:

The Unemployment Trust Fund account, from which funds are drawn by the Illinois Department of Employment Security (Department) to pay benefits to claimants, was depleted in early March 2003. This was due to extended high unemployment rates during the course of the current recession and tax revenues that have not matched the increased level of unemployment benefit payments.

On March 13, 2003, the Department started receiving advances from the federal government and total borrowings for fiscal year 2003 amounted to $290 million. Repayments of the advances were made as funds became available from receipts of employer contributions and by May 6, 2003 the balance of the advances was paid in full. Additional borrowing began on July 15, 2003 and by April 28, 2004, the balance of advances was $1.12 billion.

The Department projects that there will be a deficit in the trust fund through at least 2006, absent a robust economic recovery and/or legislative changes to the system. Basic economic assumptions for the projection are provided by independent sources.

On January 1, 2004, Public Act 93-0634 became law enabling the Illinois Department of Employment Security (Department) the authorization to issue revenue bonds. Public Act 93-0634 authorizes up to $1.4 billion of revenue bonds to be issued for the following purposes: a) to reduce or avoid the need to borrow or obtain a federal advance under Section 1201, et seq., of the Social Security Act (42 U.S.C. Section 1321), as amended, or any similar federal law; b) to refinance a previous advance received by the Department with respect to the payment of benefits; c) to refinance, purchase, redeem, refund, advance refund or defease (including, any combination of the foregoing) any outstanding bonds issued pursuant to this Act; or d) to fund a surplus in Illinois' account in the Unemployment Trust Fund of the United States Treasury. As of the audit date, none of the aforementioned bonds have been issued.

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REQUIRED SUPPLEMENTARY INFORMATION

State of Illinois

Budgetary Comparison Schedule
Major Governmental Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	General Funds				Special State Funds			
	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES:								
Income taxes	$ 8,670,000	$ 8,150,000	$ 8,079,226	$ (70,774)	$ 1,671,392	$ 1,671,392	$ 1,671,392	$ -
Sales taxes	6,430,000	6,053,000	6,059,374	6,374	884,834	884,834	622,408	(262,426)
Motor fuel taxes					69,380	69,380	66,286	(3,094)
Public utility taxes	1,185,000	1,035,000	1,005,986	(29,014)	247,265	247,265	433,568	186,303
Federal government	4,075,000	4,075,000	3,903,053	(171,947)	2,416,635	2,416,635	2,458,325	41,690
Other	2,200,000	2,075,000	2,019,063	(55,937)	5,065,280	5,065,280	5,418,221	352,941
Less:								
Refunds	31,912	31,912	29,893	(2,019)	1,416,233	1,612,319	1,606,589	(5,730)
Total revenues	22,528,088	21,356,088	21,036,809	(319,279)	8,938,553	8,742,467	9,063,611	321,144
EXPENDITURES:								
Current:								
Health and social services	9,942,731	9,942,731	9,817,474	(125,257)	4,563,233	4,638,233	4,114,483	(523,750)
Education	8,651,597	8,677,925	8,593,017	(84,908)	257,611	264,839	190,814	(74,025)
General government	1,361,007	1,370,814	1,337,268	(33,546)	4,301,443	3,975,297	3,701,068	(274,229)
Transportation	65,360	65,360	61,950	(3,410)	376,568	376,568	289,756	(86,812)
Public protection and justice	1,760,343	1,760,408	1,695,290	(65,118)	207,630	207,630	134,899	(72,731)
Employment and economic development	164,316	164,316	151,278	(13,038)	483,050	483,050	314,773	(168,277)
Environment and business regulation	196,088	196,088	178,707	(17,381)	1,005,131	1,000,108	684,353	(315,755)
Debt service:								
Principal					445	445	445	
Capital outlays	47,606	47,606	28,511	(19,095)	78,618	78,618	25,571	(53,047)
Total expenditures	22,189,048	22,225,248	21,863,495	(361,753)	11,273,729	11,024,788	9,456,162	(1,568,626)
Excess (deficiency) of revenues over (under) expenditures	339,040	(869,160)	(826,686)	42,474	(2,335,176)	(2,282,321)	(392,551)	1,889,770
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Proceeds from general obligation bond issues		1,675,000	1,675,000			10,302,293	10,302,293	
Transfers-in	4,003,000	4,567,000	4,703,187	136,187	2,067,120	2,067,120	2,119,077	51,957
Transfers-out	(3,750,164)	(5,425,164)	(5,425,164)	-	(3,633,500)	(3,081,605)	(3,081,605)	-
Total other sources (uses) of financial resources	252,836	816,836	953,023	136,187	(1,566,380)	9,287,808	9,339,765	51,957
Budgetary funds-nonbudgeted accounts					(386)	(386)	(386)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	591,876	(52,324)	126,337	178,661	(3,901,942)	7,005,101	8,946,828	1,941,727
Budgetary fund balances, July 1, 2002	(1,220,060)	(1,220,060)	(1,220,060)	-	1,715,662	1,715,662	1,715,662	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (628,184)	$ (1,272,384)	$ (1,093,723)	$ 178,661	$ (2,186,280)	$ 8,720,763	$ 10,662,490	$ 1,941,727

Road Fund				Motor Fuel Tax Fund				State Construction Account			
Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
				$ 1,300,000	$ 1,314,000	$ 1,322,029	$ 8,029				
$ 850,000	$ 900,000	$ 718,164	$ (181,836)								
885,000	856,000	814,515	(41,485)			1,775	1,775	$ 525,000	$ 509,000	$ 503,564	$ (5,436)
2,919	2,919	2,763	(156)	23,000	23,000	14,528	(8,472)				
1,732,081	1,753,081	1,529,916	(223,165)	1,277,000	1,291,000	1,309,276	18,276	525,000	509,000	503,564	(5,436)
227,558	227,558	223,319	(4,239)	74,572	74,572	59,939	(14,633)				
1,858,923	1,858,923	1,790,352	(68,571)	654,151	654,151	625,601	(28,550)	698,526	698,526	698,518	(8)
97,310	97,310	97,310	-								
2,000	2,000	1,795	(205)								
26,324	26,324	17,655	(8,669)	181	181	144	(37)				
2,212,115	2,212,115	2,130,431	(81,684)	728,904	728,904	685,684	(43,220)	698,526	698,526	698,518	(8)
(480,034)	(459,034)	(600,515)	(141,481)	548,096	562,096	623,592	61,496	(173,526)	(189,526)	(194,954)	(5,428)
326,900	326,900	363,943	37,043	618,900	618,900	622,893	3,993	227,165	227,165	260,559	33,394
(260,368)	(260,368)	(260,368)	-	(1,239,504)	(1,239,504)	(1,239,504)	-	(76)	(35,076)	(35,076)	-
66,532	66,532	103,575	37,043	(620,604)	(620,604)	(616,611)	3,993	227,089	192,089	225,483	33,394
			-				-				
(413,502)	(392,502)	(496,940)	(104,438)	(72,508)	(58,508)	6,981	65,489	53,563	2,563	30,529	27,966
775,840	775,840	775,840	-	51,046	51,046	51,046	-	214,643	214,643	214,643	-
$ 362,338	$ 383,338	$ 278,900	$ (104,438)	$ (21,462)	$ (7,462)	$ 58,027	$ 65,489	$ 268,206	$ 217,206	$ 245,172	$ 27,966

Notes to Budgetary Comparison Schedule – Budget and Actual – Major Governmental Funds
For the Year Ended June 30, 2003

A. Budgetary Basis of Accounting

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

The level of legal control is at the line-item appropriation level as reported in a publication titled *Illinois Detailed Annual Report of Revenues and Expenditures* (i.e., Office of the Comptroller, Department of Human Services, Department of Corrections, etc). A separate document is necessary due to the State's large amount of appropriated line-items. Administrative transfers between certain appropriation line items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to an agency from that fund. Examples of appropriation line items with a 2% transfer limit are Contractual Services, Travel, Commodities, Printing and Equipment. Legislative action is required for more substantial transfers. During fiscal year 2003, the legislature enacted a special provision which increased the transfer threshold to 3%. In addition, a provision was added which specified that transfers for personal services could not reduce the aggregate appropriations for personal services within an agency. These special provisions were applicable to fiscal year 2003 only. Unexpended appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 2-month "lapse period." 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'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, the School Construction Account and the Pension Contribution Fund.

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, 2003 is presented below for the major governmental funds (amounts expressed in thousands):

	MAJOR GOVERNMENTAL FUNDS					
	General Fund	Special State Funds				
	General Fund		Road Fund	Motor Fuel Tax Fund	State Construction Account	Pension Contribution Fund
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	$ 126,337	$ 8,946,828	$ (496,940)	$ 6,981	$ 30,529	$ --
Reclassifications:						
Budgetary Special State Funds reported as part of the General Fund for GAAP reporting	122,633	(122,633)	--	--	--	--
Budgetary Special State Funds reported as part of the Pension Contribution Fund for GAAP reporting		(9,177,293)	--	--	--	9,177,293
Non-major GAAP Special State Funds		353,098	--	--	--	--
Adjustments:						
To adjust revenues, related receivables and deferred revenue	2,564,863	--	(12,390)	(49,121)	(9,936)	-
To adjust expenditures and related liabilities	(4,015,133)	--	(44,034)	53,339	16,055	-
To adjust for lapse period expenditures which were not recorded as liabilities	(12,281)	--	(601)	9	--	--
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	(1,213,581)	--	(553,965)	11,208	36,648	9,177,293
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted accounts	(1,169)	--	--	--	--	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	**$ (1,214,750)**	**$ --**	**$ (553,965)**	**$ 11,208**	**$ 36,648**	**$ 9,177,293**

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, 2001, 2002 and 2003.

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability ("AAL") Projected Unit Credit	(c) Unfunded AAL ("UAAL") (b-a)	(d) Funded Ratio (a/b)	(e) Covered Payroll	(f) UAAL as a Percentage of Covered Payroll (c/e)
General Assembly						
6/30/2001	$ 61,998	$ 177,546	$ 115,548	34.9%	$ 11,479	1006.6%
6/30/2002	$ 54,051	$ 184,583	$ 130,532	29.3%	$ 12,089	1079.8%
6/30/2003	$ 49,676	$ 196,510	$ 146,834	25.3%	$ 12,638	1161.8%
Judges'						
6/30/2001	$ 381,734	$ 937,092	$ 555,358	40.7%	$ 109,900	505.3%
6/30/2002	$ 343,659	$ 1,020,847	$ 677,188	33.7%	$ 118,700	570.5%
6/30/2003	$ 330,054	$ 1,076,232	$ 746,178	30.7%	$ 123,900	602.2%
State Employees'						
6/30/2001	$ 8,276,661	$ 12,572,240	$ 4,295,579	65.8%	$ 3,564,441	120.5%
6/30/2002	$ 7,673,893	$ 14,291,044	$ 6,617,151	53.7%	$ 3,713,020	178.2%
6/30/2003	$ 7,502,111	$ 17,593,980	$ 10,091,869	42.6%	$ 3,639,334	277.3%
Teachers'						
6/30/2001	$ 23,315,646	$ 39,166,697	$ 15,851,051	59.5%	$ 6,430,612	246.5%
6/30/2002	$ 22,366,285	$ 43,047,674	$ 20,681,389	52.0%	$ 6,785,236	304.8%
6/30/2003	$ 23,124,823	$ 46,933,432	$ 23,808,609	49.3%	$ 7,059,032	337.3%
State Universities						
6/30/2001	$ 10,753,297	$ 14,915,317	$ 4,162,020	72.1%	$ 2,474,631	168.2%
6/30/2002	$ 9,814,677	$ 16,654,041	$ 6,839,364	58.9%	$ 2,607,155	262.3%
6/30/2003	$ 9,715,547	$ 18,025,032	$ 8,310,485	53.9%	$ 2,763,428	300.7%

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, 2003 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	$ 623,766	$ 211,646	$ 133,808	$ 87,574		$ 1,056,794
Cash and cash equivalents	1,119					1,119
Investments	150					150
Receivables, net:						
Taxes	711,409	21,412	95,641	62,876		891,338
Intergovernmental	1,287,357			373,622		1,660,979
Other	110,116		24	77		110,217
Due from other funds	104,965	16,749	58		$ (32,705)	89,067
Due from component units	5,743	41		12,339		18,123
Inventories	31,651					31,651
Loans and notes receivable, net	13,564					13,564
Other assets	4,092					4,092
Total assets	$ 2,893,932	$ 249,848	$ 229,531	$ 536,488	$ (32,705)	$ 3,877,094
LIABILITIES						
Accounts payable and accrued liabilities	$ 3,615,272	$ 104	$ 43,233	$ 426,492		$ 4,085,101
Intergovernmental payables	1,240,378	13		124		1,240,515
Due to other funds	371,973	7	47,214	29,266	$ (32,705)	415,755
Due to component units	44,900	88		23,672		68,660
Deferred revenues	478,278	6,269	5,790	228,714		719,051
General obligation certificates payable	1,459,106			50,314		1,509,420
Matured portion of long-term liabilities	4,364					4,364
Total liabilities	7,214,271	6,481	96,237	758,582	(32,705)	8,042,866
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	67,776	160		1		67,937
Long-term portion of:						
Loans and notes receivable	13,169					13,169
Intergovernmental receivables	211,160					211,160
Other assets	349					349
Inventories	31,651					31,651
Unreserved	(4,644,444)	243,207	133,294	(222,095)		(4,490,038)
Total fund balances (deficits)	(4,320,339)	243,367	133,294	(222,094)		(4,165,772)
Total liabilities and fund balances	$ 2,893,932	$ 249,848	$ 229,531	$ 536,488	$ (32,705)	$ 3,877,094

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
REVENUES						
Income taxes	$ 7,257,397	$ 588,685				$ 7,846,082
Sales taxes	4,537,125		$ 1,511,028			6,048,153
Public utility taxes	954,486		108,225			1,062,711
Other taxes	1,192,003		140,096	$ 361,653		1,693,752
Federal government	4,441,775			1,199,228		5,641,003
Licenses and fees	74,153		696	196		75,045
Interest and other investment income	59,403		316	691		60,410
Other	540,930	3,276		802,414		1,346,620
Total revenues	19,057,272	591,961	1,760,361	2,364,182		23,773,776
EXPENDITURES						
Current:						
Health and social services	10,101,100			2,459,529		12,560,629
Education	4,261,778	1,135,621	3,214,893			8,612,292
General government	1,529,124	291	151			1,529,566
Employment and economic development	165,801					165,801
Transportation	59,226					59,226
Public protection and justice	1,691,038					1,691,038
Environment and business regulations	187,175					187,175
Debt service:						
Principal	11,194					11,194
Interest	1,684					1,684
Capital outlays	23,878					23,878
Total expenditures	18,031,998	1,135,912	3,215,044	2,459,529		24,842,483
Excess (deficiency) of revenues over (under) expenditures	1,025,274	(543,951)	(1,454,683)	(95,347)		(1,068,707)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	1,756,593	565,148	2,997,526	196,293	$ (2,627,633)	2,887,927
Transfers-out	(3,956,596)		(1,482,921)	(224,473)	2,627,633	(3,036,357)
Capital lease financing	2,387					2,387
Net other sources (uses) of financial resources	(2,197,616)	565,148	1,514,605	(28,180)	-- --	(146,043)
Net change in fund balances	(1,172,342)	21,197	59,922	(123,527)	-- --	(1,214,750)
Fund balances (deficits), July 1, 2002, as restated	(3,144,667)	222,170	73,372	(98,567)		(2,947,692)
Increase (decrease) for changes in inventories	(3,330)					(3,330)
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (4,320,339)	$ 243,367	$ 133,294	$ (222,094)	$ -- --	$ (4,165,772)

State of Illinois

Combining Schedule of Accounts - General Fund
Medicaid Provider Assessment Program

June 30, 2003 (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	$ 16,715	$ 5,690	$ 56,654	$ 8,515	$ 87,574
Receivables, net:					
Taxes			62,356	520	62,876
Intergovernmental	23,623	211,034	136,673	2,292	373,622
Other		14	51	12	77
Due from component units	12,339				12,339
Total assets	$ 52,677	$ 216,738	$ 255,734	$ 11,339	$ 536,488
LIABILITIES					
Accounts payable and accrued liabilities		$ 170,281	$ 252,743	$ 3,468	$ 426,492
Intergovernmental payables			2	122	124
Due to other funds	$ 29,005		9	252	29,266
Due to component units	23,672				23,672
Deferred revenues	20,690	145,983	61,658	383	228,714
Notes payable			50,314		50,314
Total liabilities	73,367	316,264	364,726	4,225	758,582
FUND BALANCES (DEFICITS)					
Reserved for encumbrances			1		1
Unreserved	(20,690)	(99,526)	(108,993)	7,114	(222,095)
Total fund balances (deficits)	(20,690)	(99,526)	(108,992)	7,114	(222,094)
Total liabilities and fund balances	$ 52,677	$ 216,738	$ 255,734	$ 11,339	$ 536,488

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, 2003 (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					
Other taxes			$ 342,660	$ 18,993	$ 361,653
Federal government	$ 111,940	$ 749,525	316,075	21,688	1,199,228
Licenses and fees				196	196
Interest and other investment income		300	344	47	691
Other	69,771	732,703	(60)		802,414
Total revenues	181,711	1,482,528	659,019	40,924	2,364,182
EXPENDITURES					
Current:					
Health and social services	172,569	1,476,634	772,332	37,994	2,459,529
Total expenditures	172,569	1,476,634	772,332	37,994	2,459,529
Excess (deficiency) of revenues over (under) expenditures	9,142	5,894	(113,313)	2,930	(95,347)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	44,700		151,593		196,293
Transfers-out	(65,416)		(159,057)		(224,473)
Net other sources (uses) of financial resources	(20,716)		(7,464)		(28,180)
Net change in fund balances	(11,574)	5,894	(120,777)	2,930	(123,527)
Fund balances (deficits), July 1, 2002, as restated	(9,116)	(105,420)	11,785	4,184	(98,567)
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (20,690)	$ (99,526)	$ (108,992)	$ 7,114	$ (222,094)

State of Illinois

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2003 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Trust Fund	Total Non-major Governmental Funds
ASSETS					
Cash equity with State Treasurer	$ 2,037,739	$ 1,046,677	$ 294,204	$ 1,615	$ 3,380,235
Cash and cash equivalents	24,182	28,114	1,159	214	53,669
Investments	3,300	132,507		1,091	136,898
Receivables, net:					
Taxes	208,881				208,881
Intergovernmental	524,615	8	2,290		526,913
Other	72,432	901			73,333
Due from other funds	239,436	5,050	13,337		257,823
Due from component units	133	3,505			3,638
Inventories	21,082				21,082
Loans and notes receivable, net	87,926	23,358			111,284
Other assets	11,365			1	11,366
Total assets	$ 3,231,091	$ 1,240,120	$ 310,990	$ 2,921	$ 4,785,122
LIABILITIES					
Accounts payable and accrued liabilities	$ 363,913	$ 24	$ 182,784		$ 546,721
Intergovernmental payables	915,174		82,929		998,103
Due to other funds	190,617		1,257	$ 24	191,898
Due to component units	21,244	884	513		22,641
Deferred revenues	321,133		6,400		327,533
Matured portion of long-term liabilities	11,866				11,866
Total liabilities	1,823,947	908	273,883	24	2,098,762
FUND BALANCES					
Reserved for:					
Encumbrances	196,350		1,548,020		1,744,370
Long-term portion of:					
Other receivables	2,953				2,953
Loans and notes receivable	70,608	21,644			92,252
Other assets	14,269	137			14,406
Inventories	21,082				21,082
Debt service		1,217,431			1,217,431
Capital projects			28,698		28,698
Unreserved	1,101,882		(1,539,611)	2,897	(434,832)
Total fund balances	1,407,144	1,239,212	37,107	2,897	2,686,360
Total liabilities and fund balances	$ 3,231,091	$ 1,240,120	$ 310,990	$ 2,921	$ 4,785,122

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Special Revenue	Debt Service	Capital Projects	Permanent Trust Fund	Total Non-major Governmental Funds
REVENUES					
Income taxes	$ 539,175				$ 539,175
Sales taxes	2,302,368				2,302,368
Motor fuel taxes	72,426				72,426
Public utility taxes	550,341				550,341
Other taxes	908,618				908,618
Federal government	5,506,083		$ 20,568		5,526,651
Licenses and fees	366,771	$ 231			367,002
Interest and other investment income	18,650	30,675	6	$ 55	49,386
Other	726,370	269	24,473		751,112
Total revenues	10,990,802	31,175	45,047	55	11,067,079
EXPENDITURES					
Current:					
Health and social services	3,491,518	779		33	3,492,330
Education	1,858,098		881,991		2,740,089
General government	332,926	2,536	26,363		361,825
Employment and economic development	791,662	29	354,958		1,146,649
Transportation	412,094		125,226		537,320
Public protection and justice	264,243		99		264,342
Environment and business regulation	553,907	1,618	84,800		640,325
Debt service:					
Principal	1,842	720,570			722,412
Interest	263	488,725			488,988
Capital outlays	26,077		655,835		681,912
Intergovernmental	3,483,426				3,483,426
Total expenditures	11,216,056	1,214,257	2,129,272	33	14,559,618
Excess (deficiency) of revenues over (under) expenditures	(225,254)	(1,183,082)	(2,084,225)	22	(3,492,539)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued		481,039	1,894,304		2,375,343
Premiums on general and special obligation bonds issued			116,805		116,805
General and special obligation refunding bonds issued		564,900	130,125		695,025
Premiums on general and special obligation refunding bonds issued		56,535	9,038		65,573
Transfers-in	1,696,386	2,336,695	14,200		4,047,281
Transfers-out	(1,658,508)	(1,059,799)	(60,386)	(56)	(2,778,749)
Payment to refunded bond escrow agent		(618,979)	(138,351)		(757,330)
Capital lease financing	1,301				1,301
Net other sources (uses) of financial resources	39,179	1,760,391	1,965,735	(56)	3,765,249
Net change in fund balances	(186,075)	577,309	(118,490)	(34)	272,710
Fund balances (deficits), July 1, 2002, as restated	1,589,872	661,903	155,597	2,931	2,410,303
Increase (decrease) for changes in inventories	3,347				3,347
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 1,407,144	$ 1,239,212	$ 37,107	$ 2,897	$ 2,686,360

SPECIAL REVENUE FUNDS

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

SIGNIFICANT NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS DESCRIPTIONS

Treasurer

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 Children and Family Services

DCFS Training Fund--to provide training for foster parents, adoptive parents and the Department of Children and Family Services and private agency staff in accordance with federal standards.

Children's Services Fund--to account for revenues and expenditures related to the federal Title IV-E foster care and adoption service program.

DCFS Federal Projects Fund--to administer a variety of formula and discretionary grants awarded by the Federal government to support a number of family and child related programs including: child abuse and neglect prevention and treatment programs, independent living, family preservation and crisis intervention programs and day care enhancement and referral projects.

Department of Commerce and Community Affairs

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

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.

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

Community Development/Small Cities Block Grant Fund--to provide community-wide housing, employment and emergency assistance, as well as financial and personal counseling for the economically disadvantaged.

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

Department of Natural Resources

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.

Park and Conservation Fund--to account for revenues and expenditures related to rehabilitating State parks and enhancing recreational expansion for economic development and tourism.

Department of Human Services

Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund--to account for federal monies or grants for prevention programs and priority services for women and individuals at high risk of HIV infection, serving both alcohol and drug users.

Vocational Rehabilitation Fund--to account for federal monies or grants from private or public sources for vocational rehabilitation.

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

Old Age Survivors Insurance Fund--to account for the benefits of the Federal Old Age Survivors Insurance System as authorized by the federal Social Security Act.

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.

U.S.D.A. Women, Infants and Children Fund--to administer the federal Supplemental Food Program for Women, Infants and Children.

Community Mental Health Medical Fund--to reimburse community mental health service providers for Medicaid reimbursed mental health services.

Local Initiative Fund--to utilize federal funding to provide social services such as childcare and transportation.

Maternal and Child Health Services Block Grant Fund--to account for monies received from the federal government to provide prevention and primary care activities for rape prevention and victims of sex offenses.

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

Department of Public Aid

Special Education Medicaid Matching Fund--to record monies received from the federal government for education related services authorized under Section 1903 of the Social Security Act and distributed to school districts by the State Board of Education for Medicaid eligible special education children claims.

Trauma Center Fund--to record monies received from federal funds, fines, penalties and violations to provide medical services at trauma centers.

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

Public Assistance Recoveries Trust Fund--to collect overpayments of non-child support social assistance through collection agencies.

Department of Revenue

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

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

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

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

Illinois Sports Facilities Fund--to receive transfers of up to $5,000,000 from the Local Government Distributive Fund to be used for payment of obligations of the Illinois Sports Facilities Authority.

Illinois Tax Increment Fund--to record .27% of 80% of the net revenue realized from the 6.25% sales tax to be distributed to municipalities in accordance with the Tax Increment Allocation Redevelopment Act.

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

Municipal Telecommunications Fund--to receive monies collected under the Simplified Municipal Telecommunications Tax Act to be paid to those municipalities who imposed the tax under the act.

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 on Aging

Services for Older Americans Fund--to account for federal monies and grants from private or public sources used in administering the Older Americans Act of 1965.

Central Management Services

Wireless Service Emergency Fund--to receive two-thirds of the wireless carrier surcharge assessed monthly to wireless telephone service subscribers and distribute to local governmental units providing emergency calling services to the public.

Department of Corrections

Department of Corrections Reimbursement Fund--to account for federal monies or grants from private or public sources received by the Department of Corrections.

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.

Department of Financial Institutions

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

Department of Public Health

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

Environmental Protection Agency

Brownfields Redevelopment Fund--to fund site investigations and remedial activities on parcels of real property which have actual or perceived contamination and an active potential for redevelopment.

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 by the Pollution Control Board or circuit courts in cases related to hazardous waste cleanups.

Vehicle Inspection Fund--to receive fees from and provide for the testing and inspection of motor vehicles.

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.

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

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.

School Technology Revolving Loan Program Fund--to receive and record all monies obtained from transfers from the School Infrastructure Fund to be expended for the purpose of making school technology hardware improvements affordable.

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.

Criminal Justice Information Authority

Juvenile Accountability Incentive Block Grant Fund--to account for federal receipts used to provide financial support to State agencies and units of local government and to pay administrative costs associated with the juvenile accountability incentive block grant program.

Industrial Commission

Rate Adjustment Fund--to provide annual adjustments to compensation payments awarded for death benefits and permanent total disability. This fund is financed through assessments on self-insured employers and insurance carriers based on their past payments of disability compensation.

Metropolitan Fair and Exposition Authority

McCormick Place Expansion Project Fund--to receive and record monies obtained from transfers from the Metropolitan Pier and Exposition Authority Trust Fund and the sales tax deposits.

State Board of Elections

Help Illinois Vote Fund--to account for funds received from the implementation of the Federal Help America Vote Act of 2002 for use in the performance of activities and programs authorized or mandated by the Federal Help America Vote Act of 2002.

State Fire Marshal

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.

Student Assistance Commission

Federal Student Loan Fund--to account for the Federal Family Education Loan Program which funds the repayment of guaranteed loans that have gone into default to lenders.

State of Illinois

Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2003 (Expressed in Thousands)

	Treasurer: Tobacco Settlement Recovery Fund	Children and Family Services	Commerce and Community Affairs	Natural Resources	Human Services	Public Aid	Revenue
ASSETS							
Cash equity with State Treasurer	$ 42,246	$ 48,792	$ 136,122	$ 36,881	$ 96,246	$ 47,636	$ 560,026
Cash and cash equivalents				1	2,546	1,111	
Investments			184				
Receivables, net:							
Taxes			6,331				180,177
Intergovernmental	15,465	162,172	10,406		57,014	72,163	
Other	47		23		12,229	21,004	85
Due from other funds	59	34	8,575	1,637	14,570	3	94,463
Due from component units							
Inventories	76				247		
Loans and notes receivable, net			9,323				
Other assets			10,204		318	775	
Total assets	$ 57,893	$ 210,998	$ 181,168	$ 38,519	$ 183,170	$ 142,692	$ 834,751
LIABILITIES							
Accounts payable and accrued liabilities	$ 21,881	$ 41,942	$ 13,769	$ 25,612	$ 65,386	$ 20,413	$ 33,282
Intergovernmental payables	1,266	490	4,542	22	8,645	68,106	647,694
Due to other funds	10	653	4,190	143	37,472	3,124	69,750
Due to component units	2,263	2,709	373		6,007		
Deferred revenues		22,670	775	72	34,554	31,830	13,224
Matured portion of long-term liabilities							
Total liabilities	25,420	68,464	23,649	25,849	152,064	123,473	763,950
FUND BALANCES							
Reserved for:							
Encumbrances	1,317	3	6,201	39,734	486	8	1,122
Long-term portion of:							
Other receivables							
Loans and notes receivable			8,843				
Other assets			10,204				
Inventories	76				247		
Unreserved	31,080	142,531	132,271	(27,064)	30,373	19,211	69,679
Total fund balances	32,473	142,534	157,519	12,670	31,106	19,219	70,801
Total liabilities and fund balances	$ 57,893	$ 210,998	$ 181,168	$ 38,519	$ 183,170	$ 142,692	$ 834,751

Transportation	Other Departments	Environmental Protection Agency	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission: Federal Student Loan Fund	Other	Total
$ 28,848	$ 113,403	$ 47,099	$ 50,166	$ 96,139	$ 47,004	$ 687,131	$ 2,037,739
	5					20,519	24,182
						3,116	3,300
	2,889			13,545		5,939	208,881
8,953	33,322		91,737		18,171	55,212	524,615
14	8	1,883	198	22	43	36,876	72,432
42,236	5,250		2,939	27	19,731	49,912	239,436
	3					130	133
	11,553		3,134			6,072	21,082
26,834			18,547			33,222	87,926
						68	11,365
$ 106,885	$ 166,433	$ 48,982	$ 166,721	$ 109,733	$ 84,949	$ 898,197	$ 3,231,091
$ 6,446	$ 25,884	$ 5,417	$ 19,045	$ 7,130	$ 10,365	$ 67,341	$ 363,913
45,157	17,183	4	79,159	2,463	11,203	29,240	915,174
	6,247	16,121	715	18,894	2,242	31,056	190,617
	823	10	724			8,335	21,244
5,078	12,241	918	22,313	53,866	61,139	62,453	321,133
			9,360			2,506	11,866
56,681	62,378	22,470	131,316	82,353	84,949	200,931	1,823,947
67,330	2,528	316	209	4,927		72,169	196,350
						2,953	2,953
25,170			6,542			30,053	70,608
						4,065	14,269
	11,553		3,134			6,072	21,082
(42,296)	89,974	26,196	25,520	22,453		581,954	1,101,882
50,204	104,055	26,512	35,405	27,380		697,266	1,407,144
$ 106,885	$ 166,433	$ 48,982	$ 166,721	$ 109,733	$ 84,949	$ 898,197	$ 3,231,091

State of Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Treasurer: Tobacco Settlement Recovery Fund	Children and Family Services	Commerce and Community Affairs	Natural Resources	Human Services	Public Aid	Revenue
REVENUES							
Income taxes							$ 539,175
Sales taxes							2,205,797
Motor fuel taxes							
Public utility taxes			$ 79,162				310,988
Other taxes				$ 14,748			769,306
Federal government	$ 114,186	$ 510,101	150,760	883	$ 1,732,917	$ 261,883	
Licenses and fees				6,039	2,281	78	1,015
Interest and other investment income	549		5,464		271		1,029
Other	318,998	2,986	187		5,420	52,392	
Total revenues	433,733	513,087	235,573	21,670	1,740,889	314,353	3,827,310
EXPENDITURES							
Current:							
Health and social services	378,472	456,526	178,954		1,795,746	334,878	
Education	5,527		860				
General government	1,162		4,132				104,344
Employment and economic development	3,024		115,833				36,043
Transportation			346				
Public protection and justice							
Environment and business regulations	1,142		1,818	59,186			
Debt service:							
Principal				16	56		
Interest				2	3		
Capital outlays	6,697		81	1,515	253	52	13
Intergovernmental							3,463,631
Total expenditures	396,024	456,526	302,024	60,719	1,796,058	334,930	3,604,031
Excess (deficiency) of revenues over (under) expenditures	37,709	56,561	(66,451)	(39,049)	(55,169)	(20,577)	223,279
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in			36,544	20,000	64,447	38,000	956,900
Transfers-out	(48,800)		(3,339)	(41,700)	(72)		(1,179,051)
Capital lease financing					22		
Net other sources (uses) of financial resources	(48,800)		33,205	(21,700)	64,397	38,000	(222,151)
Net change in fund balances	(11,091)	56,561	(33,246)	(60,749)	9,228	17,423	1,128
Fund balances, July 1, 2002	43,564	85,973	190,765	73,419	23,870	1,796	69,673
Increase (decrease) for changes in inventories					(1,992)		
FUND BALANCES, JUNE 30, 2003	$ 32,473	$ 142,534	$ 157,519	$ 12,670	$ 31,106	$ 19,219	$ 70,801

Transportation	Other Departments	Environmental Protection Agency	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission Federal Student Loan Fund	Other	Total
							$ 539,175
				$ 96,571			2,302,368
				72,426			72,426
	$ 28,189			96,914		$ 35,088	550,341
				20,000		104,564	908,618
$ 84,581	535,349	$ 6,101	$ 1,549,451	10,450	$ 116,941	432,480	5,506,083
	154	1,851	11,671	109		343,573	366,771
950		148	1,259	116	777	8,087	18,650
7,011	102,697	7,624	8,019	8,709		212,327	726,370
92,542	666,389	15,724	1,570,400	305,295	117,718	1,136,119	10,990,802
	145,236					201,706	3,491,518
	80,115		1,571,639	10,789	117,718	71,450	1,858,098
	53,410	2,665	1	1,328		165,884	332,926
	370,200			88,898		177,664	791,662
344,649						67,099	412,094
	45,371			13,617		205,255	264,243
	1,125	84,172		85,323		321,141	553,907
	890	8		6		866	1,842
	132	1		2		123	263
	2,812	90	133	145		14,286	26,077
						19,795	3,483,426
344,649	699,291	86,936	1,571,773	200,108	117,718	1,245,269	11,216,056
(252,107)	(32,902)	(71,212)	(1,373)	105,187	-- --	(109,150)	(225,254)
273,516	1,689	51,385		10,254		243,651	1,696,386
(10,049)		(343)	(10,000)	(188,152)		(177,002)	(1,658,508)
				6		1,273	1,301
263,467	1,689	51,042	(10,000)	(177,892)		67,922	39,179
11,360	(31,213)	(20,170)	(11,373)	(72,705)	-- --	(41,228)	(186,075)
38,844	130,633	46,682	46,169	100,085		738,399	1,589,872
	4,635		609			95	3,347
$ 50,204	$ 104,055	$ 26,512	$ 35,405	$ 27,380	$ -- --	$ 697,266	$ 1,407,144

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Children and Family Services

June 30, 2003 (Expressed in Thousands)

	DCFS Training Fund	DCFS Childrens' Services Fund	DCFS Federal Projects Fund	Total
ASSETS				
Cash equity with State Treasurer	$ 6,451	$ 39,170	$ 3,171	$ 48,792
Intergovernmental receivables, net	12,016	142,492	7,664	162,172
Due from other funds			34	34
Total assets	$ 18,467	$ 181,662	$ 10,869	$ 210,998
LIABILITIES				
Accounts payable and accrued liabilities	$ 260	$ 41,160	$ 522	$ 41,942
Intergovernmental payables	274	187	29	490
Due to other funds		170	483	653
Due to component units	518	2,076	115	2,709
Deferred revenues	8,858	6,580	7,232	22,670
Total liabilities	9,910	50,173	8,381	68,464
FUND BALANCES				
Reserved for encumbrances			3	3
Unreserved	8,557	131,489	2,485	142,531
Total fund balances	8,557	131,489	2,488	142,534
Total liabilities and fund balances	$ 18,467	$ 181,662	$ 10,869	$ 210,998

State of Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Special Revenue Funds
Children and Family Services

For the Year Ended June 30, 2003 (Expressed in Thousands)

	DCFS Training Fund	DCFS Childrens' Services Fund	DCFS Federal Projects Fund	Total
REVENUES				
Federal government	$ 13,927	$ 482,124	$ 14,050	$ 510,101
Other		2,986		2,986
Total revenues	13,927	485,110	14,050	513,087
EXPENDITURES				
Current:				
Health and social services	10,342	433,000	13,184	456,526
Total expenditures	10,342	433,000	13,184	456,526
Net change in fund balances	3,585	52,110	866	56,561
Fund balances, July 1, 2002	4,972	79,379	1,622	85,973
FUND BALANCES, JUNE 30, 2003	$ 8,557	$ 131,489	$ 2,488	$ 142,534

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Commerce and Community Affairs

June 30, 2003 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Fund For Illinois' Future	Tourism Promotion Fund	Low Income Home Energy Assistance Block Grant Fund	Community Development/ Small Cities Block Grant Fund	Build Illinois Capital Revolving Loan Fund	Total
ASSETS							
Cash equity with State Treasurer	$ 22,557	$ 71,234	$ 19,131	$ 14	$ 25	$ 23,161	$ 136,122
Investments						184	184
Receivables, net:							
Taxes	6,331						6,331
Intergovernmental				6,142	4,264		10,406
Other						23	23
Due from other funds			7,923	652			8,575
Loans and notes receivable, net			22			9,301	9,323
Other assets						10,204	10,204
Total assets	$ 28,888	$ 71,234	$ 27,076	$ 6,808	$ 4,289	$ 42,873	$ 181,168
LIABILITIES							
Accounts payable and accrued liabilities	$ 628	$ 1,767	$ 7,023	$ 3,985	$ 328	$ 38	$ 13,769
Intergovernmental payables	107	1,452	351	631	1,999	2	4,542
Due to other funds	764		53	2,192	1,173	8	4,190
Due to component units	134	134	91		14		373
Deferred revenues					775		775
Total liabilities	1,633	3,353	7,518	6,808	4,289	48	23,649
FUND BALANCES							
Reserved for:							
Encumbrances	8	6,114			77	2	6,201
Long-term portion of:							
Loans and notes receivable			20			8,823	8,843
Other assets						10,204	10,204
Unreserved	27,247	61,767	19,538		(77)	23,796	132,271
Total fund balances	27,255	67,881	19,558		-- --	42,825	157,519
Total liabilities and fund balances	$ 28,888	$ 71,234	$ 27,076	$ 6,808	$ 4,289	$ 42,873	$ 181,168

State of Illinois

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Special Revenue Funds
Commerce and Community Affairs

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Fund For Illinois' Future	Tourism Promotion Fund	Low Income Home Energy Assistance Block Grant Fund	Community Development/ Small Cities Block Grant Fund	Build Illinois Capital Revolving Loan Fund	Total
REVENUES							
Public utility taxes	$ 79,162						$ 79,162
Federal government				$ 107,370	$ 43,390		150,760
Interest and other investment income						$ 5,464	5,464
Other					39	148	187
Total revenues	79,162			107,370	43,429	5,612	235,573
EXPENDITURES							
Current:							
Health and social services	73,759			105,195			178,954
Education		$ 860					860
General government	43	4,089					4,132
Employment and economic development	739	31,871	$ 33,964		42,265	6,994	115,833
Transportation		346					346
Environment and business regulations		1,818					1,818
Capital outlays	34		47				81
Total expenditures	74,575	38,984	34,011	105,195	42,265	6,994	302,024
Excess (deficiency) of revenues over (under) expenditures	4,587	(38,984)	(34,011)	2,175	1,164	(1,382)	(66,451)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in			36,544				36,544
Transfers-out				(2,175)	(1,164)		(3,339)
Net other sources (uses) of financial resources			36,544	(2,175)	(1,164)		33,205
Net change in fund balances	4,587	(38,984)	2,533	-- --	-- --	(1,382)	(33,246)
Fund balances, July 1, 2002	22,668	106,865	17,025			44,207	190,765
FUND BALANCES, JUNE 30, 2003	$ 27,255	$ 67,881	$ 19,558	$ -- --	$ -- --	$ 42,825	$ 157,519

Combining Balance Sheet - Non-major Special Revenue Funds
Natural Resources
June 30, 2003 (Expressed in Thousands)

	Open Space Lands Acquisition and Development Fund	Park and Conservation Fund	Total
ASSETS			
Cash equity with State Treasurer	$ 27,022	$ 9,859	$ 36,881
Cash and cash equivalents		1	1
Due from other funds		1,637	1,637
Total assets	$ 27,022	$ 11,497	$ 38,519
LIABILITIES			
Accounts payable and accrued liabilities	$ 18,254	$ 7,358	$ 25,612
Intergovernmental payables	1	21	22
Due to other funds	4	139	143
Deferred revenues		72	72
Total liabilities	18,259	7,590	25,849
FUND BALANCES			
Reserved for encumbrances	30,313	9,421	39,734
Unreserved	(21,550)	(5,514)	(27,064)
Total fund balances	8,763	3,907	12,670
Total liabilities and fund balances	$ 27,022	$ 11,497	$ 38,519

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Open Space Lands Acquisition and Development Fund	Park and Conservation Fund	Total
REVENUES			
Other taxes	$ 14,748		$ 14,748
Federal government		$ 883	883
Licenses and fees		6,039	6,039
Total revenues	14,748	6,922	21,670
EXPENDITURES			
Current:			
Environment and business regulations	38,481	20,705	59,186
Debt service:			
Principal		16	16
Interest		2	2
Capital outlays		1,515	1,515
Total expenditures	38,481	22,238	60,719
Excess (deficiency) of revenues over (under) expenditures	(23,733)	(15,316)	(39,049)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in		20,000	20,000
Transfers-out	(29,000)	(12,700)	(41,700)
Net other sources (uses) of financial resources	(29,000)	7,300	(21,700)
Net change in fund balances	(52,733)	(8,016)	(60,749)
Fund balances, July 1, 2002	61,496	11,923	73,419
FUND BALANCES, JUNE 30, 2003	$ 8,763	$ 3,907	$ 12,670

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Human Services

June 30, 2003 (Expressed in Thousands)

	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Old Age Survivors Insurance Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Community Mental Health Medical Fund
ASSETS							
Cash equity with State Treasurer	$ 121	$ 4,804	$ 45,831	$ 57	$ 30,720	$ 5,047	$ 1,629
Cash and cash equivalents						2,546	
Receivables, net:							
Intergovernmental	4,062	15,145	3,946	2,547	5,156		15,982
Other		80			330	11,817	2
Due from other funds	1		776		13,791	2	
Inventories				247			
Other assets							
Total assets	$ 4,184	$ 20,029	$ 50,553	$ 2,851	$ 49,997	$ 19,412	$ 17,613
LIABILITIES							
Accounts payable and accrued liabilities	$ 3,761	$ 7,265	$ 11,241	$ 2,116	$ 13,245	$ 7,351	$ 16,620
Intergovernmental payables	180	119	677	77	189	2,822	893
Due to other funds	28	722	36,145	411	10	73	
Due to component units	190	194	1,587		59	8	63
Deferred revenues		2,844	2,735		5,240	9,158	6,351
Total liabilities	4,159	11,144	52,385	2,604	18,743	19,412	23,927
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances		449		13	24		
Inventories				247			
Unreserved	25	8,436	(1,832)	(13)	31,230		(6,314)
Total fund balances (deficits)	25	8,885	(1,832)	247	31,254		(6,314)
Total liabilities and fund balances	$ 4,184	$ 20,029	$ 50,553	$ 2,851	$ 49,997	$ 19,412	$ 17,613

Local Initiative Fund	Maternal and Child Health Services Block Grant Fund	Food Stamp and Commodity Fund	Total
$ 8,028	$ 9		$ 96,246
			2,546
	10,176		57,014
			12,229
			14,570
			247
		$ 318	318
$ 8,028	$ 10,185	$ 318	$ 183,170
$ 2,206	$ 1,581		$ 65,386
225	3,463		8,645
29	54		37,472
18	3,888		6,007
5,550	2,358	$ 318	34,554
8,028	11,344	318	152,064
			486
			247
	(1,159)		30,373
	(1,159)		31,106
$ 8,028	$ 10,185	$ 318	$ 183,170

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Old Age Survivors Insurance Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Community Mental Health Medical Fund
REVENUES							
Federal government	$ 67,250	$ 98,775	$ 165,246	$ 56,370	$ 45,939	$ 168,575	$ 60,395
Licenses and fees					2,281		
Interest and other investment income		1			189	44	37
Other		5,420					
Total revenues	67,250	104,196	165,246	56,370	48,409	168,619	60,432
EXPENDITURES							
Current:							
Health and social services	67,225	111,248	165,738	56,170	88,739	168,619	66,746
Debt service:							
Principal		56					
Interest		3					
Capital outlays		31		200			
Total expenditures	67,225	111,338	165,738	56,370	88,739	168,619	66,746
Excess (deficiency) of revenues over (under) expenditures	25	(7,142)	(492)	-- --	(40,330)	-- --	(6,314)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in					64,447		
Transfers-out			(72)				
Capital lease financing		22					
Net other sources (uses) of financial resources		22	(72)		64,447		
Net change in fund balances	25	(7,120)	(564)	-- --	24,117	-- --	(6,314)
Fund balances (deficits), July 1, 2002		16,207	(1,268)	260	7,137	1,774	
Increase (decrease) for changes in inventories		(202)		(13)		(1,774)	
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 25	$ 8,885	$ (1,832)	$ 247	$ 31,254	$ -- --	$ (6,314)

Local Initiative Fund	Maternal and Child Health Services Block Grant Fund	Food Stamp and Commodity Fund	Total
$ 20,222	$ 23,865	$ 1,026,280	$ 1,732,917
			2,281
			271
			5,420
20,222	23,865	1,026,280	1,740,889
20,222	24,759	1,026,280	1,795,746
			56
			3
	22		253
20,222	24,781	1,026,280	1,796,058
-- --	(916)	-- --	(55,169)
			64,447
			(72)
			22
			64,397
-- --	(916)	-- --	9,228
	(243)	3	23,870
		(3)	(1,992)
$ -- --	$ (1,159)	$ -- --	$ 31,106

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Public Aid
June 30, 2003 (Expressed in Thousands)

	Special Education Medicaid Matching Fund	Trauma Center Fund	Child Support Administration Fund	Public Assistance Recoveries Trust Fund	Total
ASSETS					
Cash equity with State Treasurer		$ 8,023	$ 39,613		$ 47,636
Cash and cash equivalents				$ 1,111	1,111
Receivables, net:					
Intergovernmental	$ 50,830	2,200	14,949	4,184	72,163
Other			21,004		21,004
Due from other funds			3		3
Other assets			775		775
Total assets	$ 50,830	$ 10,223	$ 76,344	$ 5,295	$ 142,692
LIABILITIES					
Accounts payable and accrued liabilities		$ 6,977	$ 12,721	$ 715	$ 20,413
Intergovernmental payables	$ 50,830	196	12,875	4,205	68,106
Due to other funds		4	2,745	375	3,124
Deferred revenues	29,488		383	1,959	31,830
Total liabilities	80,318	7,177	28,724	7,254	123,473
FUND BALANCES (DEFICITS)					
Reserved for encumbrances	5	3			8
Unreserved	(29,493)	3,043	47,620	(1,959)	19,211
Total fund balances (deficits)	(29,488)	3,046	47,620	(1,959)	19,219
Total liabilities and fund balances	$ 50,830	$ 10,223	$ 76,344	$ 5,295	$ 142,692

State of Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Special Revenue Funds
Public Aid

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Special Education Medicaid Matching Fund	Trauma Center Fund	Child Support Administration Fund	Public Assistance Recoveries Trust Fund	Total
REVENUES					
Federal government	$ 136,178	$ 4,766	$ 114,251	$ 6,688	$ 261,883
Licenses and fees			78		78
Other		10,214	25,478	16,700	52,392
Total revenues	136,178	14,980	139,807	23,388	314,353
EXPENDITURES					
Current:					
Health and social services	132,534	14,213	164,426	23,705	334,878
Capital outlays				52	52
Total expenditures	132,534	14,213	164,426	23,757	334,930
Excess (deficiency) of revenues over (under) expenditures	3,644	767	(24,619)	(369)	(20,577)
OTHER SOURCES (USES) OF					
Transfers-in			38,000		38,000
Net other sources (uses) of financial resources			38,000		38,000
Net change in fund balances	3,644	767	13,381	(369)	17,423
Fund balances (deficits), July 1, 2002	(33,132)	2,279	34,239	(1,590)	1,796
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (29,488)	$ 3,046	$ 47,620	$ (1,959)	$ 19,219

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Revenue

June 30, 2003 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Sports Facilities Fund	Illinois Tax Increment Fund	Local Government Distributive Fund
ASSETS							
Cash equity with State Treasurer	$ 29,919	$ 27,906	$ 43,321	$ 223,658	$ 3,500	$ 5,296	$ 45
Receivables, net:							
Taxes	3,635	10,566	16,365	84,215	3,500	1,234	
Other	10					4	
Due from other funds					625		84,388
Total assets	$ 33,564	$ 38,472	$ 59,686	$ 307,873	$ 7,625	$ 6,534	$ 84,433
LIABILITIES							
Accounts payable and accrued liabilities	$ 494					$ 461	
Intergovernmental payables	11,948	$ 7,495	$ 37,419	$ 307,873	$ 7,625	6,462	$ 83,808
Due to other funds	16,829	29,981	21,976			2	625
Deferred revenues		996	291	3,619		61	
Total liabilities	29,271	38,472	59,686	311,492	7,625	6,986	84,433
FUND BALANCES (DEFICITS)							
Reserved for encumbrances	641					1	452
Unreserved	3,652			(3,619)		(453)	(452)
Total fund balances (deficits)	4,293			(3,619)		(452)	-- --
Total liabilities and fund balances	$ 33,564	$ 38,472	$ 59,686	$ 307,873	$ 7,625	$ 6,534	$ 84,433

Municipal Telecommuni-cations Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
$ 50,783	$ 162,430	$ 13,168	$ 560,026
7,116	24,281	29,265	180,177
	54	17	85
		9,450	94,463
$ 57,899	$ 186,765	$ 51,900	$ 834,751
$ 13,339	$ 9,491	$ 9,497	$ 33,282
44,374	140,690		647,694
	337		69,750
186	6,719	1,352	13,224
57,899	157,237	10,849	763,950
	28		1,122
	29,500	41,051	69,679
	29,528	41,051	70,801
$ 57,899	$ 186,765	$ 51,900	$ 834,751

State of Illinois

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

Revenue

For the Year Ended June 30, 2003 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Sports Facilities Fund	Illinois Tax Increment Fund	Local Government Distributive Fund
REVENUES							
Income taxes							
Sales taxes		$ 169,438	$ 289,078	$ 1,374,210		$ 17,321	
Public utility taxes							
Other taxes	$ 683,415						
Licenses and fees	1,015						
Interest and other investment income						68	
Total revenues	684,430	169,438	289,078	1,374,210		17,389	
EXPENDITURES							
Current:							
General government	2						
Employment and economic development					$ 5,000		
Capital outlays							
Intergovernmental	122,762	33,888	288,684	1,374,304		17,358	$ 876,384
Total expenditures	122,764	33,888	288,684	1,374,304	5,000	17,358	876,384
Excess (deficiency) of revenues over (under) expenditures	561,666	135,550	394	(94)	(5,000)	31	(876,384)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in					5,000		881,384
Transfers-out	(565,148)	(135,550)					(5,000)
Net other sources (uses) of financial resources	(565,148)	(135,550)			5,000		876,384
Net change in fund balances	(3,482)	-- --	394	(94)	-- --	31	-- --
Fund balances (deficits), July 1, 2002	7,775		(394)	(3,525)		(483)	
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 4,293	$ -- --	$ -- --	$ (3,619)	$ -- --	$ (452)	$ -- --

Municipal Telecommuni-cations Fund	Personal Property Tax Replacement Fund	Build Illinois Fund	Total
	$ 539,175		$ 539,175
		$ 355,750	2,205,797
$ 104,342	206,646		310,988
		85,891	769,306
			1,015
	674	287	1,029
104,342	746,495	441,928	3,827,310
104,342			104,344
		31,043	36,043
	13		13
	750,251		3,463,631
104,342	750,264	31,043	3,604,031
-- --	(3,769)	410,885	223,279
		70,516	956,900
	(261)	(473,092)	(1,179,051)
	(261)	(402,576)	(222,151)
-- --	(4,030)	8,309	1,128
	33,558	32,742	69,673
$ -- --	$ 29,528	$ 41,051	$ 70,801

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Transportation

June 30, 2003 (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	$ 2,558	$ 13,535		$ 12,755	$ 28,848
Receivables, net:					
Intergovernmental	8,953				8,953
Other		14			14
Due from other funds	867		$ 41,369		42,236
Loans and notes receivable, net		26,834			26,834
Total assets	$ 12,378	$ 40,383	$ 41,369	$ 12,755	$ 106,885
LIABILITIES					
Accounts payable and accrued liabilities	$ 6,446				$ 6,446
Intergovernmental payables	2,072	$ 152	$ 41,369	$ 1,564	45,157
Deferred revenues	5,078				5,078
Total liabilities	13,596	152	41,369	1,564	56,681
FUND BALANCES (DEFICITS)					
Reserved for:					
Encumbrances	66,009	1,321			67,330
Long-term portion of loans and notes receivable		25,170			25,170
Unreserved	(67,227)	13,740		11,191	(42,296)
Total fund balances (deficits)	(1,218)	40,231		11,191	50,204
Total liabilities and fund balances	$ 12,378	$ 40,383	$ 41,369	$ 12,755	$ 106,885

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Downstate Public Transportation Fund	Total
REVENUES					
Federal government	$ 84,581				$ 84,581
Interest and other investment income		$ 950			950
Other	7,011				7,011
Total revenues	91,592	950			92,542
EXPENDITURES					
Current:					
Transportation	82,446	152	$ 224,930	$ 37,121	344,649
Total expenditures	82,446	152	224,930	37,121	344,649
Excess (deficiency) of revenues over (under) expenditures	9,146	798	(224,930)	(37,121)	(252,107)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in		3,012	224,930	45,574	273,516
Transfers-out	(49)			(10,000)	(10,049)
Net other sources (uses) of financial resources	(49)	3,012	224,930	35,574	263,467
Net change in fund balances	9,097	3,810	-- --	(1,547)	11,360
Fund balances (deficits), July 1, 2002	(10,315)	36,421		12,738	38,844
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (1,218)	$ 40,231	$ -- --	$ 11,191	$ 50,204

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Other Departments Funds

June 30, 2003 (Expressed in Thousands)

	Aging	Central Management Services	Corrections	Employment Security	Financial Institutions	Public Health	
	Services for Older Americans Fund	**Wireless Service Emergency Fund**	**Department of Corrections Reimbursement Fund**	**Title III Social Security and Employment Service Fund**	**State Pensions Fund**	**Public Health Services Fund**	**Total**
ASSETS							
Cash equity with State Treasurer	$ 127	$ 6,131	$ 32,263	$ 35,202	$ 33,226	$ 6,454	$ 113,403
Cash and cash equivalents				5			5
Receivables, net:							
Taxes		2,889					2,889
Intergovernmental	10,902		464	10,179		11,777	33,322
Other						8	8
Due from other funds			2,744	1,677		829	5,250
Due from component units						3	3
Inventories				2,027		9,526	11,553
Total assets	$ 11,029	$ 9,020	$ 35,471	$ 49,090	$ 33,226	$ 28,597	$ 166,433
LIABILITIES							
Accounts payable and accrued liabilities	$ 5,708		$ 3,892	$ 8,954	$ 428	$ 6,902	$ 25,884
Intergovernmental payables	5,227	$ 8,860		297	8	2,791	17,183
Due to other funds	67	160	109	5,078	30	803	6,247
Due to component units			20	174		629	823
Deferred revenues	135		1,518	360		10,228	12,241
Total liabilities	11,137	9,020	5,539	14,863	466	21,353	62,378
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances		3	1,418	187		920	2,528
Inventories				2,027		9,526	11,553
Unreserved	(108)	(3)	28,514	32,013	32,760	(3,202)	89,974
Total fund balances (deficits)	(108)	-- --	29,932	34,227	32,760	7,244	104,055
Total liabilities and fund balances	$ 11,029	$ 9,020	$ 35,471	$ 49,090	$ 33,226	$ 28,597	$ 166,433

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Aging	Central Management Services	Corrections	Employment Security	Financial Institutions	Public Health	
	Services for Older Americans Fund	**Wireless Service Emergency Fund**	**Department of Corrections Reimbursement Fund**	**Title III Social Security and Employment Service Fund**	**State Pensions Fund**	**Public Health Services Fund**	**Total**
REVENUES							
Public utility taxes		$ 28,189					$ 28,189
Federal government	$ 61,333		$ 27,724	$ 361,948		$ 84,344	535,349
Licenses and fees				154			154
Other			11,942	1,637	$ 89,003	115	102,697
Total revenues	61,333	28,189	39,666	363,739	89,003	84,459	666,389
EXPENDITURES							
Current:							
Health and social services	61,256					83,980	145,236
Education					80,115		80,115
General government		28,189			25,221		53,410
Employment and economic development				370,200			370,200
Public protection and justice			43,146		2,225		45,371
Environment and business regulations					1,125		1,125
Debt service:							
Principal			841		49		890
Interest			129		3		132
Capital outlays			147	2,350	172	143	2,812
Total expenditures	61,256	28,189	44,263	372,550	108,910	84,123	699,291
Excess (deficiency) of revenues over (under) expenditures	77	-- --	(4,597)	(8,811)	(19,907)	336	(32,902)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in				1,689			1,689
Net other sources (uses) of financial resources				1,689			1,689
Net change in fund balances	77	-- --	(4,597)	(7,122)	(19,907)	336	(31,213)
Fund balances (deficits), July 1, 2002	(185)		34,529	41,343	52,667	2,279	130,633
Increase (decrease) for changes in inventories				6		4,629	4,635
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (108)	$ -- --	$ 29,932	$ 34,227	$ 32,760	$ 7,244	$ 104,055

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Environmental Protection Agency

June 30, 2003 (Expressed in Thousands)

	Brownfields Redevelopment Fund	Hazardous Waste Fund	Vehicle Inspection Fund	Total
ASSETS				
Cash equity with State Treasurer	$ 9,574	$ 31,190	$ 6,335	$ 47,099
Other	10	1,873		1,883
Total assets	$ 9,584	$ 33,063	$ 6,335	$ 48,982
LIABILITIES				
Accounts payable and accrued liabilities	$ 43	$ 1,008	$ 4,366	$ 5,417
Intergovernmental payables			4	4
Due to other funds	7,144	8,946	31	16,121
Due to component units			10	10
Deferred revenues		918		918
Total liabilities	7,187	10,872	4,411	22,470
FUND BALANCES				
Reserved for encumbrances		283	33	316
Unreserved	2,397	21,908	1,891	26,196
Total fund balances	2,397	22,191	1,924	26,512
Total liabilities and fund balances	$ 9,584	$ 33,063	$ 6,335	$ 48,982

State of Illinois

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

Environmental Protection Agency

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Brownfields Redevelopment Fund	Hazardous Waste Fund	Vehicle Inspection Fund	Total
REVENUES				
Federal government	$ 13		$ 6,088	$ 6,101
Licenses and fees		$ 1,597	254	1,851
Interest and other investment income	148			148
Other		7,624		7,624
Total revenues	161	9,221	6,342	15,724
EXPENDITURES				
Current:				
General government			2,665	2,665
Environment and business regulations	2,497	22,639	59,036	84,172
Debt service:				
Principal			8	8
Interest			1	1
Capital outlays		57	33	90
Total expenditures	2,497	22,696	61,743	86,936
Excess (deficiency) of revenues over (under) expenditures	(2,336)	(13,475)	(55,401)	(71,212)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in	2,480	18,905	30,000	51,385
Transfers-out		(144)	(199)	(343)
Net other sources (uses) of financial resources	2,480	18,761	29,801	51,042
Net change in fund balances	144	5,286	(25,600)	(20,170)
Fund balances, July 1, 2002	2,253	16,905	27,524	46,682
FUND BALANCES, JUNE 30, 2003	$ 2,397	$ 22,191	$ 1,924	$ 26,512

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
State Board of Education

June 30, 2003 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	School Technology Revolving Loan Program Fund	Total
ASSETS					
Cash equity with State Treasurer	$ 3,506	$ 506	$ 1,440	$ 44,714	$ 50,166
Receivables, net:					
Intergovernmental	569	38,408	52,760		91,737
Other		122		76	198
Due from other funds	2,019	41	879		2,939
Inventories		3,134			3,134
Loans and notes receivable, net				18,547	18,547
Total assets	$ 6,094	$ 42,211	$ 55,079	$ 63,337	$ 166,721
LIABILITIES					
Accounts payable and accrued liabilities	$ 28	$ 14,921	$ 4,096		$ 19,045
Intergovernmental payables	15,750	23,043	40,057	$ 309	79,159
Due to other funds	1	558	156		715
Due to component units		249	475		724
Deferred revenues		7,181	15,132		22,313
Matured portion of long-term liabilities			9,360		9,360
Total liabilities	15,779	45,952	69,276	309	131,316
FUND BALANCES (DEFICITS)					
Reserved for:					
Encumbrances			209		209
Long-term portion of loans and notes receivable				6,542	6,542
Inventories		3,134			3,134
Unreserved	(9,685)	(6,875)	(14,406)	56,486	25,520
Total fund balances (deficits)	(9,685)	(3,741)	(14,197)	63,028	35,405
Total liabilities and fund balances	$ 6,094	$ 42,211	$ 55,079	$ 63,337	$ 166,721

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	School Technology Revolving Loan Program Fund	Total
REVENUES					
Federal government		$ 431,870	$ 1,117,581		$ 1,549,451
Licenses and fees	$ 11,671				11,671
Interest and other investment income				$ 1,259	1,259
Other	7,132	41		846	8,019
Total revenues	18,803	431,911	1,117,581	2,105	1,570,400
EXPENDITURES					
Current:					
Education	16,119	435,653	1,119,867		1,571,639
General government	1				1
Capital outlays	4	42	87		133
Total expenditures	16,124	435,695	1,119,954		1,571,773
Excess (deficiency) of revenues over (under) expenditures	2,679	(3,784)	(2,373)	2,105	(1,373)
OTHER SOURCES (USES) OF					
Transfers-out	(5,000)			(5,000)	(10,000)
Net other sources (uses) of financial resources	(5,000)			(5,000)	(10,000)
Net change in fund balances	(2,321)	(3,784)	(2,373)	(2,895)	(11,373)
Fund balances (deficits), July 1, 2002	(7,364)	(566)	(11,824)	65,923	46,169
Increase (decrease) for changes in inventories		609			609
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (9,685)	$ (3,741)	$ (14,197)	$ 63,028	$ 35,405

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Other Agencies, Boards and Authorities Funds

June 30, 2003 (Expressed in Thousands)

	Capital Development Board	Criminal Justice Information Authority	Industrial Commission	Metropolitan Fair and Exposition Authority	State Board of Elections	Office of the State Fire Marshal
	School Infrastructure Fund	**Juvenile Accountability Incentive Block Grant Fund**	**Rate Adjustment Fund**	**McCormick Place Expansion Project Fund**	**Help Illinois Vote Fund**	**Underground Storage Tank Fund**
ASSETS						
Cash equity with State Treasurer	$ 3,844	$ 11,811	$ 3		$ 44,935	$ 35,546
Receivables, net:						
Taxes	7,068					6,477
Other		12	1			9
Due from other funds		27				
Total assets	$ 10,912	$ 11,850	$ 4	$ -- --	$ 44,935	$ 42,032
LIABILITIES						
Accounts payable and accrued liabilities	$ 3,173	$ 6	$ 36			$ 3,915
Intergovernmental payables		2,461				2
Due to other funds	4,934	1,030	12,918			12
Deferred revenues	429	8,128			$ 44,935	374
Total liabilities	8,536	11,625	12,954		44,935	4,303
FUND BALANCES (DEFICITS)						
Reserved for encumbrances	4,914					13
Unreserved	(2,538)	225	(12,950)			37,716
Total fund balances (deficits)	2,376	225	(12,950)			37,729
Total liabilities and fund balances	$ 10,912	$ 11,850	$ 4	$ -- --	$ 44,935	$ 42,032

Total
$ 96,139
13,545
22
27
$ 109,733
$ 7,130
2,463
18,894
53,866
82,353
4,927
22,453
27,380
$ 109,733

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Capital Development Board	Criminal Justice Information Authority	Industrial Commission	Metropolitan Fair and Exposition Authority	State Board of Elections	Office of the State Fire Marshal
	School Infrastructure Fund	**Juvenile Accountability Incentive Block Grant Fund**	**Rate Adjustment Fund**	**McCormick Place Expansion Project Fund**	**Help Illinois Vote Fund**	**Underground Storage Tank Fund**
REVENUES						
Sales taxes				$ 96,571		
Motor fuel taxes						$ 72,426
Public utility taxes	$ 96,914					
Other taxes	20,000					
Federal government		$ 10,450				
Licenses and fees						109
Interest and other investment income		114	$ 2			
Other			8,700			9
Total revenues	116,914	10,564	8,702	96,571		72,544
EXPENDITURES						
Current:						
Education	10,789					
General government	550					778
Employment and economic development				88,898		
Public protection and justice		10,502				3,115
Environment and business regulations			10,326			74,997
Debt service:						
Principal						6
Interest						2
Capital outlays						145
Total expenditures	11,339	10,502	10,326	88,898		79,043
Excess (deficiency) of revenues over (under) expenditures	105,575	62	(1,624)	7,673		(6,499)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in			10,254			
Transfers-out	(143,054)		(11,279)	(7,673)		(26,146)
Capital lease financing						6
Net other sources (uses) of financial resources	(143,054)		(1,025)	(7,673)		(26,140)
Net change in fund balances	(37,479)	62	(2,649)	-- --		(32,639)
Fund balances (deficits), July 1, 2002	39,855	163	(10,301)			70,368
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 2,376	$ 225	$ (12,950)	$ -- --	$ -- --	$ 37,729

Total
$ 96,571
72,426
96,914
20,000
10,450
109
116
8,709
305,295
10,789
1,328
88,898
13,617
85,323
6
2
145
200,108
105,187
10,254
(188,152)
6
(177,892)
(72,705)
100,085
$ 27,380

DEBT SERVICE FUNDS

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

SIGNIFICANT NON-MAJOR GOVERNMENTAL DEBT SERVICE FUNDS DESCRIPTIONS

Treasurer

General Obligation Bond Retirement and Interest Fund--to account for payments of principal and interest related to general obligation bonds. These bonds provide financing for the protection of the environment within the State; the acquisition, construction, reconstruction, extension, and improvement of highways; the acquisition, construction, reconstruction, and improvement of capital projects; the construction of facilities leased back to the State; and the development of mass transportation and aviation systems within the State.

Department of Central Management Services

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

Department of Commerce and Community Affairs

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.

Bureau of the Budget

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

State of Illinois

Combining Balance Sheet
Non-major Debt Service Funds

June 30, 2003 (Expressed in Thousands)

	Treasurer	Central Management Services	Commerce and Community Affairs	Bureau of the Budget		
	General Obligation Bond Retirement and Interest Fund	**ESCO COP Debt Service Fund**	**Illinois Civic Center Bond Retirement and Interest Fund**	**Build Illinois Bond Retirement and Interest Fund**	**Other**	**Total**
ASSETS						
Cash equity with State Treasurer	$ 1,037,538		$ 6,950	$ 2,189		$ 1,046,677
Cash and cash equivalents		$ 429		21,728	$ 5,957	28,114
Investments		3,993	14,512	114,002		132,507
Receivables, net:						
Intergovernmental	8					8
Other	292		12	595	2	901
Due from other funds	4,901				149	5,050
Due from component units		3,505				3,505
Loans and notes receivable	23,358					23,358
Total assets	$ 1,066,097	$ 7,927	$ 21,474	$ 138,514	$ 6,108	$ 1,240,120
LIABILITIES						
Accounts payable and accrued liabilities				$ 24		$ 24
Due to component units		$ 884				884
Total liabilities		884		24		908
FUND BALANCES						
Reserved for:						
Long-term portion of:						
Loans and notes receivable	$ 21,644					21,644
Other assets		137				137
Debt service	1,044,453	6,906	$ 21,474	138,490	$ 6,108	1,217,431
Total fund balances	1,066,097	7,043	21,474	138,490	6,108	1,239,212
Total liabilities and fund balances	$ 1,066,097	$ 7,927	$ 21,474	$ 138,514	$ 6,108	$ 1,240,120

State of Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-major Debt Service Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Treasurer	Central Management Services	Commerce and Community Affairs	Bureau of the Budget		
	General Obligation Bond Retirement and Interest Fund	ESCO COP Debt Service Fund	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Other	Total
REVENUES						
Licenses and fees	$ 231					$ 231
Interest and other investment income	15,100	$ 453	$ 211	$ 14,896	$ 15	30,675
Other	125				144	269
Total revenues	15,456	453	211	14,896	159	31,175
EXPENDITURES						
Current:						
Health and social services					779	779
General government	2,455	4		77		2,536
Employment and economic development			29			29
Environment and business regulations					1,618	1,618
Debt service:						
Principal	612,600	1,800	5,875	94,725	5,570	720,570
Interest	371,937	638	7,972	101,215	6,963	488,725
Total expenditures	986,992	2,442	13,876	196,017	14,930	1,214,257
Excess (deficiency) of revenues over (under) expenditures	(971,536)	(1,989)	(13,665)	(181,121)	(14,771)	(1,183,082)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation bonds issued	481,039					481,039
General obligation refunding bonds issued	564,900					564,900
Premiums on general obligation refunding bonds issued	56,535					56,535
Transfers-in	2,063,119	1,264	13,988	243,418	14,906	2,336,695
Transfers-out	(1,011,065)			(48,728)	(6)	(1,059,799)
Payment to refunded bond escrow agent	(618,979)					(618,979)
Net other sources (uses) of financial resources	1,535,549	1,264	13,988	194,690	14,900	1,760,391
Net change in fund balances	564,013	(725)	323	13,569	129	577,309
Fund balances, July 1, 2002	502,084	7,768	21,151	124,921	5,979	661,903
FUND BALANCES, JUNE 30, 2003	$ 1,066,097	$ 7,043	$ 21,474	$ 138,490	$ 6,108	$ 1,239,212

CAPITAL PROJECTS FUNDS

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

SIGNIFICANT NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS DESCRIPTIONS

Department of Commerce and Community Affairs

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.

Capital Development Board 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.

Environmental Protection Agency

Anti-Pollution Fund--to account for the proceeds from bond issues to finance environmental programs.

State of Illinois

Combining Balance Sheet
Non-major Capital Projects Funds
June 30, 2003 (Expressed in Thousands)

	Commerce and Community Affairs	Natural Resources			Environmental Protection Agency		
	Build Illinois Bond Fund	Conservation 2000 Projects Fund	Transportation	Capital Development Board	Anti-Pollution Fund	Other	Total
ASSETS							
Cash equity with State Treasurer	$ 46	$ 11,691	$ 110,608	$ 147,779	$ 17,840	$ 6,240	$ 294,204
Cash and cash equivalents	79			484		596	1,159
Intergovernmental receivables, net				2,290			2,290
Due from other funds	12,832			505			13,337
Total assets	$ 12,957	$ 11,691	$ 110,608	$ 151,058	$ 17,840	$ 6,836	$ 310,990
LIABILITIES							
Accounts payable and accrued liabilities	$ 48,798	$ 2,798	$ 30,496	$ 100,692			$ 182,784
Intergovernmental payables			17,608	65,321			82,929
Due to other funds			867	390			1,257
Due to component units		37		476			513
Deferred revenues				6,400			6,400
Total liabilities	48,798	2,835	48,971	173,279			273,883
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	84,640	4,834	660,129	798,417			1,548,020
Capital projects		4,022			$ 17,840	$ 6,836	28,698
Unreserved	(120,481)		(598,492)	(820,638)			(1,539,611)
Total fund balances (deficits)	(35,841)	8,856	61,637	(22,221)	17,840	6,836	37,107
Total liabilities and fund balances	$ 12,957	$ 11,691	$ 110,608	$ 151,058	$ 17,840	$ 6,836	$ 310,990

State of Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Capital Projects Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Commerce and Community Affairs	Natural Resources			Environmental Protection Agency		
	Build Illinois Bond Fund	Conservation 2000 Projects Fund	Transportation	Capital Development Board	Anti-Pollution Fund	Other	Total
REVENUES							
Federal government				$ 20,568			$ 20,568
Interest and other investment income						$ 6	6
Other				24,470		3	24,473
Total revenues				45,038		9	45,047
EXPENDITURES							
Current:							
Education	$ 15,255			866,736			881,991
General government	13,577	$ 1		12,779		6	26,363
Employment and economic development	288,212			64,527		2,219	354,958
Transportation	307		$ 123,390	338		1,191	125,226
Public protection and justice						99	99
Environment and business regulations	7,677	10,781		66,153	$ 189		84,800
Capital outlays	13,834	596	402,589	238,816			655,835
Total expenditures	338,862	11,378	525,979	1,249,349	189	3,515	2,129,272
Excess (deficiency) of revenues over (under) expenditures	(338,862)	(11,378)	(525,979)	(1,204,311)	(189)	(3,506)	(2,084,225)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
General and special obligation bonds issued	182,225		522,500	1,149,579	32,500	7,500	1,894,304
Premiums on general and special obligation bonds issued	11,799		30,224	67,414	4,451	2,917	116,805
Special obligation refunding bonds issued	130,125						130,125
Premiums on special obligation refunding bonds issued	9,038						9,038
Transfers-in		8,000		5,000		1,200	14,200
Transfers-out	(19,098)			(15,288)	(23,500)	(2,500)	(60,386)
Payment to refunded bond escrow agent	(138,351)						(138,351)
Net other sources (uses) of financial resources	175,738	8,000	552,724	1,206,705	13,451	9,117	1,965,735
Net change in fund balances	(163,124)	(3,378)	26,745	2,394	13,262	5,611	(118,490)
Fund balances (deficits), July 1, 2002	127,283	12,234	34,892	(24,615)	4,578	1,225	155,597
FUND BALANCES, JUNE 30, 2003	$ (35,841)	$ 8,856	$ 61,637	$ (22,221)	$ 17,840	$ 6,836	$ 37,107

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds
Transportation

June 30, 2003 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
ASSETS			
Cash equity with State Treasurer	$ 69,707	$ 40,901	$ 110,608
Total assets	$ 69,707	$ 40,901	$ 110,608
LIABILITIES			
Accounts payable and accrued liabilities	$ 27,124	$ 3,372	$ 30,496
Intergovernmental payables		17,608	17,608
Due to other funds		867	867
Total liabilities	27,124	21,847	48,971
FUND BALANCES			
Reserved for encumbrances	453,074	207,055	660,129
Unreserved	(410,491)	(188,001)	(598,492)
Total fund balances	42,583	19,054	61,637
Total liabilities and fund balances	$ 69,707	$ 40,901	$ 110,608

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
EXPENDITURES			
Current:			
Transportation	$ 5,581	$ 117,809	$ 123,390
Capital outlays	384,813	17,776	402,589
Total expenditures	390,394	135,585	525,979
Excess (deficiency) of revenues over (under) expenditures	(390,394)	(135,585)	(525,979)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
General obligation bonds issued	392,500	130,000	522,500
Premiums on general obligation bonds issued	22,255	7,969	30,224
Net other sources (uses) of financial resources	414,755	137,969	552,724
Net change in fund balances	24,361	2,384	26,745
Fund balances, July 1, 2002	18,222	16,670	34,892
FUND BALANCES, JUNE 30, 2003	$ 42,583	$ 19,054	$ 61,637

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds
Capital Development Board
June 30, 2003 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	$ 74,009	$ 59,328	$ 14,442	$ 147,779
Cash and cash equivalents			484	484
Intergovernmental receivables, net			2,290	2,290
Due from other funds			505	505
Total assets	$ 74,009	$ 59,328	$ 17,721	$ 151,058
LIABILITIES				
Accounts payable and accrued liabilities	$ 95,352	$ 19	$ 5,321	$ 100,692
Intergovernmental payables		59,321	6,000	65,321
Due to other funds	390			390
Due to component units	476			476
Deferred revenues			6,400	6,400
Total liabilities	96,218	59,340	17,721	173,279
FUND BALANCES (DEFICITS)				
Reserved for encumbrances	375,619	378,637	44,161	798,417
Unreserved	(397,828)	(378,649)	(44,161)	(820,638)
Total fund balances (deficits)	(22,209)	(12)	-- --	(22,221)
Total liabilities and fund balances	$ 74,009	$ 59,328	$ 17,721	$ 151,058

State of Illinois

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Capital Projects Funds

Capital Development Board

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
REVENUES				
Federal government			$ 20,568	$ 20,568
Other			24,470	24,470
Total revenues			45,038	45,038
EXPENDITURES				
Current:				
Education	$ 227,478	$ 620,199	19,059	866,736
General government	12,779			12,779
Employment and economic development	64,527			64,527
Transportation	338			338
Environment and business regulations	66,153			66,153
Capital outlays	220,125		18,691	238,816
Total expenditures	591,400	620,199	37,750	1,249,349
Excess (deficiency) of revenues over (under) expenditures	(591,400)	(620,199)	7,288	(1,204,311)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	557,579	592,000		1,149,579
Premiums on general obligation bonds issued	29,348	38,066		67,414
Transfers-in	5,000			5,000
Transfers-out	(8,000)		(7,288)	(15,288)
Net other sources (uses) of financial resources	583,927	630,066	(7,288)	1,206,705
Net change in fund balances	(7,473)	9,867	-- --	2,394
Fund balances (deficits), July 1, 2002	(14,736)	(9,879)		(24,615)
FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (22,209)	$ (12)	$ -- --	$ (22,221)

ENTERPRISE FUNDS

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

SIGNIFICANT NON-MAJOR ENTERPRISE FUNDS DESCRIPTIONS

Department of Central Management Services

Local Government Health Insurance Reserve Fund--to provide health and dental insurance to participating local government entities. Premiums are collected from units of local government and the insurance plan is administered by private companies.

Teacher Health Insurance Security Fund--to provide health benefits for the Teachers' Retirement System recipient and dependent beneficiaries. Premiums are collected from retired and active teachers and the insurance plan is administered by private companies.

Department of Lottery

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

Student Assistance Commission

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

State of Illinois

Combining Statement of Net Assets
Non-major Enterprise Funds
June 30, 2003 (Expressed in Thousands)

		Lottery	Student Assistance Commission		
	Central Management Services	State Lottery Fund	Prepaid Tuition Fund	Other	Total
ASSETS					
Cash equity with State Treasurer	$ 39,236	$ 5,824	$ 6,467	$ 65,715	$ 117,242
Cash and cash equivalents	12,994	4,419	1,370	1,396	20,179
Investments, short-term		14,519		19,928	34,447
Receivables, net:					
Intergovernmental	583			2,451	3,034
Other	7,252	14,737	26	7,872	29,887
Due from other funds		47,592		1,384	48,976
Inventories		3,400			3,400
Prepaid expenses		101		128	229
Total current assets	60,065	90,592	7,863	98,874	257,394
Investments		4,692	335,730	2,927	343,349
Capital assets not being depreciated				190	190
Capital assets being depreciated, net		701		2,524	3,225
Total assets	60,065	95,985	343,593	104,515	604,158
LIABILITIES					
Accounts payable and accrued liabilities	42,425	27,465	383	11,851	82,124
Intergovernmental payables				1	1
Due to other funds	39	2,939	14	17,230	20,222
Deferred revenues		2,554		8,967	11,521
Current portion of long-term obligations	5	14,548	9,939	7,935	32,427
Total current liabilities	42,469	47,506	10,336	45,984	146,295
Noncurrent portion of long-term obligations	79	5,304	387,050	3,890	396,323
Total liabilities	42,548	52,810	397,386	49,874	542,618
NET ASSETS					
Invested in capital assets, net of related debt		695		2,619	3,314
Net assets restricted for other purposes		42,480			42,480
Unrestricted	17,517		(53,793)	52,022	15,746
Total net assets	$ 17,517	$ 43,175	$ (53,793)	$ 54,641	$ 61,540

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Net Assets - Non-major Enterprise Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Central Management Services	Lottery State Lottery Fund	Student Assistance Commission Prepaid Tuition Fund	Other	Total
OPERATING REVENUES					
Charges for sales and services	$ 301,826	$ 1,564,674	$ 2,562	$ 159,021	$ 2,028,083
Interest and other investment income			11,053	5	11,058
Other	3,300	25,172		227	28,699
Total operating revenues	305,126	1,589,846	13,615	159,253	2,067,840
OPERATING EXPENSES					
Cost of sales and services		106,172		37,287	143,459
Benefit payments and refunds	278,429			13,309	291,738
Prizes and claims		885,170			885,170
Interest				8	8
General and administrative	2,393	62,205	2,877	53,742	121,217
Depreciation		547		593	1,140
Other			22,939	43,048	65,987
Total operating expenses	280,822	1,054,094	25,816	147,987	1,508,719
Operating income (loss)	24,304	535,752	(12,201)	11,266	559,121
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	217	24		1,743	1,984
Interest expense			(9)		(9)
Other expenses				(11)	(11)
Income (loss) before operating transfers	24,521	535,776	(12,210)	12,998	561,085
Transfers-in	2,000				2,000
Transfers-out		(539,517)		(7,677)	(547,194)
Net income (loss)	26,521	(3,741)	(12,210)	5,321	15,891
Net assets (deficit), July 1, 2002, as restated	(9,004)	46,916	(41,583)	49,320	45,649
NET ASSETS (DEFICIT), JUNE 30, 2003	$ 17,517	$ 43,175	$ (53,793)	$ 54,641	$ 61,540

State of Illinois

Combining Statement of Cash Flows
Non-major Enterprise Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

		Lottery	Student Assistance Commission		
	Central Management Services	State Lottery Fund	Prepaid Tuition Fund	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	$ 303,624	$ 1,564,837	$ 2,562	$ 158,351	$ 2,029,374
Cash payments to suppliers for goods and services	(285,816)	(79,138)	(2,217)	(61,693)	(428,864)
Cash payments to employees for services	(1,422)	(89,446)	(566)	(60,277)	(151,711)
Cash payments for lottery prizes		(885,195)			(885,195)
Cash receipts from other operating activities	3,024	22,947	114,504	218	140,693
Cash payments for other operating activities		(2)	(3,976)	(29,162)	(33,140)
Net cash provided (used) by operating activities	19,410	534,003	110,307	7,437	671,157
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal paid on other borrowing			(350)	(9)	(359)
Interest paid on other borrowing			(9)		(9)
Transfers-in from other funds	2,000				2,000
Transfers-out to other funds		(540,317)		(1,040)	(541,357)
Net cash provided (used) by noncapital financing activities	2,000	(540,317)	(359)	(1,049)	(539,725)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(6)		(372)	(378)
Principal paid on capital debt		(5)		(65)	(70)
Net cash (used) by capital and related financing activities		(11)		(437)	(448)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities			(149,607)	(16,395)	(166,002)
Proceeds from sale and maturities of investment securities			33,000	13,148	46,148
Interest and dividends on investments	344	24	5,344	2,184	7,896
Net cash provided (used) by investing activities	344	24	(111,263)	(1,063)	(111,958)
Net increase (decrease) in cash and cash equivalents	21,754	(6,301)	(1,315)	4,888	19,026
Cash and cash equivalents, July 1, 2002	30,476	16,544	9,152	62,223	118,395
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 52,230	$ 10,243	$ 7,837	$ 67,111	$ 137,421
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	$ 24,304	$ 535,752	$ (12,201)	$ 11,266	$ 559,121
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation		547		593	1,140
Provision for uncollectible accounts		280			280
Amortization			22,007		22,007
Interest and investment income			(10,122)		(10,122)
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,045)	(304)		(287)	(1,636)
(Increase) decrease in intergovernmental receivables	859			(723)	136
(Increase) decrease in due from other funds		512		127	639
(Increase) decrease in inventory		627			627
(Increase) decrease in prepaid expenses		(10)		22	12
(Increase) decrease in other assets				5	5
Increase (decrease) in accounts payable and accrued liabilities	(3,932)	(4,886)	138	210	(8,470)
Increase (decrease) in due to other funds	(781)	1,393	(2)	(1,082)	(472)
Increase (decrease) in deferred revenues		92		181	273
Increase (decrease) in other liabilities	5		110,487	(2,878)	107,614
Other				3	3
Total adjustments	(4,894)	(1,749)	122,508	(3,829)	112,036
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 19,410	$ 534,003	$ 110,307	$ 7,437	$ 671,157
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Cost of capital asset acquisitions financed by capital leases				$ 70	$ 70
Increase (decrease) in fair value of investments			$ 4,783		4,783
Total noncash investing, capital and financing activities	$ -- --	$ -- --	$ 4,783	$ 70	$ 4,853

State of Illinois

Combining Statement of Net Assets - Non-major Enterprise Funds

Central Management Services

June 30, 2003 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
ASSETS			
Cash equity with State Treasurer	$ 9,932	$ 29,304	$ 39,236
Cash and cash equivalents	3,751	9,243	12,994
Receivables, net:			
Intergovernmental	583		583
Other	189	7,063	7,252
Total assets	14,455	45,610	60,065
LIABILITIES			
Accounts payable and accrued liabilities	11,646	30,779	42,425
Due to other funds	21	18	39
Current portion of long-term obligations	4	1	5
Total current liabilities	11,671	30,798	42,469
Noncurrent portion of long-term obligations	34	45	79
Total liabilities	11,705	30,843	42,548
NET ASSETS			
Unrestricted	2,750	14,767	17,517
Total net assets	$ 2,750	$ 14,767	$ 17,517

State of Illinois

Combining Statement of Revenues, Expenses and Changes in Net Assets - Non-major Enterprise Funds

Central Management Services

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
OPERATING REVENUES			
Charges for sales and services	$ 81,790	$ 220,036	$ 301,826
Other	451	2,849	3,300
Total operating revenues	82,241	222,885	305,126
OPERATING EXPENSES			
Benefit payments and refunds	71,916	206,513	278,429
General and administrative	785	1,608	2,393
Total operating expenses	72,701	208,121	280,822
Operating income (loss)	9,540	14,764	24,304
NONOPERATING REVENUES			
Interest and investment income	64	153	217
Income (loss) before operating transfers	9,604	14,917	24,521
Transfers-in		2,000	2,000
Net income (loss)	9,604	16,917	26,521
Net assets, July 1, 2002, as restated	(6,854)	(2,150)	(9,004)
NET ASSETS, JUNE 30, 2003	$ 2,750	$ 14,767	$ 17,517

State of Illinois

Combining Statement of Cash Flows - Non-major Enterprise Funds
Central Management Services
For the Year Ended June 30, 2003 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales and services	$ 82,610	$ 221,014	$ 303,624
Cash payments to suppliers for goods and services	(76,356)	(209,460)	(285,816)
Cash payments to employees for services	(690)	(732)	(1,422)
Cash receipts from other operating activities	356	2,668	3,024
Cash payments for other operating activities			
Net cash provided (used) by operating activities	5,920	13,490	19,410
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers-in from other funds		2,000	2,000
Transfers-out to other funds			
Net cash provided (used) by noncapital financing activities		2,000	2,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	60	284	344
Net cash provided by investing activities	60	284	344
Net increase (decrease) in cash and cash equivalents	5,980	15,774	21,754
Cash and cash equivalents, July 1, 2002	7,703	22,773	30,476
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 13,683	$ 38,547	$ 52,230
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
OPERATING INCOME (LOSS)	$ 9,540	$ 14,764	$ 24,304
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(134)	(911)	(1,045)
(Increase) decrease in intergovernmental receivables	859		859
Increase (decrease) in accounts payable and accrued liabilities	(4,357)	425	(3,932)
Increase (decrease) in due to other funds	11	(792)	(781)
Increase (decrease) in other liabilities	1	4	5
Total adjustments	(3,620)	(1,274)	(4,894)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 5,920	$ 13,490	$ 19,410

INTERNAL SERVICE FUNDS

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

SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

Central Management Services

State Garage Revolving Fund--to account for the operation and maintenance of State garages including the servicing and repair of all automotive equipment owned or controlled by the State. Revenues consist of charges to user agencies.

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

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

Health Insurance Reserve Fund--to account for the self-insurance medical and dental plan for State employees and qualified dependents. This fund records all contributions, appropriations, interest, dividends and expenses related to the plan.

Department of Corrections

Working Capital Revolving Fund--to account for the income and expenses associated with the production by factories, farms and service programs at several State correctional facilities.

State of Illinois

Combining Statement of Net Assets
Internal Service Funds

June 30, 2003 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Other	Total
ASSETS				
Cash equity with State Treasurer	$ 78,274	$ 1,735	$ 11,199	$ 91,208
Cash and cash equivalents	127,438			127,438
Receivables, net:				
Intergovernmental	550	18		568
Other	4,700	375		5,075
Due from other funds	177,830	25,110	592	203,532
Due from component units	6,057	6	569	6,632
Inventories	1,183	10,248	167	11,598
Prepaid expenses	600	10		610
Total current assets	396,632	37,502	12,527	446,661
Restricted cash and cash equivalents	108			108
Capital assets not being depreciated	1,761			1,761
Capital assets being depreciated, net	40,679	8,637		49,316
Total assets	439,180	46,139	12,527	497,846
LIABILITIES				
Accounts payable and accrued liabilities	300,977	2,232	3,355	306,564
Intergovernmental payables	164			164
Due to other funds	5,810	263	22	6,095
Due to component units	21			21
Deferred revenue	3,960			3,960
Current portion of long-term liabilities	4,191	717		4,908
Total current liabilities	315,123	3,212	3,377	321,712
Noncurrent portion of long-term liabilities	7,332	428	35	7,795
Total liabilities	322,455	3,640	3,412	329,507
NET ASSETS				
Invested in capital assets, net of related debt	36,302	8,617		44,919
Net assets restricted for debt service	108			108
Unrestricted	80,315	33,882	9,115	123,312
Total net assets	$ 116,725	$ 42,499	$ 9,115	$ 168,339

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Other	Total
OPERATING REVENUES				
Charges for sales and services	$ 1,525,230	$ 42,072	$ 12,107	$ 1,579,409
Other	8,333	387	3	8,723
Total operating revenues	1,533,563	42,459	12,110	1,588,132
OPERATING EXPENSES				
Cost of sales and services	187,874	33,389	13,307	234,570
Benefit payments and refunds	1,274,388			1,274,388
General and administrative	27,440	5,868	427	33,735
Depreciation	11,329	1,742	2	13,073
Other	10,377			10,377
Total operating expenses	1,511,408	40,999	13,736	1,566,143
Operating income (loss)	22,155	1,460	(1,626)	21,989
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	649			649
Interest expense	(274)	(3)		(277)
Other revenues	1,895	291		2,186
Other expenses	(31)	(103)		(134)
Net income (loss)	24,394	1,645	(1,626)	24,413
Net assets, July 1, 2002	92,331	40,854	10,741	143,926
NET ASSETS, JUNE 30, 2003	$ 116,725	$ 42,499	$ 9,115	$ 168,339

State of Illinois

Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	$ 1,515,010	$ 24,517	$ 12,024	$ 1,551,551
Cash payments to suppliers for goods and services	(1,382,900)	(22,914)	(13,374)	(1,419,188)
Cash payments to employees for services	(49,983)	(14,492)	(236)	(64,711)
Cash receipts from other operating activities	7,923		3	7,926
Cash payments for other operating activities		(992)		(992)
Net cash provided (used) by operating activities	90,050	(13,881)	(1,583)	74,586
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(4,328)	(1,319)		(5,647)
Principal paid on capital debt	(3,556)	(30)		(3,586)
Interest paid on capital debt	(274)	(3)		(277)
Other capital and related financing activities		293		293
Net cash (used) by capital and related financing activities	(8,158)	(1,059)	-- --	(9,217)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	1,309			1,309
Net cash provided by investing activities	1,309	-- --	-- --	1,309
Net increase (decrease) in cash and cash equivalents	83,201	(14,940)	(1,583)	66,678
Cash and cash equivalents, July 1, 2002	122,619	16,675	12,782	152,076
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 205,820	$ 1,735	$ 11,199	$ 218,754
Reconciliation of cash and cash equivalents to the balance sheet:				
Total cash and cash equivalents per the balance sheet	$ 205,712	$ 1,735	$ 11,199	$ 218,646
Add: restricted cash equivalents	108			108
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 205,820	$ 1,735	$ 11,199	$ 218,754
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	$ 22,155	$ 1,460	$ (1,626)	$ 21,989
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	11,329	1,742	2	13,073
Provision for uncollectible accounts	(17)			(17)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(4,249)	34	1	(4,214)
(Increase) decrease in intergovernmental receivables	279	54		333
(Increase) decrease in due from other funds	61,816	(18,022)	78	43,872
(Increase) decrease in due from component units	29,540	(6)	(37)	29,497
(Increase) decrease in inventories	312	1,277	32	1,621
(Increase) decrease in prepaid expenses	301	6		307
Increase (decrease) in accounts payable and accrued liabilities	(37,338)	163	84	(37,091)
Increase (decrease) in intergovernmental payables	79			79
Increase (decrease) in due to other funds	3,429	9	4	3,442
Increase (decrease) in due to component units	(10)			(10)
Increase (decrease) in deferred revenue	3,960		(125)	3,835
Increase (decrease) in other liabilities	(1,536)	(598)	4	(2,130)
Total adjustments	67,895	(15,341)	43	52,597
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 90,050	$ (13,881)	$ (1,583)	$ 74,586
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Cost of capital asset acquisitions financed by capital leases	$ 73	$ 7		$ 80
Cost of installment purchases	2,986			2,986
Transfer of assets from other state funds	1,895			1,895
Total noncash investing, capital and financing activities	$ 4,954	$ 7	$ -- --	$ 4,961

State of Illinois

Combining Statement of Net Assets - Internal Service Funds
Central Management Services

June 30, 2003 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Health Insurance Reserve Fund	Total
ASSETS					
Cash equity with State Treasurer	$ 3,748	$ 17,913	$ 30,865	$ 25,748	$ 78,274
Cash and cash equivalents				127,438	127,438
Receivables, net:					
Intergovernmental	61		489		550
Other	4		75	4,621	4,700
Due from other funds	7,448	26,839	30,721	112,822	177,830
Due from component units	35	31	553	5,438	6,057
Inventories	1,128	55			1,183
Prepaid expenses		600			600
Total current assets	12,424	45,438	62,703	276,067	396,632
Restricted cash and cash equivalents	108				108
Capital assets not being depreciated		1,048	713		1,761
Capital assets being depreciated, net	7,793	20,326	12,560		40,679
Total assets	20,325	66,812	75,976	276,067	439,180
LIABILITIES					
Accounts payable and accrued liabilities	7,404	7,429	12,114	274,030	300,977
Intergovernmental payables	6	151	7		164
Due to other funds	256	2,237	1,649	1,668	5,810
Due to component units	21				21
Deferred revenue		3,960			3,960
Current portion of long-term liabilities	740	2,940	498	13	4,191
Total current liabilities	8,427	16,717	14,268	275,711	315,123
Noncurrent portion of long-term liabilities	1,916	4,238	822	356	7,332
Total liabilities	10,343	20,955	15,090	276,067	322,455
NET ASSETS					
Invested in capital assets, net of related debt	6,734	16,826	12,742		36,302
Net assets restricted for debt service	108				108
Unrestricted	3,140	29,031	48,144		80,315
Total net assets	$ 9,982	$ 45,857	$ 60,886	$ -- --	$ 116,725

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, 2003 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Health Insurance Reserve Fund	Total
OPERATING REVENUES					
Charges for sales and services	$ 35,915	$ 89,294	$ 125,110	$ 1,274,911	$ 1,525,230
Other	120	1		8,212	8,333
Total operating revenues	36,035	89,295	125,110	1,283,123	1,533,563
OPERATING EXPENSES					
Cost of sales and services	24,199	72,459	91,216		187,874
Benefit payments and refunds				1,274,388	1,274,388
General and administrative	8,454	2,742	6,867	9,377	27,440
Depreciation	893	5,537	4,899		11,329
Other	517		9,860		10,377
Total operating expenses	34,063	80,738	112,842	1,283,765	1,511,408
Operating income (loss)	1,972	8,557	12,268	(642)	22,155
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	7			642	649
Interest expense	(71)	(176)	(27)		(274)
Other revenues	1,748	147			1,895
Other expenses	(5)	(3)	(23)		(31)
Net income (loss)	3,651	8,525	12,218	-- --	24,394
Net assets, July 1, 2002	6,331	37,332	48,668		92,331
NET ASSETS, JUNE 30, 2003	$ 9,982	$ 45,857	$ 60,886	$ -- --	$ 116,725

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds
Central Management Services

For the Year Ended June 30, 2003 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Health Insurance Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	$ 33,561	$ 86,825	$ 118,803	$ 1,275,821	$ 1,515,010
Cash payments to suppliers for goods and services	(17,235)	(49,078)	(97,069)	(1,219,518)	(1,382,900)
Cash payments to employees for services	(13,352)	(23,257)	(9,768)	(3,606)	(49,983)
Cash receipts from other operating activities	120	1		7,802	7,923
Net cash provided (used) by operating activities	3,094	14,491	11,966	60,499	90,050
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(1,343)	(2,985)		(4,328)
Principal paid on bond maturities and equipment contracts	(766)	(2,375)	(415)		(3,556)
Interest paid on bond maturities and equipment contracts	(71)	(176)	(27)		(274)
Net cash (used) by capital and related financing activities	(837)	(3,894)	(3,427)	-- --	(8,158)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	7			1,302	1,309
Net cash provided by investing activities	7	-- --	-- --	1,302	1,309
Net increase (decrease) in cash and cash equivalents	2,264	10,597	8,539	61,801	83,201
Cash and cash equivalents, July 1, 2002	1,592	7,316	22,326	91,385	122,619
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 3,856	$ 17,913	$ 30,865	$ 153,186	$ 205,820
Reconciliation of cash and cash equivalents to the balance sheet:					
Total cash and cash equivalents per the balance sheet	$ 3,748	$ 17,913	$ 30,865	$ 153,186	$ 205,712
Add: restricted cash equivalents	108				108
CASH AND CASH EQUIVALENTS, JUNE 30, 2003	$ 3,856	$ 17,913	$ 30,865	$ 153,186	$ 205,820
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	$ 1,972	$ 8,557	$ 12,268	$ (642)	$ 22,155
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	893	5,537	4,899		11,329
Provision for uncollectible accounts			(17)		(17)
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(4)		40	(4,285)	(4,249)
(Increase) decrease in intergovernmental receivables	20		259		279
(Increase) decrease in due from other funds	(2,372)	(6,436)	(6,697)	77,321	61,816
(Increase) decrease in due from component units	1	7	91	29,441	29,540
(Increase) decrease in inventories	245	67			312
(Increase) decrease in prepaid expenses		301			301
Increase (decrease) in accounts payable and accrued liabilities	2,439	1,510	1,558	(42,845)	(37,338)
Increase (decrease) in intergovernmental payables	4	68	7		79
Increase (decrease) in due to other funds	114	1,948	(228)	1,595	3,429
Increase (decrease) in due to component units		(6)	(4)		(10)
Increase (decrease) in deferred revenue		3,960			3,960
Increase (decrease) in other liabilities	(218)	(1,022)	(210)	(86)	(1,536)
Total adjustments	1,122	5,934	(302)	61,141	67,895
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 3,094	$ 14,491	$ 11,966	$ 60,499	$ 90,050
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Cost of capital assets acquisitions financed by capital leases			$ 73		$ 73
Cost of installment purchases	$ 20	$ 2,966			2,986
Transfer of assets from other state funds	1,748	147			1,895
Total noncash investing, capital and financing activities	$ 1,768	$ 3,113	$ 73	$ -- --	$ 4,954

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PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

The Pension (and Other Employee Benefit) Trust Funds are maintained to account for the resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans and other employee benefit plans.

SIGNIFICANT PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS DESCRIPTIONS

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 voluntary elect to contribute a portion of their compensation to the Plan through payroll deductions.

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

See Note 15 on page 89 for description of retirement systems.

State of Illinois

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

June 30, 2003 (Expressed in Thousands)

	Central Management Services					State Universities Retirement System	
	Deferred Compensation Plan	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	Defined Benefit	Defined Contribution
ASSETS							
Cash equity with State Treasurer	$ 6,037	$ 1,615	$ 7,324	$ 36,050	$ 3,652		
Cash and cash equivalents						$ 398,175	
Investments:							
Equities	1,322,474				12,649,353	6,167,737	$ 8,699
Fixed income	492,358				7,314,850	3,527,722	4,185
Real estate					2,412,294	745	4
Other					1,559,118		170,429
Equity in Illinois State Board of Investments		47,386	317,541	7,436,094			
Securities lending collateral					2,154,423	1,210,412	
Receivables, net:							
Members		7	416		108,573	16,144	1,644
Employers				13,440	7,379		
Investment income		2	7		165,639	452,648	
Other	640		13			41,986	5,526
Due from other funds		783	4,927	18,217	2,966	170	
Due from component units						8,187	
Prepaid expenses					2,213		
Capital assets not being depreciated				900	238	532	
Capital assets being depreciated, net		1	2	2,188	2,393	11,659	
Total assets	1,821,509	49,794	330,230	7,506,889	26,383,091	11,836,117	190,487
LIABILITIES							
Accounts payable and accrued liabilities	426	3	107	3,917	1,102,420	13,507	
Due to other funds	55	88	29	65	27	40	
Other liabilities					2,154,423	2,088,811	
Long term obligations:							
Due within one year	7			7	14	10,000	
Due subsequent to one year	95	27	40	789	1,384	9,212	
Total liabilities	583	118	176	4,778	3,258,268	2,121,570	
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS	$ 1,820,926	$ 49,676	$ 330,054	$ 7,502,111	$ 23,124,823	$ 9,714,547	$ 190,487

Total
$ 54,678
398,175
20,148,263
11,339,115
2,413,043
1,729,547
7,801,021
3,364,835
126,784
20,819
618,296
48,165
27,063
8,187
2,213
1,670
16,243
48,118,117
1,120,380
304
4,243,234
10,028
11,547
5,385,493
$ 42,732,624

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Central Management Services					State Universities Retirement System	
	Deferred Compensation Plan	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	Defined Benefit	Defined Contribution
ADDITIONS							
Contributions:							
Employer		$ 5,434	$ 31,440	$ 396,067	$ 41,135	$ 35,934	$ 4,437
State					929,710	249,330	20,316
Members	$ 163,579	1,954	12,905	285,209	732,020	246,285	29,616
Other	4,339				50,418		
Total contributions	167,918	7,388	44,345	681,276	1,753,283	531,549	54,369
Investment income:							
Interest and other investment income	38,131	1,211	7,890	181,493	707,381	235,002	
Net appreciation (depreciation) of investments	16,695	(1,340)	(7,429)	(150,508)	467,463	32,993	4,993
Less investment expense		(105)	(687)	(15,965)	(113,992)	(17,597)	
Net investment income (loss)	54,826	(234)	(226)	15,020	1,060,852	250,398	4,993
Total additions	222,744	7,154	44,119	696,296	2,814,135	781,947	59,362
DEDUCTIONS							
Benefit payments and refunds	76,895	11,238	57,297	859,856	2,041,738	836,662	671
Participants' withdrawals	69,218					32,219	2,958
Interest expense						1,282	
Depreciation		1	1	222	533	1,762	
General and administration	1,389	290	426	8,000	13,326	10,151	
Other	192						
Total deductions	147,694	11,529	57,724	868,078	2,055,597	882,076	3,629
Net additions (deductions)	75,050	(4,375)	(13,605)	(171,782)	758,538	(100,129)	55,733
Net assets held in trust for pension and other employee benefits, July 1, 2002	1,745,876	54,051	343,659	7,673,893	22,366,285	9,814,676	134,754
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2003	$ 1,820,926	$ 49,676	$ 330,054	$ 7,502,111	$ 23,124,823	$ 9,714,547	$ 190,487

Total
$ 514,447
1,199,356
1,471,568
54,757
3,240,128
1,171,108
362,867
(148,346)
1,385,629
4,625,757
3,884,357
104,395
1,282
2,519
33,582
192
4,026,327
599,430
42,133,194
$ 42,732,624

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).

SIGNIFICANT INVESTMENT TRUST FUNDS DESCRIPTIONS

Treasurer

Public Treasurers' External Investment Pool Fund--to enhance the investment opportunities available to custodians of public agency funds throughout the State of Illinois. The pool operates as an open-ended mutual fund.

College Savings Pool Fund--to account for assets held by the Bright Start College Savings Program, a qualified State tuition program under Section 529 of the Internal Revenue Code. The program provides an opportunity for investors to invest on a tax-favored basis toward the qualified higher education expenses of a designated beneficiary associated with attending an institution of higher education.

Department of Lottery

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 State Lottery Director'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, 2003 (Expressed in Thousands)

	Treasurer		Lottery	
	Public Treasurers' External Investment Pool Fund	College Savings Pool Fund	Deferred Prize Winners' Trust Fund	Total
ASSETS				
Cash equity with State Treasurer			$ 1,362	$ 1,362
Cash and cash equivalents	$ 261,156	$ 2,179		263,335
Investments:				
Equities		625,196		625,196
Fixed income			1,171,658	1,171,658
Public Treasurer's Investment Pool	3,340,587			3,340,587
Investment income receivables, net	529	1,261	3	1,793
Total assets	3,602,272	628,636	1,173,023	5,403,931
LIABILITIES				
Accounts payable and accrued liabilities	149			149
Due to other funds	232		378	610
Other liabilities		1,258	987	2,245
Total liabilities	381	1,258	1,365	3,004
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS	$ 3,601,891	$ 627,378	$ 1,171,658	$ 5,400,927

State of Illinois

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Treasurer		Lottery	
	Public Treasurers' External Investment Pool Fund	College Savings Pool Fund	Deferred Prize Winners' Trust Fund	Total
ADDITIONS				
Participant deposits	$ 4,938,658	$ 359,462	$ 72,700	$ 5,370,820
Investment income:				
Interest and other investment income	67,082	7,723	78,075	152,880
Net appreciation of investments		36,288	55,016	91,304
Less investment expense	(4,499)			(4,499)
Net investment income	62,583	44,011	133,091	239,685
Total additions	5,001,241	403,473	205,791	5,610,505
DEDUCTIONS				
Participant withdrawals	5,017,219	99,180	244,364	5,360,763
Distribution to pool investors	62,583			62,583
General and administration		1,325		1,325
Total deductions	5,079,802	100,505	244,364	5,424,671
Net additions (deductions)	(78,561)	302,968	(38,573)	185,834
Net assets held in trust for pool participants, July 1, 2002	3,680,452	324,410	1,210,231	5,215,093
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2003	$ 3,601,891	$ 627,378	$ 1,171,658	$ 5,400,927

SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

Department of Insurance

Security Deposit Fund--to hold securities on deposit by domestic and certain foreign domiciled insurance companies in the State for protection of all policyholders, policy obligations and creditors of the companies.

Department of Public Aid

Child Support Enforcement Trust Fund--to account for collections for child support payments on behalf of non-TANF child support clients to the appropriate non-TANF recipient.

Department of Revenue

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

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.

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

State of Illinois

Combining Statement of Fiduciary Net Assets
Agency Funds

June 30, 2003 (Expressed in Thousands)

	Insurance Security Deposit Fund	Public Aid Child Support Enforcement Trust Fund	Revenue	Other	Total
ASSETS					
Cash equity with State Treasurer		$ 8,018	$ 109,404	$ 79,167	$ 196,589
Cash and cash equivalents				31,228	31,228
Receivables, net:					
Taxes			63,949	16,890	80,839
Intergovernmental				365	365
Other		187,495	57	18,070	205,622
Due from other funds			21,976	4,109	26,085
Due from component units				227	227
Other assets	$ 1,299,932			16,916	1,316,848
Total assets	$ 1,299,932	$ 195,513	$ 195,386	$ 166,972	$ 1,857,803
LIABILITIES					
Accounts payable and accrued liabilities		$ 8,018	$ 1,187	$ 20,955	$ 30,160
Intergovernmental payables			194,199	87,140	281,339
Due to component units				2,040	2,040
Depository and other liabilities	$ 1,299,932	187,495		56,837	1,544,264
Total liabilities	$ 1,299,932	$ 195,513	$ 195,386	$ 166,972	$ 1,857,803

State of Illinois

Combining Statement of Fiduciary Net Assets - Agency Funds

Revenue

June 30, 2003 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax Fund	Home Rule County Retailers Occupation Tax Fund	RTA Sales Tax Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	$ 49,936	$ 25,390	$ 34,078	$ 109,404
Receivables, net:				
Taxes	23,711	13,917	26,321	63,949
Other	25	14	18	57
Due from other funds			21,976	21,976
Total assets	$ 73,672	$ 39,321	$ 82,393	$ 195,386
LIABILITIES				
Accounts payable and accrued liabilities	$ 1,187			$ 1,187
Intergovernmental payables	72,485	$ 39,321	$ 82,393	194,199
Total liabilities	$ 73,672	$ 39,321	$ 82,393	$ 195,386

State of Illinois

Combining Statement of Changes in Assets and Liabilities
All Agency Funds

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Assets					
			Receivables, net			
	Cash equity with State Treasurer	Cash and cash equivalents	Taxes	Intergovern-mental	Other	Due from other funds
AGENCY/FUND						
Insurance:						
Security Deposit						
Balance July 1, 2002						
Additions						
Deductions						
Balance June 30, 2003						
Public Aid:						
Child Support Enforcement Trust						
Balance July 1, 2002	$ 11,938				$ 152,597	$ 318
Additions	118,364				187,495	
Deductions	122,284				152,597	318
Balance June 30, 2003	8,018				187,495	-- --
Revenue:						
Home Rule Municipal Retailers Occupation Tax						
Balance July 1, 2002	41,842		$ 28,456		40	
Additions	457,199		23,712		25	
Deductions	449,105		28,457		40	
Balance June 30, 2003	49,936		23,711		25	
Home Rule County Retailers Occupation Tax Fund						
Balance July 1, 2002	23,535		16,640		27	
Additions	276,462		13,917		14	
Deductions	274,607		16,640		27	
Balance June 30, 2003	25,390		13,917		14	
RTA Sales Tax Trust						
Balance July 1, 2002	35,405		32,924		40	22,572
Additions	631,642		26,321		18	21,976
Deductions	632,969		32,924		40	22,572
Balance June 30, 2003	34,078		26,321		18	21,976
Other:						
Balance July 1, 2002	92,893	$ 89,460	17,514	$ 383	21,056	3,995
Additions	1,230,878	871,882	19,118	365	17,398	4,109
Deductions	1,244,604	930,114	19,742	383	20,384	3,995
Balance June 30, 2003	79,167	31,228	16,890	365	18,070	4,109
Total-All Agency Funds:						
Balance July 1, 2002	205,613	89,460	95,534	383	173,760	26,885
Additions	2,714,545	871,882	83,068	365	204,950	26,085
Deductions	2,723,569	930,114	97,763	383	173,088	26,885
Balance June 30, 2003	$ 196,589	$ 31,228	$ 80,839	$ 365	$ 205,622	$ 26,085

			Liabilities				
Due from component units	Other assets	Total assets	Accounts payable and accrued liabilities	Intergovern-mental payables	Due to component units	Depository and other liabilities	Total liabilities
	$ 1,271,950	$ 1,271,950				$ 1,271,950	$ 1,271,950
	688,368	688,368				688,368	688,368
	660,386	660,386				660,386	660,386
	1,299,932	1,299,932				1,299,932	1,299,932
		164,853	$ 11,938			152,915	164,853
		305,859	8,018			187,495	195,513
		275,199	11,938			152,915	164,853
		195,513	8,018			187,495	195,513
		70,338	1,107	$ 69,231			70,338
		480,936	1,187	72,485			73,672
		477,602	1,107	69,231			70,338
		73,672	1,187	72,485			73,672
		40,202		40,202			40,202
		290,393		39,321			39,321
		291,274		40,202			40,202
		39,321		39,321			39,321
		90,941		90,941			90,941
		679,957		82,393			82,393
		688,505		90,941			90,941
		82,393		82,393			82,393
$ 199	16,939	242,439	19,749	103,960	$ 7	118,723	242,439
227	5,671	2,149,648	805,324	631,166	2,040	391,302	1,829,832
199	5,694	2,225,115	804,118	647,986	7	453,188	1,905,299
227	16,916	166,972	20,955	87,140	2,040	56,837	166,972
199	1,288,889	1,880,723	32,794	304,334	7	1,543,588	1,880,723
227	694,039	4,595,161	814,529	825,365	2,040	1,267,165	2,909,099
199	666,080	4,618,081	817,163	848,360	7	1,266,489	2,932,019
$ 227	$ 1,316,848	$ 1,857,803	$ 30,160	$ 281,339	$ 2,040	$ 1,544,264	$ 1,857,803

COMPONENT UNITS

Component Units are legally separate organizations for which the elected officials of the primary government are financially accountable. Component Units also include certain other organizations because of the nature and significance of their relationship with the primary government.

NON-MAJOR COMPONENT UNITS DESCRIPTIONS

Illinois Literacy Foundation--to account for supplemental funds raised from the private sector to promote the Illinois Literacy Foundation.

Community Development Finance Corporation--to promote economic redevelopment within designated areas.

Illinois Grain Insurance Corporation--to account for monies held to compensate grain producers for losses from the failure of a grain dealer.

Illinois Conservation Foundation--to provide additional funding for the Illinois Department of Natural Resources' conservation programs that either are not receiving adequate State funding or else cannot be implemented because State funding is not available.

The Comprehensive Health Insurance Plan Board--to provide an alternate market for health insurance for eligible Illinois residents having a preexisting health condition.

East St. Louis Financial Advisory Authority--to provide a secure financial basis for and to furnish assistance to the City of East St. Louis.

Illinois Farm Development Authority--to develop various programs designed to maintain and promote the agricultural economy of the State.

Illinois Health Facilities Authority--to provide alternative methods of financing to not-for-profit and public health care providers.

Illinois Educational Facilities Authority--to provide tax exempt financing for the acquisition or construction of educational facilities.

Illinois Development Finance Authority--to provide funding for industrial, commercial and manufacturing development in areas of Illinois with critical unemployment.

Illinois Rural Bond Bank--to provide assistance to rural government units by providing adequate capital markets and facilities for borrowing money and financing improvements at low interest rates.

Illinois Medical District Commission--to combine the resources of diverse medical institutions to promote low cost medical care in the City of Chicago, accelerate scientific research, improve diagnostic methods and train health care professionals.

Quad Cities Regional Economic Development Authority--to provide funding for development in the Quad cities region.

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

Upper Illinois River Valley Development Authority--to promote and enhance economic development within the State's Upper Illinois River Valley.

Will-Kankakee Regional Development Authority--to promote and enhance economic development in the counties of Will and Kankakee.

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.

State of Illinois

Combining Statement of Net Assets
Component Units - Other Authorities

June 30, 2003 (Expressed in Thousands)

	Illinois Literacy Foundation	Community Development Finance Corporation	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	Comprehensive Health Insurance Board
ASSETS					
Cash equity with State Treasurer					
Cash and cash equivalents	$ 46	$ 7	$ 1,155	$ 3,728	$ 69,281
Investments				65	29,551
Receivables, net:					
Intergovernmental					
Other				30	370
Due from primary government			283		
Inventories				15	
Prepaid expenses				6	3
Unamortized bond issuance costs					
Loans and notes receivable, net					
Restricted assets:					
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					97
Total assets	46	7	1,438	3,844	99,302
LIABILITIES					
Accounts payable and accrued liabilities				12	10,454
Intergovernmental payables					
Due to primary government			4,000		10
Deferred revenue					
Liabilities payable from restricted assets					
Long-term obligations:					
Due within one year					24,277
Due subsequent to one year					229
Total liabilities			4,000	12	34,970
NET ASSETS					
Invested in capital assets, net of related debt					97
Restricted for:					
Nonexpendable purposes				65	
Other purposes				3,461	64,235
Unrestricted	46	7	(2,562)	306	
Total net assets	$ 46	$ 7	$ (2,562)	$ 3,832	$ 64,332

East St. Louis Financial Advisory Authority	Illinois Farm Development Authority	Illinois Health Facilities Authority	Illinois Educational Facilities Authority	Illinois Development Finance Authority	Illinois Rural Bond Bank	Illinois Medical District Commission	Quad Cities Regional Economic Development Authority
	$ 21,698						
$ 226	207	$ 1,520	$ 204	$ 7,277	$ 2,482	$ 778	$ 170
5,470	2,733	5,875	591	11,564			
	304	561	35	44	1,362	187	
24						137	
		27	3	163			
					1,041		
				1,015	78,859		
				4,595	442		
		975		5,487	22,019		
					305		
				10,341			
						26,310	
1	32			1	5	6,489	
5,721	24,974	8,958	833	40,487	106,515	33,901	170
24	112	38	76	555	1,893	330	
					1		
					13	2	
		22			1,057	552	
2	28	8		53	23,508	189	
	32			991	76,215	2,568	48
26	172	68	76	1,599	102,687	3,641	48
1	32			1	5	32,764	
		975		1,132	1,087		
5,694	24,770	7,915	757	37,755	2,736	(2,504)	122
$ 5,695	$ 24,802	$ 8,890	$ 757	$ 38,888	$ 3,828	$ 30,260	$ 122

State of Illinois

Combining Statement of Net Assets

Component Units - Other Authorities

June 30, 2003 (Expressed in Thousands)

(continued)

	Southwestern Illinois Development Authority	Upper Illinois River Valley Development Authority	Will-Kankakee Regional Development Authority	Total
ASSETS				
Cash equity with State Treasurer				$ 21,698
Cash and cash equivalents	$ 2,024	$ 343	$ 51	89,499
Investments	28			55,877
Receivables, net:				
Intergovernmental				
Other	108			3,001
Due from primary government				444
Inventories				15
Prepaid expenses				202
Unamortized bond issuance costs				1,041
Loans and notes receivable, net	1,537			81,411
Restricted assets:				
Cash				5,037
Investments				28,481
Other receivables, net	5,080			5,385
Loans and notes receivable, net				10,341
Other assets	191			191
Capital assets not being depreciated	100			26,410
Capital assets being depreciated, net	453			7,078
Total assets	9,521	343	51	336,111
LIABILITIES				
Accounts payable and accrued liabilities	14			13,508
Intergovernmental payables				1
Due to primary government				4,025
Deferred revenue	5,080			6,711
Liabilities payable from restricted assets	60			60
Long-term obligations:				
Due within one year	10			48,075
Due subsequent to one year	41			80,124
Total liabilities	5,205			152,504
NET ASSETS				
Invested in capital assets, net of related debt	553			33,453
Restricted for:				
Nonexpendable purposes				65
Other purposes				70,890
Unrestricted	3,763	343	51	79,199
Total net assets	$ 4,316	$ 343	$ 51	$ 183,607

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State of Illinois

Combining Statement of Activities
Component Units - Other Authorities

For the Year Ended June 30, 2003 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues: Charges for services	Program revenues: Operating grants and contributions	Net (expense) revenue
Illinois Literacy Foundation	$ 28			$ (28)
Community Development Finance Corporation				
Illinois Grain Insurance Corporation	816	$ 912	$ 1,302	1,398
Illinois Conservation Foundation	2,434		2,539	105
Comprehensive Health Insurance Board	113,190	73,469		(39,721)
East St. Louis Financial Advisory Authority	246			(246)
Illinois Farm Development Authority	1,368	515	541	(312)
Illinois Health Facilities Authority	1,353	1,298		(55)
Illinois Educational Facilities Authority	394	367		(27)
Illinois Development Finance Authority	2,980	2,576		(404)
Illinois Rural Bond Bank	5,428	4,303		(1,125)
Illinois Medical District Commission	6,321			(6,321)
Quad Cities Regional Economic Development Authority	43	10		(33)
Southwestern Illinois Development Authority	395	526		131
Upper Illinois River Valley Development Authority	149	220		71
Will-Kankakee Regional Development Authority	43	29		(14)
Total	$ 135,188	$ 84,225	$ 4,382	$ (46,581)

General revenues					
State appropriations	Interest and investment income	Other	Change in net assets	Net assets, July 1, 2002, as restated	Net assets, June 30. 2003
		$ 8	$ (20)	$ 66	$ 46
				7	7
	$ 13		1,411	(3,973)	(2,562)
	38	86	229	3,603	3,832
	2,098	19,600	(18,023)	82,355	64,332
$ 238	156	3	151	5,544	5,695
	154		(158)	24,960	24,802
	246		191	8,699	8,890
	13		(14)	771	757
	(527)		(931)	39,819	38,888
275	753		(97)	3,925	3,828
7,361	4	3,228	4,272	25,988	30,260
			(33)	155	122
	94	85	310	4,006	4,316
			71	272	343
			(14)	65	51
$ 7,874	$ 3,042	$ 23,010	$ (12,655)	$ 196,262	$ 183,607

State of Illinois

Combining Statement of Net Assets
Component Units - Other Universities

June 30, 2003 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
ASSETS					
Cash and cash equivalents	$ 4,588	$ 8,039	$ 4,519	$ 22,243	$ 40,521
Investments	1,687	3,631		1,420	27,045
Receivables, net:					
Intergovernmental			637	1,629	1,537
Other	4,860	4,890	3,583	1,467	3,364
Due from component units				14	49
Due from primary government	239	3,247	1,090	618	2,066
Inventories	82	1,797	44	129	3,311
Prepaid expenses	107	177		174	19
Unamortized bond issuance costs		408			198
Loans and notes receivable, net	587	5,578	3,220	2,151	2,061
Restricted assets:					
Cash and cash equivalents	256	17,189		2,240	
Investments		35,651	573		5,111
Other receivables, net		1,026			
Inventory		48			
Other assets		452			
Other assets		259		390	
Capital assets not being depreciated	28,194	9,146	12,296	6,351	6,205
Capital assets being depreciated, net	48,976	127,246	43,811	72,123	115,547
Total assets	89,576	218,784	69,773	110,949	207,034
LIABILITIES					
Accounts payable and accrued liabilities	6,605	7,137	2,524	4,865	15,306
Intergovernmental payables			3,000		475
Due to component units	58				49
Due to primary government	1,233	1,536	99	133	184
Deferred revenue	1,704	2,550	1,632	1,935	3,125
Liabilities payable from restricted assets		15,412			692
Other liabilities		1,823		45	3,002
Long-term obligations:					
Due within one year	2,276	6,432	1,807	4,977	4,312
Due subsequent to one year	35,127	71,337	9,191	11,060	73,889
Total liabilities	47,003	106,227	18,253	23,015	101,034
NET ASSETS					
Invested in capital assets, net of related debt	50,501	76,784	52,128	73,424	75,773
Restricted for:					
Capital projects	245	6,593			
Debt service	313	2,809		571	5,111
Nonexpendable purposes	1,286	15,513	722	1,432	
Other expendable purposes	1,307	18,008	1,330	5,473	18,727
Unrestricted (deficit)	(11,079)	(7,150)	(2,660)	7,034	6,389
Total net assets	$ 42,573	$ 112,557	$ 51,520	$ 87,934	$ 106,000

Total
$ 79,910
33,783
3,803
18,164
63
7,260
5,363
477
606
13,597
19,685
41,335
1,026
48
452
649
62,192
407,703
696,116
36,437
3,475
107
3,185
10,946
16,104
4,870
19,804
200,604
295,532
328,610
6,838
8,804
18,953
44,845
(7,466)
$ 400,584

State of Illinois

Combining Statement of Activities
Component Units - Other Universities

For the Year Ended June 30, 2003 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues: Charges for service	Program revenues: Operating grants and contributions	Program revenues: Capital grants and contributions	Net (expense) revenue
Chicago State University	$ 94,574	$ 18,940	$ 22,307		$ (53,327)
Eastern Illinois University	156,502	75,591	15,463	$ 36	(65,412)
Governors State University	57,894	20,177	8,792		(28,925)
Northeastern Illinois University	105,765	24,336	23,208		(58,221)
Western Illinois University	195,619	89,636	25,074		(80,909)
Total	$ 610,354	$ 228,680	$ 94,844	$ 36	$ (286,794)

General revenues						
State appropriations	Interest and investment income	Other	Contributions to permanent funds	Change in net assets	Net assets, July 1, 2002	Net assets, June 30, 2003
$ 61,648	$ 119	$ 1,356		$ 9,796	$ 32,777	$ 42,573
74,106	2,783		$ 945	12,422	100,135	112,557
42,701	74	1		13,851	37,669	51,520
60,597	227	1,786	94	4,483	83,451	87,934
84,869	639	743	665	6,007	99,993	106,000
$ 323,921	$ 3,842	$ 3,886	$ 1,704	$ 46,559	$ 354,025	$ 400,584

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Budgetary Schedules

The following budgetary schedules for the State have been prepared in accordance with the terminology and classifications of funds used by the State in the Statewide Accounting Management System ("SAMS") budgetary purposes. SAMS establishes the following budgetary fund groups to account for the State's budgetary activities:

General – funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds;

Highway – funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State;

Special State – funds designated by statute as special funds in the State Treasury and not elsewhere classified;

Bond Financed – funds established to receive and administer the proceeds of various bond issues of the State;

Debt Service – funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State;

Federal Trust – funds established pursuant to grants and contracts or under statutory authority between State agencies and the federal government;

Revolving – funds established to finance and account for intra-governmental services; and

State Trust – funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

As the attached schedules are presented on the budgetary basis and not the GAAP basis of accounting, all budgeted funds of the State, including those presented as required supplemental information, are presented. The schedules presented as required supplemental information classify certain major governmental funds differently for GAAP reporting purposes than the following budgetary presentation. Below is a summary of those differences:

GAAP Basis	Budgetary Basis Includes
General Fund	All General Funds Special State Funds: Budget Stabilization Fund University of Illinois Hospital Services Fund County Hospital Services Fund Care Provider Fund for Person with Developmental Disabilities Fund Long Term Care Fund Drug Rebate Fund Income Tax Refund Fund and 11 funds included as other special state funds
Motor Fuel Tax Fund	Highway Funds: Motor Fuel Tax Fund - State Motor Fuel Tax Fund - Counties Motor Fuel Tax Fund - Municipalities Motor Fuel Tax Fund - Townships

State of Illinois

Combined Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
All Budgeted Fund Groups

For the Year Ended June 30, 2003 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES						
Income taxes	$ 8,150,000	$ 8,079,226	$ (70,774)			
Sales taxes	6,053,000	6,059,374	6,374			
Motor fuel taxes				$ 1,314,000	$ 1,322,029	$ 8,029
Public utility taxes	1,035,000	1,005,986	(29,014)			
Federal government	4,075,000	3,903,053	(171,947)	900,000	718,164	(181,836)
Other	2,075,000	2,019,063	(55,937)	1,365,000	1,319,855	(45,145)
Less:						
Refunds	31,912	29,893	(2,019)	25,919	17,291	(8,628)
Total revenues	21,356,088	21,036,809	(319,279)	3,553,081	3,342,757	(210,324)
EXPENDITURES						
Current:						
Health and social services	9,942,731	9,817,474	(125,257)			
Education	8,677,925	8,593,017	(84,908)			
General government	1,370,814	1,337,268	(33,546)	302,130	283,258	(18,872)
Transportation	65,360	61,950	(3,410)	3,240,928	3,143,705	(97,223)
Public protection and justice	1,760,408	1,695,290	(65,118)	97,310	97,310	-
Employment and economic development	164,316	151,278	(13,038)	2,000	1,795	(205)
Environment and business regulation	196,088	178,707	(17,381)			
Debt service:						
Principal						
Interest						
Capital outlays	47,606	28,511	(19,095)	26,505	17,799	(8,706)
Total expenditures	22,225,248	21,863,495	(361,753)	3,668,873	3,543,867	(125,006)
Excess (deficiency) of revenues over (under) expenditures	(869,160)	(826,686)	42,474	(115,792)	(201,110)	(85,318)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general and special obligation bond and certificate issues	1,675,000	1,675,000	-			
Transfers-in	4,567,000	4,703,187	136,187	1,199,965	1,274,395	74,430
Transfers-out	(5,425,164)	(5,425,164)	-	(1,546,201)	(1,546,201)	-
Total other sources (uses) of financial resources	816,836	953,023	136,187	(346,236)	(271,806)	74,430
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(52,324)	126,337	178,661	(462,028)	(472,916)	(10,888)
Budgetary fund balances (deficits), July 1, 2002	(1,220,060)	(1,220,060)	-	1,071,383	1,071,383	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (1,272,384)	$ (1,093,723)	$ 178,661	$ 609,355	$ 598,467	$ (10,888)

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)
$ 1,671,392	$ 1,671,392	$ -						
884,834	622,408	(262,426)						
69,380	66,286	(3,094)						
247,265	433,568	186,303						
2,416,635	2,458,325	41,690				$ 150	$ -	$ (150)
5,065,280	5,418,221	352,941				23,866	38,087	14,221
1,612,319	1,606,589	(5,730)						
8,742,467	9,063,611	321,144				24,016	38,087	14,071
4,638,233	4,114,483	(523,750)						
264,839	190,814	(74,025)	$ 686,747	$ 345,097	$ (341,650)			
3,975,297	3,701,068	(274,229)	(30,258)	306,790	337,048			
376,568	289,756	(86,812)	533,722	528,468	(5,254)			
207,630	134,899	(72,731)	44	-	(44)			
483,050	314,773	(168,277)	344,525	339,759	(4,766)			
1,000,108	684,353	(315,755)	105,523	83,320	(22,203)			
445	445	-	138,351	138,351	-	2,416,116	2,395,610	(20,506)
						481,758	474,939	(6,819)
78,618	25,571	(53,047)	574,327	454,101	(120,226)			
11,024,788	9,456,162	(1,568,626)	2,352,981	2,195,886	(157,095)	2,897,874	2,870,549	(27,325)
(2,282,321)	(392,551)	1,889,770	(2,352,981)	(2,195,886)	157,095	(2,873,858)	(2,832,462)	41,396
10,302,293	10,302,293	-	1,900,000	2,139,855	239,855	1,100,017	1,100,017	-
2,067,120	2,119,077	51,957	-	5,000	5,000	2,323,576	2,295,536	(28,040)
(3,081,605)	(3,081,605)	-	(5,000)	(5,000)	-	(445)	(445)	-
9,287,808	9,339,765	51,957	1,895,000	2,139,855	244,855	3,423,148	3,395,108	(28,040)
(386)	(386)	-						
7,005,101	8,946,828	1,941,727	(457,981)	(56,031)	401,950	549,290	562,646	13,356
1,715,662	1,715,662	-	265,376	265,376	-	487,351	487,351	-
$ 8,720,763	$ 10,662,490	$ 1,941,727	$ (192,605)	$ 209,345	$ 401,950	$ 1,036,641	$ 1,049,997	$ 13,356

(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, 2003 (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	$ 2,842,228	$ 3,303,263	$ 461,035	$ -	$ 400	$ 400
Other	153,398	182,148	28,750	308,258	244,066	(64,192)
Less:						
Refunds	3,290	72	(3,218)	8,152	112	(8,040)
Total revenues	2,992,336	3,485,339	493,003	300,106	244,354	(55,752)
EXPENDITURES						
Current:						
Health and social services	1,304,137	910,390	(393,747)			
Education	2,259,478	1,725,587	(533,891)			
General government	14,809	10,559	(4,250)	368,403	227,150	(141,253)
Transportation	228,377	128,377	(100,000)	1,000	555	(445)
Public protection and justice	324,032	106,247	(217,785)	58,330	37,623	(20,707)
Employment and economic development	879,409	480,058	(399,351)			
Environment and business regulation	83,906	57,686	(26,220)			
Debt service:						
Principal						
Interest						
Capital outlays	14,149	3,850	(10,299)	5,642	1,339	(4,303)
Total expenditures	5,108,297	3,422,754	(1,685,543)	433,375	266,667	(166,708)
Excess (deficiency) of revenues over (under) expenditures	(2,115,961)	62,585	2,178,546	(133,269)	(22,313)	110,956
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Proceeds from general and special obligation bond and certificate issues						
Transfers-in	1,284	18,484	17,200	11,550	16,958	5,408
Transfers-out	(18,499)	(18,499)	-	(210)	(210)	-
Total other sources (uses) of financial resources	(17,215)	(15)	17,200	11,340	16,748	5,408
Budgetary funds-nonbudgeted accounts	(8,075)	(8,075)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(2,141,251)	54,495	2,195,746	(121,929)	(5,565)	116,364
Budgetary fund balances (deficits), July 1, 2002	(38,974)	(38,974)	-	18,547	18,547	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (2,180,225)	$ 15,521	$ 2,195,746	$ (103,382)	$ 12,982	$ 116,364

State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 9,821,392	$ 9,750,618	$ (70,774)
$ 459,566	$ 459,566	$ -	7,397,400	7,141,348	(256,052)
27,925	27,925	-	1,411,305	1,416,240	4,935
94,503	94,503	-	1,376,768	1,534,057	157,289
145,778	62,160	(83,618)	10,379,791	10,445,365	65,574
1,560,925	1,975,057	414,132	10,551,727	11,196,497	644,770
200	31	(169)	1,681,792	1,653,988	(27,804)
2,288,497	2,619,180	330,683	39,256,591	39,830,137	573,546
187,406	107,524	(79,882)	16,072,507	14,949,871	(1,122,636)
25,000	4,009	(20,991)	11,913,989	10,858,524	(1,055,465)
248,976	165,312	(83,664)	6,250,171	6,031,405	(218,766)
			4,445,955	4,152,811	(293,144)
4,050	1,810	(2,240)	2,451,804	2,073,179	(378,625)
2,622	25	(2,597)	1,875,922	1,287,688	(588,234)
10,380	5,856	(4,524)	1,396,005	1,009,922	(386,083)
			2,554,912	2,534,406	(20,506)
			481,758	474,939	(6,819)
826	97	(729)	747,673	531,268	(216,405)
479,260	284,633	(194,627)	48,190,696	43,904,013	(4,286,683)
1,809,237	2,334,547	525,310	(8,934,105)	(4,073,876)	4,860,229
			14,977,310	15,217,165	239,855
6	2,079	2,073	10,170,501	10,434,716	264,215
(190,276)	(190,276)	-	(10,267,400)	(10,267,400)	-
(190,270)	(188,197)	2,073	14,880,411	15,384,481	504,070
(2,113,893)	(2,113,893)	-	(2,122,354)	(2,122,354)	-
(494,926)	32,457	527,383	3,823,952	9,188,251	5,364,299
228,785	228,785	-	2,528,070	2,528,070	-
$ (266,141)	$ 261,242	$ 527,383	$ 6,352,022	$ 11,716,321	$ 5,364,299

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, 2003 (Expressed in Thousands)

	General Revenue			Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	$ 7,555,000	$ 7,489,426	$ (65,574)			
Sales taxes	4,540,000	4,551,146	11,146	$ 1,513,000	$ 1,508,228	$ (4,772)
Public utility taxes	923,000	904,271	(18,729)			
Federal government	4,075,000	3,903,053	(171,947)			
Other	1,928,000	1,871,773	(56,227)			
Less:						
Refunds	31,912	29,893	(2,019)			
Total revenues	18,989,088	18,689,776	(299,312)	1,513,000	1,508,228	(4,772)
EXPENDITURES:						
Current:						
Health and social services	9,942,731	9,817,474	(125,257)			
Education	4,325,658	4,242,676	(82,982)			
General government	1,370,803	1,337,257	(33,546)			
Transportation	65,360	61,950	(3,410)			
Public protection and justice	1,760,408	1,695,290	(65,118)			
Employment and economic development	164,316	151,278	(13,038)			
Environment and business regulation	196,088	178,707	(17,381)			
Capital outlays	47,570	28,476	(19,094)			
Total expenditures	17,872,934	17,513,108	(359,826)			
Excess (deficiency) of revenues over (under) expenditures	1,116,154	1,176,668	60,514	1,513,000	1,508,228	(4,772)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation certificate issues	1,675,000	1,675,000	-			
Transfers-in	1,044,000	1,151,361	107,361			
Transfers-out	(3,941,798)	(3,941,798)	-	(1,482,921)	(1,482,921)	-
Total other sources (uses) of financial resources	(1,222,798)	(1,115,437)	107,361	(1,482,921)	(1,482,921)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(106,644)	61,231	167,875	30,079	25,307	(4,772)
Budgetary fund balances (deficits), July 1, 2002	(1,470,207)	(1,470,207)	-	37,147	37,147	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (1,576,851)	$ (1,408,976)	$ 167,875	$ 67,226	$ 62,454	$ (4,772)

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 595,000	$ 589,800	$ (5,200)				$ 8,150,000	$ 8,079,226	$ (70,774)
						6,053,000	6,059,374	6,374
			$ 112,000	$ 101,715	$ (10,285)	1,035,000	1,005,986	(29,014)
						4,075,000	3,903,053	(171,947)
	3,276	3,276	147,000	144,014	(2,986)	2,075,000	2,019,063	(55,937)
						31,912	29,893	(2,019)
595,000	593,076	(1,924)	259,000	245,729	(13,271)	21,356,088	21,036,809	(319,279)
						9,942,731	9,817,474	(125,257)
1,137,017	1,135,448	(1,569)	3,215,250	3,214,893	(357)	8,677,925	8,593,017	(84,908)
11	11	-				1,370,814	1,337,268	(33,546)
						65,360	61,950	(3,410)
						1,760,408	1,695,290	(65,118)
						164,316	151,278	(13,038)
						196,088	178,707	(17,381)
36	35	(1)				47,606	28,511	(19,095)
1,137,064	1,135,494	(1,570)	3,215,250	3,214,893	(357)	22,225,248	21,863,495	(361,753)
(542,064)	(542,418)	(354)	(2,956,250)	(2,969,164)	(12,914)	(869,160)	(826,686)	42,474
						1,675,000	1,675,000	-
575,000	553,500	(21,500)	2,948,000	2,998,326	50,326	4,567,000	4,703,187	136,187
(294)	(294)	-	(151)	(151)	-	(5,425,164)	(5,425,164)	-
574,706	553,206	(21,500)	2,947,849	2,998,175	50,326	816,836	953,023	136,187
32,642	10,788	(21,854)	(8,401)	29,011	37,412	(52,324)	126,337	178,661
197,861	197,861	-	15,139	15,139	-	(1,220,060)	(1,220,060)	-
$ 230,503	$ 208,649	$ (21,854)	$ 6,738	$ 44,150	$ 37,412	$ (1,272,384)	$ (1,093,723)	$ 178,661

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, 2003 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				$ 1,314,000	$ 1,322,029	$ 8,029
Federal government	$ 900,000	$ 718,164	$ (181,836)			
Other	856,000	814,515	(41,485)	-	1,620	1,620
Less:						
Refunds	2,919	2,763	(156)	23,000	14,528	(8,472)
Total revenues	1,753,081	1,529,916	(223,165)	1,291,000	1,309,121	18,121
EXPENDITURES:						
Current:						
General government	227,558	223,319	(4,239)	74,572	59,939	(14,633)
Transportation	1,858,923	1,790,352	(68,571)	11,151	10,278	(873)
Public protection and justice	97,310	97,310	-			
Employment and economic development	2,000	1,795	(205)			
Capital outlays	26,324	17,655	(8,669)	181	144	(37)
Total expenditures	2,212,115	2,130,431	(81,684)	85,904	70,361	(15,543)
Excess (deficiency) of revenues over (under) expenditures	(459,034)	(600,515)	(141,481)	1,205,096	1,238,760	33,664
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	326,900	363,943	37,043	-	1	1
Transfers-out	(260,368)	(260,368)	-	(1,239,504)	(1,239,504)	-
Total other sources (uses) of financial resources	66,532	103,575	37,043	(1,239,504)	(1,239,503)	1
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(392,502)	(496,940)	(104,438)	(34,408)	(743)	33,665
Budgetary fund balances (deficits), July 1, 2002	775,840	775,840	-	106,159	106,159	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 383,338	$ 278,900	$ (104,438)	$ 71,751	$ 105,416	$ 33,665

Grade Crossing Protection			State Construction Account			Motor Fuel Tax-Counties		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ -	$ 1	$ 1	$ 509,000	$ 503,564	$ (5,436)			
-	1	1	509,000	503,564	(5,436)			
29,328	29,234	(94)	698,526	698,518	(8)	$ 225,100	$ 215,370	$ (9,730)
29,328	29,234	(94)	698,526	698,518	(8)	225,100	215,370	(9,730)
(29,328)	(29,233)	95	(189,526)	(194,954)	(5,428)	(225,100)	(215,370)	9,730
27,000	27,000	-	227,165	260,559	33,394	216,700	218,074	1,374
(11,253)	(11,253)	-	(35,076)	(35,076)	-			
15,747	15,747	-	192,089	225,483	33,394	216,700	218,074	1,374
(13,581)	(13,486)	95	2,563	30,529	27,966	(8,400)	2,704	11,104
29,854	29,854	-	214,643	214,643	-	(19,295)	(19,295)	-
$ 16,273	$ 16,368	$ 95	$ 217,206	$ 245,172	$ 27,966	$ (27,695)	$ (16,591)	$ 11,104

(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, 2003 (Expressed in Thousands)

(continued)

	Motor Fuel Tax-Municipalities			Motor Fuel Tax-Township		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes						
Federal government						
Other	$ -	$ 155	$ 155			
Less:						
Refunds						
Total revenues	-	155	155			
EXPENDITURES:						
Current:						
General government						
Transportation	315,700	302,202	(13,498)	$ 102,200	$ 97,751	$ (4,449)
Public protection and justice						
Employment and economic development						
Capital outlays						
Total expenditures	315,700	302,202	(13,498)	102,200	97,751	(4,449)
Excess (deficiency) of revenues over (under) expenditures	(315,700)	(302,047)	13,653	(102,200)	(97,751)	4,449
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	303,900	305,840	1,940	98,300	98,978	678
Transfers-out						
Total other sources (uses) of financial resources	303,900	305,840	1,940	98,300	98,978	678
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(11,800)	3,793	15,593	(3,900)	1,227	5,127
Budgetary fund balances (deficits), July 1, 2002	(27,061)	(27,061)	-	(8,757)	(8,757)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (38,861)	$ (23,268)	$ 15,593	$ (12,657)	$ (7,530)	$ 5,127

	Total	
Final Budget	Actual	Variance Over (Under)
$ 1,314,000	$ 1,322,029	$ 8,029
900,000	718,164	(181,836)
1,365,000	1,319,855	(45,145)
25,919	17,291	(8,628)
3,553,081	3,342,757	(210,324)
302,130	283,258	(18,872)
3,240,928	3,143,705	(97,223)
97,310	97,310	-
2,000	1,795	(205)
26,505	17,799	(8,706)
3,668,873	3,543,867	(125,006)
(115,792)	(201,110)	(85,318)
1,199,965	1,274,395	74,430
(1,546,201)	(1,546,201)	-
(346,236)	(271,806)	74,430
(462,028)	(472,916)	(10,888)
1,071,383	1,071,383	-
$ 609,355	$ 598,467	$ (10,888)

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, 2003 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				$ 1,671,392	$ 1,671,392	$ -
Sales taxes				867,384	605,113	(262,271)
Motor fuel taxes						
Public utility taxes				108,745	310,175	201,430
Federal government	$ 83,000	$ 98,721	$ 15,721	2,100,952	2,121,275	20,323
Other	389,087	408,619	19,532	3,887,972	4,199,113	311,141
Less:						
Refunds				1,607,134	1,602,344	(4,790)
Total revenues	472,087	507,340	35,253	7,029,311	7,304,724	275,413
EXPENDITURES:						
Current:						
Health and social services	396,303	391,007	(5,296)	3,990,846	3,572,509	(418,337)
Education	85,615	85,614	(1)	1,035	1,035	-
General government	27,350	26,320	(1,030)	3,626,047	3,446,969	(179,078)
Transportation				342,478	262,771	(79,707)
Public protection and justice	2,225	2,225	-	86,200	45,287	(40,913)
Employment and economic development	3,024	3,024	-	246,329	182,579	(63,750)
Environment and business regulation	2,360	2,281	(79)	72,463	51,162	(21,301)
Debt service:						
Principal						
Capital outlays	9,674	7,791	(1,883)	4,905	720	(4,185)
Total expenditures	526,551	518,262	(8,289)	8,370,303	7,563,032	(807,271)
Excess (deficiency) of revenues over (under) expenditures	(54,464)	(10,922)	43,542	(1,340,992)	(258,308)	1,082,684
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond and certificate issues	9,477,293	9,477,293	-	825,000	825,000	-
Transfers-in	80,000	266,703	186,703	1,636,625	1,539,296	(97,329)
Transfers-out	(601,715)	(601,715)	-	(2,161,125)	(2,161,125)	-
Total other sources (uses) of financial resources	8,955,578	9,142,281	186,703	300,500	203,171	(97,329)
Budgetary funds-nonbudgeted accounts				(7)	(7)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	8,901,114	9,131,359	230,245	(1,040,499)	(55,144)	985,355
Budgetary fund balances (deficits), July 1, 2002	321,747	321,747	-	313,317	313,317	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 9,222,861	$ 9,453,106	$ 230,245	$ (727,182)	$ 258,173	$ 985,355

Agencies, Boards & Commissions			Higher Education Illinois Community College Board Adult Education			Other		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 17,450	$ 17,295	$ (155)
$ 69,380	$ 66,286	$ (3,094)						
102,446	89,715	(12,731)				36,074	33,678	(2,396)
94,601	116,346	21,745	$ 27,500	$ 25,574	$ (1,926)	110,582	96,409	(14,173)
158,854	182,909	24,055				629,367	627,580	(1,787)
222	7	(215)				4,963	4,238	(725)
425,059	455,249	30,190	27,500	25,574	(1,926)	788,510	770,724	(17,786)
						251,084	150,967	(100,117)
10,847	10,803	(44)	28,116	24,830	(3,286)	139,226	68,532	(70,694)
66,553	39,309	(27,244)				255,347	188,470	(66,877)
						34,090	26,985	(7,105)
3,450	2,987	(463)				115,755	84,400	(31,355)
31,597	31,045	(552)				202,100	98,125	(103,975)
585,824	368,149	(217,675)				339,461	262,761	(76,700)
						445	445	-
438	252	(186)				63,601	16,808	(46,793)
698,709	452,545	(246,164)	28,116	24,830	(3,286)	1,401,109	897,493	(503,616)
(273,650)	2,704	276,354	(616)	744	1,360	(612,599)	(126,769)	485,830
63,597	63,051	(546)				286,898	250,027	(36,871)
(164,217)	(164,217)	-				(154,548)	(154,548)	-
(100,620)	(101,166)	(546)				132,350	95,479	(36,871)
						(379)	(379)	-
(374,270)	(98,462)	275,808	(616)	744	1,360	(480,628)	(31,669)	448,959
474,827	474,827	-	(2,911)	(2,911)	-	608,682	608,682	-
$ 100,557	$ 376,365	$ 275,808	(3,527)	(2,167)	1,360	128,054	$ 577,013	$ 448,959

(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

For the Year Ended June 30, 2003 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Income taxes	$ 1,671,392	$ 1,671,392	$ -
Sales taxes	884,834	622,408	(262,426)
Motor fuel taxes	69,380	66,286	(3,094)
Public utility taxes	247,265	433,568	186,303
Federal government	2,416,635	2,458,325	41,690
Other	5,065,280	5,418,221	352,941
Less:			
Refunds	1,612,319	1,606,589	(5,730)
Total revenues	8,742,467	9,063,611	321,144
EXPENDITURES:			
Current:			
Health and social services	4,638,233	4,114,483	(523,750)
Education	264,839	190,814	(74,025)
General government	3,975,297	3,701,068	(274,229)
Transportation	376,568	289,756	(86,812)
Public protection and justice	207,630	134,899	(72,731)
Employment and economic development	483,050	314,773	(168,277)
Environment and business regulation	1,000,108	684,353	(315,755)
Debt service:			
Principal	445	445	-
Capital outlays	78,618	25,571	(53,047)
Total expenditures	11,024,788	9,456,162	(1,568,626)
Excess (deficiency) of revenues over (under) expenditures	(2,282,321)	(392,551)	1,889,770
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Proceeds from general obligation bond and certificate issues	10,302,293	10,302,293	-
Transfers-in	2,067,120	2,119,077	51,957
Transfers-out	(3,081,605)	(3,081,605)	-
Total other sources (uses) of financial resources	9,287,808	9,339,765	51,957
Budgetary funds-nonbudgeted accounts	(386)	(386)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	7,005,101	8,946,828	1,941,727
Budgetary fund balances (deficits), July 1, 2002	1,715,662	1,715,662	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 8,720,763	$ 10,662,490	$ 1,941,727

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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 - Elected Officials

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Comptroller			Treasurer		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 83,000	$ 98,721	$ 15,721
Other				389,087	408,619	19,532
Total revenues				472,087	507,340	35,253
EXPENDITURES:						
Current:						
Health and social services				396,303	391,007	(5,296)
Education				85,615	85,614	(1)
General government				27,350	26,320	(1,030)
Public protection and justice				2,225	2,225	-
Employment and economic development				3,024	3,024	-
Environment and business regulation				2,360	2,281	(79)
Capital outlays				9,674	7,791	(1,883)
Total expenditures				526,551	518,262	(8,289)
Excess (deficiency) of revenues over (under) expenditures				(54,464)	(10,922)	43,542
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	$ 9,477,293	$ 9,477,293	$ -			
Transfers-in	-	225,703	225,703	80,000	41,000	(39,000)
Transfers-out	(525,701)	(525,701)	-	(76,014)	(76,014)	-
Total other sources (uses) of financial resources	8,951,592	9,177,295	225,703	3,986	(35,014)	(39,000)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	8,951,592	9,177,295	225,703	(50,478)	(45,936)	4,542
Budgetary fund balances, July 1, 2002	225,702	225,702	-	96,045	96,045	-
	-					
BUDGETARY FUND BALANCES, JUNE 30, 2003	$ 9,177,294	$ 9,402,997	$ 225,703	$ 45,567	$ 50,109	$ 4,542

	Total	
Final Budget	Actual	Variance Over (Under)
$ 83,000	$ 98,721	$ 15,721
389,087	408,619	19,532
472,087	507,340	35,253
396,303	391,007	(5,296)
85,615	85,614	(1)
27,350	26,320	(1,030)
2,225	2,225	-
3,024	3,024	-
2,360	2,281	(79)
9,674	7,791	(1,883)
526,551	518,262	(8,289)
(54,464)	(10,922)	43,542
9,477,293	9,477,293	-
80,000	266,703	186,703
(601,715)	(601,715)	-
8,955,578	9,142,281	186,703
8,901,114	9,131,359	230,245
321,747	321,747	-
$ 9,222,861	$ 9,453,106	$ 230,245

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Pension Contribution			Budget Stabilization		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	$ 9,477,293	$ 9,477,293	$ -			
Transfers-in				$ -	$ 225,703	$ 225,703
Transfers-out	(300,000)	(300,000)	-	(225,701)	(225,701)	-
Total other sources (uses) of financial resources	9,177,293	9,177,293	-	(225,701)	2	225,703
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	9,177,293	9,177,293	-	(225,701)	2	225,703
Budgetary fund balances, July 1, 2002				225,702	225,702	-
BUDGETARY FUND BALANCES, JUNE 30, 2003	$ 9,177,293	$ 9,177,293	$ -	$ 1	$ 225,704	$ 225,703

Total		
Final Budget	Actual	Variance Over (Under)
$ 9,477,293	$ 9,477,293	$ -
-	225,703	225,703
(525,701)	(525,701)	-
8,951,592	9,177,295	225,703
8,951,592	9,177,295	225,703
225,702	225,702	-
$ 9,177,294	$ 9,402,997	$ 225,703

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 - Treasurer

For the Year Ended June 30, 2003 (Expressed in Thousands)

	State Pensions			Tobacco Settlement Recovery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 83,000	$ 98,721	$ 15,721
Other	$ 85,000	$ 89,003	$ 4,003	304,087	319,616	15,529
Total revenues	85,000	89,003	4,003	387,087	418,337	31,250
EXPENDITURES:						
Current:						
Health and social services				396,303	391,007	(5,296)
Education	80,115	80,114	(1)	5,500	5,500	-
General government	26,234	25,373	(861)	1,116	947	(169)
Public protection and justice	2,225	2,225	-			
Employment and economic development				3,024	3,024	-
Environment and business regulation	1,210	1,164	(46)	1,150	1,117	(33)
Capital outlays	60	49	(11)	9,614	7,742	(1,872)
Total expenditures	109,844	108,925	(919)	416,707	409,337	(7,370)
Excess (deficiency) of revenues over (under) expenditures	(24,844)	(19,922)	4,922	(29,620)	9,000	38,620
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in				80,000	41,000	(39,000)
Transfers-out				(76,014)	(76,014)	-
Total other sources (uses) of financial resources				3,986	(35,014)	(39,000)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(24,844)	(19,922)	4,922	(25,634)	(26,014)	(380)
Budgetary fund balances, July 1, 2002	52,683	52,683	-	43,362	43,362	-
BUDGETARY FUND BALANCES, JUNE 30, 2003	$ 27,839	$ 32,761	$ 4,922	$ 17,728	$ 17,348	$ (380)

	Total		
	Final Budget	Actual	Variance Over (Under)
	$ 83,000	$ 98,721	$ 15,721
	389,087	408,619	19,532
	472,087	507,340	35,253
	396,303	391,007	(5,296)
	85,615	85,614	(1)
	27,350	26,320	(1,030)
	2,225	2,225	-
	3,024	3,024	-
	2,360	2,281	(79)
	9,674	7,791	(1,883)
	526,551	518,262	(8,289)
	(54,464)	(10,922)	43,542
	80,000	41,000	(39,000)
	(76,014)	(76,014)	-
	3,986	(35,014)	(39,000)
	(50,478)	(45,936)	4,542
	96,045	96,045	-
	$ 45,567	$ 50,109	$ 4,542

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, 2003 (Expressed in Thousands)

	Central Management Services			Commerce and Community Affairs		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes	$ 33,600	$ 28,666	$ (4,934)	$ 75,145	$ 73,893	$ (1,252)
Federal government	27,640	181	(27,459)			
Other	1,258,255	1,289,547	31,292	-	1	1
Less:						
Refunds						
Total revenues	1,319,495	1,318,394	(1,101)	75,145	73,894	(1,251)
EXPENDITURES:						
Current:						
Health and social services				90,127	74,536	(15,591)
Education				1,035	1,035	-
General government	1,356,940	1,342,920	(14,020)	4,100	4,000	(100)
Transportation				1,604	368	(1,236)
Public protection and justice						
Employment and economic development				113,904	64,515	(49,389)
Environment and business regulation				10,097	2,725	(7,372)
Capital outlays				146	127	(19)
Total expenditures	1,356,940	1,342,920	(14,020)	221,013	147,306	(73,707)
Excess (deficiency) of revenues over (under) expenditures	(37,445)	(24,526)	12,919	(145,868)	(73,412)	72,456
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation certificate issues						
Transfers-in				34,335	74,822	40,487
Transfers-out	(1)	(1)	-	(40,142)	(40,142)	-
Total other sources (uses) of financial resources	(1)	(1)	-	(5,807)	34,680	40,487
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(37,446)	(24,527)	12,919	(151,675)	(38,732)	112,943
Budgetary fund balances (deficits), July 1, 2002	(16,160)	(16,160)	-	148,628	148,628	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (53,606)	$ (40,687)	$ 12,919	$ (3,047)	$ 109,896	$ 112,943

Natural Resources			Human Services			Public Aid		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 8,338	$ 6,442	$ (1,896)	$ 66,930	$ 131,022	$ 64,092	$ 1,549,882	$ 1,547,247	$ (2,635)
44,896	43,019	(1,877)	25,690	33,477	7,787	998,999	1,214,391	215,392
1,150	1,149	(1)	100	24	(76)	4,750	60	(4,690)
52,084	48,312	(3,772)	92,520	164,475	71,955	2,544,131	2,761,578	217,447
			169,715	154,459	(15,256)	3,243,976	2,892,491	(351,485)
83	83	-	566	566	-	3,317	2,718	(599)
62,366	48,437	(13,929)						
1,120	485	(635)	14	2	(12)	3,077	46	(3,031)
63,569	49,005	(14,564)	170,295	155,027	(15,268)	3,250,370	2,895,255	(355,115)
(11,485)	(693)	10,792	(77,775)	9,448	87,223	(706,239)	(133,677)	572,562
						200,000	200,000	
			-	2	2	338,808	223,176	(115,632)
(30,400)	(30,400)	-	(1,295)	(1,295)	-	(202,184)	(202,184)	-
(30,400)	(30,400)	-	(1,295)	(1,293)	2	336,624	220,992	(115,632)
						(7)	(7)	-
(41,885)	(31,093)	10,792	(79,070)	8,155	87,225	(369,622)	87,308	456,930
67,203	67,203	-	(16,266)	(16,266)	-	(100,579)	(100,579)	-
$ 25,318	$ 36,110	$ 10,792	$ (95,336)	$ (8,111)	$ 87,225	$ (470,201)	$ (13,271)	$ 456,930

(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, 2003 (Expressed in Thousands)

(continued)

	Revenue			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	$ 1,671,392	$ 1,671,392	$ -			
Sales taxes	867,384	605,113	(262,271)			
Public utility taxes	-	207,616	207,616			
Federal government						
Other	698,747	778,465	79,718			
Less:						
Refunds	1,601,084	1,601,084	-			
Total revenues	1,636,439	1,661,502	25,063			
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	1,899,037	1,813,984	(85,053)			
Transportation				$ 340,874	$ 262,403	$ (78,471)
Public protection and justice						
Employment and economic development	132,425	118,064	(14,361)			
Environment and business regulation						
Capital outlays	165	58	(107)			
Total expenditures	2,031,627	1,932,106	(99,521)	340,874	262,403	(78,471)
Excess (deficiency) of revenues over (under) expenditures	(395,188)	(270,604)	124,584	(340,874)	(262,403)	78,471
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation certificate issues	625,000	625,000	-			
Transfers-in	969,803	969,803	-	292,179	270,883	(21,296)
Transfers-out	(1,324,574)	(1,324,574)	-	(22,059)	(22,059)	-
Total other sources (uses) of financial resources	270,229	270,229	-	270,120	248,824	(21,296)
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(124,959)	(375)	124,584	(70,754)	(13,579)	57,175
Budgetary fund balances (deficits), July 1, 2002	148,830	148,830	-	24,770	24,770	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 23,871	$ 148,455	$ 124,584	$ (45,984)	$ 11,191	$ 57,175

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 1,671,392	$ 1,671,392	$ -
			867,384	605,113	(262,271)
			108,745	310,175	201,430
$ 448,162	$ 436,383	$ (11,779)	2,100,952	2,121,275	20,323
861,385	840,213	(21,172)	3,887,972	4,199,113	311,141
50	27	(23)	1,607,134	1,602,344	(4,790)
1,309,497	1,276,569	(32,928)	7,029,311	7,304,724	275,413
487,028	451,023	(36,005)	3,990,846	3,572,509	(418,337)
			1,035	1,035	-
362,004	282,698	(79,306)	3,626,047	3,446,969	(179,078)
			342,478	262,771	(79,707)
86,200	45,287	(40,913)	86,200	45,287	(40,913)
			246,329	182,579	(63,750)
			72,463	51,162	(21,301)
383	2	(381)	4,905	720	(4,185)
935,615	779,010	(156,605)	8,370,303	7,563,032	(807,271)
373,882	497,559	123,677	(1,340,992)	(258,308)	1,082,684
			825,000	825,000	-
1,500	610	(890)	1,636,625	1,539,296	(97,329)
(540,470)	(540,470)	-	(2,161,125)	(2,161,125)	-
(538,970)	(539,860)	(890)	300,500	203,171	(97,329)
			(7)	(7)	-
(165,088)	(42,301)	122,787	(1,040,499)	(55,144)	985,355
56,891	56,891	-	313,317	313,317	-
$ (108,197)	$ 14,590	$ 122,787	$ (727,182)	$ 258,173	$ 985,355

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Wireless Service Emergency			Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes	$ 33,600	$ 28,666	$ (4,934)			
Federal government				$ 27,640	$ 181	$ (27,459)
Other				1,258,255	1,289,547	31,292
Total revenues	33,600	28,666	(4,934)	1,285,895	1,289,728	3,833
EXPENDITURES:						
Current:						
General government	40,000	28,172	(11,828)	1,316,940	1,314,748	(2,192)
Total expenditures	40,000	28,172	(11,828)	1,316,940	1,314,748	(2,192)
Excess (deficiency) of revenues over (under) expenditures	(6,400)	494	6,894	(31,045)	(25,020)	6,025
OTHER (USES) OF FINANCIAL RESOURCES:						
Transfers-out	(1)	(1)	-			
Total other (uses) of financial resources	(1)	(1)	-			
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(6,401)	493	6,894	(31,045)	(25,020)	6,025
Budgetary fund balances (deficits), July 1, 2002	4,646	4,646	-	(20,806)	(20,806)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (1,755)	$ 5,139	$ 6,894	$ (51,851)	$ (45,826)	$ 6,025

	Total	
Final Budget	Actual	Variance Over (Under)
$ 33,600	$ 28,666	$ (4,934)
27,640	181	(27,459)
1,258,255	1,289,547	31,292
1,319,495	1,318,394	(1,101)
1,356,940	1,342,920	(14,020)
1,356,940	1,342,920	(14,020)
(37,445)	(24,526)	12,919
(1)	(1)	-
(1)	(1)	-
(37,446)	(24,527)	12,919
(16,160)	(16,160)	-
$ (53,606)	$ (40,687)	$ 12,919

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 Community Affairs

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building			Supplemental Low Income Energy		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes				$ 75,145	$ 73,893	$ (1,252)
Other						
Total revenues				75,145	73,893	(1,252)
EXPENDITURES:						
Current:						
Health and social services				90,127	74,536	(15,591)
Education						
General government						
Transportation						
Employment and economic development						
Environment and business regulation						
Capital outlays						
Total expenditures				90,127	74,536	(15,591)
Excess (deficiency) of revenues over (under) expenditures				(14,982)	(643)	14,339
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	$ -	$ 37,923	$ 37,923			
Transfers-out	(39,989)	(39,989)	-	(43)	(43)	-
Total other sources (uses) of financial resources	(39,989)	(2,066)	37,923	(43)	(43)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(39,989)	(2,066)	37,923	(15,025)	(686)	14,339
Budgetary fund balances, July 1, 2002	19,095	19,095	-	14,768	14,768	-
BUDGETARY FUND BALANCES (DEFICIT), JUNE 30, 2003	$ (20,894)	$ 17,029	$ 37,923	$ (257)	$ 14,082	$ 14,339

Fund for Illinois' Future			Tourism Promotion			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						$ 75,145	$ 73,893	$ (1,252)
			$ -	$ 1	$ 1	-	1	1
			-	1	1	75,145	73,894	(1,251)
						90,127	74,536	(15,591)
$ 1,035	$ 1,035	$ -				1,035	1,035	-
4,100	4,000	(100)				4,100	4,000	(100)
1,604	368	(1,236)				1,604	368	(1,236)
75,976	30,908	(45,068)	37,928	33,607	(4,321)	113,904	64,515	(49,389)
10,097	2,725	(7,372)				10,097	2,725	(7,372)
49	49	-	97	78	(19)	146	127	(19)
92,861	39,085	(53,776)	38,025	33,685	(4,340)	221,013	147,306	(73,707)
(92,861)	(39,085)	53,776	(38,025)	(33,684)	4,341	(145,868)	(73,412)	72,456
			34,335	36,899	2,564	34,335	74,822	40,487
(89)	(89)	-	(21)	(21)	-	(40,142)	(40,142)	-
(89)	(89)	-	34,314	36,878	2,564	(5,807)	34,680	40,487
(92,950)	(39,174)	53,776	(3,711)	3,194	6,905	(151,675)	(38,732)	112,943
106,236	106,236	-	8,529	8,529	-	148,628	148,628	-
$ 13,286	$ 67,062	$ 53,776	$ 4,818	$ 11,723	$ 6,905	$ (3,047)	$ 109,896	$ 112,943

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Special State Funds - Department of Natural Resources
For the Year Ended June 30, 2003 (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				$ 8,338	$ 6,442	$ (1,896)
Other	$ 20,225	$ 14,271	$ (5,954)	24,671	28,748	4,077
Less:						
Refunds				1,150	1,149	(1)
Total revenues	20,225	14,271	(5,954)	31,859	34,041	2,182
EXPENDITURES:						
Current:						
General government				83	83	-
Environment and business regulation	29,646	20,292	(9,354)	32,720	28,145	(4,575)
Capital outlays				1,120	485	(635)
Total expenditures	29,646	20,292	(9,354)	33,923	28,713	(5,210)
Excess (deficiency) of revenues over (under) expenditures	(9,421)	(6,021)	3,400	(2,064)	5,328	7,392
OTHER (USES) OF FINANCIAL RESOURCES:						
Transfers-out	(29,000)	(29,000)	-	(1,400)	(1,400)	-
Total other (uses) of financial resources	(29,000)	(29,000)	-	(1,400)	(1,400)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(38,421)	(35,021)	3,400	(3,464)	3,928	7,392
Budgetary fund balances, July 1, 2002	61,366	61,366	-	5,837	5,837	-
BUDGETARY FUND BALANCES, JUNE 30, 2003	$ 22,945	$ 26,345	$ 3,400	$ 2,373	$ 9,765	$ 7,392

Total		
Final Budget	Actual	Variance Over (Under)
$ 8,338	$ 6,442	$ (1,896)
44,896	43,019	(1,877)
1,150	1,149	(1)
52,084	48,312	(3,772)
83	83	-
62,366	48,437	(13,929)
1,120	485	(635)
63,569	49,005	(14,564)
(11,485)	(693)	10,792
(30,400)	(30,400)	-
(30,400)	(30,400)	-
(41,885)	(31,093)	10,792
67,203	67,203	-
$ 25,318	$ 36,110	$ 10,792

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, 2003 (Expressed in Thousands)

	Alcoholism and Substance Abuse Block Grant			Mental Health		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 66,930	$ 66,762	$ (168)			
Other				$ 25,690	$ 33,442	$ 7,752
Less:						
Refunds				100	24	(76)
Total revenues	66,930	66,762	(168)	25,590	33,418	7,828
EXPENDITURES:						
Current:						
Health and social services	79,089	67,368	(11,721)	30,936	28,713	(2,223)
General government	20	20	-			
Capital outlays	14	2	(12)			
Total expenditures	79,123	67,390	(11,733)	30,936	28,713	(2,223)
Excess (deficiency) of revenues over (under) expenditures	(12,193)	(628)	11,565	(5,346)	4,705	10,051
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	-	1	1	-	1	1
Transfers-out	(4)	(4)	-	(1,291)	(1,291)	-
Total other sources (uses) of financial resources	(4)	(3)	1	(1,291)	(1,290)	1
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(12,197)	(631)	11,566	(6,637)	3,415	10,052
Budgetary fund balances (deficits), July 1, 2002	(3,408)	(3,408)	-	638	638	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (15,605)	$ (4,039)	$ 11,566	$ (5,999)	$ 4,053	$ 10,052

Community Mental Health Medicaid Trust			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ -	$ 64,260	$ 64,260	$ 66,930	$ 131,022	$ 64,092
-	35	35	25,690	33,477	7,787
			100	24	(76)
-	64,295	64,295	92,520	164,475	71,955
59,690	58,378	(1,312)	169,715	154,459	(15,256)
546	546	-	566	566	-
			14	2	(12)
60,236	58,924	(1,312)	170,295	155,027	(15,268)
(60,236)	5,371	65,607	(77,775)	9,448	87,223
			-	2	2
			(1,295)	(1,295)	-
			(1,295)	(1,293)	2
(60,236)	5,371	65,607	(79,070)	8,155	87,225
(13,496)	(13,496)	-	(16,266)	(16,266)	-
$ (73,732)	$ (8,125)	$ 65,607	$ (95,336)	$ (8,111)	$ 87,225

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	University of Illinois Hospital Services			County Hospital Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 98,626	$ 109,107	$ 10,481	$ 735,121	$ 729,398	$ (5,723)
Other	70,547	77,062	6,515	744,755	737,019	(7,736)
Less:						
Refunds				1,000	-	(1,000)
Total revenues	169,173	186,169	16,996	1,478,876	1,466,417	(12,459)
EXPENDITURES:						
Current:						
Health and social services	173,400	170,289	(3,111)	1,510,119	1,445,094	(65,025)
General government						
Capital outlays						
Total expenditures	173,400	170,289	(3,111)	1,510,119	1,445,094	(65,025)
Excess (deficiency) of revenues over (under) expenditures	(4,227)	15,880	20,107	(31,243)	21,323	52,566
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation certificate issues						
Transfers-in	44,700	44,700	-			
Transfers-out	(45,008)	(45,008)	-			
Total other sources (uses) of financial resources	(308)	(308)	-			
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(4,535)	15,572	20,107	(31,243)	21,323	52,566
Budgetary fund balances (deficits), July 1, 2002	(5,050)	(5,050)	-	(15,633)	(15,633)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (9,585)	$ 10,522	$ 20,107	$ (46,876)	$ 5,690	$ 52,566

Care Provider Fund for Persons with Developmental Disabilities			Long Term Care Provider			Special Education Medicaid Matching		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 18,069	$ 17,323	$ (746)	$ 257,410	$ 351,084	$ 93,674	$ 220,000	$ 130,114	$ (89,886)
18,688	19,036	348	122,062	342,932	220,870			
1,000	-	(1,000)	2,750	60	(2,690)			
35,757	36,359	602	376,722	693,956	317,234	220,000	130,114	(89,886)
36,137	34,982	(1,155)	719,977	698,992	(20,985)	370,000	135,872	(234,128)
1,068	1,068	-						
37,205	36,050	(1,155)	719,977	698,992	(20,985)	370,000	135,872	(234,128)
(1,448)	309	1,757	(343,255)	(5,036)	338,219	(150,000)	(5,758)	144,242
			200,000	200,000	-			
-	1	1	160,000	15,517	(144,483)			
(2)	(2)	-	(157,163)	(157,163)	-	(11)	(11)	-
(2)	(1)	1	202,837	58,354	(144,483)	(11)	(11)	-
(1,450)	308	1,758	(140,418)	53,318	193,736	(150,011)	(5,769)	144,242
5,019	5,019	-	(67,361)	(67,361)	-	(15,123)	(15,123)	-
$ 3,569	$ 5,327	$ 1,758	$ (207,779)	$ (14,043)	$ 193,736	$ (165,134)	$ (20,892)	$ 144,242

(continued)

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

(continued)

	Drug Rebate Fund			Child Support Administrative		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 119,650	$ 120,271	$ 621	$ 101,006	$ 89,950	$ (11,056)
Other	150	230	80	42,797	38,112	(4,685)
Less:						
Refunds						
Total revenues	119,800	120,501	701	143,803	128,062	(15,741)
EXPENDITURES:						
Current:						
Health and social services	249,300	249,032	(268)	185,043	158,230	(26,813)
General government				2,249	1,650	(599)
Capital outlays				3,077	46	(3,031)
Total expenditures	249,300	249,032	(268)	190,369	159,926	(30,443)
Excess (deficiency) of revenues over (under) expenditures	(129,500)	(128,531)	969	(46,566)	(31,864)	14,702
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation certificate issues						
Transfers-in	111,650	142,958	31,308	22,458	20,000	(2,458)
Transfers-out						
Total other sources (uses) of financial resources	111,650	142,958	31,308	22,458	20,000	(2,458)
Budgetary funds-nonbudgeted accounts				(7)	(7)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(17,850)	14,427	32,277	(24,115)	(11,871)	12,244
Budgetary fund balances (deficits), July 1, 2002	(2,431)	(2,431)	-			
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (20,281)	$ 11,996	$ 32,277	$ (24,115)	$ (11,871)	$ 12,244

Total		
Final Budget	Actual	Variance Over (Under)
$ 1,549,882	$ 1,547,247	$ (2,635)
998,999	1,214,391	215,392
4,750	60	(4,690)
2,544,131	2,761,578	217,447
3,243,976	2,892,491	(351,485)
3,317	2,718	(599)
3,077	46	(3,031)
3,250,370	2,895,255	(355,115)
(706,239)	(133,677)	572,562
200,000	200,000	-
338,808	223,176	(115,632)
(202,184)	(202,184)	-
336,624	220,992	(115,632)
(7)	(7)	-
(369,622)	87,308	456,930
(100,579)	(100,579)	-
$ (470,201)	$ (13,271)	$ 456,930

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, 2003 (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				$ 215,250	$ 153,024	$ (62,226)
Public utility taxes						
Other	$ 586,500	$ 670,477	$ 83,977			
Less:						
Refunds						
Total revenues	586,500	670,477	83,977	215,250	153,024	(62,226)
EXPENDITURES:						
Current:						
General government	125,290	124,684	(606)	48,343	35,096	(13,247)
Employment and economic development						
Capital outlays	67	2	(65)			
Total expenditures	125,357	124,686	(671)	48,343	35,096	(13,247)
Excess (deficiency) of revenues over (under) expenditures	461,143	545,791	84,648	166,907	117,928	(48,979)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation certificate issues						
Transfers-in						
Transfers-out	(553,502)	(553,502)	-	(140,129)	(140,129)	-
Total other sources (uses) of financial resources	(553,502)	(553,502)	-	(140,129)	(140,129)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(92,359)	(7,711)	84,648	26,778	(22,201)	(48,979)
Budgetary fund balances (deficits), July 1, 2002	4,173	4,173	-	36,451	36,451	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (88,186)	$ (3,538)	$ 84,648	$ 63,229	$ 14,250	$ (48,979)

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)
			$ 1,116,658	$ 1,116,658	$ -			
						$ 89,000	$ 96,571	$ 7,571
$ 33,425	$ 29,166	$ (4,259)						
			1,601,084	1,601,084	-			
33,425	29,166	(4,259)	(484,426)	(484,426)	-	89,000	96,571	7,571
33,425	29,166	(4,259)				99,000	88,898	(10,102)
33,425	29,166	(4,259)				99,000	88,898	(10,102)
-	-	-	(484,426)	(484,426)	-	(10,000)	7,673	17,673
			625,000	625,000	-			
			35,131	35,131	-			
			(150,016)	(150,016)	-	(7,673)	(7,673)	-
			510,115	510,115	-	(7,673)	(7,673)	-
-	-	-	25,689	25,689	-	(17,673)	-	17,673
			943	943	-			
$ -	$ -	$ -	$ 26,632	$ 26,632	$ -	$ (17,673)	$ -	$ 17,673

(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, 2003 (Expressed in Thousands)

(continued)

	Local Government Distributive			Personal Property Tax Replacement		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				$ 554,734	$ 554,734	$ -
Sales taxes				207,616	-	(207,616)
Public utility taxes				-	207,616	207,616
Other				714	714	-
Less:						
Refunds						
Total revenues				763,064	763,064	-
EXPENDITURES:						
Current:						
General government	$ 963,411	$ 893,202	$ (70,209)	761,993	761,002	(991)
Employment and economic development						
Capital outlays				98	56	(42)
Total expenditures	963,411	893,202	(70,209)	762,091	761,058	(1,033)
Excess (deficiency) of revenues over (under) expenditures	(963,411)	(893,202)	70,209	973	2,006	1,033
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation certificate issues						
Transfers-in	893,553	893,553	-	1,653	1,653	-
Transfers-out	(16)	(16)	-	(146)	(146)	-
Total other sources (uses) of financial resources	893,537	893,537	-	1,507	1,507	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(69,874)	335	70,209	2,480	3,513	1,033
Budgetary fund balances (deficits), July 1, 2002	(13,357)	(13,357)	-	120,620	120,620	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (83,231)	$ (13,022)	$ 70,209	$ 123,100	$ 124,133	$ 1,033

Build Illinois			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 1,671,392	$ 1,671,392	$ -
$ 355,518	$ 355,518	$ -	867,384	605,113	(262,271)
			-	207,616	207,616
78,108	78,108	-	698,747	778,465	79,718
			1,601,084	1,601,084	-
433,626	433,626	-	1,636,439	1,661,502	25,063
			1,899,037	1,813,984	(85,053)
			132,425	118,064	(14,361)
			165	58	(107)
			2,031,627	1,932,106	(99,521)
433,626	433,626	-	(395,188)	(270,604)	124,584
			625,000	625,000	-
39,466	39,466	-	969,803	969,803	-
(473,092)	(473,092)	-	(1,324,574)	(1,324,574)	-
(433,626)	(433,626)	-	270,229	270,229	-
-	-	-	(124,959)	(375)	124,584
			148,830	148,830	-
$ -	$ -	$ -	$ 23,871	$ 148,455	$ 124,584

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, 2003 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	$ 295,000	$ 225,285	$ (69,715)	$ 45,874	$ 37,118	$ (8,756)
Total expenditures	295,000	225,285	(69,715)	45,874	37,118	(8,756)
Excess (deficiency) of revenues over (under) expenditures	(295,000)	(225,285)	69,715	(45,874)	(37,118)	8,756
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	246,529	225,309	(21,220)	45,650	45,574	(76)
Transfers-out	(24)	(24)	-	(22,035)	(22,035)	-
Total other sources (uses) of financial resources	246,505	225,285	(21,220)	23,615	23,539	(76)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(48,495)	-	48,495	(22,259)	(13,579)	8,680
Budgetary fund balances, July 1, 2002				24,770	24,770	-
BUDGETARY FUND BALANCES (DEFICIT), JUNE 30, 2003	$ (48,495)	$ -	$ 48,495	$ 2,511	$ 11,191	$ 8,680

Total		
Final Budget	Actual	Variance Over (Under)
$ 340,874	$ 262,403	$ (78,471)
340,874	262,403	(78,471)
(340,874)	(262,403)	78,471
292,179	270,883	(21,296)
(22,059)	(22,059)	-
270,120	248,824	(21,296)
(70,754)	(13,579)	57,175
24,770	24,770	-
$ (45,984)	$ 11,191	$ 57,175

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, 2003 (Expressed in Thousands)

	Children and Family Services			Corrections		
	DCFS Children's Services			Corrections Reimbursements		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 426,172	$ 414,830	$ (11,342)	$ 21,990	$ 21,553	$ (437)
Other	3,000	2,933	(67)	18,385	17,903	(482)
Less:						
Refunds						
Total revenues	429,172	417,763	(11,409)	40,375	39,456	(919)
EXPENDITURES:						
Current:						
Health and social services	487,028	451,023	(36,005)			
General government	1,500	1,119	(381)			
Public protection and justice				86,200	45,287	(40,913)
Capital outlays						
Total expenditures	488,528	452,142	(36,386)	86,200	45,287	(40,913)
Excess (deficiency) of revenues over (under) expenditures	(59,356)	(34,379)	24,977	(45,825)	(5,831)	39,994
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in						
Transfers-out	(80)	(80)	-	(38)	(38)	-
Total other sources (uses) of financial resources	(80)	(80)	-	(38)	(38)	-
(Deficiency) of revenues (under) expenditures and sources (uses) of financial resources	(59,436)	(34,459)	24,977	(45,863)	(5,869)	39,994
Budgetary fund balances (deficits), July 1, 2002	29,949	29,949	-	31,845	31,845	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (29,487)	$ (4,510)	$ 24,977	$ (14,018)	$ 25,976	$ 39,994

Lottery					
State Lottery			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 448,162	$ 436,383	$ (11,779)
$ 840,000	$ 819,377	$ (20,623)	861,385	840,213	(21,172)
50	27	(23)	50	27	(23)
839,950	819,350	(20,600)	1,309,497	1,276,569	(32,928)
			487,028	451,023	(36,005)
360,504	281,579	(78,925)	362,004	282,698	(79,306)
			86,200	45,287	(40,913)
383	2	(381)	383	2	(381)
360,887	281,581	(79,306)	935,615	779,010	(156,605)
479,063	537,769	58,706	373,882	497,559	123,677
1,500	610	(890)	1,500	610	(890)
(540,352)	(540,352)	-	(540,470)	(540,470)	-
(538,852)	(539,742)	(890)	(538,970)	(539,860)	(890)
(59,789)	(1,973)	57,816	(165,088)	(42,301)	122,787
(4,903)	(4,903)	-	56,891	56,891	-
$ (64,692)	$ (6,876)	$ 57,816	$ (108,197)	$ 14,590	$ 122,787

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, 2003 (Expressed in Thousands)

	Environmental Protection Agency			Other Agencies, Boards, and Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes	$ 69,380	$ 66,286	$ (3,094)			
Public utility taxes				$ 102,446	$ 89,715	$ (12,731)
Federal government	94,601	116,346	21,745			
Other	101,625	119,597	17,972	57,229	63,312	6,083
Less:						
Refunds	222	7	(215)			
Total revenues	265,384	302,222	36,838	159,675	153,027	(6,648)
EXPENDITURES:						
Current:						
Education				10,847	10,803	(44)
General government	3,798	3,344	(454)	62,755	35,965	(26,790)
Public protection and justice	3,450	2,987	(463)			
Employment and economic development				31,597	31,045	(552)
Environment and business regulation	585,824	368,149	(217,675)			
Capital outlays	438	252	(186)			
Total expenditures	593,510	374,732	(218,778)	105,199	77,813	(27,386)
Excess (deficiency) of revenues over (under) expenditures	(328,126)	(72,510)	255,616	54,476	75,214	20,738
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	32,000	32,000	-	31,597	31,051	(546)
Transfers-out	(26,056)	(26,056)	-	(138,161)	(138,161)	-
Total other sources (uses) of financial resources	5,944	5,944	-	(106,564)	(107,110)	(546)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(322,182)	(66,566)	255,616	(52,088)	(31,896)	20,192
Budgetary fund balances, July 1, 2002	416,030	416,030	-	58,797	58,797	-
BUDGETARY FUND BALANCES, JUNE 30, 2003	$ 93,848	$ 349,464	$ 255,616	$ 6,709	$ 26,901	$ 20,192

Total		
Final Budget	Actual	Variance Over (Under)
$ 69,380	$ 66,286	$ (3,094)
102,446	89,715	(12,731)
94,601	116,346	21,745
158,854	182,909	24,055
222	7	(215)
425,059	455,249	30,190
10,847	10,803	(44)
66,553	39,309	(27,244)
3,450	2,987	(463)
31,597	31,045	(552)
585,824	368,149	(217,675)
438	252	(186)
698,709	452,545	(246,164)
(273,650)	2,704	276,354
63,597	63,051	(546)
(164,217)	(164,217)	-
(100,620)	(101,166)	(546)
(374,270)	(98,462)	275,808
474,827	474,827	-
$ 100,557	$ 376,365	$ 275,808

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, 2003 (Expressed in Thousands)

	Underground Storage Tank			Water Revolving		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes	$ 69,380	$ 66,286	$ (3,094)			
Federal government				$ 94,601	$ 104,110	$ 9,509
Other	-	131	131	78,673	90,351	11,678
Less:						
Refunds	222	7	(215)			
Total revenues	69,158	66,410	(2,748)	173,274	194,461	21,187
EXPENDITURES:						
Current:						
General government	889	742	(147)	2	2	-
Public protection and justice	3,450	2,987	(463)			
Environment and business regulation	81,313	75,141	(6,172)	408,432	210,777	(197,655)
Capital outlays	197	139	(58)			
Total expenditures	85,849	79,009	(6,840)	408,434	210,779	(197,655)
Excess (deficiency) of revenues over (under) expenditures	(16,691)	(12,599)	4,092	(235,160)	(16,318)	218,842
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in						
Transfers-out	(26,022)	(26,022)	-			
Total other sources (uses) of financial resources	(26,022)	(26,022)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(42,713)	(38,621)	4,092	(235,160)	(16,318)	218,842
Budgetary fund balances, July 1, 2002	64,662	64,662	-	308,174	308,174	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 21,949	$ 26,041	$ 4,092	$ 73,014	$ 291,856	$ 218,842

	Hazardous Waste			Vehicle Inspection			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
							$ 69,380	$ 66,286	$ (3,094)
				$ -	$ 12,236	$ 12,236	94,601	116,346	21,745
	$ 20,424	$ 28,856	$ 8,432	2,528	259	(2,269)	101,625	119,597	17,972
							222	7	(215)
	20,424	28,856	8,432	2,528	12,495	9,967	265,384	302,222	36,838
	9	9	-	2,898	2,591	(307)	3,798	3,344	(454)
							3,450	2,987	(463)
	34,808	22,982	(11,826)	61,271	59,249	(2,022)	585,824	368,149	(217,675)
	140	71	(69)	101	42	(59)	438	252	(186)
	34,957	23,062	(11,895)	64,270	61,882	(2,388)	593,510	374,732	(218,778)
	(14,533)	5,794	20,327	(61,742)	(49,387)	12,355	(328,126)	(72,510)	255,616
	2,000	2,000	-	30,000	30,000	-	32,000	32,000	-
	(7)	(7)	-	(27)	(27)	-	(26,056)	(26,056)	-
	1,993	1,993	-	29,973	29,973	-	5,944	5,944	-
	(12,540)	7,787	20,327	(31,769)	(19,414)	12,355	(322,182)	(66,566)	255,616
	21,881	21,881	-	21,313	21,313	-	416,030	416,030	-
	$ 9,341	$ 29,668	$ 20,327	$ (10,456)	$ 1,899	$ 12,355	$ 93,848	$ 349,464	$ 255,616

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, 2003 (Expressed in Thousands)

	Housing Development Authority			Capital Development Board		
	Illinois Affordable Housing			School Infrastructure		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes				$ 102,446	$ 89,715	$ (12,731)
Other	$ 40,100	$ 48,312	$ 8,212	17,129	15,000	(2,129)
Total revenues	40,100	48,312	8,212	119,575	104,715	(14,860)
EXPENDITURES:						
Current:						
Education				10,847	10,803	(44)
General government	62,150	35,423	(26,727)	605	542	(63)
Employment and economic development						
Total expenditures	62,150	35,423	(26,727)	11,452	11,345	(107)
Excess (deficiency) of revenues over (under) expenditures	(22,050)	12,889	34,939	108,123	93,370	(14,753)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in				-	1	1
Transfers-out	(1)	(1)	-	(138,160)	(138,160)	-
Total other sources (uses) of financial resources	(1)	(1)	-	(138,160)	(138,159)	1
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(22,051)	12,888	34,939	(30,037)	(44,789)	(14,752)
Budgetary fund balances, July 1, 2002	14,076	14,076	-	44,721	44,721	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (7,975)	$ 26,964	$ 34,939	$ 14,684	$ (68)	$ (14,752)

Metropolitan Pier and Exposition Authority Metropolitan Fair and Exposition Authority Improvement Bond			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 102,446	$ 89,715	$ (12,731)
			57,229	63,312	6,083
			159,675	153,027	(6,648)
			10,847	10,803	(44)
			62,755	35,965	(26,790)
$ 31,597	$ 31,045	$ (552)	31,597	31,045	(552)
31,597	31,045	(552)	105,199	77,813	(27,386)
(31,597)	(31,045)	552	54,476	75,214	20,738
31,597	31,050	(547)	31,597	31,051	(546)
			(138,161)	(138,161)	-
31,597	31,050	(547)	(106,564)	(107,110)	(546)
-	5	5	(52,088)	(31,896)	20,192
-	-	-	58,797	58,797	-
$ -	$ 5	$ 5	$ 6,709	$ 26,901	$ 20,192

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, 2003 (Expressed in Thousands)

	Commerce and Community Affairs Build Illinois Bond			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	$ 21,110	$ 6,110	$ (15,000)			
General government	2,868	14,178	11,310			
Transportation	5,183	2,623	(2,560)	$ 525,002	$ 525,002	$ -
Public protection and justice						
Employment and economic development	281,300	278,347	(2,953)			
Environment and business regulation	43,695	31,677	(12,018)			
Debt service:						
Principal	138,351	138,351	-			
Capital outlays	17,129	17,120	(9)			
Total expenditures	509,636	488,406	(21,230)	525,002	525,002	-
Excess (deficiency) of revenues over (under) expenditures	(509,636)	(488,406)	21,230	(525,002)	(525,002)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	200,000	331,668	131,668	550,000	549,953	(47)
Transfers-in						
Transfers-out						
Total other sources (uses) of financial resources	200,000	331,668	131,668	550,000	549,953	(47)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(309,636)	(156,738)	152,898	24,998	24,951	(47)
Budgetary fund balances, July 1, 2002	116,725	116,725	-	85,657	85,657	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (192,911)	$ (40,013)	$ 152,898	$ 110,655	$ 110,608	$ (47)

Capital Development Board			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 665,637	$ 338,987	$ (326,650)				$ 686,747	$ 345,097	$ (341,650)
(33,126)	292,612	325,738				(30,258)	306,790	337,048
3,537	843	(2,694)				533,722	528,468	(5,254)
44	-	(44)				44	-	(44)
62,075	60,435	(1,640)	$ 1,150	$ 977	$ (173)	344,525	339,759	(4,766)
40,828	30,643	(10,185)	21,000	21,000	-	105,523	83,320	(22,203)
						138,351	138,351	-
555,998	435,781	(120,217)	1,200	1,200	-	574,327	454,101	(120,226)
1,294,993	1,159,301	(135,692)	23,350	23,177	(173)	2,352,981	2,195,886	(157,095)
(1,294,993)	(1,159,301)	135,692	(23,350)	(23,177)	173	(2,352,981)	(2,195,886)	157,095
1,122,000	1,211,098	89,098	28,000	47,136	19,136	1,900,000	2,139,855	239,855
-	5,000	5,000				-	5,000	5,000
			(5,000)	(5,000)	-	(5,000)	(5,000)	-
1,122,000	1,216,098	94,098	23,000	42,136	19,136	1,895,000	2,139,855	244,855
(172,993)	56,797	229,790	(350)	18,959	19,309	(457,981)	(56,031)	401,950
58,238	58,238	-	4,756	4,756	-	265,376	265,376	-
$ (114,755)	$ 115,035	$ 229,790	$ 4,406	$ 23,715	$ 19,309	$ (192,605)	$ 209,345	$ 401,950

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, 2003 (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	$ 386,573	$ 386,573	$ -	$ 138,429	$ 138,429	$ -
Total expenditures	386,573	386,573	-	138,429	138,429	-
Excess (deficiency) of revenues over (under) expenditures	(386,573)	(386,573)	-	(138,429)	(138,429)	-
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	375,000	412,663	37,663	175,000	137,290	(37,710)
Total other sources of financial resources	375,000	412,663	37,663	175,000	137,290	(37,710)
Excess (deficiency) of revenues over (under) expenditures and other sources of financial resources	(11,573)	26,090	37,663	36,571	(1,139)	(37,710)
Budgetary fund balances, July 1, 2002	43,617	43,617	-	42,040	42,040	-
BUDGETARY FUND BALANCES, JUNE 30, 2003	$ 32,044	$ 69,707	$ 37,663	$ 78,611	$ 40,901	$ (37,710)

	Total	
Final Budget	Actual	Variance Over (Under)
$ 525,002	$ 525,002	$ -
525,002	525,002	-
(525,002)	(525,002)	-
550,000	549,953	(47)
550,000	549,953	(47)
24,998	24,951	(47)
85,657	85,657	-
$ 110,655	$ 110,608	$ (47)

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, 2003 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	$ 47,918	$ 47,812	$ (106)	$ 617,719	$ 291,175	$ (326,544)
General government	16,242	15,437	(805)	(49,368)	277,175	326,543
Transportation	3,537	843	(2,694)			
Public protection and justice	44	-	(44)			
Employment and economic development	62,075	60,435	(1,640)			
Environment and business regulation	40,828	30,643	(10,185)			
Capital outlays	555,998	435,781	(120,217)			
Total expenditures	726,642	590,951	(135,691)	568,351	568,350	(1)
Excess (deficiency) of revenues over (under) expenditures	(726,642)	(590,951)	135,691	(568,351)	(568,350)	1
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	625,000	584,008	(40,992)	497,000	627,090	130,090
Transfers-in	-	5,000	5,000			
Total other sources of financial resources	625,000	589,008	(35,992)	497,000	627,090	130,090
Excess (deficiency) of revenues (under) expenditures and other sources of financial resources	(101,642)	(1,943)	99,699	(71,351)	58,740	130,091
Budgetary fund balances, July 1, 2002	57,657	57,657	-	581	581	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (43,985)	$ 55,714	$ 99,699	$ (70,770)	$ 59,321	$ 130,091

Total		
Final Budget	Actual	Variance Over (Under)
$ 665,637	$ 338,987	$ (326,650)
(33,126)	292,612	325,738
3,537	843	(2,694)
44	-	(44)
62,075	60,435	(1,640)
40,828	30,643	(10,185)
555,998	435,781	(120,217)
1,294,993	1,159,301	(135,692)
(1,294,993)	(1,159,301)	135,692
1,122,000	1,211,098	89,098
-	5,000	5,000
1,122,000	1,216,098	94,098
(172,993)	56,797	229,790
58,238	58,238	-
$ (114,755)	$ 115,035	$ 229,790

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Build Illinois Bond, Retirement and Interest			General Obligations Bond, Retirement and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				$ 150	$ -	$ (150)
Other	$ 100	$ 72	$ (28)	23,266	37,816	14,550
Total revenues	100	72	(28)	23,416	37,816	14,400
EXPENDITURES:						
Debt service:						
Principal	262,000	243,418	(18,582)	2,139,197	2,139,197	-
Interest				481,758	474,939	(6,819)
Total expenditures	262,000	243,418	(18,582)	2,620,955	2,614,136	(6,819)
Excess (deficiency) of revenues over (under) expenditures	(261,900)	(243,346)	18,554	(2,597,539)	(2,576,320)	21,219
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond and certificate issues				1,100,017	1,100,017	-
Transfers-in	262,100	243,418	(18,682)	2,048,654	2,038,130	(10,524)
Transfers-out				(445)	(445)	-
Total other sources (uses) of financial resources	262,100	243,418	(18,682)	3,148,226	3,137,702	(10,524)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	200	72	(128)	550,687	561,382	10,695
Budgetary fund balances, July 1, 2002	2,118	2,118	-	476,156	476,156	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ 2,318	$ 2,190	$ (128)	$ 1,026,843	$ 1,037,538	$ 10,695

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 150	$ -	$ (150)
$ 500	$ 199	$ (301)	23,866	38,087	14,221
500	199	(301)	24,016	38,087	14,071
14,919	12,995	(1,924)	2,416,116	2,395,610	(20,506)
			481,758	474,939	(6,819)
14,919	12,995	(1,924)	2,897,874	2,870,549	(27,325)
(14,419)	(12,796)	1,623	(2,873,858)	(2,832,462)	41,396
			1,100,017	1,100,017	-
12,822	13,988	1,166	2,323,576	2,295,536	(28,040)
			(445)	(445)	-
12,822	13,988	1,166	3,423,148	3,395,108	(28,040)
(1,597)	1,192	2,789	549,290	562,646	13,356
9,077	9,077	-	487,351	487,351	-
$ 7,480	$ 10,269	$ 2,789	$ 1,036,641	$ 1,049,997	$ 13,356

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, 2003 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 1,035,787	$ 1,303,165	$ 267,378	$ 1,425,542	$ 1,686,849	$ 261,307
Other	99,649	79,183	(20,466)	448	96	(352)
Less:						
Refunds	2,300	72	(2,228)			
Total revenues	1,133,136	1,382,276	249,140	1,425,990	1,686,945	260,955
EXPENDITURES:						
Current:						
Health and social services	1,077,742	807,855	(269,887)			
Education				1,932,443	1,526,579	(405,864)
General government	1,161	1,120	(41)	305	305	-
Transportation	208,967	108,967	(100,000)			
Public protection and justice				100,239	56,751	(43,488)
Employment and economic development	813,440	445,773	(367,667)			
Environment and business regulation				53,482	37,376	(16,106)
Capital outlays	10,349	2,397	(7,952)	1,768	777	(991)
Total expenditures	2,111,659	1,366,112	(745,547)	2,088,237	1,621,788	(466,449)
Excess (deficiency) of revenues over (under) expenditures	(978,523)	16,164	994,687	(662,247)	65,157	727,404
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	-	18,031	18,031			
Transfers-out	(454)	(454)	-	(17,707)	(17,707)	-
Total other sources (uses) of financial resources	(454)	17,577	18,031	(17,707)	(17,707)	-
Budgetary funds-nonbudgeted accounts	(5,285)	(5,285)	-	(979)	(979)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(984,262)	28,456	1,012,718	(680,933)	46,471	727,404
Budgetary fund balances (deficits), July 1, 2002	(9,483)	(9,483)	-	(130,419)	(130,419)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (993,745)	$ 18,973	$ 1,012,718	$ (811,352)	$ (83,948)	$ 727,404

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)
$ 98,500	$ 73,107	$ (25,393)	$ 282,399	$ 240,142	$ (42,257)	$ 2,842,228	$ 3,303,263	$ 461,035
35,500	89,682	54,182	17,801	13,187	(4,614)	153,398	182,148	28,750
			990	-	(990)	3,290	72	(3,218)
134,000	162,789	28,789	299,210	253,329	(45,881)	2,992,336	3,485,339	493,003
			226,395	102,535	(123,860)	1,304,137	910,390	(393,747)
265,132	166,227	(98,905)	61,903	32,781	(29,122)	2,259,478	1,725,587	(533,891)
11	11	-	13,332	9,123	(4,209)	14,809	10,559	(4,250)
			19,410	19,410	-	228,377	128,377	(100,000)
			223,793	49,496	(174,297)	324,032	106,247	(217,785)
			65,969	34,285	(31,684)	879,409	480,058	(399,351)
			30,424	20,310	(10,114)	83,906	57,686	(26,220)
525	154	(371)	1,507	522	(985)	14,149	3,850	(10,299)
265,668	166,392	(99,276)	642,733	268,462	(374,271)	5,108,297	3,422,754	(1,685,543)
(131,668)	(3,603)	128,065	(343,523)	(15,133)	328,390	(2,115,961)	62,585	2,178,546
			1,284	453	(831)	1,284	18,484	17,200
(39)	(39)	-	(299)	(299)	-	(18,499)	(18,499)	-
(39)	(39)	-	985	154	(831)	(17,215)	(15)	17,200
			(1,811)	(1,811)	-	(8,075)	(8,075)	-
(131,707)	(3,642)	128,065	(344,349)	(16,790)	327,559	(2,141,251)	54,495	2,195,746
64,560	64,560	-	36,368	36,368	-	(38,974)	(38,974)	-
$ (67,147)	$ 60,918	$ 128,065	$ (307,981)	$ 19,578	$ 327,559	$ (2,180,225)	$ 15,521	$ 2,195,746

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, 2003 (Expressed in Thousands)

	Commerce and Community Affairs			Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 147,649	$ 180,293	$ 32,644	$ 432,757	$ 513,413	$ 80,656
Other	170	43	(127)	58,794	58,873	79
Less:						
Refunds	1,070	54	(1,016)	205	-	(205)
Total revenues	146,749	180,282	33,533	491,346	572,286	80,940
EXPENDITURES:						
Current:						
Health and social services	200,000	104,196	(95,804)	691,436	556,397	(135,039)
General government				271	270	(1)
Transportation						
Employment and economic development	242,671	74,010	(168,661)			
Capital outlays	182	95	(87)	4,646	355	(4,291)
Total expenditures	442,853	178,301	(264,552)	696,353	557,022	(139,331)
Excess (deficiency) of revenues over (under) expenditures	(296,104)	1,981	298,085	(205,007)	15,264	220,271
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in				-	18,031	18,031
Transfers-out	(154)	(154)	-			
Total other sources (uses) of financial resources	(154)	(154)	-	-	18,031	18,031
Budgetary funds-nonbudgeted accounts				(5,189)	(5,189)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(296,258)	1,827	298,085	(210,196)	28,106	238,302
Budgetary fund balances (deficits), July 1, 2002	(11,669)	(11,669)	-	(5,573)	(5,573)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (307,927)	$ (9,842)	$ 298,085	$ (215,769)	$ 22,533	$ 238,302

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 455,381	$ 609,459	$ 154,078	$ 1,035,787	$ 1,303,165	$ 267,378
40,685	20,267	(20,418)	99,649	79,183	(20,466)
1,025	18	(1,007)	2,300	72	(2,228)
495,041	629,708	134,667	1,133,136	1,382,276	249,140
186,306	147,262	(39,044)	1,077,742	807,855	(269,887)
890	850	(40)	1,161	1,120	(41)
208,967	108,967	(100,000)	208,967	108,967	(100,000)
570,769	371,763	(199,006)	813,440	445,773	(367,667)
5,521	1,947	(3,574)	10,349	2,397	(7,952)
972,453	630,789	(341,664)	2,111,659	1,366,112	(745,547)
(477,412)	(1,081)	476,331	(978,523)	16,164	994,687
			-	18,031	18,031
(300)	(300)	-	(454)	(454)	-
(300)	(300)	-	(454)	17,577	18,031
(96)	(96)	-	(5,285)	(5,285)	-
(477,808)	(1,477)	476,331	(984,262)	28,456	1,012,718
7,759	7,759	-	(9,483)	(9,483)	-
$ (470,049)	$ 6,282	$ 476,331	$ (993,745)	$ 18,973	$ 1,012,718

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 Community Affairs

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Low Income Home Energy Assistance Block Grant			Community Services Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 74,277	$ 107,386	$ 33,109	$ 26,773	$ 30,301	$ 3,528
Other						
Less:						
Refunds	600	-	(600)	170	-	(170)
Total revenues	73,677	107,386	33,709	26,603	30,301	3,698
EXPENDITURES:						
Current:						
Health and social services	200,000	104,196	(95,804)			
Employment and economic development	3,462	1,297	(2,165)	76,110	30,814	(45,296)
Capital outlays	145	75	(70)	23	17	(6)
Total expenditures	203,607	105,568	(98,039)	76,133	30,831	(45,302)
Excess (deficiency) of revenues over (under) expenditures	(129,930)	1,818	131,748	(49,530)	(530)	49,000
OTHER (USES) OF FINANCIAL RESOURCES:						
Transfers-out				(154)	(154)	-
Total other (uses) of financial resources				(154)	(154)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(129,930)	1,818	131,748	(49,684)	(684)	49,000
Budgetary fund (deficits), July 1, 2002	(6,383)	(6,383)	-	(2,270)	(2,270)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2003	$ (136,313)	$ (4,565)	$ 131,748	$ (51,954)	$ (2,954)	$ 49,000

Community Development/ Small Cities Block Grant			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 46,599	$ 42,606	$ (3,993)	$ 147,649	$ 180,293	$ 32,644
170	43	(127)	170	43	(127)
300	54	(246)	1,070	54	(1,016)
46,469	42,595	(3,874)	146,749	180,282	33,533
			200,000	104,196	(95,804)
163,099	41,899	(121,200)	242,671	74,010	(168,661)
14	3	(11)	182	95	(87)
163,113	41,902	(121,211)	442,853	178,301	(264,552)
(116,644)	693	117,337	(296,104)	1,981	298,085
			(154)	(154)	-
			(154)	(154)	-
(116,644)	693	117,337	(296,258)	1,827	298,085
(3,016)	(3,016)	-	(11,669)	(11,669)	-
$ (119,660)	$ (2,323)	$ 117,337	$ (307,927)	$ (9,842)	$ 298,085

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Department of Human Services

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Vocational Rehabilitation			DHS Special Purpose Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 107,043	$ 113,787	$ 6,744	$ 123,180	$ 170,502	$ 47,322
Other	-	314	314	320	886	566
Less:						
Refunds	5	-	(5)			
Total revenues	107,038	114,101	7,063	123,500	171,388	47,888
EXPENDITURES:						
Current:						
Health and social services	135,849	110,390	(25,459)	235,220	161,661	(73,559)
General government	223	222	(1)	21	21	-
Capital outlays	2,534	280	(2,254)	13	1	(12)
Total expenditures	138,606	110,892	(27,714)	235,254	161,683	(73,571)
Excess (deficiency) of revenues over (under) expenditures	(31,568)	3,209	34,777	(111,754)	9,705	121,459
OTHER SOURCES OF FINANCIAL RESOURCES:						
Transfers-in				-	18,031	18,031
Total other sources of financial resources				-	18,031	18,031
Budgetary funds-nonbudgeted accounts	(270)	(270)	-	(4,919)	(4,919)	-
Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-nonbudgeted accounts	(31,838)	2,939	34,777	(116,673)	22,817	139,490
Budgetary fund balances (deficits), July 1, 2002	(1,972)	(1,972)	-	5,985	5,985	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (33,810)	$ 967	$ 34,777	$ (110,688)	$ 28,802	$ 139,490

Old Age Survivors Insurance			USDA Women, Infants & Children			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 55,902	$ 56,437	$ 535	$ 146,632	$ 172,687	$ 26,055	$ 432,757	$ 513,413	$ 80,656
109	-	(109)	58,365	57,673	(692)	58,794	58,873	79
			200	-	(200)	205	-	(205)
56,011	56,437	426	204,797	230,360	25,563	491,346	572,286	80,940
76,105	56,247	(19,858)	244,262	228,099	(16,163)	691,436	556,397	(135,039)
12	12	-	15	15	-	271	270	(1)
1,820	60	(1,760)	279	14	(265)	4,646	355	(4,291)
77,937	56,319	(21,618)	244,556	228,128	(16,428)	696,353	557,022	(139,331)
(21,926)	118	22,044	(39,759)	2,232	41,991	(205,007)	15,264	220,271
						-	18,031	18,031
						-	18,031	18,031
						(5,189)	(5,189)	-
(21,926)	118	22,044	(39,759)	2,232	41,991	(210,196)	28,106	238,302
(2,679)	(2,679)	-	(6,907)	(6,907)	-	(5,573)	(5,573)	-
$ (24,605)	$ (2,561)	$ 22,044	$ (46,666)	$ (4,675)	$ 41,991	$ (215,769)	$ 22,533	$ 238,302

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Other Code Departments

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Employment Security			Transportation		
	Title III Social Security & Employment Service			Federal/Local Airport		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 270,000	$ 368,035	$ 98,035	$ 82,000	$ 101,214	$ 19,214
Other	11,985	11,748	(237)	19,000	7,374	(11,626)
Less:						
Refunds	950	1	(949)			
Total revenues	281,035	379,782	98,747	101,000	108,588	7,588
EXPENDITURES:						
Current:						
Health and social services						
General government	692	652	(40)			
Transportation				208,967	108,967	(100,000)
Employment and economic development	570,769	371,763	(199,006)			
Capital outlays	4,155	1,424	(2,731)			
Total expenditures	575,616	373,839	(201,777)	208,967	108,967	(100,000)
Excess (deficiency) of revenues over (under) expenditures	(294,581)	5,943	300,524	(107,967)	(379)	107,588
OTHER (USES) OF FINANCIAL RESOURCES:						
Transfers-out	(300)	(300)	-			
Total other (uses) of financial resources	(300)	(300)	-			
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-nonbudgeted accounts	(294,881)	5,643	300,524	(107,967)	(379)	107,588
Budgetary fund balances (deficits), July 1, 2002	14,660	14,660	-	2,936	2,936	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (280,221)	$ 20,303	$ 300,524	$ (105,031)	$ 2,557	$ 107,588

Aging			Public Health					
Services for Older Americans			Public Health Services			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 51,281	$ 56,660	$ 5,379	$ 52,100	$ 83,550	$ 31,450	$ 455,381	$ 609,459	$ 154,078
			9,700	1,145	(8,555)	40,685	20,267	(20,418)
			75	17	(58)	1,025	18	(1,007)
51,281	56,660	5,379	61,725	84,678	22,953	495,041	629,708	134,667
67,456	61,258	(6,198)	118,850	86,004	(32,846)	186,306	147,262	(39,044)
1	1	-	197	197	-	890	850	(40)
						208,967	108,967	(100,000)
						570,769	371,763	(199,006)
1	1	-	1,365	522	(843)	5,521	1,947	(3,574)
67,458	61,260	(6,198)	120,412	86,723	(33,689)	972,453	630,789	(341,664)
(16,177)	(4,600)	11,577	(58,687)	(2,045)	56,642	(477,412)	(1,081)	476,331
						(300)	(300)	-
						(300)	(300)	-
(96)	(96)	-				(96)	(96)	-
(16,273)	(4,696)	11,577	(58,687)	(2,045)	56,642	(477,808)	(1,477)	476,331
(6,149)	(6,149)	-	(3,688)	(3,688)	-	7,759	7,759	-
$ (22,422)	$ (10,845)	$ 11,577	$ (62,375)	$ (5,733)	$ 56,642	$ (470,049)	$ 6,282	$ 476,331

State of Illinois

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Agencies, Boards and Commissions

For the Year Ended June 30, 2003 (Expressed in Thousands)

	State Board of Education			Other Agencies, Boards, and Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 1,325,000	$ 1,597,249	$ 272,249	$ 100,542	$ 89,600	$ (10,942)
Other				448	96	(352)
Total revenues	1,325,000	1,597,249	272,249	100,990	89,696	(11,294)
EXPENDITURES:						
Current:						
Education	1,932,443	1,526,579	(405,864)			
General government	53	53	-	252	252	-
Public protection and justice				100,239	56,751	(43,488)
Environment and business regulation				53,482	37,376	(16,106)
Capital outlays	437	253	(184)	1,331	524	(807)
Total expenditures	1,932,933	1,526,885	(406,048)	155,304	94,903	(60,401)
Excess (deficiency) of revenues over (under) expenditures	(607,933)	70,364	678,297	(54,314)	(5,207)	49,107
Other (uses) of financial resources:						
Transfers-out	(17,707)	(17,707)	-			
Total other (uses) of financial resources	(17,707)	(17,707)	-			
Budgetary funds-nonbudgeted accounts	(979)	(979)	-			
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(626,619)	51,678	678,297	(54,314)	(5,207)	49,107
Budgetary fund balances (deficits), July 1, 2002	(131,996)	(131,996)	-	1,577	1,577	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2003	$ (758,615)	$ (80,318)	$ 678,297	$ (52,737)	$ (3,630)	$ 49,107

	Total	
Final Budget	Actual	Variance Over (Under)
$ 1,425,542	$ 1,686,849	$ 261,307
448	96	(352)
1,425,990	1,686,945	260,955
1,932,443	1,526,579	(405,864)
305	305	-
100,239	56,751	(43,488)
53,482	37,376	(16,106)
1,768	777	(991)
2,088,237	1,621,788	(466,449)
(662,247)	65,157	727,404
(17,707)	(17,707)	-
(17,707)	(17,707)	-
(979)	(979)	-
(680,933)	46,471	727,404
(130,419)	(130,419)	-
$ (811,352)	$ (83,948)	$ 727,404

State of Illinois

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - State Board of Education

For the Year Ended June 30, 2003 (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	$ 375,000	$ 427,299	$ 52,299	$ 950,000	$ 1,169,950	$ 219,950
Total revenues	375,000	427,299	52,299	950,000	1,169,950	219,950
EXPENDITURES:						
Current:						
Education	431,375	404,839	(26,536)	1,501,068	1,121,740	(379,328)
General government			-	53	53	-
Capital outlays	40	37	(3)	397	216	(181)
Total expenditures	431,415	404,876	(26,539)	1,501,518	1,122,009	(379,509)
Excess (deficiency) of revenues over (under) expenditures	(56,415)	22,423	78,838	(551,518)	47,941	599,459
OTHER (USES) OF FINANCIAL RESOURCES:						
Transfers-out				(17,707)	(17,707)	-
Total other (uses) of financial resources				(17,707)	(17,707)	-
Budgetary funds-nonbudgeted accounts	(979)	(979)	-			
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(57,394)	21,444	78,838	(569,225)	30,234	599,459
Budgetary fund (deficits), July 1, 2002	(58,350)	(58,350)	-	(73,646)	(73,646)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2003	$ (115,744)	$ (36,906)	$ 78,838	$ (642,871)	$ (43,412)	$ 599,459

Total		
Final Budget	Actual	Variance Over (Under)
$ 1,325,000	$ 1,597,249	$ 272,249
1,325,000	1,597,249	272,249
1,932,443	1,526,579	(405,864)
53	53	-
437	253	(184)
1,932,933	1,526,885	(406,048)
(607,933)	70,364	678,297
(17,707)	(17,707)	-
(17,707)	(17,707)	-
(979)	(979)	-
(626,619)	51,678	678,297
(131,996)	(131,996)	-
$ (758,615)	$ (80,318)	$ 678,297

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, 2003 (Expressed in Thousands)

	Environmental Protection Agency			Criminal Justice Information Authority		
	U. S. Environmental Protection			Criminal Justice Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 30,683	$ 37,754	$ 7,071	$ 69,859	$ 51,846	$ (18,013)
Other	448	1	(447)	-	95	95
Total revenues	31,131	37,755	6,624	69,859	51,941	(17,918)
EXPENDITURES:						
Current:						
General government	57	57	-	195	195	-
Public protection and justice				100,239	56,751	(43,488)
Environment and business regulation	53,482	37,376	(16,106)			
Capital outlays	1,331	524	(807)			
Total expenditures	54,870	37,957	(16,913)	100,434	56,946	(43,488)
Excess (deficiency) of revenues over (under) expenditures	(23,739)	(202)	23,537	(30,575)	(5,005)	25,570
Budgetary fund balances (deficits), July 1, 2002	(228)	(228)	-	1,805	1,805	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2003	$ (23,967)	$ (430)	$ 23,537	$ (28,770)	$ (3,200)	$ 25,570

Total		
Final Budget	Actual	Variance Over (Under)
$ 100,542	$ 89,600	$ (10,942)
448	96	(352)
100,990	89,696	(11,294)
252	252	-
100,239	56,751	(43,488)
53,482	37,376	(16,106)
1,331	524	(807)
155,304	94,903	(60,401)
(54,314)	(5,207)	49,107
1,577	1,577	-
$ (52,737)	$ (3,630)	$ 49,107

State of Illinois

Combining Schedule of Revenues, Expenditures and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP) Federal Trust Funds - Student Assistance Commission

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Federal Student Loan			Student Loan Operation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ 98,500	$ 73,107	$ (25,393)			
Other	-	58,271	58,271	$ 35,500	$ 31,411	$ (4,089)
Total revenues	98,500	131,378	32,878	35,500	31,411	(4,089)
EXPENDITURES:						
Current:						
Education	190,000	131,875	(58,125)	75,132	34,352	(40,780)
General government				11	11	-
Capital outlays				525	154	(371)
Total expenditures	190,000	131,875	(58,125)	75,668	34,517	(41,151)
Excess (deficiency) of revenues over (under) expenditures	(91,500)	(497)	91,003	(40,168)	(3,106)	37,062
OTHER (USES) OF FINANCIAL RESOURCES:						
Transfers-out				(39)	(39)	-
Total other (uses) of financial resources				(39)	(39)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(91,500)	(497)	91,003	(40,207)	(3,145)	37,062
Budgetary fund balances, July 1, 2002	34,353	34,353	-	30,207	30,207	-
BUDGETARY FUND BALANCE (DEFICITS), JUNE 30, 2003	$ (57,147)	$ 33,856	$ 91,003	$ (10,000)	$ 27,062	$ 37,062

	Total	
Final Budget	Actual	Variance Over (Under)
$ 98,500	$ 73,107	$ (25,393)
35,500	89,682	54,182
134,000	162,789	28,789
265,132	166,227	(98,905)
11	11	-
525	154	(371)
265,668	166,392	(99,276)
(131,668)	(3,603)	128,065
(39)	(39)	-
(39)	(39)	-
(131,707)	(3,642)	128,065
64,560	64,560	-
$ (67,147)	$ 60,918	$ 128,065

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, 2003 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ -	$ 400	$ 400			
Other	272,722	214,023	(58,699)	$ 31,338	$ 25,792	$ (5,546)
Less:						
Refunds	8,122	103	(8,019)	20	7	(13)
Total revenues	264,600	214,320	(50,280)	31,318	25,785	(5,533)
EXPENDITURES:						
Current:						
General government	362,805	223,739	(139,066)	11	11	-
Transportation						
Public protection and justice				58,330	37,623	(20,707)
Capital outlays	1,496	862	(634)	3,950	419	(3,531)
Total expenditures	364,301	224,601	(139,700)	62,291	38,053	(24,238)
Excess (deficiency) of revenues over (under) expenditures	(99,701)	(10,281)	89,420	(30,973)	(12,268)	18,705
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	11,550	16,956	5,406	-	2	2
Transfers-out	(26)	(26)	-	(116)	(116)	-
Total other sources (uses) of financial resources	11,524	16,930	5,406	(116)	(114)	2
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(88,177)	6,649	94,826	(31,089)	(12,382)	18,707
Budgetary fund balances, July 1, 2002	6,777	6,777	-	10,929	10,929	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (81,400)	$ 13,426	$ 94,826	$ (20,160)	$ (1,453)	$ 18,707

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ -	$ 400	$ 400
$ 4,198	$ 4,251	$ 53	308,258	244,066	(64,192)
10	2	(8)	8,152	112	(8,040)
4,188	4,249	61	300,106	244,354	(55,752)
5,587	3,400	(2,187)	368,403	227,150	(141,253)
1,000	555	(445)	1,000	555	(445)
			58,330	37,623	(20,707)
196	58	(138)	5,642	1,339	(4,303)
6,783	4,013	(2,770)	433,375	266,667	(166,708)
(2,595)	236	2,831	(133,269)	(22,313)	110,956
			11,550	16,958	5,408
(68)	(68)	-	(210)	(210)	-
(68)	(68)	-	11,340	16,748	5,408
(2,663)	168	2,831	(121,929)	(5,565)	116,364
841	841	-	18,547	18,547	-
$ (1,822)	$ 1,009	$ 2,831	$ (103,382)	$ 12,982	$ 116,364

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, 2003 (Expressed in Thousands)

	State Garage			Communications		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ -	$ 7	$ 7	$ -	$ 393	$ 393
Other	38,822	32,788	(6,034)	157,000	117,086	(39,914)
Less:						
Refunds	10	-	(10)	112	103	(9)
Total revenues	38,812	32,795	(6,017)	156,888	117,376	(39,512)
EXPENDITURES:						
Current:						
General government	45,428	33,174	(12,254)	177,950	111,153	(66,797)
Capital outlays	1,144	793	(351)	138	54	(84)
Total expenditures	46,572	33,967	(12,605)	178,088	111,207	(66,881)
Excess (deficiency) of revenues over (under) expenditures	(7,760)	(1,172)	6,588	(21,200)	6,169	27,369
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in				-	1	1
Transfers-out	(4)	(4)	-	(15)	(15)	-
Total other sources (uses) of financial resources	(4)	(4)	-	(15)	(14)	1
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(7,764)	(1,176)	6,588	(21,215)	6,155	27,370
Budgetary fund balances (deficits), July 1, 2002	(3,724)	(3,724)	-	8,536	8,536	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (11,488)	$ (4,900)	$ 6,588	$ (12,679)	$ 14,691	$ 27,370

Statistical Services			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ -	$ 400	$ 400
$ 76,900	$ 64,149	$ (12,751)	272,722	214,023	(58,699)
8,000	-	(8,000)	8,122	103	(8,019)
68,900	64,149	(4,751)	264,600	214,320	(50,280)
139,427	79,412	(60,015)	362,805	223,739	(139,066)
214	15	(199)	1,496	862	(634)
139,641	79,427	(60,214)	364,301	224,601	(139,700)
(70,741)	(15,278)	55,463	(99,701)	(10,281)	89,420
11,550	16,955	5,405	11,550	16,956	5,406
(7)	(7)	-	(26)	(26)	-
11,543	16,948	5,405	11,524	16,930	5,406
(59,198)	1,670	60,868	(88,177)	6,649	94,826
1,965	1,965	-	6,777	6,777	-
$ (57,233)	$ 3,635	$ 60,868	$ (81,400)	$ 13,426	$ 94,826

State of Illinois

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

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Code Departments			Other Agencies, Boards and Commissions - State Employees Retirement System - State Employees Retirement System Fund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes	$ 459,566	$ 459,566	$ -			
Motor fuel taxes	27,925	27,925	-			
Public utility taxes	94,503	94,503	-			
Federal government	111,698	37,495	(74,203)			
Other	708,401	1,112,645	404,244	$ 814,468	$ 814,468	$ -
Less:						
Refunds	200	31	(169)			
Total revenues	1,401,893	1,732,103	330,210	814,468	814,468	-
EXPENDITURES:						
Current:						
Health and Social Services	171,747	101,488	(70,259)			
Education						
General government	225,196	142,716	(82,480)	-	1	1
Public protection and justice						
Employment and economic development						
Environment and business regulation						
Capital outlays	823	97	(726)			
Total expenditures	397,766	244,301	(153,465)	-	1	1
Excess (deficiency) of revenues over (under) expenditures	1,004,127	1,487,802	483,675	814,468	814,467	(1)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	6	2,000	1,994			
Transfers-out	(189,972)	(189,972)	-	(46)	(46)	-
Total other sources (uses) of financial resources	(189,966)	(187,972)	1,994	(46)	(46)	-
Budgetary funds-nonbudgeted accounts	(1,202,931)	(1,202,931)	-	(875,594)	(875,594)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(388,770)	96,899	485,669	(61,172)	(61,173)	(1)
Budgetary fund balances July 1, 2002	80,753	80,753	-	97,326	97,326	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (308,017)	$ 177,652	$ 485,669	$ 36,154	$ 36,153	$ (1)

Other: Final Budget	Other: Actual	Other: Variance Over (Under)	Total: Final Budget	Total: Actual	Total: Variance Over (Under)
			$ 459,566	$ 459,566	$ -
			27,925	27,925	-
			94,503	94,503	-
$ 34,080	$ 24,665	$ (9,415)	145,778	62,160	(83,618)
38,056	47,944	9,888	1,560,925	1,975,057	414,132
			200	31	(169)
72,136	72,609	473	2,288,497	2,619,180	330,683
15,659	6,036	(9,623)	187,406	107,524	(79,882)
25,000	4,009	(20,991)	25,000	4,009	(20,991)
23,780	22,595	(1,185)	248,976	165,312	(83,664)
4,050	1,810	(2,240)	4,050	1,810	(2,240)
2,622	25	(2,597)	2,622	25	(2,597)
10,380	5,856	(4,524)	10,380	5,856	(4,524)
3	-	(3)	826	97	(729)
81,494	40,331	(41,163)	479,260	284,633	(194,627)
(9,358)	32,278	41,636	1,809,237	2,334,547	525,310
-	79	79	6	2,079	2,073
(258)	(258)	-	(190,276)	(190,276)	-
(258)	(179)	79	(190,270)	(188,197)	2,073
(35,368)	(35,368)	-	(2,113,893)	(2,113,893)	-
(44,984)	(3,269)	41,715	(494,926)	32,457	527,383
50,706	50,706	-	228,785	228,785	-
$ 5,722	$ 47,437	$ 41,715	$ (266,141)	$ 261,242	$ 527,383

State of Illinois

Combining Schedule of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
State Trust Funds - Code Departments
For the Year Ended June 30, 2003 (Expressed in Thousands)

	Central Management Services			Human Services Early Intervention Services Revolving		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	$ 665	$ 8	$ (657)	$ 5,340	$ 33,024	$ 27,684
Other	406,802	540,936	134,134	79,822	69,192	(10,630)
Less:						
Refunds				100	31	(69)
Total revenues	407,467	540,944	133,477	85,062	102,185	17,123
EXPENDITURES:						
Current:						
Health and social services				150,000	84,945	(65,055)
General government	224,028	141,692	(82,336)	26	26	-
Capital outlays	18	-	(18)			
Total expenditures	224,046	141,692	(82,354)	150,026	84,971	(65,055)
Excess (deficiency) of revenues over (under) expenditures	183,421	399,252	215,831	(64,964)	17,214	82,178
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Transfers-in	-	2,000	2,000			
Transfers-out				(12)	(12)	-
Total other sources (uses) of financial resources	-	2,000	2,000	(12)	(12)	-
Budgetary funds-nonbudgeted accounts	(383,423)	(383,423)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds- nonbudgeted accounts	(200,002)	17,829	217,831	(64,976)	17,202	82,178
Budgetary fund balances (deficits), July 1, 2002	(1,104)	(1,104)	-	13,408	13,408	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (201,106)	$ 16,725	$ 217,831	$ (51,568)	$ 30,610	$ 82,178

Public Aid			Revenue			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 459,566	$ 459,566	$ -	$ 459,566	$ 459,566	$ -
			27,925	27,925	-	27,925	27,925	-
			94,503	94,503	-	94,503	94,503	-
$ 105,693	$ 4,463	$ (101,230)				111,698	37,495	(74,203)
221,359	502,099	280,740	418	418	-	708,401	1,112,645	404,244
			100	-	(100)	200	31	(169)
327,052	506,562	179,510	582,312	582,412	100	1,401,893	1,732,103	330,210
21,747	16,543	(5,204)				171,747	101,488	(70,259)
98	98	-	1,044	900	(144)	225,196	142,716	(82,480)
805	97	(708)				823	97	(726)
22,650	16,738	(5,912)	1,044	900	(144)	397,766	244,301	(153,465)
304,402	489,824	185,422	581,268	581,512	244	1,004,127	1,487,802	483,675
			6	-	(6)	6	2,000	1,994
(189,960)	(189,960)	-				(189,972)	(189,972)	-
(189,960)	(189,960)	-	6	-	(6)	(189,966)	(187,972)	1,994
(283,433)	(283,433)	-	(536,075)	(536,075)	-	(1,202,931)	(1,202,931)	-
(168,991)	16,431	185,422	45,199	45,437	238	(388,770)	96,899	485,669
31,555	31,555	-	36,894	36,894	-	80,753	80,753	-
$ (137,436)	$ 47,986	$ 185,422	$ 82,093	$ 82,331	$ 238	$ (308,017)	$ 177,652	$ 485,669

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)
State Trust Funds - Department of Central Management Services

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Local Government Health Insurance Reserve			Teacher Health Insurance Security		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government						
Other	$ 118,817	$ 83,267	$ (35,550)	$ 223,896	$ 223,896	$ -
Total revenues	118,817	83,267	(35,550)	223,896	223,896	-
EXPENDITURES:						
Current:						
General government	148,171	76,689	(71,482)			
Capital outlays	18	-	(18)			
Total expenditures	148,189	76,689	(71,500)			
Excess (deficiency) of revenues over (under) expenditures	(29,372)	6,578	35,950	223,896	223,896	-
OTHER SOURCES OF FINANCIAL RESOURCES:						
Transfers-in				-	2,000	2,000
Total other sources of financial resources				-	2,000	2,000
Budgetary funds-nonbudgeted accounts				(215,690)	(215,690)	-
Excess (deficiency) of revenues over (under) expenditures and other sources of financial resources and budgetary funds-nonbudgeted accounts	(29,372)	6,578	35,950	8,206	10,206	2,000
Budgetary fund balances (deficits), July 1, 2002	(2,639)	(2,639)	-	1,063	1,063	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (32,011)	$ 3,939	$ 35,950	$ 9,269	$ 11,269	$ 2,000

Group Insurance Premium			State Employees Deferred Compensation Plan			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
$ 665	$ 8	$ (657)				$ 665	$ 8	$ (657)
62,689	65,183	2,494	$ 1,400	$ 168,590	$ 167,190	406,802	540,936	134,134
63,354	65,191	1,837	1,400	168,590	167,190	407,467	540,944	133,477
73,999	63,633	(10,366)	1,858	1,370	(488)	224,028	141,692	(82,336)
						18	-	(18)
73,999	63,633	(10,366)	1,858	1,370	(488)	224,046	141,692	(82,354)
(10,645)	1,558	12,203	(458)	167,220	167,678	183,421	399,252	215,831
						-	2,000	2,000
						-	2,000	2,000
			(167,733)	(167,733)	-	(383,423)	(383,423)	-
(10,645)	1,558	12,203	(168,191)	(513)	167,678	(200,002)	17,829	217,831
(4,671)	(4,671)	-	5,143	5,143	-	(1,104)	(1,104)	-
$ (15,316)	$ (3,113)	$ 12,203	$ (163,048)	$ 4,630	167,678	$ (201,106)	$ 16,725	$ 217,831

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 Public Aid

For the Year Ended June 30, 2003 (Expressed in Thousands)

	Public Aid Recoveries Trust			Child Support Enforcement Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	$ -	$ 4,463	$ 4,463	$ 105,693	$ -	$ (105,693)
Other	158,838	374,405	215,567	62,521	127,694	65,173
Total revenues	158,838	378,868	220,030	168,214	127,694	(40,520)
EXPENDITURES:						
Current:						
Health and social services	21,747	16,543	(5,204)			
General government	1	1	-	97	97	-
Capital outlays	805	97	(708)			
Total expenditures	22,553	16,641	(5,912)	97	97	-
Excess (deficiency) of revenues over (under) expenditures	136,285	362,227	225,942	168,117	127,597	(40,520)
OTHER (USES) OF FINANCIAL RESOURCES:						
Transfers-out	(169,960)	(169,960)	-	(20,000)	(20,000)	-
Total other (uses) of financial resources	(169,960)	(169,960)	-	(20,000)	(20,000)	-
Budgetary funds-nonbudgeted accounts	(187,261)	(187,261)	-	(96,172)	(96,172)	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(220,936)	5,006	225,942	51,945	11,425	(40,520)
Budgetary fund balances, July 1, 2002	1,258	1,258	-	30,297	30,297	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2003	$ (219,678)	$ 6,264	$ 225,942	$ 82,242	$ 41,722	$ (40,520)

Total		
Final Budget	Actual	Variance Over (Under)
$ 105,693	$ 4,463	$ (101,230)
221,359	502,099	280,740
327,052	506,562	179,510
21,747	16,543	(5,204)
98	98	-
805	97	(708)
22,650	16,738	(5,912)
304,402	489,824	185,422
(189,960)	(189,960)	-
(189,960)	(189,960)	-
(283,433)	(283,433)	-
(168,991)	16,431	185,422
31,555	31,555	-
$ (137,436)	$ 47,986	$ 185,422

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, 2003 (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:						
Sales taxes	$ 459,566	$ 459,566	$ -			
Motor fuel taxes				$ 27,925	$ 27,925	$ -
Public utility taxes						
Other	334	334	-	84	84	-
Less:						
Refunds						
Total revenues	459,900	459,900	-	28,009	28,009	-
EXPENDITURES:						
Current:						
General government	417	363	(54)	627	537	(90)
Total expenditures	417	363	(54)	627	537	(90)
Excess (deficiency) of revenues over (under) expenditures	459,483	459,537	54	27,382	27,472	90
OTHER SOURCES OF FINANCIAL RESOURCES:						
Transfers-in	6	-	(6)			
Total other sources of financial resources	6	-	(6)			
Budgetary funds-nonbudgeted accounts	(448,740)	(448,740)	-	(27,366)	(27,366)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-non-budgeted accounts	10,749	10,797	48	16	106	90
Budgetary fund balances, July 1, 2002	31,488	31,488	-	5,406	5,406	-
BUDGETARY FUND BALANCES, JUNE 30, 2003	$ 42,237	$ 42,285	$ 48	$ 5,422	$ 5,512	$ 90

Municipal Telecommunications			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			$ 459,566	$ 459,566	$ -
			27,925	27,925	-
$ 94,503	$ 94,503	$ -	94,503	94,503	-
			418	418	-
100	-	(100)	100	-	(100)
94,403	94,503	100	582,312	582,412	100
			1,044	900	(144)
			1,044	900	(144)
94,403	94,503	100	581,268	581,512	244
			6	-	(6)
			6	-	(6)
(59,969)	(59,969)	-	(536,075)	(536,075)	-
34,434	34,534	100	45,199	45,437	238
			36,894	36,894	-
$ 34,434	$ 34,534	$ 100	$ 82,093	$ 82,331	$ 238

Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources - GAAP Basis All Governmental Funds **

For the Last Ten Fiscal Years (Expressed in Thousands)

	2003	2002	2001	2000	1999
REVENUES					
Income taxes	$ 8,385,257	$ 8,644,140	$ 9,608,337	$ 9,675,448	$ 9,250,492
Sales taxes	8,350,521	8,306,372	8,325,208	8,209,197	7,688,996
Motor fuel taxes	1,377,995	1,355,665	1,357,756	1,342,733	1,306,238
Public utility taxes	1,613,052	1,537,288	1,593,448	1,492,889	1,437,604
Other taxes	2,602,379	2,319,230	3,301,888	3,314,767	3,121,697
Federal government	11,873,142	11,072,398	10,702,331	10,139,165	9,355,944
Licenses and fees	1,675,796	1,707,395	1,642,976	1,526,711	1,156,885
Interest and other investment income	124,535	223,729	661,425	647,980	586,270
Other	2,162,727	1,722,982	2,191,187	2,065,411	1,458,372
Total revenues	38,165,404	36,889,199	39,384,556	38,414,301	35,362,498
EXPENDITURES					
Current:					
Health and social services	16,052,959	15,474,137	14,494,886	12,310,235	10,891,395
Education	11,352,381	11,109,860	9,030,564	8,667,910	7,540,069
General government	2,215,205	5,614,361	5,624,824	6,808,005	5,988,951
Employment and economic development *	1,312,450	1,246,520	2,729,933		
Social assistance				2,675,866	3,233,091
Transportation	2,703,536	2,759,248	3,586,787	3,290,098	2,566,850
Public protection and justice	2,052,585	2,151,636	1,976,867	2,011,188	1,899,057
Environment and business regulation *	827,500	745,643	690,984		
Natural resources and recreation				514,687	452,290
Debt service:					
Principal	743,101	670,600	574,394	529,512	531,373
Interest	491,821	406,415	499,304	447,467	432,128
Capital outlays	1,754,708	1,787,562	581,110	544,757	344,516
Intergovernmental	3,483,426				
Total expenditures	42,989,672	41,965,982	39,789,653	37,799,725	33,879,720
Excess (deficiency) of revenues over (under) expenditures	(4,824,268)	(5,076,783)	(405,097)	614,576	1,482,778
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligations bonds issued, including premiums (discounts)	12,008,240	1,717,192	1,315,985	988,143	661,539
General and special obligation refunding bonds issued, including premiums (discounts)	760,598	704,314	301,993		173,179
Transfers-in	7,483,702	5,332,536	5,682,812	5,470,623	6,382,561
Transfers from component units			588	174	15
Transfers-out	(6,954,991)	(4,799,657)	(5,198,969)	(4,934,893)	(5,866,140)
Transfers to component units			(1,762,903)	(1,420,116)	(1,572,189)
Capital lease financing	4,415	21,829	33,131	18,187	23,667
Payment to refunded bond escrow agent	(757,330)	(697,084)	(301,988)		(173,179)
Proceeds from certificates of participation				34,155	
Proceeds from other long-term obligations	8,778	7,080	24,858		
Net other sources (uses) of financial resources	12,553,412	2,286,210	95,507	156,273	(370,547)
Net change in fund balances	$ 7,729,144	$ (2,790,573)	$ (309,590)	$ 770,849	$ 1,112,231

* Functional expense categories were revised in fiscal year 2001.

** Prior to fiscal year 2002, Expendable Trust Fund activity had been included.

	1998	1997	1996	1995	1994
	$ 8,810,664	$ 7,931,647	$ 7,350,286	$ 6,862,484	$ 6,341,405
	7,167,852	6,823,157	6,520,321	6,271,692	5,984,237
	1,287,585	1,231,754	1,197,288	1,154,482	1,098,820
	1,207,894	1,092,681	1,047,020	985,016	1,011,616
	2,774,555	2,854,650	2,901,397	3,266,077	3,110,413
	8,950,849	8,909,679	8,409,885	8,639,857	8,404,474
	1,093,463	1,078,001	1,020,758	1,001,099	996,453
	421,478	359,404	351,718	311,898	202,119
	1,551,962	1,395,495	1,099,356	1,035,374	1,308,394
	33,266,302	31,676,468	29,898,029	29,527,979	28,457,931
	9,963,460	9,289,837	8,732,071	8,623,643	7,855,039
	6,785,608	6,131,774	5,752,793	5,395,845	5,128,035
	5,565,134	4,986,851	4,917,335	4,571,183	4,417,418
	3,539,969	3,873,387	4,131,674	3,995,466	4,698,546
	2,649,178	2,697,520	2,627,170	2,713,372	2,535,653
	1,678,187	1,613,345	1,481,413	1,437,874	1,412,870
	414,082	418,567	364,848	388,607	426,270
	522,953	501,299	456,350	443,676	427,646
	443,161	442,578	433,587	444,490	396,971
	342,900	374,703	366,518	290,361	263,573
	31,904,632	30,329,861	29,263,759	28,304,517	27,562,021
	1,361,670	1,346,607	634,270	1,223,462	895,910
	597,428	406,473	728,944	776,220	686,929
	308,738	84,803	318,040		501,162
	4,545,916	4,460,454	4,395,048	4,149,874	3,559,780
	247	777	18	40	113
	(4,040,335)	(3,876,480)	(3,790,475)	(3,564,180)	(3,002,277)
	(1,492,592)	(1,423,032)	(1,402,746)	(1,377,869)	(1,284,315)
	11,990	19,249	26,411	10,711	23,148
	(308,738)	(84,803)	(318,040)		(501,162)
			90,052	18,802	
	(377,346)	(412,559)	47,252	13,598	(16,622)
	$ 984,324	$ 934,048	$ 681,522	$ 1,237,060	$ 879,288

Ratio of Annual Debt Service for General and Special Obligation Debt to Total Revenues and Expenditures - GAAP Basis All Governmental Fund Types

For the Last Ten Fiscal Years (Expressed in Thousands Except Ratio Data)

For the Year Ended June 30	Principal	Interest	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
1994	$ 410,292	$ 323,309	$ 733,601	$ 28,463,037	2.58 %	$ 27,567,179	2.66 %
1995	427,902	350,295	778,197	29,555,580	2.63	28,311,850	2.75
1996	440,080	352,906	792,986	29,945,854	2.65	29,281,140	2.71
1997	479,810	359,718	839,528	31,716,307	2.65	30,345,472	2.77
1998	496,882	357,405	854,287	33,318,487	2.56	31,918,915	2.68
1999	428,718	280,593	709,311	35,415,609	2.00	33,792,060	2.10
2000	505,168	389,608	894,776	38,469,758	2.33	37,818,547	2.37
2001	532,841	436,876	969,717	39,440,321	2.46	39,810,076	2.44
2002	640,206	394,287	1,034,493	36,889,199	2.80	41,965,982	2.47
2003	713,200	459,366	1,172,566	38,165,404	3.07	42,989,673	2.73

Ratio of General and Special Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

For the Last Ten Fiscal Years (Expressed in Thousands Except Ratio and Per Capita Data)

For the Year Ended June 30	Population	Equalized Assessed Value	General and Special Obligation Bond Debt: Total	General and Special Obligation Bond Debt: Less Debt Service Fund	General and Special Obligation Bond Debt: Net	Net General and Special Obligation Bond Debt: Ratio to Assessed Value	Net General and Special Obligation Bond Debt: Per Capita
1994	11,752	150,144,693	$ 6,699,950	$ 361,549	$ 6,338,401	4.22 %	$ 539.35
1995	11,830	157,653,737	7,143,804	416,068	6,727,736	4.27	568.70
1996	11,847	165,443,101	7,537,521	499,319	7,038,202	4.25	594.09
1997	11,896	171,381,749	7,539,564	605,629	6,933,935	4.05	582.88
1998	12,045	173,812,593	7,718,410	708,468	7,009,942	4.03	581.98
1999	12,128	182,725,045	7,954,108	792,122	7,161,986	3.92	590.53
2000	12,419	192,393,890	8,482,788	900,685	7,582,103	3.94	610.52
2001	12,482	204,178,020	9,282,965	784,312	8,498,653	4.16	680.87
2002	12,601	220,330,253	10,408,790	624,798	9,783,992	4.44	776.45
2003	12,654	(a)	21,691,141	1,187,817	20,503,324		1,620.30

(a) equalized assessed value data is not available

Source: Illinois Property Tax Statistics - Illinois Department of Revenue, U.S. Department of Commerce, Bureau of the Census.

Revenue Bond Coverage
Proprietary

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
PRIMARY GOVERNMENT							
Water Revolving Fund -							
2002 (a)	$ 34,792	$ 8,741	$ 26,051	$ --	$ --	$ --	-- %
2003	38,169	9,626	28,543	3,085	5,153	8,238	3.46
Illinois Student Assistance Commission -							
1994	$ 202,314 (b)	$ 13,053	$ 189,261	$ 140,680 (b)	$ 42,548	$ 183,228	1.03 %
1995	117,416 (c)	14,142	103,274	61,720 (c)	44,596	106,316	0.97
1996	124,164 (d)	15,338	108,826	61,025 (d)	47,692	108,717	1.00
1997	144,930 (e)	20,078	124,852	76,165 (e)	51,995	128,160	0.97
1998	107,397 (f)	21,125	86,272	29,995 (f)	57,604	87,599	0.98
1999	130,741 (g)	22,613	108,128	39,320 (g)	63,494	102,814	1.05
2000	149,636 (h)	24,956	124,680	39,765 (h)	21,832	61,597	2.02
2001	170,779 (i)	29,161	141,618	42,845 (i)	17,804	60,649	2.34
2002	130,634 (j)	37,869	92,765	44,405 (j)	49,855	94,260	0.98
2003	91,748	55,401	36,347	137,345	40,900	178,245	0.20
COMPONENT UNITS							
Illinois Housing Development Authority -							
1994	$ 329,589 (k)	$ 18,429	$ 311,160	$ 793,354 (k)	$ 149,209	$ 942,563	.33 %
1995	220,268 (l)	16,446	203,822	226,107 (l)	121,482	347,589	.59
1996	360,854 (m)	174,136	186,718	173,146 (m)	129,502	302,648	.62
1997	162,470	9,970	152,500	194,067	132,541	326,608	.47
1998	291,916	174,521	117,395	387,165	145,732	532,897	.22
1999	269,691	161,769	107,922	234,080	127,247	361,327	.30
2000	294,546	186,199	108,347	119,344	130,889	250,233	.43
2001	294,102	183,971	110,131	192,297	130,376	322,673	.34
2002	298,581	174,720	123,861	233,165	123,066	356,231	.35
2003	266,521	174,674	91,847	392,805	124,411	517,216	.18
Illinois State Toll Highway Authority -							
1994	$ 290,092	$ 127,132	$ 162,960	$ 21,545	$ 52,149	$ 73,694	2.21 %
1995	314,657	186,967	127,690	24,250	53,962	78,212	1.63
1996	325,410	167,580	157,830	25,750	54,354	80,104	1.97
1997	460,329 (n)	178,901	281,428	174,590 (n)	54,565	229,155	1.23
1998	330,713	124,470	206,243	26,610	51,553	78,163	2.64
1999	333,900	66,615	267,285	27,835	30,302	58,137	4.60
2000	342,681	146,725	195,956	33,580	46,258	79,838	2.45
2001	354,514	151,386	203,128	35,890	29,677	65,567	3.10
2002	365,506	160,687	204,819	37,575	38,068	75,643	2.71
2003	372,046	165,469	206,577	39,360	30,351	69,711	2.96

Revenue Bond Coverage
Proprietary (continued)

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
COMPONENT UNITS (continued)							
Illinois Rural Bond Bank -							
1994	$ 2,528	$ 642	$ 1,886	$ 1,135	$ 1,730	$ 2,865	.66 %
1995	3,068	564	2,504	1,325	2,455	3,780	.66
1996	3,338	511	2,827	1,875	2,932	4,807	.59
1997	3,940	730	3,210	2,130	3,469	5,599	.57
1998	5,966	1,016	4,950	2,975	4,410	7,385	.67
1999	7,136	1,349	5,787	3,295	4,503	7,798	.74
2000	7,000	696	6,304	4,190	6,019	10,209	.62
2001	6,262	613	5,649	5,095	4,870	9,965	.57
2002	4,927	699	4,228	10,815	4,841	15,656	.27
2003	4,303	552	3,751	8,255	4,714	12,969	.29

(a) The first year a Water Revolving Fund Bond was issued, dated June 27, 2002.
(b) The Commission redeemed $135.86 million of principal with bond proceeds in February 1994.
(c) The Commission redeemed $49.695 million of principal with bond proceeds in February 1995.
(d) The Commission redeemed $49.9 million of principal with bond proceeds in February 1996.
(e) The Commission $68.0 million of principal with bond issuance of $23.7 million in February 1997 and $44.3 million in May 1997.
(f) The Commission redeemed $19.3 million of principal with bond issuance proceeds in February 1998.
(g) The Commission redeemed $34.6 million of principal with bond issuance proceeds in February 1999.
(h) The Commission redeemed $34.8 million of principal with bond issuance proceeds in February 2000.
(i) The Commission redeemed $29.5 million of principal with bond issuance proceeds in November 2000.
(j) The Commission redeemed $33.6 million of principal with bond issuance proceeds in January 2002.
(k) The Authority redeemed $146.645 million of principal with bond proceeds throughout the year.
(l) The Authority redeemed $57.625 million of principal with the bonds proceeds in November 1994.
(m) The Authority redeemed $32.44 million of principal with bond proceeds in November 1995.
(n) The Authority issued $148.3 million of revenue bonds in October 1996, to current refund of $144.3 million of revenue bonds.

Revenue Bond Coverage *
University

For the Last Ten Fiscal Years (Expressed in Thousands Except Coverage Data)

Fiscal Year	Revenues/ Other Additions	Expenditures/ Other Deductions	Net Revenue/ Additions Available for Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
1994	$ 361,832	$ 295,495	$ 66,337	$ 21,600	$ 27,224	$ 48,824	1.36 %
1995	362,303	291,301	71,002	21,495	29,232	50,727	1.40
1996	457,926	383,897	74,029	25,059	28,754	53,813	1.38
1997	787,489	685,854	101,635	28,161	32,229	60,390	1.68
1998	833,590	720,247	113,343	32,520	39,139	71,659	1.58
1999	809,991	716,821	93,170	31,375	39,189	70,564	1.32
2000	959,945	854,789	105,156	32,797	43,728	76,525	1.37
2001	927,126	816,287	110,839	39,398	45,371	84,769	1.31
2002	886,410	757,841	128,569	47,015	42,729	89,744	1.43
2003	944,366	800,749	143,617	38,430	44,474	82,904	1.73

* Chicago State, Eastern, Northeastern, Western, Illinois State, Northern, Southern Illinois, and the University of Illinois. The above amounts do not include student tuition and fees which are generally available, if necessary, to cover bond debt service requirements. The tuition and fees amounts, if included, would significantly increase debt service coverage.

State of Illinois

Population by Age Group

	ILLINOIS			
	1990	Percent	2000	Percent
Under 5 years	848,141	7.4 %	876,549	7.0 %
5 -19 years	2,451,088	21.5	2,728,957	22.0
20 - 44 years	4,553,416	39.8	4,646,387	37.5
45 - 64 years	2,141,412	18.7	2,667,375	21.5
65 years and over	1,436,545	12.6	1,500,025	12.0
Total	11,430,602	100.0 %	12,419,293	100.0 %

	UNITED STATES			
	1990	Percent	2000	Percent
Under 5 years	18,354,443	7.4 %	19,175,798	6.8 %
5 - 19 years	56,976,857	22.9	61,297,467	21.8
20 - 44 years	95,765,733	38.5	104,004,252	37.0
45 - 64 years	46,371,009	18.6	61,952,636	22.0
65 years and over	31,241,831	12.6	34,991,753	12.4
Total	248,709,873	100.0 %	281,421,906	100.0 %

Sources: ***Illinois Bureau of the Budget, Data From 1990 Census***
Illinos Department of Commerce and Community Affairs, Data from 2000 Census
U.S. Census Bureau - Data from 2000 Census

State of Illinois

Total Personal Income

For the Last Ten Fiscal Years

			Per Capita Personal Income	
Year	Amount (millions)	Percent Change	Illinois	United States
1994	$ 280,448	3.86 %	$ 23,748	$ 22,077
1995	297,871	6.21	25,005	23,041
1996	313,082	5.11	26,072	23,889
1997	331,227	5.80	27,370	25,007
1998*	351,551	6.14	28,849	26,329
1999*	368,537	4.83	30,031	27,591
2000*	386,624	4.91	31,283	28,965
2001*	410,295	6.12	33,037	30,471
2002*	415,740	1.33	33,205	30,777
2003*	423,107	1.77	33,578	31,390

* Due to revisions in the Survey of Current Business, the results of the survey beginning in 1998 and after are not comparable to earlier reports.

Source: ***Survey of Current Business, U.S. Department of Commerce***

State of Illinois

Employment/Unemployed

For the Last Ten Fiscal Years

Year	Total Employment	Unemployment: Unemployed	Unemployment: Rate (Percent)
1994	5,627,506	399,996	6.6
1995	5,753,199	317,745	5.2
1996	5,814,414	325,368	5.3
1997	5,880,276	305,227	4.9
1998	5,926,448	284,504	4.6
1999	6,029,562	271,938	4.3
2000	6,194,130	275,545	4.3
2001	6,202,061	311,381	4.8
2002	6,035,303	387,815	6.0
2003	5,960,701	415,719	6.5

Source: U.S. Department of Labor, Bureau of Labor Statistics Employment and Earnings

State of Illinois

Employment by Industry

For the Last Ten Fiscal Years (Expressed in Thousands)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Natural Resources and Mining	14	14	13	12	11	11	10	10	10	10
Construction	209	219	226	233	238	251	265	273	277	276
Manufacturing	870	887	896	900	907	893	878	851	779	744
Transportation Trade and Utilities	1,154	1,180	1,195	1,204	1,211	1,224	1,239	1,249	1,209	1,194
Information	136	139	140	145	149	149	149	155	150	146
Financial Activities	382	377	377	390	399	402	405	404	402	402
Professional and Business Services	617	651	675	707	756	802	826	834	794	788
Educational and Health Services	599	612	628	641	651	663	673	688	705	716
Leisure and Hospitality	422	438	456	458	465	478	483	490	490	494
Other Services	215	221	226	229	234	241	244	248	251	255
Government	777	795	803	808	811	820	834	843	859	856
Total	5,395	5,533	5,635	5,727	5,832	5,934	6,006	6,045	5,926	5,881

Source: U.S. Department of Labor

State of Illinois

Contracts for Future Construction And Residential Building Activity

For the Last Ten Fiscal Years

Year	Contracts For Future Construction (millions)	Residential Building Activity Permits	Residential Building Activity Valuation (millions)
1994	$ 11,041	47,168	$ 4,891
1995	11,182	48,506	4,918
1996	11,556	49,304	4,915
1997	11,666	49,248	5,128
1998	11,850	45,576	5,398
1999	15,377	49,547	5,891
2000	14,950	54,379	6,244
2001	16,384	51,047	6,739
2002	16,384	54,999	7,324
2003	18,546	58,148	8,194

Sources: Illinois Department of Commerce & Community Affairs

Dodge Division, McGraw Hill Information System Co.

State of Illinois

Sales of All Retail Stores Annual

For the Last Ten Fiscal Years (Expressed in Millions)

Year	Illinois*	Percent of Change Illinois*	Percent of Change United States
1994	$ 97,313	3.8 %	7.3 %
1995	101,481	4.3	6.7
1996	107,867	6.2	4.9
1997	110,779	2.7	4.2
1998	116,793	5.4	4.8
1999	122,500	4.9	7.2
2000	131,295	7.2	9.2
2001	133,488	1.7	4.6
2002	136,097	1.95	3.7
2003	134,943	0.9	4.1

* The U.S. Department of Commerce has discontinued their monthly state retail sales series. Fiscal years 1996, 1997, 1998 and 1999 were estimated, by the Illinois Department of Commerce and Community Affairs based on sales tax collections from the Illinois Department of Revenue. Fiscal years 2000 through 2003 amounts are actual.

Source: Illinois Department of Commerce & Community Affairs

State of Illinois

Cash Receipts from Farm Marketings

For the Last Ten Calendar Years (Expressed in Millions)

	Livestock					Crops					
Year	Cattle	Hogs	Dairy Products	Other Livestock and Products	Total Livestock and Products	Corn	Soybeans	Wheat	Other Crops	Total Crops	Total Livestock and Crops
1993	$ 780	$ 1,126	$ 313	$ 99	$ 2,318	$ 2,893	$ 2,378	$ 170	$ 473	$ 5,914	$ 8,232
1994	705	939	322	104	2,070	2,849	2,385	179	476	5,889	7,959
1995	609	892	304	101	1,906	3,410	2,448	251	466	6,575	8,481
1996	536	1,055	332	116	2,039	3,274	2,534	170	465	6,443	8,482
1997	507	1,014	297	111	1,929	3,359	3,031	182	498	7,070	8,999
1998 *	474	679	317	103	1,573	3,034	2,782	159	455	6,430	8,003
1999 *	487	647	296	96	1,526	2,443	2,049	97	455	5,044	6,570
2000 *	532	826	255	98	1,711	2,691	2,129	139	458	5,417	7,128
2001 *	528	920	301	94	1,843	2,960	2,132	111	489	5,692	7,535
2002 *	506	722	242	92	1,562	3,106	2,256	102	460	5,924	7,486

* Due to revisions in the Illinois Agricultural Statistics Service, the results of cash receipts from farm marketings statistics beginning in 1998 and after are not comparable to earlier reports.

Source: Illinois Agricultural Statistics Service, U.S. Department of Agriculture

State of Illinois

Largest Manufacturers
(Ranked by Number of Employees)

Company	Number of Employees	Number of Illinois Installations
Caterpillar, Inc.	24,000	30
Motorola, Inc.	20,000	63
Abbott Laboratories	17,200	21
General Electric Company	11,900	163
Philip Morris/Kraft Foods Inc.	9,000	46
Illinois Tool Works, Inc.	8,600	65
Archer Daniels Midland Company	8,500	95
Deere & Company	7,300	30
Lucent Technologies	7,000	17
Chicago Tribune Company	5,700	28
Ford Motor Company	5,300	31
General Motors Corporation	5,200	47
RR Donnelly & Sons	5,200	21
Honeywell Inc.	5,100	36
Pepsico/Quaker Oats/Frito-Lay	4,900	36
Baxter Healthcare Corporation	4,500	25
Hollinger Publishing (Sun Times)	4,400	25
United Technologies (Sunstrand, Otis Elev.)	4,200	28
Unilever	3,800	33
Maytag Corporation	3,600	11
Smurfit Stone Corporation	3,500	36
BP/Amoco	3,300	103
Quebecor World Printing	3,300	15
Pactiv	3,200	18
Cargill Incorporated/Excel	3,200	54

Source: Illinois Department of Commerce and Community Affairs

State of Illinois

Bituminous Coal Production Annual
For the Last Ten Calendar Years (Expressed in Millions of Tons)

Year	Surface	Underground	Total	Percent Total of U.S.
1993	7,937	34,207	42,144	6.2 %
1994	9,246	44,781	54,027	4.5
1995	6,878	42,659	49,537	5.3
1996	7,600	39,700	47,300	4.0
1997	6,300	35,000	41,300	4.5
1998	4,415	39,224	43,639	3.8
1999	3,637	36,679	40,316	3.5
2000	3,810	29,731	33,541	3.1
2001	5,739	28,054	33,793	3.0
2002	6,382	27,064	33,446	3.1

Source: Illinois Department of Natural Resources