

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
JUNE 30, 2004

FINANCIALS



DANIEL W. HYNES
COMPTROLLER

www.ioc.state.il.us

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

COVER PHOTO

Illinois Wildlife — Red Fox



The red fox is found throughout Illinois, but are most common in the northern two-thirds of the state. During late spring or early summer, densities of up to three red fox per square mile can be found in the best habitats. A red fox can run at speeds of more than 30 miles per hour when pursued, and are good swimmers. At birth, red fox pups are blind and helpless, and weigh approximately 3 1/2 ounces. Litter sizes vary with an average of 4-6 pups, with both parents helping in their care. Once fully grown, young males may travel an average of 25 miles from where they are born, while young female fox stay close to home and can have a litter of their own at one year of age.

STATE OF ILLINOIS

Comprehensive Annual Financial Report

~ 2004 ~

For Fiscal Year Ended June 30, 2004

Comptroller Daniel W. Hynes

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Introductory Section

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Comprehensive Annual Financial Report

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March 25, 2005

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, 2004. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2004, 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 GAAP basis financial position of the General Fund at June 30, 2004 improved from June 30, 2003. The fund balance in the State's General Fund increased by \$1.671 billion on a GAAP basis (from a deficit of \$4.166 billion, to a deficit of \$2.495 billion). On the *budgetary basis*, there was a \$410 million deficit fund balance at June 30, 2004 compared to a \$1.094 billion deficit fund balance at June 30, 2003, a \$684 million increase. In addition, the *unreserved* fund deficit on a GAAP basis increased by \$1.846 billion from a deficit of \$4.490 billion, as restated, to a deficit of \$2.644 billion.

As described below, due to continued weakness in its fiscal condition during fiscal years 2004 and 2005, Illinois undertook various initiatives to increase revenues and to limit spending.

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.

On July 1, 2003, \$7.3 billion was transferred to the retirement systems from the Pension Contribution Fund. The remaining \$1.9 billion was held for transfer to the General Revenue Account as fiscal year 2004 retirement contributions were paid throughout the year. On March 17, 2004, the remaining \$465 million balance in the Pension Contribution Fund that had not been transferred to the General Revenue Account was forwarded to the retirement systems.

Revenue Enhancements

A wide variety of fees collected by the Secretary of State, agencies that regulate banks, insurance companies of other financial institutions, the Environmental Protection Agency and the Industrial Commission were increased during the fiscal year. Many of the excess revenues collected by the fees were transferred to the State's General Fund.

The State also promoted a tax amnesty program which ran from October 1, 2003, through November 17, 2003 which generated over \$500 million in revenues. Other taxes which were implemented or modified for increased revenues during the fiscal year included:

- Riverboat gambling taxes which were increased with the maximum rate going from 50% to 70% of annual adjusted gross receipts. This increase is effective for fiscal years 2004 and 2005 only.
- A new gas use tax levied effective October 1, 2003, on natural gas purchased outside of Illinois for use or consumption in the State.
- A new aircraft use tax implemented in fiscal year 2004 applying to the acquisition of aircraft to be used in the State.
- The restoration of the Illinois estate tax to the maximum credit that would have been granted an estate had the federal estate tax not been abolished. This restoration was effective for calendar year 2003.

In addition, 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, the elimination of certain 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 changes in the treatment for rolling stock 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.

For fiscal year 2005, the major revenue enhancement involved a program of income tax reforms. The reforms include increased business income reporting, tax shelter disclosure and changes in the determination of tax liability for companies with overseas operations. There were a few additional increases in fee rates including higher fees for the Illinois Identification card, replacement license plates, DUI convictions and a new delinquent registration fee.

These revenue enhancements were offset by a rollback in the rates for the commercial distribution fee (beginning in fiscal year 2006), Workers Compensation Premiums and water discharge fees. Legislation also restored some aspects of the rolling stock exemption that had been eliminated in fiscal year 2004 and re-established the graphic arts sales tax exemption, the manufacturer's sales tax purchase credit and the research and development credit against the income tax.

One new fee that will be a major revenue enhancer is the assessment on inpatient services imposed on hospitals. It requires a federal waiver and only applies to fiscal year 2005. The rate is \$84.19 per occupied bed per day.

Transfers to Defray Operating Costs

Beginning in fiscal year 2004, the Director of the Governor's Office of Management and Budget was statutorily authorized to transfer to the State's General Fund from most other funds of the State to help defray the State's operating costs. The transfers were allowable up to the lesser of 1) 8% of a fund's revenue during the year or 2) an amount that would reduce the balance in a fund to only 25% of the fund's balance at the beginning of the fiscal year. Over \$269 million was transferred to the General Fund through this process.

In addition, on July 1, 2003, \$145 million of "surplus balances" were transferred to the General Revenue Account pursuant to statutory authorization as a part of the fiscal year 2004 budget. During fiscal year 2005, an additional

\$195 million of surplus balances has been transferred pursuant to statutory authorization in the 2005 budget.

Federal Funding

In May 2003, the State received federal fiscal year 2003 and 2004 grants for \$211 million as a part of the Jobs and Growth Relief Enhancement Act of 2003. The State received the \$422 million from these grants in fiscal year 2004. The Act also included a temporary increase in Medicaid reimbursement rates from 50% to 53%.

Short-term Borrowing

In June 2004, the State borrowed \$850 million in short-term notes, with the debt service paid from the General Revenue Account in fiscal year 2005. This borrowing allowed the State to have resources in order to make payment on a backlog of Medicaid vouchers which allowed the State to take advantage of the additional Medicaid reimbursement rate from the federal government which expired June 30, 2004.

Spending Initiatives

One of the proposed 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 a projected \$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). In addition, the Jobs for Illinois Graduates program at the State Board of Education was consolidated into CEO. The overall savings from these consolidations was estimated to be just under \$16 million.
5. Executive Order No. 12 consolidated the Department of Nuclear Safety with the Illinois Emergency Management Agency which achieved an estimated cost savings of \$705 thousand 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 estimated 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 a projected \$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 generated an estimated savings of \$7 million in fiscal year 2004 and are projected to save 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.

Further agency consolidations have occurred to date during fiscal year 2005. Most significant is the consolidation of the Departments of Financial Institutions, Insurance, Professional Regulation and the Office of Banks and Real Estate into the Department of Financial and Professional Regulation.

The Governor also ended the State's pickup of merit compensation employees' share of pension contributions for fiscal year 2004 and did not grant pay raises to merit compensation employees.

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 with the offset program, the Office of the Comptroller has effected the recovery of almost \$25 million in fiscal year 2004.

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 cash balance in the General Funds decreased \$135 million to \$182 million during fiscal year 2004. The State's "cash basis" activity during fiscal year 2004 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 conducts an annual audit pursuant to the requirements set forth in the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This report is issued separately.

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, 2003. This is the twentieth

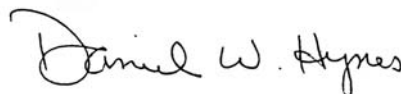
consecutive year that the State has received this prestigious award in governmental financial reporting. In order to be awarded a Certificate, the State of Illinois published an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted 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, 2003

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.

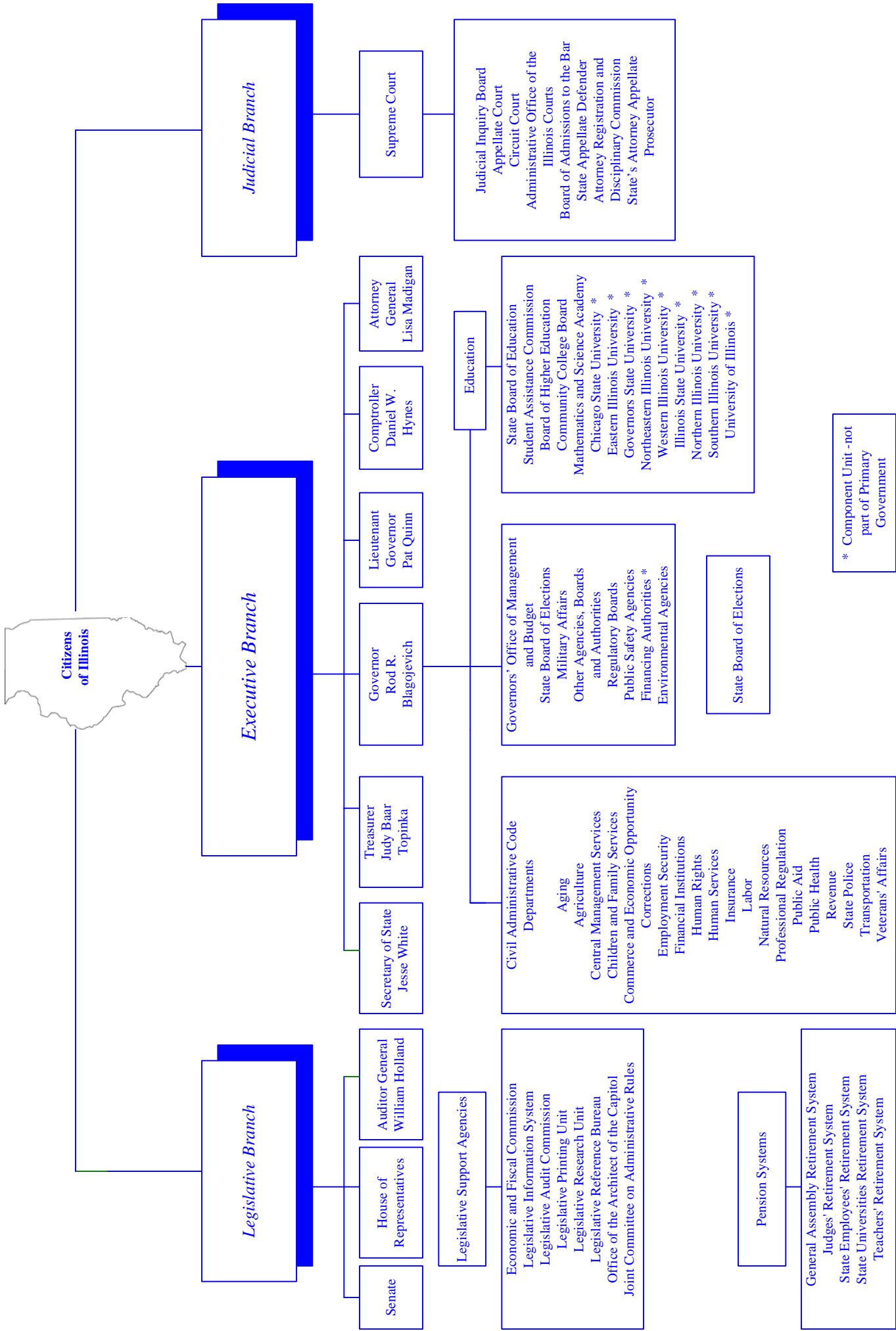


Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director



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Financial Section

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of and for the year ended June 30, 2004, which collectively comprise the State of Illinois' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

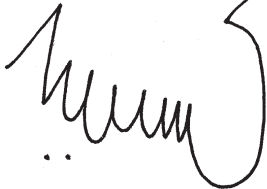
As discussed in Note 1 to the financial statements, the State of Illinois has adopted Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, An Amendment of GASB 14 and Governmental Accounting Standards Board Technical Bulletin 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*.

As discussed in Note 2, the financial statements have been restated as of July 1, 2003 for prior year reporting errors and for changes in accounting principles.

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

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

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



WILLIAM G. HOLLAND
Auditor General
State of Illinois



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

Springfield, Illinois
March 25, 2005

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, 2004. Please read it in conjunction with the transmittal letter and with the State's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Both statements report three activities:

- *Governmental Activities* – Most of the State's basic services are reported under this category. Taxes and intergovernmental revenues generally fund these services. The Legislature, the Judiciary, Elected Officials and the general operations of the Executive departments fall within the governmental activities.
- *Business-type Activities* – The State charges fees to customers to help it cover all or most of the cost of certain services provided by the State. Lottery tickets and the State's unemployment compensation services are examples of business-type activities.
- *Discretely Presented Component Units* – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The State has 12 authorities, 9 universities and 8 other organizations that are reported as discretely presented component units of the State.

Included within the basic financial statements are two schedules (pages 23 and 25) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). Modified accrual accounting focuses on the current financial resources, which are the resources available for spending in the near future (defined by the State as 60 days). Accrual accounting reports the total economic resources similar to a private-sector business. The following summarizes the impact of transitioning from modified accrual to accrual accounting:

- Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds statements.
- Prepaid expenses for governmental activities are current uses of financial resources of funds and therefore are not reported in the governmental funds statements.
- Deferred issuance costs are capitalized and amortized as governmental activities, but reported as expenditures in the governmental funds statements.
- Certain revenues that are earned, but not available, are reported as revenues of governmental activities, but are reported as 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 fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental funds statements.

The Notes to the Basic Financial Statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 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 117. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – with each using a different accounting method.

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

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

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

Fiduciary funds – The State acts as a trustee or fiduciary for its employee pension plans. The State is also responsible for other assets that, because of a trust arrangement or other contractual arrangement, can be used only for the trust beneficiaries. The State’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets beginning on page 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) net change in fund balances at fiscal year-end, and funding progress of the State’s retirement systems.

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE

The State’s combined net assets decreased \$2.675 billion during the current fiscal year. The net assets of the State’s governmental activities decreased \$2.531 billion or 19.7% and the net assets of the State’s business-type activities decreased \$144 million or 6.8%. The following condensed financial information was derived from the government-wide Statement of Net Assets and reflects the State’s financial position as of June 30, 2004:

	Net Assets as of June 30 (in millions of dollars)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Assets:						
Current and other non-current assets	\$ 9,065	\$ 18,897	\$ 7,246	\$ 6,147	\$ 16,311	\$ 25,044
Capital assets	17,086	16,632	3	4	17,089	16,636
Total assets	26,151	35,529	7,249	6,151	33,400	41,680
Liabilities:						
Other liabilities	7,389	9,715	244	248	7,633	9,963
Long-term liabilities	34,172	38,693	5,032	3,786	39,204	42,479
Total liabilities	41,561	48,408	5,276	4,034	46,837	52,442
Net assets:						
Invested in capital assets, net of related debt	11,809	11,633	3	4	11,812	11,637
Restricted	913	1,855	2,323	1,976	3,236	3,831
Unrestricted	(28,132)	(26,367)	(353)	137	(28,485)	(26,230)
Total net assets	<u>\$(15,410)</u>	<u>\$(12,879)</u>	<u>\$ 1,973</u>	<u>\$ 2,117</u>	<u>\$(13,437)</u>	<u>\$(10,762)</u>

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 (\$10.444 billion) and bonds payable obligation (\$26.749 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 decreased \$8.280 billion from \$41.680 billion at June 30, 2003, to \$33.400 billion at June 30, 2004, due mainly to the cash outflow of \$9.177 billion in resources from the Pension Contribution Fund to the State's retirement systems. These resources were accumulated from the fiscal year 2003 pension bond sale and were used to fund approximately \$1.860 billion of the State's fiscal year 2004 retirement system contributions and to decrease the State's unfunded liability to the retirement systems by approximately \$7.317 billion. The State's decrease in liabilities of \$5.605 billion from \$52.442 billion at June 30, 2003 to \$46.837 billion at June 30, 2004, resulted mainly from the decrease in the State's net pension obligation of \$5.663 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)**

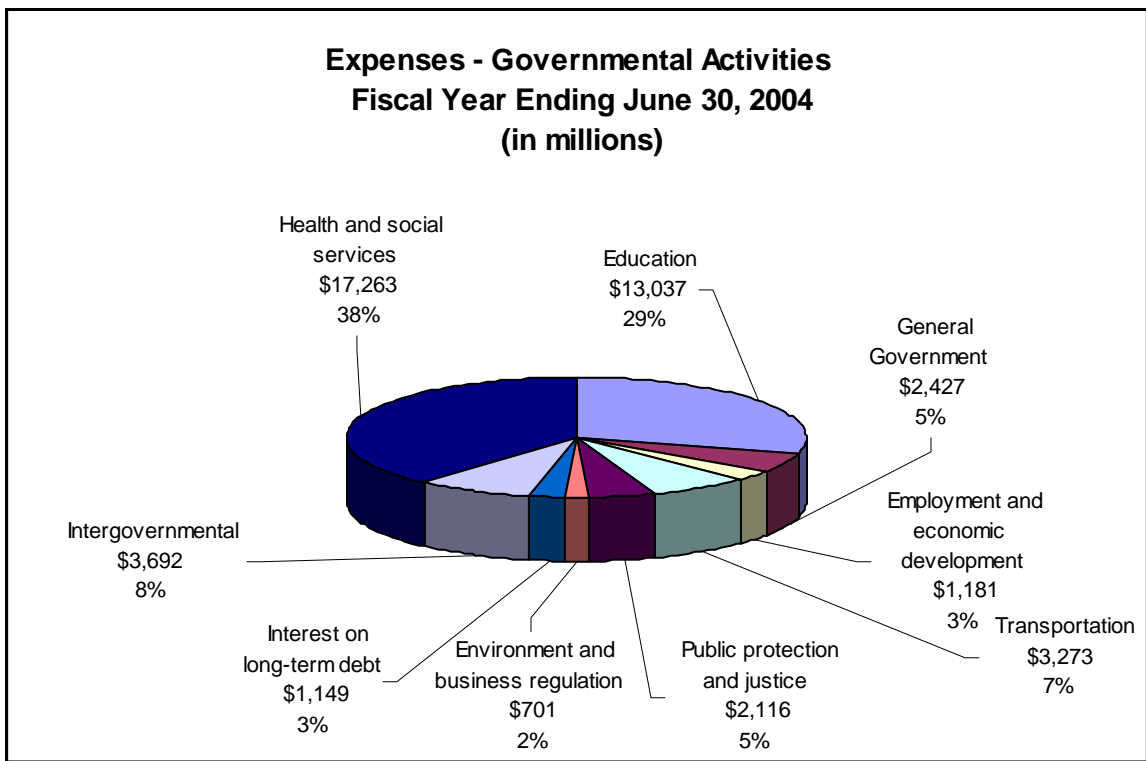
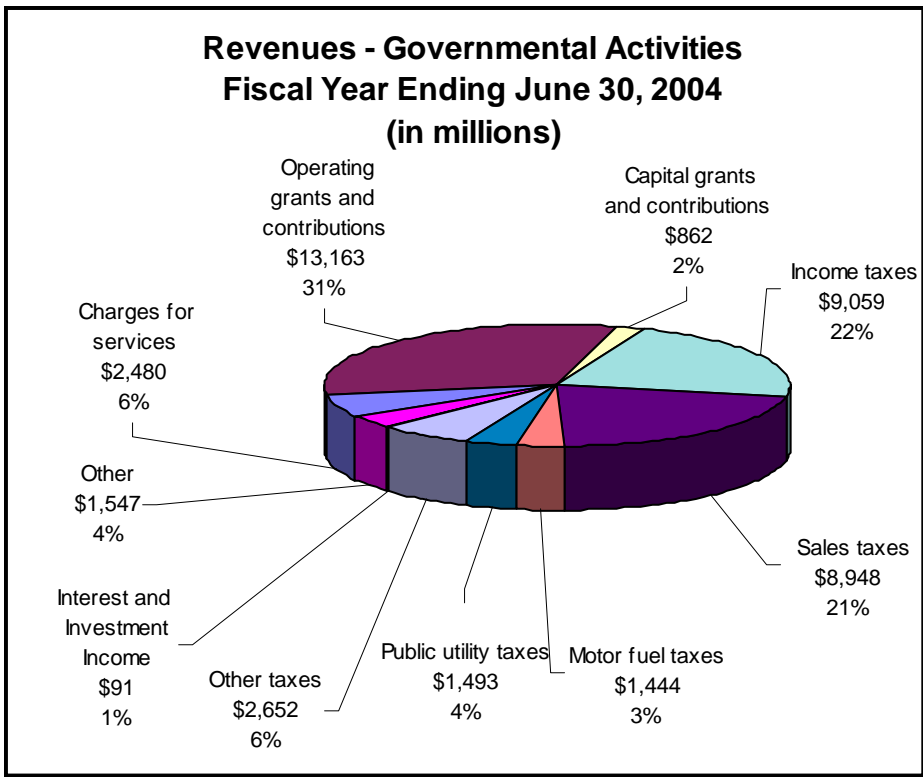
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2004	2003	2004	2003	2004	2003	2003 to 2004
Revenues							
Program revenues							
Charges for services	\$ 2,480	\$ 2,074	\$ 4,689	\$ 4,207	\$ 7,169	\$ 6,281	14.1%
Operating grants and contributions	13,163	11,941	140	156	13,303	12,097	10.0%
Capital grants and contributions	862	720			862	720	19.7%
General revenues							
Income taxes	9,059	8,390			9,059	8,390	8.0%
Sales taxes	8,948	8,351			8,948	8,351	7.1%
Motor fuel taxes	1,444	1,326			1,444	1,326	8.9%
Public utility taxes	1,493	1,617			1,493	1,617	(7.7%)
Other taxes	2,652	2,591			2,652	2,591	2.4%
Interest and investment earnings	91	125	7	33	98	158	(38.0%)
Miscellaneous	1,547	1,344			1,547	1,344	15.1%
Total revenues	41,739	38,479	4,836	4,396	46,575	42,875	8.6%
Expenses							
Health and social services	17,263	16,072			17,263	16,072	7.4%
Education	13,037	12,622			13,037	12,622	3.3%
General government	2,427	2,450			2,427	2,450	(0.9%)
Employment and economic development	1,181	1,311			1,181	1,311	(9.9%)
Transportation	3,273	3,569			3,273	3,569	(8.3%)
Public protection and justice	2,116	2,116			2,116	2,116	0.0%
Environment and business regulation	701	797			701	797	(12.0%)
Unemployment compensation fund			2,672	3,054	2,672	3,054	(12.5%)
Water revolving fund			18	16	18	16	12.5%
Designated account purchase program fund			111	112	111	112	(0.9%)
Insurance programs			319	281	319	281	13.5%
Lottery			1,145	1,054	1,145	1,054	8.6%
Prepaid tuition programs			36	26	36	26	38.5%
Other business-type activities			110	148	110	148	(25.7%)
Intergovernmental	3,692	3,483			3,692	3,483	6.0%
Interest	1,149	673			1,149	673	70.7%
Total expenses	44,839	43,093	4,411	4,691	49,250	47,784	3.1%
Excess (deficiency) before transfers	(3,100)	(4,614)	425	(295)	(2,675)	(4,909)	(45.5%)
Transfers	569	529	(569)	(529)	-	-	0.0%
Increase (decrease) in net assets	(2,531)	(4,085)	(144)	(824)	(2,675)	(4,909)	(45.5%)
Net assets - beginning - restated	(12,879)	(8,794)	2,117	2,941	(10,762)	(5,853)	83.9%
Net assets - ending	\$(15,410)	\$(12,879)	\$ 1,973	\$ 2,117	\$(13,437)	\$(10,762)	24.9%

Governmental Activities:

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

- *Health and social services* – The health and social services function consists of programs such as Medicaid, Temporary Assistance for Needy Families (TANF) and Child Support Enforcement which are administered mostly by the Department of Public Aid, the Department of Human Services and the Department of Children and Family Services.
- *Education* – The education function consists of support for local public school districts and post-secondary institutions administered mostly by the State Board of Education, the State Board of Higher Education and the Illinois Community College Board.
- *General government* – The general government consists of the day-to-day operations of the State performed mostly by the Elected Officials, Members of the General Assembly, the Department of Central Management Services and the Department of Revenue.
- *Employment and economic development* – The employment and economic development function consists of job training for citizens and support for the growth of public sector commerce administered mostly by the Department of Commerce and Economic Opportunity.
- *Transportation* – The transportation function consists of support for building and maintaining infrastructure capital assets owned by the State and owned by local governments of the State which is administered mostly by the Department of Transportation.
- *Public protection and justice* – The public protection and justice function consists of law enforcement functions of the State and other public safety regulatory programs performed mostly by the Department of Corrections and the Department of State Police.
- *Environment and business regulation* – The environment and business regulation function consists of regulation of the environment of the State and regulation of various business types in the State performed mostly by the Environmental Protection Agency, the Department of Commerce and Economic Opportunity, the Department of Natural Resources, the Department of Financial 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 \$3.260 billion during fiscal year 2004 with the largest revenue increases consisting of \$1.222 billion in operating grant revenues, \$669 million in income tax revenue, and \$597 million in sales tax revenue. The increases in operating grant revenue were largely a result of increased Medicaid receipts from the federal government while the tax increases were a result of the mild economic recovery which occurred during the fiscal year. The State's governmental activities expenses increased \$1.746 billion during fiscal year 2004 with the largest portion resulting from \$746 million in increased Medicaid payments and \$476 million in interest expense due to the first full year of outstanding general obligation bonds related to the \$10 billion in pension bond issuance.

Business-type Activities:

Net assets of business-type activities decreased \$144 million during the fiscal year 2004. The main factor contributing to this decrease was a loss of \$344 million in the Unemployment Compensation Trust Fund. This loss in conjunction with the fiscal year 2003 loss of \$1.026 billion and the fiscal year 2002 loss of \$787 million has caused the State to explore various borrowing techniques and rate increases to finance the State's unemployment program.

FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS

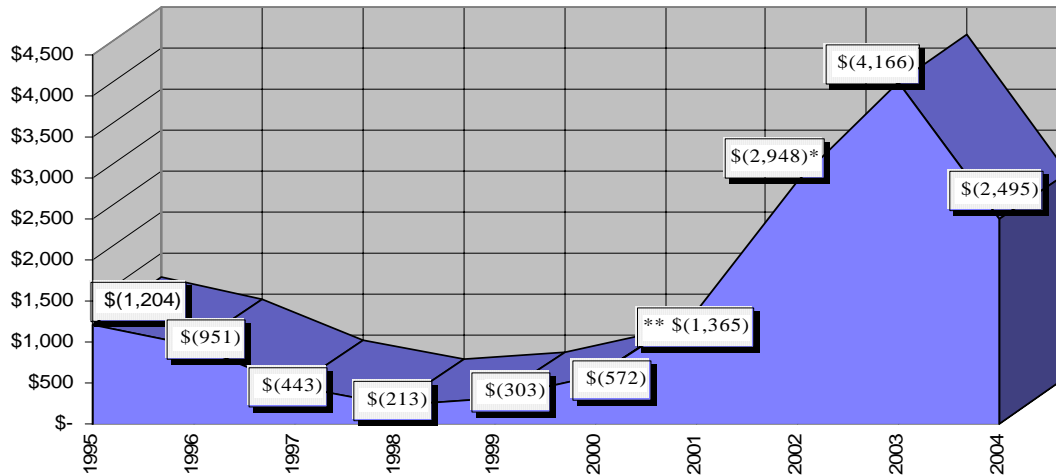
General Fund

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.

The General Fund's assets at June 30, 2004, were \$3.615 billion, which is a decrease of \$262 million from the June 30, 2003, balance of \$3.877 billion. Intergovernmental receivables decreased by \$579 million which was offset by an increased cash balance of \$316 million. The intergovernmental receivables decreased, as discussed further below, due to the elimination of a substantial part of the backlog of Medicaid payments in June 2004 which resulted in less reimbursements due from the federal government.

The General Fund's liabilities at June 30, 2004, were \$6.110 billion, which is a decrease of \$1.933 billion from the June 30, 2003, balance of \$8.043 billion. The factors that determine a significant portion of the General Fund liabilities are the accrued liabilities payable from future year's appropriations. One of the largest components of those liabilities is Section 25 of the State Finance Act (Section 25) deferrals. The Section 25 deferrals have traditionally consisted mostly of Medicaid program liabilities. After falling substantially from 1995 through 1997, Section 25 liabilities increased for six fiscal years reaching \$752 million at June 30, 1998, \$894 million at June 30, 1999, \$1.075 billion at June 30, 2000, \$1.118 billion at June 30, 2001, \$1.436 billion at June 30, 2002, and \$1.849 billion at June 30, 2003. At June 30, 2004, the Section 25 liabilities were \$1.348 billion, a decrease of \$501 million. However, the reason for the decrease in Section 25 liabilities during the

**General Fund Deficits
FY 1995-2004 (in millions)**



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

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

fiscal year was the issuance of \$850 million in general obligation certificates in June 2004, which were used to pay a backlog of Medicaid payments that in previous fiscal years would have been carried into the next fiscal year and have been a part of the Section 25 liabilities. In addition, other accounts payable and intergovernmental payables decreased \$874 million due to vendor payments held due to lack of cash at June 30, 2003. Also, the General Fund's \$850 million in general obligation certificates outstanding at June 30, 2004, was \$650 million less than the \$1.5 billion outstanding at June 30, 2003.

During fiscal year 2004, the General Fund GAAP balance increased to a deficit of \$2.495 billion from a deficit of \$4.166 billion, a \$1.671 billion increase in fund balance. The \$1.671 billion increase was \$2.889 billion greater than the fiscal year 2003 decrease of \$1.218 billion.

During fiscal year 2004, General Fund revenues increased \$2.386 billion to \$26.160 billion for fiscal year 2004 (from \$23.774 billion in fiscal year 2003) due to increases in income tax and sales tax revenues of \$489 million and \$474 million, respectively; increases in federal government revenues of \$961 million mostly from increased Medicaid reimbursements; and increases in license and fee revenue of \$210 million. General Fund expenditures increased \$967 million to \$25.809 billion in fiscal year 2004 (from \$24.842 billion in fiscal year 2003) mostly due to increased spending on Medicaid. In addition, net transfers into the General Fund increased \$1.465 billion largely as a result of \$1.141 billion more in transfers from the Pension Contribution Fund in fiscal year 2004.

Road Fund

The Road Fund incurred a \$148 million loss in the current year and has a \$132 million fund balance. The current year loss was caused mainly by transfers to the State's General Fund. The Road Fund has an unreserved fund deficit of \$908 million.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund ended fiscal year 2004 with a \$126 million fund balance (all unreserved) after incurring a \$3 million gain.

State Construction Account

The State Construction Account's fund balance increased \$72 million in fiscal year 2004 to an ending fund balance of \$344 million. The unreserved portion of the State Construction Account's fund balance is a deficit of \$68 million. Expenditures in the fund 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. The entire \$9.2 billion in fund balance at June 30, 2003, was sent to the State's retirement systems in fiscal year 2004. Approximately \$1.9 billion of the resources was contributed for fiscal year 2004 statutorily required contributions. The remaining \$7.3 billion was allocated among the State's five retirement systems in proportion to their unfunded actuarial liability at June 30, 2002.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2004, the State had \$17.086 billion in capital assets, net of accumulated depreciation, in the following categories:

Capital Assets as of June 30 (net of depreciation, in millions of dollars)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Land and land improvements	\$ 2,393	\$ 2,305			\$ 2,393	\$ 2,305
Site improvements	334	275			334	275
Buildings and building improvements	2,275	2,231	\$ 1	\$ 1	2,276	2,232
Equipment	227	277	2	3	229	280
Infrastructure	11,733	11,300			11,733	11,300
Other	37	38			37	38
Subtotal	16,999	16,426	3	4	17,002	16,430
Construction in progress	87	206			87	206
Total	\$ 17,086	\$ 16,632	\$ 3	\$ 4	\$ 17,089	\$ 16,636

Infrastructure assets consist of 69% of the State's net capital assets and comprise \$1.346 billion of the \$1.634 billion (82%) of the current year additions to capital assets. The State capitalizes and depreciates its roads and road improvements over a twenty year period and its bridges over a forty year period. More detailed information regarding the State's capital assets is presented in Note 7 of the financial statements on page 65.

Debt Administration:

Bonded Indebtedness

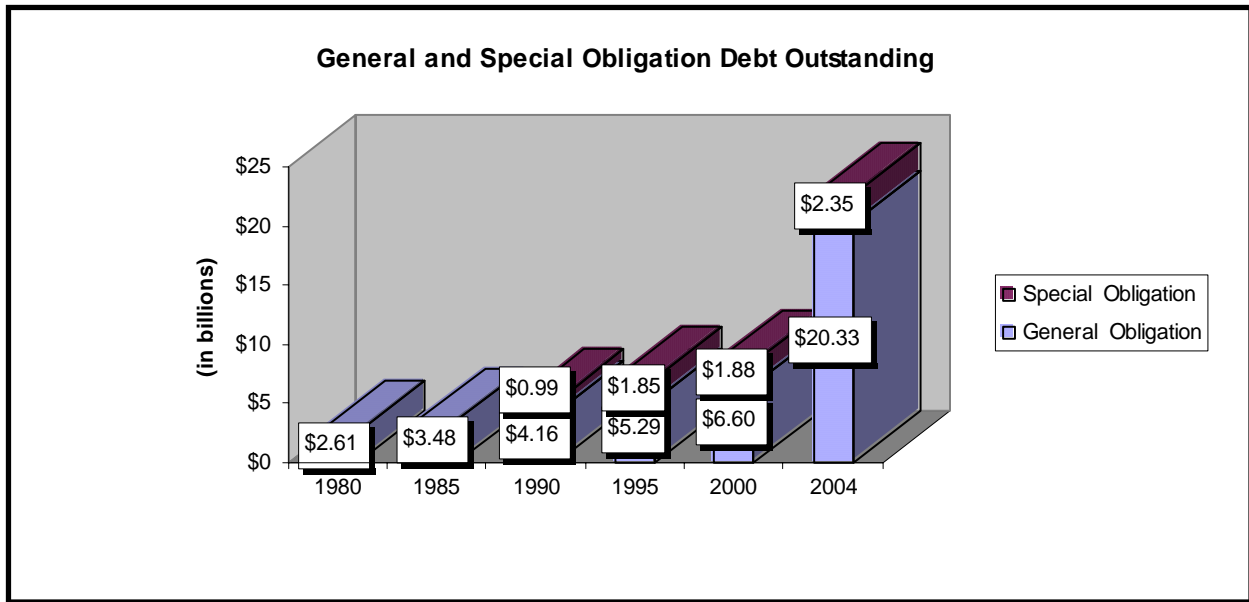
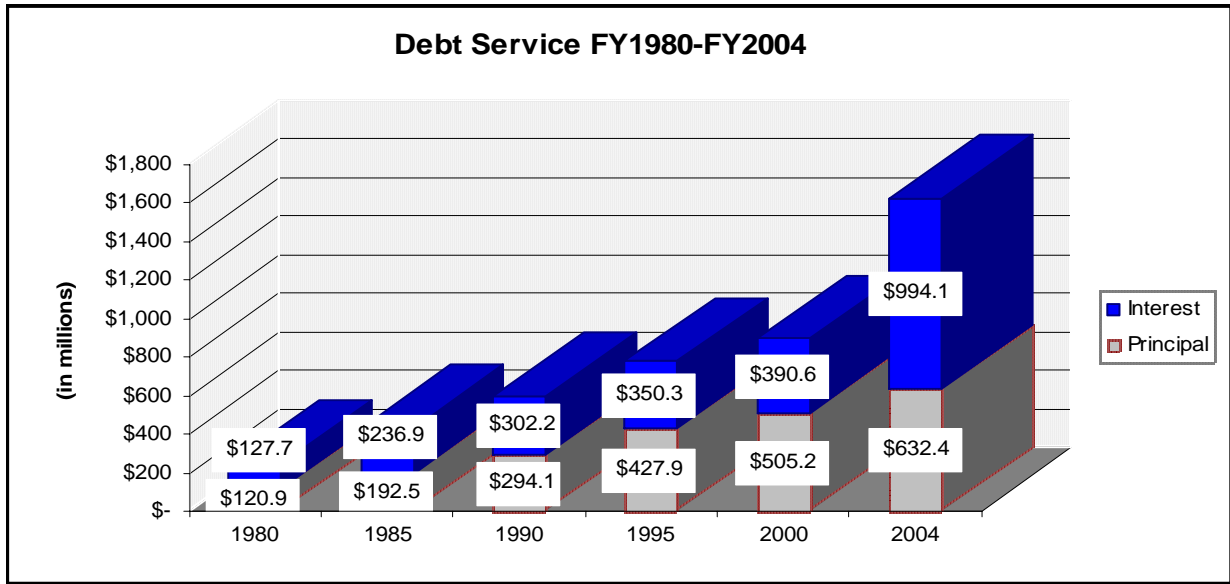
The State, certain State agencies and component units of the State are empowered by law to authorize, issue and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation bonds are also considered direct debt of the State but are not backed by the full faith and credit of the State. Rather, special obligation bonds are supported and repaid only by a dedicated State revenue source. Revenue bonds are not backed by the full faith and credit of the State but are backed by a specific revenue stream. Some revenue bonds can be considered moral obligation debt which means that if resources from the specified revenue stream are insufficient to support the debt service, the State is then obligated. Also, some revenue bonds are classified as indirect debt which means that the asset is the property of a local government but part of the payment of the debt service comes from State resources. Lastly, some revenue bonds can be considered conduit debt which implies no obligation for the State. More detailed information regarding the State's long-term debt obligations is presented in Notes 9, 10 and 11 to the financial statements beginning on page 70.

During the fiscal year ending June 30, 2004, the State issued general obligation bonds totaling \$1.8 billion including \$617.2 million to pay off amounts outstanding on previously issued bonds that carried higher interest costs. In addition, the State issued special obligation bonds totaling \$350.0 million. Lastly, the State issued revenue bonds totaling \$730.0 million including \$50.5 million to pay off amounts outstanding on previously issued bonds that carried higher interest costs.

Outstanding Bonded Debt as of June 30						
(in millions of dollars)						
Primary Government	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
	General obligation bonds (backed by the State)	\$ 20,335	\$ 19,600			\$ 20,335
Special obligation bonds (backed by specific fee revenue)	2,346	2,091			2,346	2,091
Revenue bonds (backed by specific tax and fee revenue)			\$ 3,786	\$ 3,260	3,786	3,260
	<u>\$ 22,681</u>	<u>\$ 21,691</u>	<u>\$ 3,786</u>	<u>\$ 3,260</u>	<u>\$ 26,467</u>	<u>\$ 24,951</u>

Illinois had outstanding general and special obligation bonds at June 30, 2004 totaling \$22.7 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. In addition, bonds have been issued to make fiscal year 2004 and a portion of fiscal year 2003 pension contributions to the State's retirement systems and to fund a portion of the State's unfunded portion of prior year's retirement liabilities. The amount of \$10.0 billion for pension purposes is included in the outstanding general obligation bonds as of June 30, 2004.

General and special obligation bonds, excluding refunding bonds, aggregating \$1.2 billion and \$350.0 million, respectively, were issued during fiscal year 2004 at interest rates ranging from 2.00% to 5.25%. Included in these bonds are \$600.0 million of variable rate general obligation bonds that carried a net synthetic fixed rate of 3.89% at June 30, 2004. Debt service principal of \$632.4 million and interest costs of \$994.1 million were paid and charged, respectively, in fiscal year 2004. The significant increase in interest costs in fiscal year 2004 is attributed to the first year of interest costs on the pension contribution general obligation bonds. The dramatic increase since fiscal year 1980 is displayed in the following chart:



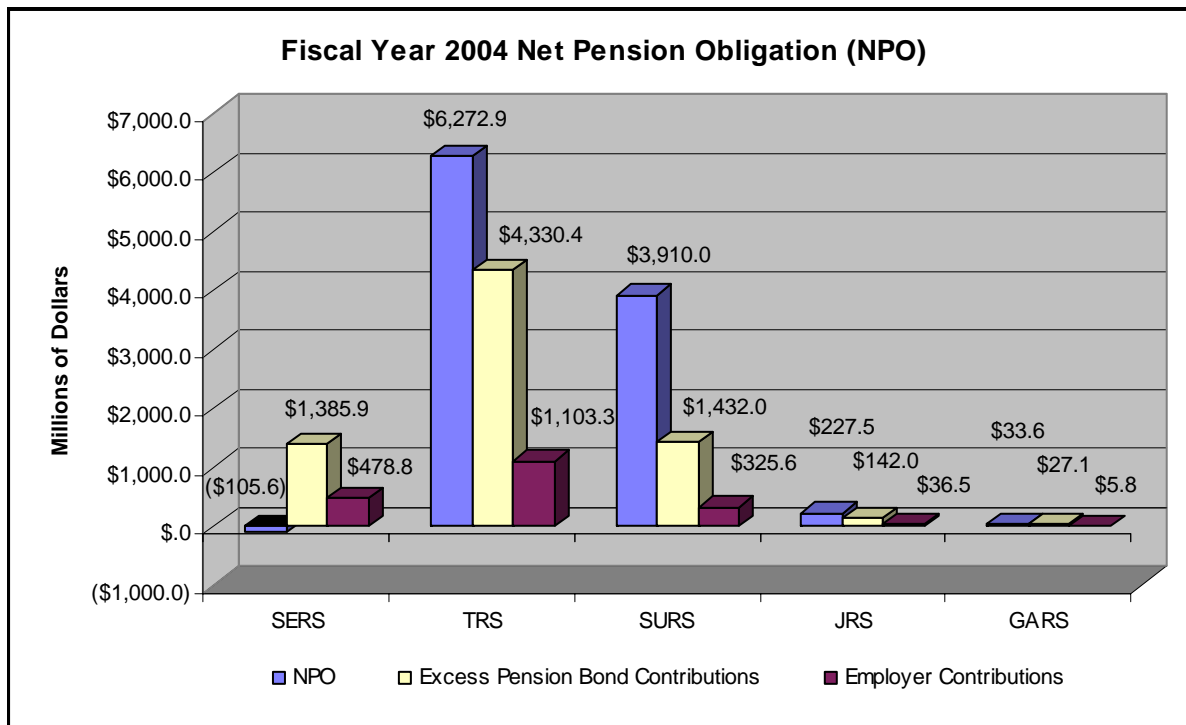
In addition to general and special obligation bonds, the primary government had \$850.0 million of general obligation certificates payable, \$3.8 billion of revenue bonds, \$685.5 million of notes payable and \$1.6 billion of other long-term obligations outstanding as of June 30, 2004.

Moody's Investors Services, Standard & Poor's and Fitch Ratings general obligation and special obligation-Build Illinois bond ratings did not change during fiscal year 2004. The State's bond rating from Moody's Investors Services remained at Aa3 on general obligation and special obligation-Build Illinois bonds. The State's bond rating from Moody's Investors Services for special obligation-Civic Center bonds of A1 has remained unchanged since the last issuance in fiscal year 2000. Standard & Poor's rating of AA for general obligation bonds and AAA for special obligation-Build Illinois bonds remained unchanged from fiscal year 2003. The State's bond rating of AA from Fitch Ratings remained unchanged from fiscal year 2003.

Retirement Systems

Besides general and special obligation bond indebtedness, the State's largest liability is its net pension obligation. During fiscal year 2004 this obligation decreased \$5.663 billion from \$16.001 billion at June 30, 2003, to \$10.338 billion at June 30, 2004. (The \$10.338 billion balance at June 30, 2004, consists of the \$10.444 billion net pension obligations to the General Assembly Retirement System, Judges' Retirement System, Teachers' Retirement System and the State University Retirement System less the \$106 million net pension asset at the State Employees Retirement System.) This decrease was a result of the State issuing general obligation bonds to transfer assets in excess of the State's statutory funding requirements to attempt to capitalize on the ability of the retirement systems to earn an investment rate of return in excess of the State's borrowing rate.

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



ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2004

Illinois ended its two year period of economic decline during fiscal year 2004 with a year of very modest economic growth. Although the Illinois unemployment rate decreased from 6.6% in fiscal year 2003 to 6.4% for 2004, it was the third consecutive year the Illinois unemployment rate remained in excess of 6%. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.811 million workers in fiscal year 2004, a decrease of 38,000 jobs or 0.7% below 2003 employment and 235,000 jobs or 3.9% 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).

A second Illinois employment estimate, obtained through a household survey, showed a slight increase in Illinois employment. According to this survey, Illinois employment was up 38,000 or 0.6% in fiscal year 2004, but still remained below the fiscal year 2002 employment level.

Manufacturing continues to be the hardest hit sector of the Illinois economy. Average fiscal year 2004 employment of 711,000 jobs was down 24,000 jobs or 3.3% from fiscal year 2003 and down 196,000 jobs or 21.6% 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 increased 1.2% in fiscal year 2004. A 3.4% increase in nominal personal income was reduced by a 2.2% increase in the consumer price index. This followed two years of decreasing real Illinois personal income, but was still the third lowest growth rate in Illinois real personal income over the past ten fiscal years.

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, 2004. If you have any questions about this report or need additional financial information, contact the Office of the Comptroller at (217) 782-6000.

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

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State of Illinois

Statement of Net Assets

June 30, 2004 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash equity with State Treasurer	\$ 4,973,567	\$ 537,432	\$ 5,510,999	\$ 369,917
Cash and cash equivalents	156,462	45,564	202,026	507,237
Investments	118,397	866,168	984,565	1,214,684
Receivables, net:				
Taxes	1,228,222	398,256	1,626,478	
Intergovernmental	1,757,320	54,844	1,812,164	8,030
Other	398,268	141,531	539,799	423,633
Unrestricted internal balances	(44,257)	44,257	-	
Due from fiduciary funds	164	822	986	268
Due from component units	17,842	168	18,010	381
Due from primary government				53,895
Inventories	87,564	3,325	90,889	40,519
Prepaid expenses	23,009	315	23,324	58,521
Unamortized bond issuance costs	61,600	1,396	62,996	31,404
Loans and notes receivable, net	79,856	987,321	1,067,177	1,603,663
Restricted assets:				
Cash equity with State Treasurer	51,249		51,249	58,256
Cash and cash equivalents	976	114,558	115,534	198,533
Investments	4,687	679,486	684,173	1,760,926
Taxes receivable	1,721		1,721	
Intergovernmental receivables	640		640	
Other receivables	218	53,434	53,652	14,481
Internal balances	(909)	909	-	
Inventories				35
Loans and notes receivable, net	32,266	3,316,009	3,348,275	58,383
Other assets	92		92	438
Other assets	116,309	150	116,459	95,392
Capital assets not being depreciated	2,517,009	190	2,517,199	1,318,844
Capital assets being depreciated, net	14,568,773	3,403	14,572,176	4,816,285
Total assets	26,151,045	7,249,538	33,400,583	12,633,725
LIABILITIES				
Accounts payable and accrued liabilities	3,341,957	172,725	3,514,682	498,723
Intergovernmental payables	2,773,785	57,871	2,831,656	3,100
Due to fiduciary funds	99,429	179	99,608	2,032
Due to component units	53,756	146	53,902	381
Due to primary government				15,478
Deferred revenues	267,177	13,486	280,663	261,884
General obligation certificates payable	852,869		852,869	
Liabilities payable from restricted assets				78,487
Other liabilities				61,760
Long term obligations:				
Due within one year	951,425	779,812	1,731,237	568,053
Due subsequent to one year	33,220,583	4,252,143	37,472,726	4,170,630
Total liabilities	41,560,981	5,276,362	46,837,343	5,660,528
NET ASSETS				
Invested in capital assets, net of related debt	11,809,115	3,539	11,812,654	3,869,984
Restricted for:				
Capital projects				44,185
Debt service	816,031	858,167	1,674,198	176,820
Municipal lending		1,426,556	1,426,556	
Education	5,810		5,810	
Employment and economic development	10,230		10,230	
Health and social services	6,275		6,275	
Public protection and justice	1,482		1,482	
Environment and business regulation	10,994		10,994	
Transportation	50,720		50,720	
Other purposes	8,514	37,720	46,234	389,797
Funds held as Permanent Investments:				
Nonexpendable purposes	2,343		2,343	758,460
Expendable purposes	539		539	719,258
Unrestricted net assets	(28,131,989)	(352,806)	(28,484,795)	1,014,693
Total net assets	\$ (15,409,936)	\$ 1,973,176	\$ (13,436,760)	\$ 6,973,197

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, 2004 (Expressed in Thousands)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
Health and social services	\$ 17,262,704	\$ 102,745	\$ 10,421,126	
Education	13,036,814	10,630	1,814,306	
General government	2,427,157	1,855,274	29,240	\$ 18,906
Employment and economic development	1,180,892	19,992	500,091	
Transportation	3,273,057	21,632	210,464	842,249
Public protection and justice	2,116,154	79,504	111,818	
Environment and business regulation	700,780	390,085	75,531	1,010
Intergovernmental	3,692,077			
Interest	1,149,157			
Total governmental activities	<u>44,838,792</u>	<u>2,479,862</u>	<u>13,162,576</u>	<u>862,165</u>
Business-type activities				
Unemployment compensation trust	2,672,436	2,336,187		
Water revolving	18,519	38,018	112,870	
Designated account purchase program	110,961	89,077	27,614	
Insurance programs	319,136	343,455		
Lottery	1,144,936	1,712,831		
Prepaid tuition program	35,771	50,263		
Other	110,330	118,992		
Total business-type activities	<u>4,412,089</u>	<u>4,688,823</u>	<u>140,484</u>	
Total primary government	<u>\$ 49,250,881</u>	<u>\$ 7,168,685</u>	<u>\$ 13,303,060</u>	<u>\$ 862,165</u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 295,804	\$ 111,912	\$ 177,433	
Toll Highway Authority	401,664	433,495		
Other Authorities	157,422	107,993	11,848	
Universities				
Illinois State University	378,625	162,104	25,501	\$ 6,154
Northern Illinois University	469,083	191,040	60,094	
Southern Illinois University	896,927	305,327	88,010	9,461
University of Illinois	3,874,151	1,241,672	809,749	59,126
Other Universities	780,621	252,423	95,135	11,297
Total component units	<u>\$ 7,254,297</u>	<u>\$ 2,805,966</u>	<u>\$ 1,267,770</u>	<u>\$ 86,038</u>
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				
Contributions to 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, 2003, as restated				
Net assets, June 30, 2004				

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
\$ (6,738,833)		\$ (6,738,833)	
(11,211,878)		(11,211,878)	
(523,737)		(523,737)	
(660,809)		(660,809)	
(2,198,712)		(2,198,712)	
(1,924,832)		(1,924,832)	
(234,154)		(234,154)	
(3,692,077)		(3,692,077)	
(1,149,157)		(1,149,157)	
<u>(28,334,189)</u>			
	\$ (336,249)	(336,249)	
	132,369	132,369	
	5,730	5,730	
	24,319	24,319	
	567,895	567,895	
	14,492	14,492	
	8,662	8,662	
	<u>417,218</u>		
		<u>(27,916,971)</u>	
			\$ (6,459)
			31,831
			(37,581)
			(184,866)
			(217,949)
			(494,129)
			(1,763,604)
			<u>(421,766)</u>
			<u>(3,094,523)</u>
9,059,096		9,059,096	
8,947,876		8,947,876	
1,402,081		1,402,081	
1,535,299		1,535,299	
2,652,067		2,652,067	
91,255	7,375	98,630	188,139
1,547,298	135	1,547,433	274,821
			3,032,867
			(4,000)
			52,456
<u>568,802</u>	<u>(568,802)</u>	<u>-</u>	
<u>25,803,774</u>	<u>(561,292)</u>	<u>25,242,482</u>	<u>3,544,283</u>
(2,530,415)	(144,074)	(2,674,489)	449,760
(12,879,521)	2,117,250	(10,762,271)	6,523,437
<u>\$ (15,409,936)</u>	<u>\$ 1,973,176</u>	<u>\$ (13,436,760)</u>	<u>\$ 6,973,197</u>

State of Illinois

**Balance Sheet -
Governmental Funds**

June 30, 2004 (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	\$ 1,372,435	\$ 290,779	\$ 122,030	\$ 252,192		\$ 2,853,591	\$ 4,891,027
Cash and cash equivalents	2,617	17,965		18,902		95,625	135,109
Investments	143					122,941	123,084
Receivables, net:							
Taxes	888,523		118,436			222,984	1,229,943
Intergovernmental	1,082,142	111,331				563,748	1,757,221
Other	125,724	43,512		192		220,916	390,344
Due from other funds	84,840	25,732		137,236		314,359	562,167
Due from component units	11,000					3,048	14,048
Inventories	32,388	24,798				18,878	76,064
Loans and notes receivable, net	13,362					98,760	112,122
Other assets	1,474					9,349	10,823
Total assets	\$ 3,614,648	\$ 514,117	\$ 240,466	\$ 408,522	\$ -	\$ 4,524,199	\$ 9,301,952
LIABILITIES							
Accounts payable and accrued liabilities	\$ 2,308,307	\$ 103,021	\$ 5,745	\$ 62,677		\$ 457,966	\$ 2,937,716
Intergovernmental payables	1,643,043	73,009	56,359	1,286		1,000,019	2,773,716
Due to other funds	503,301	188,832	44,646			167,136	903,915
Due to component units	30,088	3,265		375		20,019	53,747
Deferred revenues	762,196	13,170	8,075			531,964	1,315,405
General obligation certificates payable	852,869						852,869
Matured portion of long-term liabilities	10,286	528				11,565	22,379
Total liabilities	6,110,090	381,825	114,825	64,338	\$ -	2,188,669	8,859,747
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	103,644	1,013,756	67	412,007		1,770,697	3,300,171
Long-term portion of:							
Investments						512	512
Intergovernmental receivables		1,463					1,463
Other receivables		211				2,698	2,909
Loans and notes receivable	13,023					86,476	99,499
Other assets						9,161	9,161
Inventories	32,388	24,798				18,878	76,064
Debt service						792,078	792,078
Capital projects						10,395	10,395
Other						2,343	2,343
Unreserved:							
General fund	(2,644,497)						(2,644,497)
Special revenue funds		(907,936)	125,574	(67,823)		1,130,140	279,955
Capital projects funds						(1,488,387)	(1,488,387)
Permanent trust funds						539	539
Total fund balances (deficits)	(2,495,442)	132,292	125,641	344,184		2,335,530	442,205
Total liabilities and fund balances (deficits)	\$ 3,614,648	\$ 514,117	\$ 240,466	\$ 408,522	\$ -	\$ 4,524,199	\$ 9,301,952

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, 2004
(Expressed in Thousands)

Total fund balances-governmental funds		\$ 442,205
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,039,014
Prepaid expenses for governmental activities are current uses of financial resources for funds.		22,082
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.		61,600
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.		182,302
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		1,048,228
Certain pension trust funds have been funded in excess of the annual required contributions creating a year-end asset. This asset is not a current available resource and is not reported in the governmental funds.		105,578
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 in governmental activities in the Statement of Net Assets.		87,383
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	(10,444,067)	
General obligation bonds	(20,334,929)	
Special obligation bonds	(2,345,599)	
Unamortized premiums	(373,598)	
Unamortized discounts	2,688	
Other commitments	(36,062)	
Compensated absences	(404,498)	
Certificates of participation	(122,965)	
Workers' compensation	(147,433)	
Capital lease and installment purchase obligations	(21,017)	
Accrued interest	(170,848)	
	(34,398,328)	
Net assets of governmental activities		\$ (15,409,936)

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, 2004 (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	\$ 8,335,433					\$ 693,619	\$ 9,029,052
Sales taxes	6,522,217					2,421,435	8,943,652
Motor fuel taxes			\$ 1,334,794			74,167	1,408,961
Public utility taxes	1,041,840					447,619	1,489,459
Other taxes	1,741,357		9			910,034	2,651,400
Federal government	6,602,438	\$ 891,647				5,695,447	13,189,532
Licenses and fees	285,207	735,912	720	\$ 520,653		555,677	2,098,169
Interest and other investment income	56,221	3,486		2,179		28,881	90,767
Other	1,575,416	78,898				720,525	2,374,839
Total revenues	26,160,129	1,709,943	1,335,523	522,832		11,547,404	41,275,831
EXPENDITURES							
Current:							
Health and social services	13,549,549				\$ 346,936	3,634,058	17,530,543
Education	8,669,018				6,507,377	2,481,338	17,657,733
General government	1,585,936	223,649	62,709		162,320	299,564	2,334,178
Employment and economic development	133,115				43,654	1,033,618	1,210,387
Transportation	62,859	1,025,646	636,433	45,856	130,819	575,349	2,476,962
Public protection and justice	1,645,173	94,340			460,937	229,370	2,429,820
Environment and business regulation	135,741				84,006	531,601	751,348
Debt service:							
Principal	7,018	1,229	31	19,968		642,412	670,658
Interest	1,912	114		1,026		1,024,520	1,027,572
Capital outlays	18,791	459,960	212	587,065		563,069	1,629,097
Intergovernmental						3,692,077	3,692,077
Total expenditures	25,809,112	1,804,938	699,385	653,915	7,736,049	14,706,976	51,410,375
Excess (deficiency) of revenues over (under) expenditures	351,017	(94,995)	636,138	(131,083)	(7,736,049)	(3,159,572)	(10,134,544)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
General and special obligation bonds issued						1,525,000	1,525,000
Premiums on general and special obligation bonds issued						76,773	76,773
General and special obligation refunding bonds issued						617,175	617,175
Premiums on general and special obligation refunding bonds issued						63,171	63,171
Transfers-in	4,970,404	331,652		232,723		4,949,140	10,483,919
Transfers-out	(3,654,000)	(385,250)	(632,677)	(36,132)	(1,441,244)	(3,738,506)	(9,887,809)
Payment to refunded bond escrow agent						(678,668)	(678,668)
Proceeds from other financing sources				6,542			6,542
Capital lease financing	2,172	284				56	2,512
Net other sources (uses) of financial resources	1,318,576	(53,314)	(632,677)	203,133	(1,441,244)	2,814,141	2,208,615
Net change in fund balances	1,669,593	(148,309)	3,461	72,050	(9,177,293)	(345,431)	(7,925,929)
Fund balances (deficits), July 1, 2003, as restated	(4,165,772)	274,385	122,180	272,134	9,177,293	2,683,165	8,363,385
Increase (decrease) for changes in inventories	737	6,216				(2,204)	4,749
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (2,495,442)	\$ 132,292	\$ 125,641	\$ 344,184	\$ -	\$ 2,335,530	\$ 442,205

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, 2004
(Expressed in Thousands)

Net change in fund balances	\$ (7,925,929)
Change in inventories	4,749
	(7,921,180)

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.	547,052
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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:	
Bond obligations including net premiums of \$139,944	(2,282,119)
Other financing obligations	(6,542)
	(2,288,661)

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.	6,916
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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	632,382
Capital lease and installment purchase principal payments	10,553
Certificates of participation principal retirements	7,755
Other financing obligations principal payments	19,968
Payments to the bond refunding agent	678,668
	1,349,326

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.	(2,512)
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Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported as governmental activities in the Statement of Activities.	13,963
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	303,006
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Prepaid expenses in the Statement of Net Assets are not reported as expenses in governmental funds.	4,005
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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.	(87,151)
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Governmental funds report the effect of premiums, discounts and deferred amounts on refundings when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Deferred loss on current year refundings of debt	53,366
Redemption premiums for refundings of debt	(2,695)
Accrued interest paid to refunding agent	(51,173)
Amortization of bond premiums	42,014
Amortization of bond discounts	(121)
Amortization of bond issuance costs	(4,659)
Amortization of deferred loss on refundings of debt	(20,505)
	16,227

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Also some expenditures reported in governmental funds decrease the amount of certain long-term liabilities reported on the Statement of Net Assets and are therefore not reported as expenses in the Statement of Activities.	
Decrease in net pension obligation	5,662,939
Decrease in compensated absences obligation	223
Interest accreted on capital appreciation debt	(104,394)
Increase in workers' compensation obligation	(20,668)
Increase in accrued interest on obligations	(15,580)
Decrease in other obligations	6,074
	5,528,594

Change in net assets of governmental activities	\$ (2,530,415)
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The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Statement of Net Assets -
Proprietary Funds

June 30, 2004 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major			Non-major Enterprise Funds	Total	
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund			
ASSETS						
Cash equity with State Treasurer		\$ 355,301		\$ 182,131	\$ 537,432	\$ 133,789
Cash and cash equivalents	\$ 907	10,554	\$ 20,659	13,444	45,564	22,221
Investments	206,164	77,505	89	22,897	306,655	
Receivables, net:						
Taxes	398,256				398,256	
Intergovernmental	31,317	21,244		2,283	54,844	739
Other	74,384	37,302	150	29,695	141,531	8,142
Due from other funds	14,029			43,663	57,692	200,903
Due from component units	168				168	3,794
Loans and notes receivable, net		77,100			77,100	
Restricted assets:						
Cash and cash equivalents	4,884		109,674		114,558	
Investments			679,486		679,486	
Other receivables, net			53,434		53,434	
Due from other funds			909		909	
Loans and notes receivable, net		32,401	475,789		508,190	
Inventories				3,325	3,325	11,500
Prepaid expenses				315	315	927
Other assets			150		150	
Total current assets	730,109	611,407	1,340,340	297,753	2,979,609	382,015
Investments		62,224		497,289	559,513	
Loans and notes receivable, net		910,221			910,221	
Restricted assets:						
Cash and cash equivalents						108
Loans and notes receivable, net		381,055	2,426,764		2,807,819	
Unamortized bond issuance costs		1,396			1,396	
Capital assets not being depreciated				190	190	1,801
Capital assets being depreciated, net		101	159	3,143	3,403	44,967
Total assets	730,109	1,966,404	3,767,263	798,375	7,262,151	428,891
LIABILITIES						
Accounts payable and accrued liabilities	48,339	3,404	15,238	105,744	172,725	233,393
Intergovernmental payables	7,003	34,750		16,118	57,871	69
Due to other funds	2,820	68	49	9,855	12,792	3,586
Due to component units		145		1	146	9
Deferred revenues				13,486	13,486	
Current portion of long-term obligations	585,175	14,686	149,832	30,119	779,812	2,885
Total current liabilities	643,337	53,053	165,119	175,323	1,036,832	239,942
Noncurrent portion of long-term obligations		269,066	3,454,362	528,715	4,252,143	6,647
Total liabilities	643,337	322,119	3,619,481	704,038	5,288,975	246,589
NET ASSETS						
Invested in capital assets, net of related debt		101	159	3,279	3,539	43,673
Net assets restricted for:						
Debt service	585,175	134,282	138,710		858,167	108
Municipal lending		1,426,556			1,426,556	
Other purposes				37,720	37,720	
Unrestricted	(498,403)	83,346	8,913	53,338	(352,806)	138,521
Total net assets	\$ 86,772	\$ 1,644,285	\$ 147,782	\$ 94,337	\$ 1,973,176	\$ 182,302

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

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major			Non-major Enterprise Funds	Total	
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund			
OPERATING REVENUES						
Charges for sales and services				\$ 2,145,850	\$ 2,145,850	\$ 1,693,881
Interest income pledged as revenue bond security			\$ 89,077		89,077	
Interest and other investment income		\$ 38,018		47,796	85,814	
Employer contributions	\$ 1,922,129				1,922,129	
Federal government	414,058				414,058	
Other				31,895	31,895	19,551
Total operating revenues	2,336,187	38,018	89,077	2,225,541	4,688,823	1,713,432
OPERATING EXPENSES						
Cost of sales and services				146,478	146,478	206,897
Benefit payments and refunds	2,672,436			331,582	3,004,018	1,407,724
Prizes and claims				973,827	973,827	
Interest			45,466	3	45,469	
General and administrative		11,580	65,449	114,857	191,886	33,968
Depreciation		75	46	570	691	13,700
Other				42,710	42,710	9,819
Total operating expenses	2,672,436	11,655	110,961	1,610,027	4,405,079	1,672,108
Operating income (loss)	(336,249)	26,363	(21,884)	615,514	283,744	41,324
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	691	4,891		1,793	7,375	488
Interest expense		(6,853)		(13)	(6,866)	(184)
Federal government revenue		112,870	27,614		140,484	
Other revenues	135				135	648
Other expenses		(11)		(133)	(144)	(1,005)
Income (loss) before transfers	(335,423)	137,260	5,730	617,161	424,728	41,271
Transfers-in		26,000		2,000	28,000	6,960
Transfers-out	(9,074)	(793)	(571)	(586,364)	(596,802)	(34,268)
Change in net assets	(344,497)	162,467	5,159	32,797	(144,074)	13,963
Net assets, July 1, 2003	431,269	1,481,818	142,623	61,540	2,117,250	168,339
NET ASSETS, JUNE 30, 2004	\$ 86,772	\$ 1,644,285	\$ 147,782	\$ 94,337	\$ 1,973,176	\$ 182,302

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, 2004 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services				\$ 2,173,852	\$ 2,173,852	\$ 181,176
Cash received from transactions with other funds						1,514,585
Cash payments to suppliers for goods and services			\$ (32,756)	(458,646)	(491,402)	(1,674,063)
Cash payments to employees for services		\$ (9,512)	(10,653)	(142,182)	(162,347)	(59,623)
Cash payments for lottery prizes				(916,783)	(916,783)	
Cash receipts from other operating activities	\$ 2,245,845	34,122	602,667	125,924	3,008,558	16,097
Cash payments for other operating activities	(2,716,305)	(1,400)	(909,799)	(35,987)	(3,663,491)	(1,013)
Net cash provided (used) by operating activities	(470,460)	23,210	(350,541)	746,178	(51,613)	(22,841)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from borrowing, net of bond issuance costs	1,555,124	136,167	597,624		2,288,915	
Principal paid on revenue bonds and other borrowing	(969,949)	(8,350)	(196,180)	(1)	(1,174,480)	
Interest paid on revenue bonds and other borrowing		(7,423)	(46,094)		(53,517)	
Operating grants received		129,625	27,166		156,791	
Transfers-in from other funds		26,000		2,000	28,000	6,960
Transfers-out to other funds	(9,384)	(793)	(571)	(580,764)	(591,512)	(34,268)
Other noncapital financing activities	135	(176,159)			(176,024)	
Net cash provided (used) by noncapital financing activities	575,926	99,067	381,945	(578,765)	478,173	(27,308)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets		(8)	(74)	(620)	(702)	(9,317)
Principal paid on capital debt				(40)	(40)	(3,840)
Interest paid on capital debt				(13)	(13)	(184)
Other capital and financing activities						346
Net cash used by capital and related financing activities		(8)	(74)	(673)	(755)	(12,995)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities	(206,164)	(148,039)	(1,014,579)	(207,847)	(1,576,629)	
Proceeds from sale and maturities of investment securities	97,443	82,022	922,752	89,486	1,191,703	
Interest and dividends on investments	691	3,360	13,820	9,775	27,646	508
Net cash provided (used) by investing activities	(108,030)	(62,657)	(78,007)	(108,586)	(357,280)	508
Net increase (decrease) in cash and cash equivalents	(2,564)	59,612	(46,677)	58,154	68,525	(62,636)
Cash and cash equivalents, July 1, 2003	8,355	306,243	177,010	137,421	629,029	218,754
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 5,791	\$ 365,855	\$ 130,333	\$ 195,575	\$ 697,554	\$ 156,118
Reconciliation of cash and cash equivalents to the statement of net assets:						
Total cash and cash equivalents per statement of net assets	\$ 907	\$ 10,554	\$ 20,659	\$ 13,444	\$ 45,564	\$ 22,221
Add: cash equity with State Treasurer		355,301		182,131	537,432	133,789
Add: restricted cash equivalents	4,884		109,674		114,558	108
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 5,791	\$ 365,855	\$ 130,333	\$ 195,575	\$ 697,554	\$ 156,118
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ (336,249)	\$ 26,363	\$ (21,884)	\$ 615,514	\$ 283,744	\$ 41,324
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		75	46	570	691	13,700
Provision for uncollectible accounts	35,873		67	569	36,509	1
Amortization			14,609	31,203	45,812	
Interest and investment income			(6,742)	(46,362)	(53,104)	
Interest expense			45,466		45,466	
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(158,101)	(3,905)	(387,654)	(500)	(550,160)	(3,087)
(Increase) decrease in intergovernmental receivables	19,652			751	20,403	(172)
(Increase) decrease in due from other funds	822		200	(277)	745	2,629
(Increase) decrease in due from component units	25				25	2,838
(Increase) decrease in inventory				75	75	98
(Increase) decrease in prepaid expenses				(86)	(86)	(317)
Increase (decrease) in accounts payable and accrued liabilities	(27,046)	(72)	4,569	23,626	1,077	(73,171)
Increase (decrease) in intergovernmental payables	(5,436)	44		16,116	10,724	(95)
Increase (decrease) in due to other funds		(30)	32	(10,367)	(10,365)	(2,509)
Increase (decrease) in due to component units		88		1	89	(12)
Increase (decrease) in deferred revenues				1,965	1,965	(3,960)
Increase (decrease) in other liabilities		647		113,380	114,027	(108)
Other			750		750	
Total adjustments	(134,211)	(3,153)	(328,657)	130,664	(335,357)	(64,165)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (470,460)	\$ 23,210	\$ (350,541)	\$ 746,178	\$ (51,613)	\$ (22,841)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Cost of capital assets acquisitions financed by capital leases						10
Cost of installment purchases						767
Loss on disposal of capital assets						5
Transfer of assets from (to) other state funds		(2)		(84)	(86)	308
Increase (decrease) in fair value of investments				38,847	38,847	

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, 2004 (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	\$ 89,275	\$ 613	\$ 1,983	\$ 250,634
Cash and cash equivalents	259,237	285,774	31	22,152
Investments:				
Equities	28,701,066	1,057,803	298	
Fixed income	13,756,495	1,003,872		
Real estate	2,681,106			
Other	1,920,895			3,314
Equity in Illinois State Board of Investments	10,442,739			
Public Treasurer's Investment Pool		3,268,315		
Securities lending collateral	5,411,747			
Receivables, net:				
Taxes				94,255
Intergovernmental				381
Members	124,620			
Employers	27,715			
Investment income	519,272	5,413		
Other	2,815		6	135,673
Due from other funds	77			
Due from primary government funds	70,921			28,687
Due from component units	1,923			109
Prepaid expenses	2,790			
Loans and notes receivable, net			59	
Other assets				1,165,108
Capital assets not being depreciated	1,670			
Capital assets being depreciated, net	14,245			
Total assets	64,028,608	5,621,790	2,377	\$ 1,700,313
LIABILITIES				
Accounts payable and accrued liabilities	1,410,981	158	4	\$ 47,423
Intergovernmental payables				323,871
Due to other funds	77			
Due to primary government funds	126	860		
Due to component units				268
Depository and other liabilities	5,411,747	3,065		1,328,751
Long term obligations:				
Due within one year	14			
Due subsequent to one year	12,279			
Total liabilities	6,835,224	4,083	4	\$ 1,700,313
NET ASSETS				
Net assets held in trust for:				
Pension and other employee benefits	57,193,384			
Pool participants		5,617,707		
Other purposes			2,373	
Total Net Assets	\$ 57,193,384	\$ 5,617,707	\$ 2,373	

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, 2004 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private Purpose Trust Fund
ADDITIONS			
Deposits/Contributions:			
Employer	\$ 2,187,660		
State	7,105,586		
Members/participants	1,392,677	\$ 7,528,905	
Other contributions	58,214		\$ 7
Total contributions	10,744,137	7,528,905	7
Investment income:			
Interest and other investment income	1,186,307	121,909	44
Net increase in fair value of investments	7,179,831	15,941	
Investment expense	(168,087)	(4,620)	
Net investment income	8,198,051	133,230	44
Other additions	445		
Total additions	18,942,633	7,662,135	51
DEDUCTIONS			
Benefit payments and refunds	4,358,536		
Participants' withdrawals	87,701	7,406,880	
Distribution to pool investors		35,719	
Interest expense	821		
Depreciation	2,346		
General and administration	32,469	2,756	10
Other			7
Total deductions	4,481,873	7,445,355	17
Net additions (deductions)	14,460,760	216,780	34
Net Assets, July 1, 2003	42,732,624	5,400,927	2,339
Net Assets, June 30, 2004	\$ 57,193,384	\$ 5,617,707	\$ 2,373

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, 2004 (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	\$ 31,349	\$ 338,568				
Cash and cash equivalents	17,019	16,021	\$ 124,068	\$ 27,336	\$ 11,599	\$ 36,382
Investments	117,095		24,215	57,506	90,941	267,031
Receivables, net:						
Intergovernmental		17	6,202			
Other	13,169	27,297	1,919	15,743	15,370	36,185
Due from component units				15	16	58
Due from primary government			523	5,348	1,047	7,202
Inventories			17	2,427	3,452	6,160
Prepaid expenses		3,358	198	395		16,882
Unamortized bond issuance costs	17,185	2,493	1,325	672		3,468
Loans and notes receivable, net	1,469,308		19,847	9,827	9,142	20,345
Restricted assets:						
Cash equity with State Treasurer		41,168	17,088			
Cash and cash equivalents		60,648	15,965	3,676		
Investments	634,571	58,938	10,889	46,118		
Other receivables, net		7,071	6,369			
Inventory						
Loans and notes receivable, net			58,383			
Other assets						
Other assets	39,238	33,212		850	1,717	
Capital assets not being depreciated		375,569	22,660	42,722	66,701	85,217
Capital assets being depreciated, net	596	1,454,568	9,488	195,504	251,801	368,046
Total assets	2,339,530	2,418,928	319,156	408,139	451,786	846,976
LIABILITIES						
Accounts payable and accrued liabilities	55,591	74,873	15,292	10,605	19,000	33,398
Intergovernmental payables			2			
Due to component units				107		
Due to primary government	51		2,095	55	995	1,786
Deferred revenue		54,520	6,163	4,749	6,702	47,895
Liabilities payable from restricted assets		59,302	1,855			
Other liabilities				6,614	750	
Long-term obligations:						
Due within one year	278,487	50,487	31,534	7,825	10,415	20,067
Due subsequent to one year	1,363,025	672,676	62,921	68,545	179,980	257,248
Total liabilities	1,697,154	911,858	119,862	98,500	217,842	360,394
NET ASSETS						
Invested in capital assets,						
net of related debt	596	1,116,031	32,053	188,510	156,723	304,797
Restricted for:						
Capital projects			11,173	18,016		
Debt service		108,523	6,652	675		26,497
Nonexpendable purposes			70	38,427	22,515	61,390
Other expendable purposes				25,078	17,949	56,264
Other purposes	306,853		82,944			
Unrestricted	334,927	282,516	66,402	38,933	36,757	37,634
Total net assets	\$ 642,376	\$ 1,507,070	\$ 199,294	\$ 309,639	\$ 233,944	\$ 486,582

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

University of Illinois	Other Universities	Total
		\$ 369,917
\$ 199,507	\$ 75,305	507,237
634,873	23,023	1,214,684
	1,811	8,030
291,816	22,134	423,633
112	180	381
35,322	4,721	54,163
24,346	4,117	40,519
29,808	7,880	58,521
5,073	1,188	31,404
61,359	13,835	1,603,663
		58,256
83,324	34,920	198,533
948,522	61,888	1,760,926
	1,041	14,481
	35	35
		58,383
	438	438
19,784	591	95,392
642,306	83,669	1,318,844
2,113,027	423,255	4,816,285
5,089,179	760,031	12,633,725
246,273	43,691	498,723
	3,098	3,100
151	123	381
11,108	1,420	17,510
129,822	12,033	261,884
14,508	2,822	78,487
49,827	4,569	61,760
148,365	20,873	568,053
1,337,071	229,164	4,170,630
1,937,125	317,793	5,660,528
1,716,343	354,931	3,869,984
	14,996	44,185
23,326	11,147	176,820
599,815	36,243	758,460
589,082	30,885	719,258
		389,797
223,488	(5,964)	1,014,693
\$ 3,152,054	\$ 442,238	\$ 6,973,197

State of Illinois

Statement of Activities

Component Units

For the Year Ended June 30, 2004 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Authorities:					
Illinois Housing Development Authority	\$ 295,804	\$ 111,912	\$ 177,433		\$ (6,459)
Toll Highway Authority	401,664	433,495			31,831
Other authorities	157,422	107,993	11,848		(37,581)
Universities:					
Illinois State University	378,625	162,104	25,501	\$ 6,154	(184,866)
Northern Illinois University	469,083	191,040	60,094		(217,949)
Southern Illinois University	896,927	305,327	88,010	9,461	(494,129)
University of Illinois	3,874,151	1,241,672	809,749	59,126	(1,763,604)
Other universities	780,621	252,423	95,135	11,297	(421,766)
Total	<u>\$ 7,254,297</u>	<u>\$ 2,805,966</u>	<u>\$ 1,267,770</u>	<u>\$ 86,038</u>	<u>\$ (3,094,523)</u>

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

State appropriations	General revenues		Contributions to the State	Contributions to permanent endowments	Change in net assets	Net assets, July 1, 2003, as restated	Net assets, June 30, 2004
	Interest and investment income	Other					
	\$ 506	\$ 43,079			\$ 37,126	\$ 605,250	\$ 642,376
	7,954	206			39,991	1,467,079	1,507,070
\$ 4,037	1,677	39,013	\$ (4,000)		3,146	196,148	199,294
196,314	6,475	18,414		\$ 4,856	41,193	268,446	309,639
225,206	783	2,588			10,628	223,316	233,944
468,474	10,768	45,604		3,587	34,304	452,278	486,582
1,690,229	152,343	119,958		42,792	241,718	2,910,336	3,152,054
448,607	7,633	5,959		1,221	41,654	400,584	442,238
<u>\$ 3,032,867</u>	<u>\$ 188,139</u>	<u>\$ 274,821</u>	<u>\$ (4,000)</u>	<u>\$ 52,456</u>	<u>\$ 449,760</u>	<u>\$ 6,523,437</u>	<u>\$ 6,973,197</u>

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STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2004

<i>1</i> SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Presentation*

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

B. *Financial Reporting Entity*

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

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

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

The financial statements distinguish between the "primary government" and its "component units." The State's participation in a joint venture, related organizations and jointly governed organizations is separately disclosed below. The primary government, which consists of organizations that make up the State's legal entity, is the nucleus of the State's reporting entity. Component units are legally separate organizations for which the State is financially accountable. The State provided over \$1.332 billion in direct unrestricted expenditures to the State's component units and also provided restricted grants, employee health insurance, employee retirement contributions, and construction project management during the fiscal year. Complete financial statements of the individual component units can be obtained from the respective component unit's administrative offices (as listed in parentheses below).

Blended Component Unit

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

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

Discretely Presented Component Units

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

1. *Illinois Housing Development Authority ("IHDA")*. The IHDA issues notes and bonds to make loans for the acquisition, construction and rehabilitation of housing and to encourage home ownership. The State approves bonds and notes issued by the IHDA and is secondarily liable for its debt if there are not sufficient IHDA monies to pay principal and interest. (Administrative Office: 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 Office: 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, 2003. At June 30, 2004, THA would report a due to the primary government (in thousands) of \$2.532 million and a due from the primary government of \$7 thousand.
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 Office: 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. On December 31, 2003, the Corporation was dissolved and the activities of the Corporation were assumed by the Illinois Finance Authority.
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 Office: 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 Office: 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 Office: 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 Office: 10 Collinsville Avenue, East St. Louis, Illinois 62201).
 9. *Illinois Finance Authority ("Authority")*. The Authority was created during fiscal year 2004 to assume and exercise all rights, powers, duties and responsibilities formerly exercised by the following authorities: the Illinois Development Finance Authority, the Illinois Farm Development Authority, the Illinois Health Facilities Authority, the Illinois Educational Facilities Authority, the Illinois Community Development Finance Corporation and the Illinois Rural Bond Bank. (Administrative Office: 233 South Wacker Drive, Suite 4000, Chicago, Illinois 60606).
 10. *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. On December 31, 2003, the Authority was dissolved and the activities of the Authority were assumed by the Illinois Finance Authority.
 11. *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. On December 31, 2003, the IDFA was dissolved and the activities of the IDFA were assumed by the Illinois Finance Authority.
 12. *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. On December 31, 2003, the Bond Bank was dissolved and the activities of the Bond Bank were assumed by the Illinois Finance Authority.
 13. *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 Office: 600 South Hoyne, Chicago, Illinois 60612).
 14. *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 Office: 1830 Second Avenue, Suite 200, Rock Island, Illinois 61201).
 15. *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 Office: 1022 Eastport Plaza, Collinsville, Illinois 62234).

16. *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 Office: 321 West Main Street, Ottawa, Illinois 61350).

17. *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 Office: 116 North Chicago Street, Suite 101, Joliet, Illinois 60432).

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

1. *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. On December 31, 2003, the Authority was dissolved and the activities of the Authority were assumed by the Illinois Finance Authority.
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. On December 31, 2003, the Authority was dissolved and the activities of the Authority were assumed by the Illinois Finance Authority.

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

Joint Venture

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

A state becomes a member of the *Fund* by agreeing to contribute an amount set forth in the Articles of Incorporation. The required contribution from all member states at incorporation was \$81 million. The *Fund*’s net assets on December 31, 2003 were \$110.879 million.

Once a state agrees to make the required contribution, that state’s governor becomes a “member” of the *Fund*. Each member is entitled to appoint two individuals to the board of directors. Budgetary and financial decisions rest with the board of directors except where restricted by the Articles of Incorporation. Two-thirds of the *Fund*’s income is used to finance projects compatible with the organization’s objectives as set forth in the Articles of Incorporation. The remaining one-third of income is paid to member states in proportion to the amount and period of time that each state’s contribution was invested with the *Fund* (“state shares”). Illinois received a State share for 2003 of \$305 thousand. The affirmative vote of all of the members is required for all actions of the *Fund*. Complete financial statements of the *Fund* can be obtained from the *Fund*’s Administrative Office at 1560 Sherman Avenue, Suite 880, Evanston, Illinois 60201.

Related Organizations

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

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

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

Jointly Governed Organizations

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

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

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

C. *Basis of Presentation*

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the primary government (the State) and its component units. These statements include the financial activities

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

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

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the State and for each function of the State's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program

revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

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

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 the Illinois Housing Development Authority, Illinois State Toll Highway Authority, Illinois State University, Northern Illinois University, Southern Illinois University and the University of Illinois.

D. Measurement Focus and Basis of Accounting

Government-wide, Proprietary Fund, Fiduciary Fund and Component Unit Financial Statements

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

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 financial statements at moving-average cost. Inventories reported in the governmental funds do not reflect current appropriable resources, and therefore, the State reserves an equivalent portion of fund balance.

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

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

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

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

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

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

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

K. Retirement Costs

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

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

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

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

M. Compensated Absences

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

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at

December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997.

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

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

N. Bond Premiums, Discounts, and Issuance Costs

In the government-wide and proprietary fund financial statements, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the 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 for the year ending June 30, 2004, the State adopted 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. There was no significant impact on the State’s financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2004, the State adopted GASB Technical Bulletin No. 2004-1, *Tobacco Settlement Recognition and Financial Reporting Entity Issues*, which addresses accounting by state and local governments in connection with settlements made by U.S. tobacco companies. The GASB’s Technical Bulletin clarifies accounting guidance on whether a Tobacco Settlement Authority that is created to obtain the rights to all or a portion of future tobacco settlement resources is a component unit of the government that created it. In addition, the technical bulletin clarifies recognition guidance for these transactions and for payments made to settling governments pursuant to the Master Settlement Agreement. There was no significant impact on the State’s financial statements as a result of adopting this Technical Bulletin.

S. Future Adoption of GASB Statements

Effective for the year ending June 30, 2005, the State will adopt GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*, which addresses common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The State has not yet determined the impact on the State’s financial statements as a result of adopting this statement.

2**RESTATEMENT**

During fiscal year 2004 the State implemented GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. As a result of this change, the \$3.195 million in net assets of the IMSA Fund for Advancement of Education, which were previously reported as a blended component unit as a part of the State's non-major governmental funds, are now shown as a discretely presented component unit.

The net assets of the State have been restated to correct prior reporting errors by the Department of Natural Resources which understated capital assets and related accumulated depreciation of the primary government by \$47.179 million.

The net assets of the Toll Highway Authority, a major component unit, have been restated to expense construction in progress costs for a \$3.771 million project feasibility study which has been determined to no longer be valid.

The net assets of Northern Illinois University, a major component unit, have been restated to correct prior reporting errors which understated accumulated depreciation by \$13.804 million.

The net assets of Southern Illinois University, a major component unit, have been restated to correct prior reporting errors which understated capital assets and related accumulated depreciation by \$14.076 million.

The net assets of the Illinois Medical District Commission, a non-major component unit, have been restated to correct prior reporting errors which understated assets and related liabilities in relation to the purchase and selling or transferring of properties within the district by \$9.346 million.

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, 2004. 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, 2004. 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, 2004, was \$54.6 million. The bank balance of the Treasurer's cash deposits at June 30, 2004, was \$1.221 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			Fair Value
	1	2	3	
Primary Government				
State Treasury				
Categorized:				
Repurchase agreements	\$ 2,312,453			\$ 2,312,453
U.S. Agency obligations	803,565			803,565
Commercial paper	2,009,273			2,009,273
Foreign treasury obligations	19,857			19,857
Other	2			2
Total categorized investments	<u>\$ 5,145,150</u>	<u>\$ -</u>	<u>\$ -</u>	5,145,150
Investments not subject to categorization:				
Public Treasurers' Investment Pool				<u>1,133,188</u>
Total investments				<u>\$ 6,278,338</u>

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 \$221 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, 2004. 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, 2004, was \$90 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			Fair Value
	1	2	3	
Illinois State Board of Investment				
Categorized:				
U.S. Treasury obligations	\$ 153,561			\$ 153,561
U.S. Agency obligations	531,414			531,414
Corporate obligations	434,972			434,972
Convertible bonds	2,746			2,746
Common stock and equity funds	5,087,664			5,087,664
Preferred stock	4,591			4,591
Foreign equity securities	1,050,170			1,050,170
Forward foreign exchange contracts	(426)			(426)
Foreign obligations	86,832			86,832
Total categorized investments	<u>\$ 7,351,524</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,351,524</u>
Investments not subject to categorization:				
U.S. Agency obligations				787,588
Corporate obligations				949,464
Foreign equity securities				37,511
Real estate funds				616,134
Alternative investments				441,034
Money market instruments				425,398
Foreign obligations				55,153
Total investments				<u>\$ 10,663,806</u>

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, 2004, the carrying amount (amounts expressed in thousands) of cash deposits for the primary government was \$318,891 and the bank balance was \$323,772. Of the bank balance, \$239,207 was covered by federal depository insurance or by collateral held by the State or the State’s agent in the State’s name, \$3,674 was covered by collateral held in the pledging bank’s trust department or by its agent in the State’s name and \$80,891 was uninsured and uncollateralized.

Cash on hand for the primary government totaled \$920 thousand at June 30, 2004.

Fiduciary Funds

As of June 30, 2004, the carrying amount (amounts expressed in thousands) of cash

deposits for the fiduciary funds was \$784,524 and the bank balance was \$788,035. Of the bank balance, \$780,121 was covered by Federal depository insurance or by collateral held by the State or the State’s agent in the State’s name, \$4,074 was covered by collateral held in the pledging banks trust department or by its agent in the State’s name and \$3,840 was uninsured and uncollateralized.

Cash on hand for fiduciary funds totaled \$54 thousand at June 30, 2004.

Component Units

As of June 30, 2004, the carrying amount (amounts expressed in thousands) of the State’s component units’ cash deposits was \$470,428 and the bank balance was \$498,111. Of the bank balance, \$460,910 was covered by federal depository insurance or by collateral held by the State or the State’s agent in the State’s name, \$28,707 was covered by collateral held in the pledging bank’s trust department or by its agent in the State’s name and \$8,494 was uninsured and uncollateralized.

Cash on hand for component units totaled \$987 thousand at June 30, 2004.

	Category			Fair Value
	1	2	3	
Table 3-3 (amounts expressed in thousands)				
Primary Government Governmental and Business-Type Activities Funds Maintained Outside the State Treasury				
Categorized:				
Repurchase agreements	\$ 11,463	\$ 279		\$ 11,742
U.S. Treasury obligations	33,455			33,455
U.S. Agency obligations	158,615		\$ 679,575	838,190
Commercial paper	65,421			65,421
Corporate equity securities	512			512
Other	13,899		491,938	505,837
Total categorized investments	\$ 283,365	\$ 279	\$ 1,171,513	1,455,157
Investments not subject to categorization:				
Investment contracts/security				
lending investment pools				6,778
Equity in Public Treasurers’ Investment Pool				207,591
U.S. Treasury Unemployment Allocation				4,884
Participations				1,238
Total investments				\$ 1,675,648

Table 3-4 (amounts expressed in thousands)

	Category			Fair Value
	1	2	3	
Fiduciary Funds				
Categorized:				
Repurchase agreements	\$ 2,654,684	\$ 1,655		\$ 2,656,339
U.S. Treasury obligations	3,906,038		\$ 13,582	3,919,620
U.S. Agency obligations	2,591,767		142	2,591,909
Municipal debt	137,833			137,833
Commercial paper	413,230			413,230
Corporate debt securities	3,637,872		14,939	3,652,811
Corporate equity securities	13,315,959			13,315,959
Other	145,719	2,384		148,103
Total categorized investments	<u>\$ 26,803,102</u>	<u>\$ 4,039</u>	<u>\$ 28,663</u>	26,835,804
Investments not subject to categorization:				
Investment contracts/security lending investment pools				5,911,678
Tangible property				2,472,890
Foreign currency investments				24,999
Private equity securities				840,391
Investments held by broker-dealers under securities loans:				
U.S. Treasury debt				2,650,442
Corporate debt				326,143
Corporate equity				2,833,135
International government bonds				14,428
Collective investment funds				525,002
Limited partnerships				973,087
Pooled trust accounts				1,551
Investment in mutual funds				15,326,130
Total investments				<u>\$ 58,735,680</u>

Table 3-5 (amounts expressed in thousands)

	Category			Fair Value
	1	2	3	
Component Units				
Categorized:				
Repurchase agreements	\$ 16,343	\$ 68,618		\$ 84,961
U.S. Treasury obligations	384,658	20,361	\$ 4,286	409,305
U.S. Agency obligations	717,661	152		717,813
Municipal debt	2,784			2,784
Commercial paper	26,421		217	26,638
Corporate debt securities	267,800	4,965	547	273,312
Corporate equity securities	332,602	67,305	4,672	404,579
Other	28,680	18,642		47,322
Total categorized investments	<u>\$ 1,776,949</u>	<u>\$ 180,043</u>	<u>\$ 9,722</u>	1,966,714
Investments not subject to categorization:				
Investment contracts				300,130
Tangible property				40,063
Equity in Public Treasurers' Investment Pool				219,218
Investment in mutual funds				678,435
Other				5,405
Total investments				<u>\$ 3,209,965</u>

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 3-6 (amounts expressed in thousands)		
Primary Government	Deposits	Investments
Amounts Per Note:		
ISBI (net of investment liabilities of \$221,157)	\$ 90	\$ 10,442,649
Governmental and business-type	319,811	1,675,648
Fiduciary	784,578	58,735,680
Cash equivalents	(218,204)	218,204
Other assets	(1,521)	(1,155,793)
Total	\$ 884,754	\$ 69,916,388
Amount per Statement of Net Assets		
	\$ 317,560	\$ 1,668,738
Amount per Fiduciary Funds Statement of Net Assets		
	567,194	68,247,650
Total	\$ 884,754	\$ 69,916,388

Table 3-7 (amounts expressed in thousands)		
Component Units	Deposits	Investments
Amounts Per Note:		
Funds maintained outside of the State Treasury	\$ 471,415	\$ 3,209,965
Cash equivalents	234,355	(234,355)
Amounts per Statement of Net Assets	\$ 705,770	\$ 2,975,610

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, 2004, the net unrealized gain(loss) of foreign currency forward contracts outstanding (expressed in thousands) for TRS, ISBI and SURS was (\$3,011), (\$426) and (\$768), 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, 2004, the fair value of collateralized mortgage obligations (expressed in thousands) for ISBI

and SURS was \$57,369 and \$77,033, 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, 2004, the fair value of option contracts written (expressed in thousands) for TRS and SURS was (\$289) and (\$607), respectively.

The following table represents the derivative positions held by TRS, ISBI and SURS at June 30, 2004 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.

Table 3-8 (amounts expressed in thousands)

Type of Derivative Contract	Contractual Principal Outstanding*		
	Teachers' Retirement System	Universities Retirement System	Illinois State Board of Investment
Domestic interest rate products			
Fixed income futures purchased	\$ 502,428	\$ 357,200	\$ 20,523
Fixed income futures sold	(115,704)	(28,500)	73,537
Fixed income put options (w ritten, purchased)	4,827	63,150	385
Fixed income call options (w ritten, purchased)	10,537	93,350	554
Fixed income interest rate sw ap		29,300	
International interest rate products			
Fixed income futures purchased	143,164	2,018,000	
Fixed income futures sold	(10,736)	200,500	
Fixed income put options (w ritten, purchased)	430		
Fixed income interest rate sw ap		(5,300)	
Domestic Equity Products			
S & P 500 Index and other equity futures purchased	1,416,098	492,746	230,361
Foreign Currency Products			
Forward foreign currency futures (net)	408,079		

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

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

SECURITIES LENDING TRANSACTIONS

The investment policies of certain State agencies, 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, 2004 agencies had outstanding loaned investment securities (amounts expressed in thousands) having a fair value of \$7,146,174 against which they had received collateral having a fair value of \$7,550,569.

4**TAXES RECEIVABLE**

Taxes receivable for the primary government at June 30, 2004 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	\$ 761,338	\$ 592,034		\$ 21,943		\$ 139,389	\$ 626,181	\$ 888,523
Motor Fuel Tax Fund			\$ 146,916				28,480	118,436
Non-major Funds	63,560	207,129	7,683	17,867		28,496	101,751	222,984
Total governmental activities	824,898	799,163	154,599	39,810	\$ --	167,885	756,412	1,229,943
Business-type Activities:								
Unemployment Compensation Trust Fund					513,915		115,659	398,256
Total business-type activities	--	--	--	--	513,915	--	115,659	398,256
Total Primary Government	<u>\$ 824,898</u>	<u>\$ 799,163</u>	<u>\$ 154,599</u>	<u>\$ 39,810</u>	<u>\$ 513,915</u>	<u>\$ 167,885</u>	<u>\$ 872,071</u>	<u>\$ 1,628,199</u>
Fiduciary Funds:	\$ --	\$ 84,995	\$ --	\$ 4,872	\$ --	\$ 4,388	\$ --	\$ 94,255

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2004 consisted of the following:

Due From	Due To										Total
	General Fund	Road Fund	Motor Fuel Tax Fund	Non-major Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds	
General Fund	\$ --	\$ 49,371	\$ 1	\$ 35,352	\$ --	\$ 36	\$ --	\$ 80	\$ --	\$ --	\$ 84,840
Road Fund	--	--	25,053	679	--	--	--	--	--	--	25,732
State Construction Account	--	120,522	16,714	--	--	--	--	--	--	--	137,236
Non-major Governmental Funds	202,202	11,650	2,670	87,590	2,820	--	46	6,788	593	--	314,359
Unemployment Compensation Trust Fund	13,042	672	--	315	--	--	--	--	--	--	14,029
Designated Account Purchase Program Fund	--	--	--	909	--	--	--	--	--	--	909
Non-major Enterprise Funds	41,624	--	--	1,217	--	--	--	--	--	822	43,663
Internal Service Funds	175,839	3,968	65	15,221	--	32	3	2,808	2,803	164	200,903
Fiduciary Funds	70,594	2,649	143	25,853	--	--	--	179	190	77	99,685
Total	\$503,301	\$188,832	\$44,646	\$ 167,136	\$ 2,820	\$ 68	\$ 49	\$ 9,855	\$ 3,586	\$ 1,063	\$921,356

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, 2004 consisted of the following:

Table 5-2 (amounts expressed in thousands)

Transfers-In	Transfers-Out												Total
	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Pension Contribution Fund	Non-major Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Internal Service Funds		
General Fund	\$ --	\$ 132,736	\$ 1,793	\$ 36,132	\$ 1,441,244	\$ 2,764,932	\$ --	\$ 4	\$ --	\$ 584,988	\$ 8,575	\$ 4,970,404	
Road Fund	--	--	331,652	--	--	--	--	--	--	--	--	331,652	
State Construction Account	--	--	232,723	--	--	--	--	--	--	--	--	232,723	
Non-major Governmental Funds	3,649,221	252,514	66,509	--	--	943,393	9,074	789	571	1,376	25,693	4,949,140	
Water Revolving Fund	--	--	--	--	--	26,000	--	--	--	--	--	26,000	
Non-major Enterprise Funds	2,000	--	--	--	--	--	--	--	--	--	--	2,000	
Internal Service Funds	2,779	--	--	--	--	4,181	--	--	--	--	--	6,960	
Total	\$ 3,654,000	\$ 385,250	\$ 632,677	\$ 36,132	\$ 1,441,244	\$ 3,738,506	\$ 9,074	\$ 793	\$ 571	\$ 586,364	\$ 34,268	\$ 10,518,879	

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

In order to address shortfalls in expected revenues during the fiscal year, the General Revenue Account, a sub-account of the General Fund received transfers of \$131.820 million from the Road Fund, \$1.535 million from the Motor Fuel Tax Fund, \$36.132 million from the State Construction Account, \$263.085 million from non-major governmental funds, \$8.492 million from non-major enterprise funds, and \$8.367 million from internal service funds. The General Revenue Account also received transfers of \$916 thousand from the Road Fund,

\$258 thousand from the Motor Fuel Tax Fund, \$1.754 million from non-major governmental funds, \$4 thousand from the Water Revolving Fund, \$423 thousand from non-major enterprise funds, and \$208 thousand from internal service funds to begin the process of consolidation of State agency internal audit, legal and facilities management functions. In addition, the General Revenue Account received \$1.441 billion in transfers from the Pension Contribution Fund to make fiscal year 2004 retirement system contributions.

The repayments of short-term certificate principal, \$1.500 billion, and premiums, \$9.420 million, 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.

6**LOANS AND NOTES RECEIVABLE**

Loans and notes receivable at June 30, 2004, consisted of the following:

Table 6-1 (amounts expressed in thousands)

	Primary Government					Component Units
	General Fund	Non-major Governmental Funds	Water Revolving Fund	Designated Account Purchase Program Fund	Fiduciary Funds	
Mortgage loan program		\$ 105				\$ 1,503,873
Student loan program	\$ 32,917	1,367		\$ 2,913,394	\$ 108	123,224
Local government infrastructure			\$ 1,400,777			58,095
Business loan program	29,298					
Port district construction	15,168					
Other	2,435	99,157				23,032
	<u>79,818</u>	<u>100,629</u>	<u>1,400,777</u>	<u>2,913,394</u>	<u>108</u>	<u>1,708,224</u>
Less: Allowance for uncollectible accounts	66,456	1,869		10,841	49	46,178
Total	<u>13,362</u>	<u>98,760</u>	<u>1,400,777</u>	<u>2,902,553</u>	<u>59</u>	<u>1,662,046</u>
Less: Amounts representing restricted assets			413,456	2,902,553		58,383
Loans and notes receivable, net	<u>\$ 13,362</u>	<u>\$ 98,760</u>	<u>\$ 987,321</u>	<u>\$ --</u>	<u>\$ 59</u>	<u>\$ 1,603,663</u>

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

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

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

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

respects. An appeal of that ruling was petitioned by the Trustee to the Illinois Supreme Court and granted on October 7, 2003. As of June 30, 2004, the Illinois Supreme Court had not issued its ruling with respect to the appeal.

On October 31, 1997, the trustee, at the direction of the Treasurer, 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 presiding over one of the lawsuits in Cook County lifted his stay. Plaintiffs in the Madison County case then asked the Court to hold the trustee and its counsel in contempt for pursuing the Cook County case. Eventually, the trustee petitioned the Illinois Supreme Court for a supervisory order to allow it to proceed prosecuting the Cook County case without being held in contempt by the Madison County Court. The Supreme Court issued such a supervisory order in the fall of 2001, and the Cook County case is now proceeding. However, the other lawsuit remains stayed. As a result of discovery in the case which is proceeding, the trustee has determined that there have been additional events of default, and as a result, the trustee has now filed an amended complaint. The outcome of this litigation is not presently determinable.

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

7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004, was as follows:

Table 7-1 (amounts expressed in thousands)

	Beginning Balance, as Restated	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Governmental Activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 2,305,280	\$ 90,534	\$ 4,460	\$ 964	\$ 2,392,318
Historical treasures and works of art	38,242	28	66	(868)	37,336
Construction in progress	205,970	143,603	53,784	(208,434)	87,355
Total capital assets not being depreciated	<u>2,549,492</u>	<u>234,165</u>	<u>58,310</u>	<u>(208,338)</u>	<u>2,517,009</u>
Capital assets being depreciated:					
Infrastructure	19,908,318	1,346,066	488,157	(33,473)	20,732,754
Site improvements	518,095	5,864	2,359	73,795	595,395
Buildings and building improvements	3,817,602	2,364	10,527	153,766	3,963,205
Equipment	1,080,176	44,763	46,016	(6,994)	1,071,929
Historical treasures and works of art	130	--	--	--	130
Total capital assets being depreciated	<u>25,324,321</u>	<u>1,399,057</u>	<u>547,059</u>	<u>187,094</u>	<u>26,363,413</u>
Less accumulated depreciation for:					
Infrastructure	8,608,466	885,507	487,395	(6,809)	8,999,769
Site improvements	242,748	16,757	291	2,106	261,320
Buildings and building improvements	1,586,334	101,194	2,588	3,713	1,688,653
Equipment	802,280	92,287	42,697	(7,102)	844,768
Historical treasures and works of art	130	--	--	--	130
Total accumulated depreciation	<u>11,239,958</u>	<u>1,095,745</u>	<u>532,971</u>	<u>(8,092)</u>	<u>11,794,640</u>
Total capital assets being depreciated, net	<u>14,084,363</u>	<u>303,312</u>	<u>14,088</u>	<u>195,186</u>	<u>14,568,773</u>
Governmental activities capital assets, net	<u>\$ 16,633,855</u>	<u>\$ 537,477</u>	<u>\$ 72,398</u>	<u>\$ (13,152)</u>	<u>\$ 17,085,782</u>
Depreciation expense for governmental activities was charged to functions as follows:					
Health and social services					\$ 42,766
Education					9,108
General government					41,048
Employment and economic development					7,214
Transportation					910,145
Public protection and justice					60,081
Environmental and business regulation					25,383
Total					<u>\$ 1,095,745</u>

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	1,359	33	5	--	1,387
Equipment	10,014	669	2,140	(208)	8,335
Total capital assets being depreciated	11,373	702	2,145	(208)	9,722
Less accumulated depreciation for:					
Buildings and building improvements	126	36	5	--	157
Equipment	7,721	655	2,097	(117)	6,162
Total accumulated depreciation	7,847	691	2,102	(117)	6,319
Total capital assets being depreciated, net	3,526	11	43	(91)	3,403
Business-type activities capital assets, net	\$ 3,716	\$ 11	\$ 43	\$ (91)	\$ 3,593
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	14,344	--	--	--	14,344
Equipment	26,371	349	4,867	--	21,853
Total capital assets being depreciated	41,037	349	4,867	--	36,519
Less accumulated depreciation for:					
Site improvements	262	10	--	--	272
Buildings and building improvements	5,310	410	--	--	5,720
Equipment	19,222	1,926	4,866	--	16,282
Total accumulated depreciation	24,794	2,346	4,866	--	22,274
Total capital assets being depreciated, net	16,243	(1,997)	1	--	14,245
Fiduciary funds capital assets, net	\$ 17,913	\$ (1,997)	\$ 1	\$ --	\$ 15,915

Table 7-3 (amounts expressed in thousands)

	Beginning Balance, as Restated	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Component Units					
Capital assets not being depreciated:					
Land and land improvements	\$ 399,448	\$ 18,209	\$ 5,701	\$ (117)	\$ 411,839
Historical treasures and works of art	19,773	1,476	--	--	21,249
Construction in progress	610,585	317,755	12,041	(30,543)	885,756
Total capital assets not being depreciated	<u>1,029,806</u>	<u>337,440</u>	<u>17,742</u>	<u>(30,660)</u>	<u>1,318,844</u>
Capital assets being depreciated:					
Infrastructure	3,306,688	132,752	--	5,075	3,444,515
Site improvements	735,103	4,684	299	(201,662)	537,826
Buildings and building improvements	3,860,575	54,129	7,051	225,507	4,133,160
Equipment	1,787,423	127,306	36,138	(4,566)	1,874,025
Historical treasures and works of art	330,865	20,335	--	9,944	361,144
Total capital assets being depreciated	<u>10,020,654</u>	<u>339,206</u>	<u>43,488</u>	<u>34,298</u>	<u>10,350,670</u>
Less accumulated depreciation for:					
Infrastructure	1,925,664	140,233	--	--	2,065,897
Site improvements	250,285	12,065	182	--	262,168
Buildings and building improvements	1,585,666	91,094	2,094	(2)	1,674,664
Equipment	1,156,189	143,009	33,156	17	1,266,059
Historical treasures and works of art	239,017	26,580	--	--	265,597
Total accumulated depreciation	<u>5,156,821</u>	<u>412,981</u>	<u>35,432</u>	<u>15</u>	<u>5,534,385</u>
Total capital assets being depreciated, net	<u>4,863,833</u>	<u>(73,775)</u>	<u>8,056</u>	<u>34,283</u>	<u>4,816,285</u>
Component units capital assets, net	<u><u>\$ 5,893,639</u></u>	<u><u>\$ 263,665</u></u>	<u><u>\$ 25,798</u></u>	<u><u>\$ 3,623</u></u>	<u><u>\$ 6,135,129</u></u>

8

CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2004 are summarized below:

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	\$ 19,599,971	\$ 1,889,951	\$ (1,154,993)	\$ 20,334,929	\$ 652,360
Special obligation bonds (note 10)	2,091,170	356,618	(102,189)	2,345,599	108,655
Deferred amount on refundings:					
General obligation bonds (note 9)	(48,935)	(53,366)	18,774	(83,527)	(14,514)
Special obligation bonds (note 10)	(5,587)	--	1,731	(3,856)	(1,732)
Unamortized premiums:					
General obligation bonds (note 9)	231,022	112,317	(37,157)	306,182	30,635
Special obligation bonds (note 10)	44,646	27,627	(4,857)	67,416	5,701
Unamortized (discounts):					
General obligation bonds (note 9)	(2,809)	--	121	(2,688)	(121)
Total bonds payable	<u>21,909,478</u>	<u>2,333,147</u>	<u>(1,278,570)</u>	<u>22,964,055</u>	<u>780,984</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	19,022	591	(5,718)	13,895	3,008
Installment purchases (note 13D)	19,859	2,698	(12,340)	10,217	7,156
Certificates of participation (note 13B)	130,720	--	(7,755)	122,965	8,160
Illinois Emergency Management Agency (note 13C)	17,500	--	--	17,500	--
Cape Girardeau bridge (note 13E)	19,361	6,542	(19,968)	5,935	2,000
Workers compensation (note 19)	136,263	100,032	(77,647)	158,648	77,572
Auto liability (note 19)	7,925	3,012	(3,886)	7,051	3,455
Compensated absences (note 1M)	411,266	285,736	(286,067)	410,935	55,175
Net pension obligation (note 16)	16,001,428	--	(5,557,361)	10,444,067	--
Other obligations (note 13H)	20,136	--	(3,396)	16,740	13,915
Total other long-term obligations	<u>16,783,480</u>	<u>398,611</u>	<u>(5,974,138)</u>	<u>11,207,953</u>	<u>170,441</u>
Total Governmental Activities	<u>\$ 38,692,958</u>	<u>\$ 2,731,758</u>	<u>\$ (7,252,708)</u>	<u>\$ 34,172,008</u>	<u>\$ 951,425</u>
Business-type Activities					
Unemployment Compensation Trust:					
Notes payable (note 12)	\$ --	\$ 1,555,124	\$ (969,949)	\$ 585,175	\$ 585,175
Water Revolving:					
Bonds and notes payable:					
Revenue bonds (note 11)	146,915	130,000	(8,350)	268,565	14,075
Unamortized premiums	8,120	6,628	(1,105)	13,643	--
Total bonds and notes payable	<u>155,035</u>	<u>136,628</u>	<u>(9,455)</u>	<u>282,208</u>	<u>14,075</u>
Other long-term obligations:					
Compensated absences (note 1M)	897	560	87	1,544	611
Total Water Revolving	<u>155,932</u>	<u>137,188</u>	<u>(9,368)</u>	<u>283,752</u>	<u>14,686</u>

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2003 as Restated	Additions	Deletions	Balance June 30, 2004	Amounts Due Within One Year
Primary Government continued					
Business-type Activities, continued					
Designated Account Purchase Program:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 3,113,485	\$ 600,000	\$ (196,180)	\$ 3,517,305	\$ 114,440
Notes payable (note 12)	100,294	--	--	100,294	35,294
Deferred amount on refundings	(97)	--	97	--	--
Unamortized (discounts)	(12,703)	(2,376)	690	(14,389)	--
Total bonds and notes payable	3,200,979	597,624	(195,393)	3,603,210	149,734
Other long-term obligations:					
Compensated absences (note 1M)*	752	238	(6)	984	98
Total Designated Account Purchase Program	3,201,731	597,862	(195,399)	3,604,194	149,832
Other business-type activity programs:					
Other long-term obligations:					
Lottery prize awards (note 13F)	19,211	--	(14,473)	4,738	3,622
Capital lease obligations (note 13A)	75	--	(25)	50	27
Installment purchases (note 13D)	29	--	(25)	4	4
Tuition and related accretion payable (note 13G)	396,915	148,361	(7,577)	537,699	15,788
Compensated absences (note 1M)	5,117	3,447	(2,272)	6,292	627
Other obligations (note 13H)	7,403	2,959	(311)	10,051	10,051
Total other business-type activity programs	428,750	154,767	(24,683)	558,834	30,119
Total Business-type Activities	\$ 3,786,413	\$ 2,444,941	\$(1,199,399)	\$ 5,031,955	\$ 779,812
Fiduciary Funds					
Revenue bonds (note 11)	\$ 18,307	\$ 821	(10,000)	\$ 9,128	\$ --
Capital lease obligations (note 13A)	14	--	(14)	--	--
Compensated absences (note 1M)	3,254	64	(153)	3,165	14
Total Fiduciary Funds	\$ 21,575	\$ 885	\$ (10,167)	\$ 12,293	\$ 14
Component Units					
Bonds and notes payable:					
Revenue bonds (note 11) *	\$ 3,813,056	\$ 387,755	\$ (748,992)	\$ 3,451,819	\$ 227,225
Notes payable (note 12) *	47,248	18,419	(31,767)	33,900	14,356
Deferred amount on refundings	(32,073)	(74)	4,923	(27,224)	(2,156)
Unamortized premiums/(discounts) *	(4,245)	(1,926)	(228)	(6,399)	(4,543)
Total bonds and notes payable	3,823,986	404,174	(776,064)	3,452,096	234,882
Other long-term obligations:					
Capital lease obligations (note 13A) *	53,053	50,503	(12,959)	90,597	13,321
Installment purchases (note 13D)	2,715	295	(446)	2,564	428
Certificates of participation (note 13B)	400,795	285,795	(211,660)	474,930	28,725
Deferred amount on refundings	--	(18,513)	484	(18,029)	(1,221)
Unamortized premiums/(discounts) *	7,885	7,082	(1,054)	13,913	1,408
Accrued self-insurance (note 19)	117,223	45,480	(42,701)	120,002	33,879
Compensated absences (note 1M) *	352,498	10,042	(37,768)	324,772	36,412
Other obligations (note 13H) *	266,002	(9,458)	21,294	277,838	220,219
Total other long-term obligations	1,200,171	371,226	(284,810)	1,286,587	333,171
Total Component Units	\$ 5,024,157	\$ 775,400	\$(1,060,874)	\$ 4,738,683	\$ 568,053

* Prior year amounts restated for prior misclassifications.

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 have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. Bonds were also issued for the purpose of making contributions to the Pension Contribution Fund. 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. Bonds have been issued which mature in varying amounts and periods. 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 January 8, 2004, the General Assembly amended the General Obligation Bond Act (30 ILCS 330 et seq.) to increase the authorized bond limits for Anti-Pollution to \$480.315 million.

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2004 are as follows:

Governmental Activities Purpose	Outstanding		Authorized but Unissued
	Interest Rates	Amounts	
Capital Development	2.50 % to 6.10%	\$ 3,532,286	\$ 1,747,589
Transportation	2.50 % to 6.10%	2,413,330	1,078,691
Anti-Pollution	2.50 % to 11.0%	227,602	28,554
School Construction	2.50 % to 6.10%	2,028,733	695,236
Coal Development	3.00 % to 6.00%	49,270	568,694
Pension Funding Contribution	2.50 % to 5.10%	10,000,000	- -
Refunding	3.00 % to 5.50%	2,083,708	796,583
		<u>20,334,929</u>	<u>\$ 4,915,347</u>
Deferred amount on refundings		(83,527)	
Unamortized premiums		306,182	
Unamortized (discounts)		(2,688)	
		<u>\$ 20,554,896</u>	

Changes in general obligation bonds during the year ended June 30, 2004, are summarized in

Note 8. Future general obligation debt service requirements at June 30, 2004 are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2005	\$ 652,360	\$ 929,994	\$ 1,582,354
2006	653,145	912,607	1,565,752
2007	626,775	891,914	1,518,689
2008	681,415	871,985	1,553,400
2009	670,565	850,805	1,521,370
2010-2014	3,130,985	3,920,254	7,051,239
2015-2019	2,863,415	3,285,846	6,149,261
2020-2024	3,201,325	2,583,917	5,785,242
2025-2029	4,081,815	1,710,504	5,792,319
2030-2034	4,289,430	565,821	4,855,251
	<u>20,851,230</u>	<u>\$ 16,523,647</u>	<u>\$ 37,374,877</u>
Less: Unaccrued appreciation	(516,301)		
	<u>20,334,929</u>		
Deferred amount on refundings	(83,527)		
Unamortized premiums	306,182		
Unamortized (discounts)	(2,688)		
Total	<u>\$ 20,554,896</u>		

On October 30, 2003, the State issued \$600 million of variable rate general obligation bonds. Information regarding the June 30, 2004

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

10 SPECIAL OBLIGATION BONDS

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

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

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

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

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

Special obligation bonds outstanding and bonds authorized but unissued for governmental activities at June 30, 2004, are as follows:

Table 10-1 (amounts expressed in thousands)

Governmental Activities Purpose	Outstanding		Authorized but Unissued
	Interest Rates	Amounts	
Build Illinois			
Public infrastructure	2.00 % to 6.50%	\$ 848,954	\$ 422,017
Business development	2.00 % to 6.25%	97,373	36,699
Education	2.00 % to 6.50%	288,751	400,045
Environment	2.00 % to 6.50%	62,291	28,001
Refunding	3.20 % to 7.00%	903,795	Unlimited
		<u>2,201,164</u>	<u>886,762</u>
Civic Center:			
Civic centers	6.25 % to 7.40%	55,890	142,405
Libraries	6.25 % to 6.25%	6,625	3,375
Refunding	4.60 % to 6.50%	81,920	Unlimited
		<u>144,435</u>	<u>145,780</u>
		2,345,599	\$ 1,032,542
Deferred amount on refundings		(3,856)	
Unamortized premiums		67,416	
		<u>\$ 2,409,159</u>	

Changes in special obligation bonds during the year ended June 30, 2004, are summarized in

Note 8. Future special obligation debt service requirements at June 30, 2004, are as follows:

Table 10-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2005	\$ 108,655	\$ 125,920	\$ 234,575
2006	115,505	118,320	233,825
2007	128,315	112,178	240,493
2008	133,240	105,551	238,791
2009	140,290	98,597	238,887
2010-2014	742,680	385,146	1,127,826
2015-2019	643,095	193,555	836,650
2020-2024	278,090	66,515	344,605
2025-2029	108,010	13,588	121,598
	<u>2,397,880</u>	<u>\$ 1,219,370</u>	<u>\$ 3,617,250</u>
Less: Unaccreted appreciation	(52,281)		
	2,345,599		
Deferred amount on refundings	(3,856)		
Unamortized premiums	67,416		
Total	<u>\$ 2,409,159</u>		

11 REVENUE BONDS

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

interest. Bonds outstanding at June 30, 2004 (except for the Illinois State Toll Highway Authority which is as of December 31, 2003), 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	\$ 282,208	3.000% to 5.500%	2023
Designated Account Purchase Program	<u>3,502,916</u>	4.250% to 18.000%	2044
Total Business-type Activities	<u>\$ 3,785,124</u>		
Fiduciary Funds:			
State Universities Retirement System	<u>\$ 9,128</u>	7.450%	2005
Component Units			
Major Component Units:			
Illinois Housing Development Authority	\$ 1,489,750	0.990% to 15.000%	2046
Illinois State Toll Highway Authority	696,862	3.500% to 6.300%	2017
Illinois State University	55,918	2.000% to 7.350%	2023
Northern Illinois University	118,853	4.000% to 6.550%	2029
Southern Illinois University	148,984	1.400% to 6.200%	2029
University of Illinois	<u>695,300</u>	2.000% to 7.960%	2034
	3,205,667		
Non-Major Component Units	<u>212,529</u>	1.200% to 7.300%	2035
Total Component Units	<u>\$ 3,418,196</u>		

Changes in revenue bonds during the year ended June 30, 2004 are summarized in Note 8. Revenue bond debt service requirements,

principal and interest as of June 30, 2004, are as follows:

Table 11-2 (amounts expressed in thousands)

Year Ending June 30	Primary Government				Component Units	
	Business-type Activities		Fiduciary Funds		Principal	Interest
	Principal	Interest	Principal	Interest		
2005	\$ 128,515	\$ 69,122	\$ --	\$ --	\$ 227,225	\$ 165,142
2006	146,805	67,285	10,000	--	115,225	159,042
2007	60,655	64,186	--	--	152,165	152,010
2008	17,950	62,516	--	--	161,225	145,271
2009	24,645	61,475	--	--	161,760	138,148
2010-2014	236,550	286,987	--	--	873,460	576,324
2015-2019	94,110	256,442	--	--	894,230	359,904
2020-2024	69,190	241,640	--	--	502,055	204,657
2025-2029	225,300	227,529	--	--	405,085	102,822
2030-2034	575,650	202,920	--	--	165,490	29,666
2035-2039	1,206,950	113,059	--	--	24,035	7,946
2040-2044	999,550	52,240	--	--	15,130	3,044
2045-2049	--	--	--	--	4,185	246
	<u>3,785,870</u>	<u>\$ 1,705,401</u>	<u>10,000</u>	<u>\$ --</u>	<u>3,701,270</u>	<u>\$ 2,044,222</u>
Less: Unaccrued appreciation	--	--	(872)	--	(249,451)	--
	<u>3,785,870</u>	--	<u>9,128</u>	--	<u>3,451,819</u>	--
Deferred amount on refundings	--	--	--	--	(27,224)	--
Unamortized premiums/(discounts)	(746)	--	--	--	(6,399)	--
Total	<u>\$ 3,785,124</u>	--	<u>\$ 9,128</u>	--	<u>\$ 3,418,196</u>	--

Included within the \$1,489.8 million of outstanding Illinois Housing Development Authority (IHDA) revenue bonds are \$1,356.0 million which do not require the Governor to include in the State budget the amount necessary for payment of principal and interest. Payment of principal and interest on a portion of the IHDA bonds are debt of various authorities and is guaranteed from pledged revenues of the properties. Payment of principal and interest of the remainder of the IHDA bonds and the non-major component unit bonds are guaranteed by a municipal bond insurance policy.

Demand and Variable Rate Bonds

Designated Account Purchase Program (IDAPP)

Included in the \$3,502.9 million of outstanding revenue bonds issued by IDAPP are \$319.8 million of variable rate demand bonds, (Series D, Series 1996A, Series 1996B, Series 1997A,

Series 1997B, Series 1998A, Series 1998B, Series 1999A and Series 1999B), the proceeds of which were used to purchase and originate student loans. The bonds mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the bonds to be sold at a price equal to their principal amount, but not to exceed 15% per annum for the Series D, Series 1996B, Series 1997B, and Series 1998B bonds and 12% per annum for the Series 1996A, Series 1997A, Series 1998A, Series 1999A and Series 1999B bonds. Of the \$319.8 million of demand bonds, \$280.2 million are recorded as non-current for 2004.

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

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

IDAPP has take out agreements with various credit facilities to convert the bonds to an installment loan payable over the terms of the agreements bearing adjustable interest rates between 3.75% and 4.25% as of June 30, 2004. The take out agreements expire at various dates through August 28, 2009. If the take out agreements were to be exercised because all of the \$319.8 million of demand bonds were to be "put" and not resold, IDAPP would be required to pay interest amounts varying from \$12.1 million in fiscal year 2005 to \$.7 million in fiscal year 2035 assuming the interest rates above.

IDAPP is required to pay to the credit facilities an origination fee based on the line of credit amounts and a quarterly commitment fee thereafter, based on the available amount of the letters of credit. Quarterly commitment fees currently in effect range from .165% to .55% of the available amount of the letters of credit. As of June 30, 2004, IDAPP has not drawn any

funds under the existing agreements.

Also included in the \$3,502.9 million of outstanding revenue bonds are \$3,444.3 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, 2004 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 2004. 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 Taxable Multi-Family Variable Rate Demand Bonds Series 1996A, \$55.8 million of Multi-Family Housing Revenue Bonds Series 1997 and Series 2000A and \$10.7 million of Homeowner Mortgage Revenue Bonds Series 2004A3 which are variable rate demand bonds. Interest rates on these bonds are determined weekly at a rate established by the remarketing agents on each rate determination date. In addition, \$26.8 million of Taxable Homeowner Mortgage Revenue Bonds Series 2001D, 2001F and 2002B are also variable rate demand bonds. Interest rates on these bonds are based on a floating rate determined on an annual basis and paid monthly. The IHDA has agreements with liquidity providers to purchase any bonds tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. Payment of the principal and interest on the bonds when due are insured by a financial guarantee insurance policy. The IHDA has a commitment to reimburse the insurer for any such payments made.

Illinois State Toll Highway Authority (THA)

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

Derivatives

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

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. On January 1, 2004 the Illinois Finance Authority (IFA) was created by the Illinois General Assembly. The IFA combined the following previous agencies with bond debt: Illinois Development Finance Authority; Illinois Health Facilities Authority; Illinois Educational Facilities Authority; Illinois Farm Development Authority; and Illinois Rural Bond Bank. Also, agencies combined into the IFA without bond debt were Illinois Research Park Authority and Illinois Community Development Finance Corporation.

Table 11-3 (amounts expressed in thousands)

Authority	Amount Outstanding	Annual Maturity To
Illinois Finance Authority		
Revenue bonds	\$ 1,201,125	2043
Notes	25,748	2024
Illinois Development Finance Authority		
501(c) not for profit	\$ 2,964,332	2041
Environmental facilities	1,571,505	2032
Industrial development	1,364,882	2038
Infrastructure	985,032	2024
Housing	284,379	2039
Leases, notes and certificates of participation	46,163	2021
Financially distressed city	15,235	2013
Illinois Health Facilities Authority	7,955,584	2037
Illinois Educational Facilities Authority	3,200,939	2041
Illinois Farm Development Authority	87,743	2041
Illinois Rural Bond Bank	17,055	2030
Total Illinois Finance Authority	19,719,722	
Illinois Housing Development Authority	291,109	2044
Southwestern Illinois Development Authority	131,184	2038
Upper Illinois River Valley Development Authority	45,745	2037
Will-Kankakee Regional Development Authority	39,686	2033
Illinois Medical District Commission	30,375	2032
Quad Cities Regional Economic Development Authority	15,173	2031
Total	\$ 20,272,994	

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, 2004 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:			
Unemployment Compensation Trust	\$ 585,175	Variable	Demand
Designated Account Purchase Program	100,294	0.80% to 1.55%	Demand
Total Primary Government	\$ 685,469		
Component Units			
Major Component Units:			
Illinois State University	\$ 1,000	4.25%	2004
Northern Illinois University	15,279	4.00% to 6.00%	2014
Southern Illinois University	2,496	3.00% to 4.85%	2009
University of Illinois	7,513	1.81%	Demand
	26,288		
Non-Major Component Units	7,612	0.00% to 10.81%	2019
Total Component Units	\$ 33,900		

General Obligation Certificates Payable

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

On June 23, 2004, the State issued \$850.0 million of general obligation certificates of which \$425.0 million is scheduled to mature on July 23, 2004 with an interest rate of 6% and \$425.0 million is scheduled to mature on October 22, 2004 with an interest rate of 2%. The certificates were issued for the purpose of paying for medical services

under the Illinois Public Aid Code or the Children’s Health Insurance Program Act. Proceeds from the certificates were deposited into the following funds: \$850.0 million into the Medicare Provider Relief Fund (a sub-account of the General Fund) and \$2.9 million of bond issuance premium into the General Obligation Bond Retirement and Interest Fund (a non-major governmental fund).

Changes in notes payable during the year ended June 30, 2004 are summarized in Note 8. Changes in general obligation certificates payable during the year ended June 30, 2004 are as follows:

Table 12-2 (amounts expressed in thousands)

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Primary Government				
Governmental Activities				
General obligation certificates payable	\$ 1,500,000	\$ 850,000	\$(1,500,000)	\$ 850,000
Unamortized premiums	9,420	2,869	(9,420)	2,869
Total Governmental Activities	\$ 1,509,420	\$ 852,869	\$(1,509,420)	\$ 852,869

Future notes and general obligation certificates payable debt service requirements as of June 30, 2004, are as follows:

Year Ending June 30	Primary Government				Component Units	
	Governmental Activities		Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest		
2005	\$ 850,000	\$ 4,935	\$ 620,469	\$ 1,371	\$ 14,356	\$ 1,453
2006	--	--	--	969	3,720	810
2007	--	--	--	969	4,106	643
2008	--	--	--	969	3,619	483
2009	--	--	--	969	2,169	334
2010-2014	--	--	--	4,842	5,502	487
2015-2019	--	--	--	4,842	--	--
2020-2024	--	--	--	4,842	--	--
2025-2029	--	--	65,000	4,842	428	15
	850,000	\$ 4,935	685,469	\$ 24,615	33,900	\$ 4,225
Unamortized premiums/(discounts)	2,869	--	--	--	--	--
	\$ 852,869	--	\$ 685,469	--	\$ 33,900	--

Demand Notes Payable

Unemployment Compensation Trust Fund

The balance of \$585.2 million in advances from the federal government was paid July 1, 2004, from the proceeds of bonds issued (see Note 22-Subsequent Events).

Designated Account Purchase Program (IDAPP)

IDAPP has issued \$100.3 million in variable rate demand notes (Series BB and Series EE). The notes mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the notes to be sold at equal to their principal amount. Of the \$100.3 million of demand notes, \$65.0 million are recorded as non-current for 2004.

A line of credit has been issued by Bank One in order to permit the trustee to draw amounts to pay the tender price of the variable rate demand note tendered for payment under early redemption and demand provisions of the note issue. Under this line of credit Bank One, acting as tender agent, paying agent and note registrar is entitled to draw an amount sufficient to pay the purchase price of the notes delivered to it. The line of credit expires on May 19, 2006. If the remarketing agent is unable to resell any note that are "put" within 180 days of the "put" date, IDAPP is required to repay the amounts drawn on the line of credit for the

redemption of this note. Repayment of amounts drawn on the line of credit will be made by IDAPP from the trustee account.

IDAPP has a take out agreement with Bank One to convert Demand Note Series EE to an installment loan payable over the term of the agreement bearing an adjustable interest rate equal to 4.25% as of June 30, 2004. Take out agreement expires May 19, 2006. If the take out agreement was to be exercised, IDAPP would be required to pay \$2.8 million per year through fiscal year 2029 assuming a 4.25% interest rate.

IDAPP is required to pay Bank One an origination fee based on the line on credit amount and a quarterly commitment fee thereafter, based on the available amount of the line of credit. Quarterly commitment fees currently in effect range from .25% to .50% of the available amount of the line of credit. IDAPP has not paid a take out agreement fee to Bank One. As of June 30, 2004, IDAPP has not drawn any fund under its existing liquidity facility agreement.

University of Illinois (U of I)

The U of I had a \$28.0 million line of credit to a bank, due on November 30, 2004, with a negotiated interest rate in irregular intervals (1.81% at June 30, 2004). The line of credit is unsecured, but would be used to pay the \$7.5 million of notes payable.

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		Component Units
		Governmental Activities	Business-type Activities	
Capital lease obligations	(A)	\$ 13.9	\$ --	\$ 90.6
Certificates of participation	(B)	123.0	--	470.8
Illinois Emergency Management Agency	(C)	17.5	--	--
Installment purchase obligations	(D)	10.2	--	2.6
Cape Girardeau Bridge - State of Illinois/ State of Missouri Joint Agreement	(E)	5.9	--	--
Obligations to Lottery Prize Winners	(F)	--	4.7	--
Illinois Student Assistance Commission/ Tuition obligations	(G)	--	537.7	--
Other obligations	(H)	16.7	10.1	277.8
Total Other Long-Term Obligations		\$ 187.2	\$ 552.5	\$ 841.8

(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, 2004, assets capitalized under capitalized leases are as follows:

Table 13-2 (amounts expressed in thousands)

	Primary Government		Component Units
	Governmental Activities	Business-type Activities	
Land and land improvements	\$ --	\$ --	\$ 15,132
Buildings and building improvements	14,732	--	45,467
Equipment	2,905	146	51,467
	17,637	146	112,066
Less: Accumulated depreciation	5,813	84	13,290
	\$ 11,824	\$ 62	\$ 98,776

Future minimum commitments for non-cancelable leases as of June 30, 2004 are as follows:

Table 13-3 (amounts expressed in thousands)

Primary Government

Year Ending June 30	Operating Leases	Capitalized Leases				Total
		Governmental Activities		Business-type Activities		
		Principal	Interest	Principal	Interest	
2005	\$ 93,882	\$ 3,008	\$ 1,205	\$ 27	\$ 11	\$ 98,133
2006	83,317	848	985	23	3	85,176
2007	66,298	650	911	--	--	67,859
2008	51,934	568	855	--	--	53,357
2009	43,591	615	800	--	--	45,006
2010-2014	108,153	4,110	2,960	--	--	115,223
2015-2019	--	4,096	730	--	--	4,826
Total minimum lease payments	<u>\$ 447,175</u>	<u>\$ 13,895</u>	<u>\$ 8,446</u>	<u>\$ 50</u>	<u>\$ 14</u>	<u>\$ 469,580</u>

Table 13-4 (amounts expressed in thousands)

Component Units

Year Ending June 30	Operating Leases	Capitalized Leases	Total
2005	\$ 10,103	\$ 17,091	\$ 27,194
2006	8,172	13,145	21,317
2007	4,156	9,785	13,941
2008	2,268	9,140	11,408
2009	970	7,067	8,037
2010-2014	2,327	21,618	23,945
2015-2019	25	18,542	18,567
2020-2024	--	38,191	38,191
Total minimum lease payments	<u>\$ 28,021</u>	134,579	<u>\$ 162,600</u>
Less amounts representing interest		<u>43,982</u>	
Present value of net minimum lease payments		<u>\$ 90,597</u>	

Rental payments (amounts expressed in thousands) for operating leases charged to operations during the year ended June 30, 2004

aggregated \$292,418 for the primary government and \$27,578 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, 2004 was \$30.7 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, 2004 was \$470.8

million, which includes unamortized premiums of \$13.9 million and deferred amounts on refunding of \$18.0 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, 2004 was \$92.3 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, 2004 are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Certificates of Participation						Component Units	
	Governmental Activities				Total			
	State-Issued		Non-State-Issued		Principal	Interest	Principal	Interest
2005	\$ 1,500	\$ 1,750	\$ 6,660	\$ 5,061	\$ 8,160	\$ 6,811	\$ 28,725	\$ 20,476
2006	1,580	1,669	7,025	4,702	8,605	6,371	25,130	19,452
2007	1,660	1,581	8,655	4,278	10,315	5,859	26,990	18,272
2008	1,750	1,487	5,355	3,900	7,105	5,387	28,550	16,965
2009	1,850	1,386	5,635	3,616	7,485	5,002	30,005	15,559
2010-2014	10,915	5,149	31,185	13,055	42,100	18,204	159,295	55,245
2015-2019	11,395	1,438	27,800	4,168	39,195	5,606	106,260	24,393
2020-2024	--	--	--	--	--	--	69,975	5,284
	<u>30,650</u>	<u>\$14,460</u>	<u>92,315</u>	<u>\$38,780</u>	<u>122,965</u>	<u>\$53,240</u>	<u>474,930</u>	<u>\$175,646</u>
Unamortized premiums/(discounts)	--	--	--	--	--	--	13,913	--
Deferred amount on refundings	--	--	--	--	--	--	(18,029)	--
	<u>\$ 30,650</u>		<u>\$92,315</u>		<u>\$122,965</u>		<u>\$470,814</u>	

(C) Illinois Emergency Management Agency -

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

Although the State was not culpable for the creation of the hazard, federal law makes it, as the owner, a potentially responsible party along with the corporations that did the dumping.

These corporations are defunct and in recognition of the State’s lack of culpability, the USEPA has estimated the clean-up plan to cost \$40 million. The USEPA has estimated the State’s liability for the clean-up. The State has recorded this liability in the governmental activities statement of net assets in the amount of \$17.5 million at June 30, 2004.

(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, 2004 are as follows:

Table 13-6 (amounts expressed in thousands)

Year Ending June 30	Primary Government					Component Units		
	Governmental Activities		Business-type Activities		Total	Principal	Interest	Total
	Principal	Interest	Principal	Interest				
2005	\$ 7,156	\$ 448	\$ 4	\$ --	\$ 7,608	\$ 428	\$ 84	\$ 512
2006	2,161	109	--	--	2,270	424	68	492
2007	601	38	--	--	639	438	54	492
2008	299	12	--	--	311	453	39	492
2009	--	--	--	--	--	404	25	429
2010-2014	--	--	--	--	--	417	11	428
	<u>\$ 10,217</u>	<u>\$ 607</u>	<u>\$ 4</u>	<u>\$ --</u>	<u>\$ 10,828</u>	<u>\$ 2,564</u>	<u>\$ 281</u>	<u>\$ 2,845</u>

**(E) Cape Girardeau Bridge—State of Illinois/
State of Missouri Joint Agreement -**

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

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

As of June 30, 2004, the balance of the Illinois/Missouri Joint Agreement was \$5.9 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, 2004, are as follows:

Table 13-7 (amounts expressed in thousands)

Year Ending June 30	Principal	Interest	Total
2005	\$ 2,000	\$ 315	\$ 2,315
2006	2,000	209	2,209
2007	1,935	103	2,038
	<u>\$ 5,935</u>	<u>\$ 627</u>	<u>\$ 6,562</u>

(F) Obligations to Lottery Prize Winners -

The State has obligations to certain lottery prize winners for awards payable in annual installments ranging from nineteen years to the life of the prize winner, with the first payment being made after the claim is presented for payment. 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 its obligation to the prize winner. As of June 30, 2004, the State has fulfilled all obligations under these agreements.

For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of the Department of Revenue, may contract to invest in securities, which provide payments corresponding to its obligation to these winners. The present value of these annuities and the related liabilities owed to prize winners, approximating \$4.7 million, have been reported in the financial statements of the State Lottery Fund, a non-major enterprise fund.

In addition to the prize obligations discussed above, the State has provided for other payments corresponding to its obligation to prize winners through the purchase of direct obligations of the federal government, primarily in the form of United States Treasury zero coupon bonds. As established by State law, such securities shall be maintained in the Deferred Lottery Prize Winners Trust Fund, a special trust fund separate and apart from all

public money or funds of the State. These investments are purchased in amounts to provide for annual annuity payments to the prize winner(s) of each qualifying individual drawing. Since these monies are invested by the State on behalf of external legally separate entities (the prize winners), with specific investments being acquired for these individual entities for which the income from and changes in the value of the investments affect only the prize winners for whom they were acquired, in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Deferred Lottery Prize Winners Trust Fund is reported as an investment trust fund. The investments of the fund are reported at fair value, which approximated \$1.0 billion at year-end, and the net assets are reported as reserved for external investment pool participants.

(G) Illinois Student Assistance Commission -

Tuition payable in the Illinois Prepaid Tuition Fund, a non-major enterprise fund, as of June 30, 2004, represents net principal payments received for contracts held by the fund in the amount of \$457.2 million, of which \$14.7 million is considered current. In addition, an accretion payable recorded in the same fund in the amount of \$80.5 million of which \$1.1 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 2004 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, 2004. 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, 2004, ISBE has paid \$2.59 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, 2004, the current year portion of the obligation is \$13.91 million, which includes \$.16 million of the fiscal year 2000 obligation and \$13.75 million for the full fiscal years 2001, 2002, 2003, 2004 and 2005 obligation. The long term portion of the obligation at June 30, 2004 was \$2.75

million and is accounted for in the governmental activities financial statements.

Primary Government - Business-type Activities

The Self Insurers' Security Fund, a non-major enterprise fund, has recorded a liability of \$10.1 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, 2004, the deposits in escrow were \$151.2 million.

In addition, component units presented other miscellaneous obligations in the amount of \$126.6 million. These obligations will be liquidated by the reporting component unit.

14 DERIVATIVES

The State and its component units have entered into various debt-related derivatives as of June 30, 2004. The objectives of the derivatives are as follows:

Primary Government

Governmental Activities

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

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

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

Subject to continuing basis performance monitoring between the Agreements and the 2003B bonds (certain basis risks described herein), the initial savings to the State in respect to entering a net synthetic fixed rate bond structure versus a traditional fixed rate bond structure is approximately 0.71% per year, or a net present value of approximately \$62 million as of June 30, 2004.

The Agreements provide for the State to pay a monthly fixed rate of interest (3.89%) and receive a monthly floating rate of interest based on 67% of the one month London Interbank Offering Rate (LIBOR) or the Bond Market Association (BMA) index, depending on whether one month LIBOR is above or below 2.500%. The payments are computed on a combined Agreement amount which is equal to the 2003B bonds principal outstanding and reduces as the 2003B bonds principal is repaid.

Business-type Activities

The Designated Account Purchase Program (IDAPP) has two active interest rate swap contracts as of June 30, 2004. Both of these contracts are associated with the Series 2001B bond issue.

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

IDAPP entered into an interest rate exchange agreement on June 26, 2003 (2003 swap) to reduce its exposure to adverse movements in interest rates related to \$150 million of Series 2001B PLUS loans that are in effect fixed rate loans for a one-year period ending July 1, 2004. IDAPP did not elect to account for the 2003 swap as a hedge and the amounts to be paid or received under the 2003 swap are recognized as additions to or reductions in interest expense in the period they are incurred or received. Payments are made based on a variable rate of one month LIBOR and IDAPP pays the counterparty based on a fixed rate of 1.305%. Both are paid on a monthly basis. During the fiscal year ended June 30, 2004, IDAPP recorded a charge of \$260 thousand to interest expense related to the 2003 swap.

A second one-year interest rate exchange agreement (2004 swap) was entered into for fiscal year 2004 relating to an additional \$150 million of 2001B bonds. Payments will be based on a variable rate of one month LIBOR and IDAPP will pay the counterparty based on a fixed rate of 2.500%.

Component Units

Illinois Housing Development Authority (IHDA)

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

Since interest rates have declined since the implementation of the swap agreements, all currently active swaps, except for Housing Bonds Series 2004B, had a negative fair value as of June 30, 2004. The negative fair values may be countered by reductions in total interest payments required under the variable rate

bonds, creating lower synthetic interest rates. Since the coupons on IHDA variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

Illinois State Toll Highway Authority (THA)

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

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

University of Illinois (U of I)

To facilitate the advance refunding of the Certificates of Participation (Utility Infrastructure Projects) Series 2001 A and B, and, as a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in March 2004, the U of I entered into an interest rate swap in connection with its \$144 million variable rate Certificates of Participation (Utility Infrastructure Projects) Series 2004. The intention of the swap was to effectively change the U of I's variable interest rate on the Certificates to a synthetic fixed rate of 3.919%, which includes the Certificates'

current liquidity facility fee. In addition, there is a 0.05% current remarketing fee.

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

Risks:

Credit risk:

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

As of June 30, 2004, 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, both 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.

The THA has adopted an interest rate risk management policy to select counterparties with an initial rating of at least A-/A3 (Standard & Poor's, Moody's respectively). As of December 31, 2003 (THA's fiscal year end), the three counterparties have credit ratings that exceed the minimum credit rating requirement. If the counterparties are downgraded below acceptable levels, the agreements require that the counterparties post suitable and adequate collateral. The notional amount of the swaps equals the principal amount of the bonds for both the Series 1993B and 1998B bond obligations.

As of June 30, 2004, the U of I was exposed to credit risk because the swap had a positive fair value. The swap counterparty was rated A+/Aa3 by Standard & Poor's and Moody's Investors Services, respectively. To mitigate the potential for credit risk, if both credit ratings of the counterparty fall below A- and A3, respectively, the fair value of the swap will be collateralized by the counterparty with US Treasury Securities, Agency Notes and Municipal Securities. Collateral would be posted with a third party custodian.

Basis risk:

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

Agreements are in LIBOR mode), the floating index received under the Agreements could exceed the amount of interest required for the 2003B bonds, resulting in additional receipts for the State.

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

The THA has implemented a strategy on the swaps associated with the Series 1993B and 1998B bonds which was designed to provide a synthetic fixed rate and it is not anticipated that, as a result of the strategy, the THA has assumed any additional interest rate risk. The swap exposes the THA to basis risk should the variable interest rate on the bond coupons and the synthetic interest rate change. If a change occurs, the expected cost savings may not be realized. As of December 31, 2003 (THA's fiscal year end), the BMA rate was 1.005%.

To minimize the potential for basis risk, the U of I engaged a third party consultant to calculate the "mark to market" or "market value" of the swap transaction. As of June 30, 2004, the mark to market value of the swap was \$2 million. Since this is a positive number it represents an approximation of the amount of money that a swap provider may have been willing to pay the U of I to terminate the swap.

Termination risk:

Should the State or a counterparty fail to perform under the terms of the Agreement, there may be a termination of the Agreement. In such an event the State may incur an unhedged variable rate position with its 2003B general obligation bonds and potentially owe a net termination payment if the market value of the contract is against the State. Posting

collateral by the counterparty (in the form of cash, unconditional Treasury obligations or Treasury guaranteed agency securities), if required by the credit rating of the counterparty, protects the State's interest against the counterparty's failure when the market value is in favor of the State. The State is never required to post collateral when the value is in favor of the counterparty (as is the case as of June 30, 2004).

IDAPP or the counterparty may terminate any of the swap agreements if the other party fails to perform under the terms of the swap agreements. If the swap is terminated, the variable rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, IDAPP would be liable to the counterparty for an amount equal to the swap's fair value. The swap has a \$2 million termination payment provision.

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

The THA or the counterparty may terminate any of the swap agreements if the other party fails to perform under the terms of the swap agreements. On a current mark-to-market basis, using December 31, 2003 (THA's fiscal year end) as a termination date, the net present value of each of the swaps would require the THA to make an estimated combined termination payment, in the event that the outstanding swaps were terminated, of approximately \$16 million and \$5 million for Series 1993B and Series 1998B bonds respectively. The termination payment is based upon the market conditions prevailing at the time of termination, and calculated using methodology set forth by the International Swaps and Derivative Association (ISDA).

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

be liable to the counterparty for a payment equal to the swap's fair value.

Rollover risk:

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

Details of the various debt related derivative agreements in effect as of June 30, 2004 (except for THA which is as of December 31, 2003) are as follows:

Table 14-1 (amounts expressed in thousands)

Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Rate in Effect at 6/30/04	Fair Values (2)	Swap Termination Date	Counterparty Credit Rating (3)
Primary Government								
Governmental Activities								
Interest Rate Swap Contracts								
Series 2003B	\$384,000	10/03	3.890%	BMA [^] , w hen 1 mo.	1.08%	\$ (8,217)	10/33	A/A1/A+
General Obligation Bonds	54,000	10/03	3.890%	LIBOR ^{^^} is < 2.5%; or	1.08%	(954)	10/33	A/Aa3/A+
	54,000	10/03	3.890%	67% of LIBOR, w hen 1	1.08%	(1,124)	10/33	AAA/Aa1/AA+
	54,000	10/03	3.890%	mo. LIBOR is ≥ 2.5%	1.08%	(985)	10/33	AA-/Aa1/AA+
	54,000	10/03	3.890%		1.08%	(1,243)	10/33	A+/Aa3/AA-
	<u>\$600,000</u>					<u>\$(12,523)</u>		
Business-type Activities								
IDAPP								
Interest Rate Swap Contracts								
RAMS*								
Series 2001B	\$150,000	6/03	1.305%	1 mo. LIBOR ^{^^}	1.37%	\$ (24)	7/04	AAA/Aa2/AA+
Series 2001B	150,000	7/04	2.500%	1 mo. LIBOR ^{^^}	1.37%	(234)	7/05	AAA/Aa2/AA+
	<u>\$300,000</u>					<u>(258)</u>		
Component Units								
IHDA								
Interest Rate Swap Contracts								
MVRDB**								
Series 1996A	\$ 5,135	12/98	6.410%	30 day nonfinancial CP ^{^^^}	1.34%	\$ (525)	12/08	A+/Aa3/--
Series 1996A	2,976	12/03	5.467%	1 mo. LIBOR ^{^^}	1.34%	(47)	8/26	AAA/Aa2/--
MHRB***								
Series 2000A (Lakeshore Plaza) (4)	41,585	6/00	5.510%	Actual bond rate	1.05%	(1,333)	7/27	AAA/Aaa/--
HMRB****								
Series 2001D	7,090	7/01	6.130%	1 mo. LIBOR ^{^^} +30bp ^{^^^^}	1.41%	(524)	2/10	AAA/Aaa/--
Series 2001F	10,000	1/02	6.615%	1 mo. LIBOR ^{^^} +40bp ^{^^^^}	1.51%	(1,099)	8/20	A+/Aa3/--
Series 2002B	9,700	5/02	6.145%	1 mo. LIBOR ^{^^} +41.5bp ^{^^^^}	1.53%	(725)	2/23	AAA/Aaa/--
Interest Rate Cap								
MHRB***								
Series 1997 (Camelot Development)	14,170	11/97	5.750%	Stated rate	1.08%	(123)	12/07	AA-/Aa3/--
HB*****								
Series 2004B	10,000	3/04	5.000%	Stated rate	1.10%	119	4/12	AAA/Aaa/--
Forward Delivery Swap								
AHPTFB*****								
Series 1994 (5)	24,115	8/04	6.500%	1 mo. LIBOR ^{^^}	1.12%	(2,387)	7/04	A/A2/--
	<u>\$124,771</u>					<u>\$ (6,644)</u>		
THA								
Interest Rate Swap Contracts								
Series 1993B	\$178,200	6/93	4.920%	BMA [^] Municipal Sw ap Index	1.01%	\$(16,297)	12/09	--/Aa3/--
Series 1998B	67,705	7/99	4.325%	BMA [^] Municipal Sw ap Index	1.01%	(2,450)	1/17	--/A1/--
Series 1998B	55,395	7/99	4.325%	BMA [^] Municipal Sw ap Index	1.01%	(2,004)	1/17	--/A1/--
	<u>\$301,300</u>					<u>\$(20,751)</u>		
U of I								
Interest Rate Swap Contracts								
Certificates of Participation								
Series 2004	\$143,665	3/04	3.919%	BMA [^] Municipal Sw ap Index	1.05%	\$ 2,261	8/21	A+/Aa3/--
* Reset Auction Mode Securities, Student Loan Revenue Bonds ^ Bond Market Association								
** Multi-Family Variable Rate Demand Bonds ^^ London Interbank Offered Rate								
*** Multi-Family Housing Revenue Bonds ^^^ Commercial Paper								
**** Homeowner Mortgage Revenue Bonds ^^^^^ basis points								
***** Housing Bonds								
***** Affordable Housing Program Trust Fund Bonds								
(1) All bond issues are taxable debt instruments.								
(2) Includes accrued interest.								
(3) Credit rating companies: Standard & Poor's (S&P)/Moody's Investors Services/Fitch Rating Services								
(4) \$550 premium received 9/17/98. Par termination rights at IHDA's option beginning 7/01/05.								
(5) Counterparty collateralizes negative market value.								

As of June 30, 2004, debt service requirements of outstanding variable rate debt and net swap

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

Table 14-2 (amounts expressed in thousands)

Swap Payments and Associated Debt

Variable Rate Bonds

Primary Government

Year Ending June 30	Governmental Activities				Business-type Activities			
					Designated Account Purchase Program			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2005	\$ --	\$ 6,480	\$ 16,980	\$ 23,460	\$ 3,600	\$ 2,546	\$ 1,193	\$ 7,339
2006	--	6,480	16,980	23,460	5,000	206	106	5,312
2007	--	6,480	16,980	23,460	--	--	--	--
2008	--	6,480	16,980	23,460	--	--	--	--
2009	--	6,480	16,980	23,460	--	--	--	--
2010-2014	--	32,400	84,900	117,300	--	--	--	--
2015-2019	--	32,400	84,900	117,300	--	--	--	--
2020-2024	261,400	26,432	69,261	357,093	--	--	--	--
2025-2029	240,500	14,323	34,847	289,670	--	--	--	--
2030-2034	98,100	2,937	7,695	108,732	--	--	--	--
Total	\$ 600,000	\$ 140,892	\$ 366,503	\$ 1,107,395	\$ 8,600	\$ 2,752	\$ 1,299	\$ 12,651

Component Units

Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2005	\$ 1,970	\$ 1,954	\$ 3,118	\$ 7,042	\$ --	\$ 2,865	\$ 11,227	\$ 14,092
2006	2,245	1,918	3,053	7,216	--	2,865	11,227	14,092
2007	2,380	1,881	2,984	7,245	30,900	2,723	10,608	44,231
2008	2,420	1,793	2,795	7,008	32,500	2,434	9,338	44,272
2009	7,615	1,705	2,605	11,925	34,300	2,129	8,000	44,429
2010-2014	12,580	7,861	11,840	32,281	80,500	6,958	23,828	111,286
2015-2019	18,765	6,676	9,320	34,761	123,100	3,787	12,516	139,403
2020-2024	17,600	4,817	5,206	27,623	--	--	--	--
2025-2028	34,805	2,629	1,824	39,258	--	--	--	--
2030-2034	10,975	578	151	11,704	--	--	--	--
Total	\$ 111,355	\$ 31,812	\$ 42,896	\$ 186,063	\$ 301,300	\$ 23,761	\$ 86,744	\$ 411,805

Year Ending June 30	University of Illinois			
	Principal	Interest	Interest Rate Swaps, Net	Total
2005	\$ --	\$ 1,448	\$ 3,660	\$ 5,108
2006	915	1,523	3,869	6,307
2007	955	1,513	3,844	6,312
2008	995	1,503	3,817	6,315
2009	1,035	1,497	3,785	6,317
2010-2014	29,015	6,936	17,141	53,092
2015-2019	56,695	4,944	11,541	73,180
2020-2024	54,055	1,062	2,045	57,162
Total	\$ 143,665	\$ 20,426	\$ 49,702	\$ 213,793

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

15 REFUNDINGS OF LONG-TERM OBLIGATIONS

(A) Advance Refundings

During the year ended June 30, 2004, the State issued advanced refunding debt to lower interest rates. General obligation and revenue bonds and certificates of participation were issued to refund portions of earlier issues. The principal of the refunded debt will be redeemed on various dates through 2021 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 debt is considered to be defeased and the liability for this debt has been removed from the financial statements of the State. At June 30, 2004, the outstanding balance of the defeased debt was \$631.3 million. Advance refunding debt issued during fiscal year 2004 were as follows:

Table 15-1 (amounts expressed in millions)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Debt Refunded	Interest Rates of Debt Refunded	Debt Service Reduced by Refunding	Refunding Economic Gain/(Loss)	Accounting Gain/(Loss)
Governmental Activities							
General Obligation - October 2003 A	\$ 232.2	2.50% to 5.25%	\$ 232.9	3.50% to 5.80%	\$ 18.1	\$ 10.6	\$ (19.1)
General Obligation - October 2003 B	40.2	Variable	40.3	3.50% to 5.80%	3.1	1.8	0.2
General Obligation - March 2004 B	344.8	5.00%	351.6	4.60% to 5.50%	18.1	17.3	(34.5)
Total Governmental Activities	<u>\$ 617.2</u>		<u>\$ 624.8</u>		<u>\$ 39.3</u>	<u>\$ 29.7</u>	<u>\$ (53.4)</u>
Component Units							
Illinois Rural Bond Bank-Series 2003A	\$ 11.7	1.00% to 4.15%	\$ 10.8	5.30% to 6.25%	\$ 2.0	\$ 1.7	\$ (0.1)
University of Illinois - Series 2003	69.1	4.00% to 5.00%	68.0	4.375% to 5.500%	1.1	1.3	(7.3)
University of Illinois - Series 2004	143.7	Variable	131.0	5.00% to 5.50%	6.5	4.9	(11.2)
Total Component Units	<u>\$ 224.5</u>		<u>\$ 209.8</u>		<u>\$ 9.6</u>	<u>\$ 7.9</u>	<u>\$ (18.6)</u>

(B) Current Refundings

During the year ended June 30, 2004, the State issued current refunding bonds to lower interest rates and restructure debt service requirements for cash management purposes. These revenue

bonds were issued to currently refund earlier issues maturing on dates ranging from March 1, 2004 through March 1, 2015 at a redemption price of 100%. Current refunding bonds issued during fiscal year 2004 were as follows:

	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							
Business-type Activities							
Major Funds:							
Designated Account Purchase Program	\$ 50.5	Variable	\$ 50.5	6.30% to 6.75%	\$ 18.0	\$ 17.0	\$ --

(C) Prior Year Refundings

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

debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt is not included in the State's financial statements. At June 30, 2004, the outstanding balances of prior year defeased debt were as follows:

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units
General obligation bonds	\$ 591,315	\$ --	\$ --
Special obligation bonds	133,634	--	--
Revenue bonds	--	--	321,939
	<u>\$ 724,949</u>	<u>\$ --</u>	<u>\$ 321,939</u>

16**RETIREMENT SYSTEMS**

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

The Teachers’ Retirement System (“TRS”) is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with “special funding situations.” It provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. There are 885 local school districts, 139 special districts and 25 other State agencies that contribute to the TRS plan. At June 30, 2004, 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 15,600 of the approximately 81,200 active members have chosen this option.

Legislation, effective January 1, 1998, also required the SURS to offer a Self-Managed Plan. This is a defined contribution plan and is offered to employees of all SURS employers who elect to participate. All but two SURS employers participate in the Self-Managed Plan. The contribution rate is 8% of their gross earnings. It is a qualified money purchase plan under Section 401(a) of the Internal Revenue Code. The assets are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code. 8,250 of the approximately 81,200 active members have chosen this option. \$275.1 million of the \$12.9 billion total assets relate to the Self-Managed Plan. Plan member contributions were \$31.3 million and employer contributions were \$25.8 million for the year ended June 30, 2004.

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. In addition, pursuant to Public Act 93-002, the State made a contribution from general obligation bond proceeds of \$7.3 billion to the retirement systems to fund a portion of the State's unfunded liability. As illustrated in Table 16-1, the State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2004. Actual contributions varied slightly from contributions required by statute mainly because of differences between estimated and actual federal contributions.

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

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

	GARS	JRS	SERS	TRS	SURS
Actuarially required contribution ("ARC")	\$ 8,894	\$ 63,262	\$ 576,220	\$ 1,716,977	\$ 690,973
Plus: Interest on net pension obligation ("NPO")	4,462	26,520	97,103	821,006	409,094
Adjustment to the ARC	(2,556)	(15,194)	(56,617)	(490,223)	(245,383)
Annual pension cost ("APC")	10,800	74,588	616,706	2,047,760	854,684
Employer contributions	32,952	178,593	1,864,674	5,433,711	1,757,547
Decrease in NPO	(22,152)	(104,005)	(1,247,968)	(3,385,951)	(902,863)
NPO at June 30, 2003	55,778	331,500	1,142,390	9,658,892	4,812,868
NPO (net pension asset) at June 30, 2004	\$ 33,626	\$ 227,495	\$ (105,578)	\$ 6,272,941	\$ 3,910,005
Required contribution amounts/rates:					
* Statutory required contribution - P.A. 88-593	\$ 5,790	\$ 36,526	\$ 462,201	\$ 1,103,337	\$ 325,553
** Statutory required contribution - P.A. 93-002	27,074	141,955	1,385,895	4,330,374	1,431,994
Total required contribution - State	\$ 32,864	\$ 178,481	\$ 1,848,096	\$ 5,433,711	\$ 1,757,547
Members	11.5%	11%	4% - 12.5%	9%	8% - 9.5%
Actuarial valuation date	6/30/2004	6/30/2004	6/30/2004	6/30/2004	6/30/2004
Actuarial cost method	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit
Amortization method	Level % of pay	Level % of pay	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%	4% - 9.1%	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%.					
** Public Act 93-002 provided for a one-time contribution to fund a portion of the State's unfunded liability to the Systems from general obligation bond proceeds.					
*** Includes inflation rate listed					
**** Composite, approximately 6.5%					

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

	GARS	JRS	SERS	TRS	SURS
Annual Pension Cost ("APC")					
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
6/30/2004	\$ 10,800	\$ 74,588	\$ 616,706	\$ 2,047,760	\$ 854,684
% of APC Contributed					
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%
6/30/2004	305.11%	239.44%	302.36%	265.35%	205.64%
Net Pension Obligation (Asset)					
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
6/30/2004	\$ 33,626	\$ 227,495	\$ (105,578)	\$ 6,272,941	\$ 3,910,005

17**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 2004, the cost of providing post-employment health and dental benefits and life insurance benefits for the approximately 101,700 retirees and their dependents was estimated to be \$429.6 million and \$15.2 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 three-quarters of one percent of payroll contribution from active teachers, one-half of one percent of payroll contribution from employer school districts, and matching appropriations from the State to pay the subsidy portion of participating annuitants. Annuitants enrolling in TRS managed care or residing in areas with no managed care receive a 75% premium subsidy. All other annuitants receive a 50% subsidy. At June 30, 2004, there were approximately 40,400 TRS annuitants enrolled in the health plan. Payments into this plan from active teachers, employers, annuitants, and the State were \$54.5, \$34.5, \$108.4 and \$67.6 million, respectively, for the year ended June 30, 2004. The teachers' health insurance program is administered by the Illinois Department of Central Management Services (CMS) and is accounted for in the Teachers' Health Insurance Security Fund, a non-major enterprise fund. TRS is responsible for program enrollment and eligibility determination. CMS is responsible for providing information and consultation to plan participants.

18**FUND DEFICITS****Primary Government***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 \$2.495 billion at June 30, 2004, although the budgetary basis fund deficit at that date was \$410.295 million. This deficit results from a prior fiscal year spending in excess of revenues recognized.

Non-major Governmental Funds

The DHS Special Purposes Trust Fund of the Department of Human Services has a deficit at June 30, 2004, aggregating \$1.6 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Early Intervention Services Revolving Fund of the Department of Human Services has a deficit at June 30, 2004, aggregating \$5.5 million, resulting from the recognition of reimbursements to service providers incurred in the current year but not paid until the subsequent year.

The Local Government Tax Fund of the Department of Revenue has a deficit at June 30, 2004, aggregating \$3.8 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, 2004, aggregating \$.6 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, 2004, aggregating \$11.0 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The Federal Department of Agriculture Fund of the State Board of Education has a deficit at June 30, 2004, aggregating \$1.8 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, 2004, aggregating \$10.6 million, resulting from matured portions of a lawsuit settlement in excess of revenues collected.

The Rate Adjustment Fund of the Illinois Industrial Commission has a deficit at June 30, 2004, aggregating \$14.8 million, resulting from program costs in excess of charges for services.

The Capital Development Fund of the Capital Development Board has a deficit at June 30, 2004, aggregating \$37.3 million, resulting from recognition of fund liabilities in excess of bond issuances.

The above Governmental Funds' deficits will be eliminated by future revenue increases and/or expenditure reductions in future fiscal years.

Non-major Proprietary Funds

The Prepaid Tuition Fund of the Illinois Student Assistance Commission has a deficit at June 30, 2004, aggregating \$39.3 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, 2004, aggregating \$162 thousand, resulting from claim expenditures in excess of assessments in previous fiscal years.

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

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

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts and other economic and social factors. 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 4.565% which is the average interest rate for fiscal year 2004 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 \$3.1 million and \$3.9 million, respectively.

The workers compensation liability has been determined using claims outstanding and a projection of claims to be submitted, based

upon prior years experience of the State. Matured claims have been recorded as a liability in the General Fund, the Road Fund and the Mental Health Fund (a non-major governmental fund), in the amounts of \$10.3, \$0.5 and \$0.4 million, respectively. The remaining portion of the liability, \$147.4 million as of June 30, 2004, is included in the government-wide financial statement. Of this liability, \$81.3, \$36.8 and \$29.3 million are expected to be paid from future resources of the General Fund, the Road Fund and the Mental Health Fund, respectively.

The State uses the Health Insurance Reserve Fund, an internal service fund, to account for employee and retiree health and dental insurance benefit programs, which are partially self-funded. Employees may obtain health care services through participation in the State's group health insurance plan or through membership in one of eight health maintenance organization plans under contract with the State. The State maintains the risk of insurance for employees who participate in the State's group health insurance plan. Expenses and liabilities for claims, which include incurred but not reported or not processed benefit claims, have been recorded as liabilities in the amount of \$199.8 million. Payments to the Health Insurance Reserve Fund are based on estimates of amounts needed to pay prior year unprocessed and current year claims.

The following is a reconciliation of the State's claims liabilities for the year ended June 30, 2004:

Table 19-1 (amounts expressed in thousands)

Year Ended June 30	Changes in Claims Liability Balances			
	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
Primary Government-Governmental Activities:				
2003				
Auto Liability	\$ 7,726	\$ 2,771	\$ (2,572)	\$ 7,925
Workers' Compensation	132,717	79,880	(76,334)	136,263
Health Insurance	206,272	581,262	(519,547)	267,987
Total	<u>\$ 346,715</u>	<u>\$ 663,913</u>	<u>\$ (598,453)</u>	<u>\$ 412,175</u>
2004				
Auto Liability	\$ 7,925	\$ 3,012	\$ (3,886)	\$ 7,051
Workers' Compensation	136,263	100,032	(77,647)	158,648
Health Insurance	267,987	659,787	(727,941)	199,833
Total	<u>\$ 412,175</u>	<u>\$ 762,831</u>	<u>\$ (809,474)</u>	<u>\$ 365,532</u>
Component Units, (Information for the Toll Highway Authority is as of December 31):				
2003	<u>\$ 107,911</u>	<u>\$ 48,560</u>	<u>\$ (39,248)</u>	<u>\$ 117,223</u>
2004	<u>\$ 117,223</u>	<u>\$ 45,480</u>	<u>\$ (42,701)</u>	<u>\$ 120,002</u>

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

Component Units

The Toll Highway Authority, a major component unit, records an accrued self-insurance liability which covers workers' compensation liability and auto liability. The Authority accrued self-insurance liability was \$3.2 million at December 31, 2003.

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 \$18.8 million at June 30, 2004.

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 \$98.0 million at June 30, 2004.

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

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

20**COMMITMENTS AND CONTINGENCIES****(A) Construction Commitments**

The Department of Transportation has outstanding construction commitments for highway improvement programs of \$919.8 million as of June 30, 2004. These commitments will be financed through State reappropriations, with \$625.9 million available for federal reimbursement. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$78.2 million as of June 30, 2004, 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 \$130.0 million as of December 31, 2003. Chicago State University and the University of Illinois have outstanding construction commitments for various building and building improvement projects of \$15.6 and \$112.5 million, respectively.

(B) Protested Taxes

The State of Illinois has \$211 million in protested tax cases which have not been adjudicated at June 30, 2004. 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. Stays to permit settlement discussions and discovery followed.

The issues have been fully briefed by the parties. All that remains of the administrative procedure is the rendering of a decision by the CMS Appeals Board. Any repayment of or offsets to federal financial participation would not likely occur until late in fiscal year 2005 at the earliest.

In addition, the State's fiscal year 2003 Single Audit noted the Department of Human Services had questioned costs in the federal Department of Health and Human Services' Temporary Assistance for Needy Families program of \$17.3 million. Management of the Department disagrees with the determination methodology for the questioned costs and has provided documentation supporting their position to the federal grantor agency conducting the review. The Department anticipates an additional \$24.6 million in questioned costs for the program for fiscal year 2004.

(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, 2004, other than those identified in note 20(C) above, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the State believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

(E) Tobacco Settlement

A Master Settlement Agreement (MSA) was executed in November of 1998 between five tobacco companies and 46 states, including the State of Illinois. The MSA called for, among other things, the payment of more than \$200 billion allocated to the states in installments payable until the year 2025 with additional payments continuing thereafter in perpetuity. The Illinois share is expected to be \$9.1 billion through 2025. The payments are subject to various adjustments such as those for volume shipped, inflation, and the success of litigation by other governmental units and could amount to less than the expected amounts. Various aspects of the MSA have been challenged in court both locally and nationally 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 has put up a \$6 billion appeal bond. The appeal has been briefed and argued before the Illinois Supreme Court which has not yet rendered a decision. The tobacco manufacturer has obtained a temporary restraining order blocking the State from collecting the punitive damages. In addition, if the Illinois Supreme Court affirms the judgment, the tobacco manufacturer will argue that the \$3 billion in damages should be offset against the amount owed to the State as a part of the MSA.

Because of the novelty of the MSA and of the many related claims and because of the uncertainty inherent in calculation under the MSA, it is not possible to accurately predict the amount of money that will actually be received

by the State with reasonable certainty. The State received \$350, \$268, \$312, \$319 and \$270 million in fiscal years 2000, 2001, 2002, 2003 and 2004, respectively, and \$3 million through March 25, 2005.

(F) Excess Fee Charges

For fiscal year 2004, the General Assembly passed the Budget Implementation Act (Public Act 93-0032) which created, among other laws, a surcharge on employers' premium insurance charges and a fee based on self-insured employers' annual wage payments. The purpose of the surcharge and fee was to reduce the amount of the Illinois Industrial Commission's operating expenses being paid from general tax revenues. However, the surcharge and fee generated more than twice the sum needed for the Commission's operating budget causing the Illinois State Chamber of Commerce to challenge the Act's constitutionality. On November 29, 2004, the Cook County Circuit Court ruled that the surcharge and fee violated the Uniformity Clause and the Due Process Clause of the Illinois Constitution and ordered all monies currently held or to be collected to be placed in an escrow fund. The State has appealed the ruling. The State collected surcharges and fees related to the case of \$30.7 million in fiscal year 2004 and \$23.0 million through March 25, 2005.

(G) Other Legal Proceedings

A class action suit claiming the State's former lack of insurance coverage for prescription contraceptives for family planning purposes in the State's employee group insurance program constituted a violation of Title VII of the Civil Rights Act of 1964, as amended, was brought against the State in October 2002. The class, greater than 61,000, consists of all State female employees from August 31, 2000, to date of final judgment who were enrolled in a health care plan that did not provide insurance coverage for prescription contraceptives for family planning purposes.

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

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

- A class action lawsuit (Memisovski, et al., v. Maram) has been filed complaining the Department of Public Aid does not, in Cook County, have a State Medicaid plan in effect and does not operate its Medicaid program in a manner that enlists, and does not provide methods and procedures relating to payment for care and services under its Medicaid plan sufficient to enlist, enough providers of pediatric care to Medicaid eligible children pursuant to 42 U.S.C. §1396a(a)(30)(A) and the Department of Public Aid does not, in Cook County, have in effect a State Medicaid plan that provides, and does not operate its Medicaid program in Cook County in a manner that provides, early periodic screening, diagnostic and treatment services pursuant to 42 U.S.C. §1396a(a)(43) and §1396d(r). The court issued a memorandum opinion and order in August 2004, that essentially found for the plaintiffs on all of the previously listed claims.
- A class action lawsuit (Jackson, Fields & Villareal v. Maram) has been filed alleging that the Department of Public Aid failed to approve or otherwise make available motorized wheelchairs for nursing home residents in violation of Title XIX of the Social Security Act, Title II of the Americans with Disabilities Act ("ADA") and Section 504 of the Rehabilitation Act. The case has not yet gone to trial.
- A suit (Radaszewski v. Maram) has been filed challenging the differences between waiver eligibility for children versus adults who receive private duty in-home nursing services under the State's Medicaid program. The case states that not allowing the same private duty in-home nursing services to adults constitutes an invalid rule not adopted in accordance with the Illinois Administrative Procedure Act, violates the State's Medicaid Plan, violates the State's Medicaid regulations, and breaches a contract embodied in the State's Medicaid Plan. Upon the Department of Public Aid amending the State's Medicaid Plan and its own regulations to strike all references to private duty nursing, a State claim that the amendments violate the Illinois Administrative Procedure Act and Federal law claims that the Department's refusal to provide the for in-home nursing services sought violates the ADA and the Rehabilitation Act were filed. The Federal District Court remanded a violation of rules adoption in accordance with the Illinois Administrative Procedure Act to the State court. The Federal District Court dismissed the ADA claim and granted judgment for the defendant on the Rehabilitation Act claim. However, on September 8, 2004, the U.S. Court of Appeals, Seventh Circuit, reversed and remanded the case for further proceedings.

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

(H) Illinois Housing Development Authority Bonds (IHDA)

The IHDA, a component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. In the event that the IHDA determines that funds will not be sufficient for the payment of principal and interest on these

bonds, the Chairman of the IHDA shall certify to the Governor as soon as practicable the amount required by the IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds to IHDA. As of June 30, 2004, the outstanding balance of bonds, which the State is morally obligated to repay is \$148.9 million.

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

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

The bonds are special obligations of the Authority and are payable from and secured by a pledge of revenues derived from dedicated state taxes, discussed above, imposed and collected by the State of Illinois. For State fiscal years in which these bonds are outstanding, the State shall transfer from the McCormick Place Account in the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund (a non-major governmental fund) an amount equal to 150% of the Authority's certified amount for that fiscal

year divided by the number of months during that fiscal year in which bonds of the Authority are outstanding. The maximum amount in any fiscal year shall not exceed \$33.5 million or a lesser sum as is actually necessary and required to pay the debt service requirements for that fiscal year after giving effect to net operating revenues of the Authority available for that purpose as certified by Authority. During fiscal year 2004, debt service requirements were \$31.6 million. However, the amount paid to the Authority based on their annual certification was \$31.4 million, which is below the authorized amount of \$33.5 million.

The Authority is also authorized to issue an additional \$2.107 million of bonds (excluding refunding bonds) which were used to finance the McCormick Place expansion and certain other improvements to its facilities and Navy Pier. These bonds are special, limited obligations of the Authority and are payable from and secured by a pledge of revenues derived from Authority taxes and State sales tax deposits. For State fiscal years when these bonds are outstanding, monthly deposits of Authority taxes to the McCormick Place Expansion Project Fund (a non-major governmental fund) are required to be made in an amount equal to 1/8 of the annual debt service as specified in the Authority's Annual Certification plus any prior months' deficiencies in transfers. To the extent that Authority taxes are not sufficient to satisfy the requirements of the Authority's Annual Certification, State sales taxes are deposited into the McCormick Place Expansion Fund. The maximum amount that can be deposited into the McCormick Place Expansion Project Fund from the State sales taxes shall not exceed \$103 million in fiscal year 2004, \$108 million in fiscal year 2005, \$113 million in fiscal year 2006, \$119 million in fiscal year 2007, \$126 million in fiscal year 2008, and graduating to \$275 million in fiscal year 2023 until fiscal year 2042. During fiscal year 2004, debt service requirements for these bonds were \$93.0 million. The amount paid to the Authority based on their annual certification was \$92.9 million. During fiscal year 2004, only deposits from the Authority's taxes were used to pay to the Authority for the debt service requirements; the State sales tax was not required.

(J) Regional Transportation Authority (RTA)

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

The bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Fund to the Public Transportation Fund (a non-major governmental fund) for payment in amount equal to the lesser of monthly debt service on the SCIP bonds or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization currently provides for \$55 million each year with an additional \$73 million in fiscal year 2004, \$93 million in fiscal year 2005, and \$100 million each fiscal year thereafter. During fiscal year 2004, the State provided \$82 million to the RTA, which is below the authorized amount of \$128 million. Although the amount of the State's assistance is measured by the debt service on the SCIP bonds, the assistance is not pledged for payment of, or security for, the SCIP bonds. The State's assistance is paid directly to the Authority and may be spent by the Authority at its discretion.

(K) Illinois Sports Facilities Authority (Authority)

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

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

Annually, the Authority is required to certify to the State Comptroller and the State Treasurer their requirements for the next fiscal year. This certification shall be the lesser of 1) the advance amount plus \$10 million and 2) the amount to pay principal and interest and other payments relating to its obligations issued or to be issued during the fiscal year plus the amount anticipated to pay obligations under provisions of any management agreement with respect to facilities owned by the Authority or any assistance agreement with respect to any facility for which financial assistance is provided under the Act plus an amount to pay other capital or operating expenses of the Authority. Under this formula, the maximum advance amount for fiscal year 2004 was \$24.741 million plus \$10 million for a total of \$34.741 million.

The Authority's annual certification for fiscal year 2004 was in the amount of \$33 million, which is below the maximum amount authorized. Payments related to the annual certification, which are subject to appropriation by the General Assembly, were paid to the Authority. The Authority repaid the advance amount by the end of the fiscal year.

In future years, the advance amount increases by 105.615% of the preceding advance amount through fiscal year 2032. Including the additional \$10 million, the maximum which could be certified each year is \$36.131 million in fiscal year 2005, \$37.599 million in fiscal year 2006, \$39.149 million in fiscal year 2007, \$40.876 million in fiscal year 2008 and graduating to \$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State's share.

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

The SWIDA, which is a component unit of the State, has issued revenue bonds. The proceeds of these bonds were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear interest at rates ranging from 4.25% 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, 2004 the outstanding balance of bonds, which the State is morally obligated to repay, is \$66.2 million.

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

The UIRVDA, which is a component unit of the State, has issued revenue bonds. The proceeds of which were loaned to various companies to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and these companies. These bonds mature annually through 2030 and bear interest in varying rates between 5.90% and 8.85%. The State has accepted a moral obligation to repay the bonds in the event the UIRVDA and the companies are unable to meet the bonds' repayment commitments. At June 30, 2004 the outstanding balance, which the State is morally obligated to repay, is \$24.0 million.

(N) Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$66.8 million for the purchase of various home loans as of June 30, 2004.

21**SEGMENT INFORMATION****COMPONENT UNITS**

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

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

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

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

University of Illinois (U of I). U of I has issued revenue bonds with the net revenues from three segments pledged to pay the bond

interest and principal. The Auxiliary Facilities System segment is comprised of university owned housing units, student unions, recreation and athletic facilities and similar auxiliary service units, including parking. The Health Services Facilities System segment is comprised of the U of I Hospital and associated clinical facilities providing patient care. The Willard Airport Facility segment is comprised of land, hangars, a terminal building, parking lots, runways and related apron areas.

The following are the condensed financial statements at June 30, 2004 for the segments described above:

Table 21-1 (amounts expressed in thousands)

	<u>Illinois State University</u>	<u>Northern Illinois University</u>
	<u>Auxiliary Facilities System</u>	<u>Auxiliary Facilities System</u>
Condensed Statement of Net Assets:		
Assets		
Current assets	\$ 18,452	\$ 23,800
Noncurrent assets:		
Capital assets, net of accumulated depreciation	80,157	101,780
Other noncurrent assets	34,958	2,442
Total assets	<u>133,567</u>	<u>128,022</u>
Liabilities		
Current liabilities	10,358	7,900
Noncurrent liabilities	53,107	118,840
Total liabilities	<u>63,465</u>	<u>126,740</u>
Net Assets		
Invested in capital assets, net of related debt	31,669	(17,059)
Restricted-other expendable purposes	8,245	--
Unrestricted	30,188	18,341
Total net assets	<u>\$ 70,102</u>	<u>\$ 1,282</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets:		
Operating revenues	\$ 58,448	\$ 62,405
Operating expenses	(42,583)	(49,315)
Depreciation expense	(3,339)	(5,513)
Operating income (loss)	12,526	7,577
Nonoperating revenues (expenses)	(2,537)	(5,883)
Capital and endowment additions	--	--
Increase (decrease) in net assets	9,989	1,694
Net assets (deficit), July 1, 2003-as restated	60,113	(412)
Net assets (deficit), June 30, 2004	<u>\$ 70,102</u>	<u>\$ 1,282</u>
Condensed Statement of Cash Flows:		
Net cash flows provided by operating activities	\$ 16,276	\$ 10,716
Net cash flows provided (used) by noncapital financing activities	185	--
Net cash flows provided (used) by capital and related financing activities	(10,366)	(12,785)
Net cash flows provided (used) by investing activities	(13,126)	951
Net increase (decrease) in cash and cash equivalents	(7,031)	(1,118)
Cash and cash equivalents, July 1, 2003-as restated	14,044	11,996
Cash and cash equivalents, June 30, 2004	<u>\$ 7,013</u>	<u>\$ 10,878</u>

Table 21-1 (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
\$ 38,096	\$ 3,214	\$ 189,347	\$ 101,977	\$ 1,988
89,227	13,428	477,026	183,536	31,205
13,694	1,683	26,395	1,945	288
<u>141,017</u>	<u>18,325</u>	<u>692,768</u>	<u>287,458</u>	<u>33,481</u>
16,358	1,039	58,045	42,720	1,118
126,097	17,032	534,713	99,059	968
<u>142,455</u>	<u>18,071</u>	<u>592,758</u>	<u>141,779</u>	<u>2,086</u>
(32,500)	(1,970)	4,431	96,675	30,040
22,802	2,564	22,115	1,247	486
8,260	(340)	73,464	47,757	869
<u>\$ (1,438)</u>	<u>\$ 254</u>	<u>\$ 100,010</u>	<u>\$ 145,679</u>	<u>\$ 31,395</u>
\$ 68,464	\$ 21,673	\$ 208,485	\$ 551,104	\$ 2,141
(76,445)	(33,191)	(204,037)	(534,614)	(2,773)
(4,625)	(722)	(11,623)	(14,048)	(1,566)
<u>(12,606)</u>	<u>(12,240)</u>	<u>(7,175)</u>	<u>2,442</u>	<u>(2,198)</u>
8,078	11,776	8,438	1,820	650
--	--	--	--	1,285
(4,528)	(464)	1,263	4,262	(263)
3,090	718	98,747	141,417	31,658
<u>\$ (1,438)</u>	<u>\$ 254</u>	<u>\$ 100,010</u>	<u>\$ 145,679</u>	<u>31,395</u>
\$ 9,852	\$ 376	\$ 39,283	\$ 8,308	\$ (968)
145	--	(244)	5,021	439
(17,138)	(1,391)	(97,965)	(17,931)	(329)
4,670	137	68,010	269	26
<u>(2,471)</u>	<u>(878)</u>	<u>9,084</u>	<u>(4,333)</u>	<u>(832)</u>
27,979	1,573	65,377	29,495	1,978
<u>\$ 25,508</u>	<u>\$ 695</u>	<u>\$ 74,461</u>	<u>\$ 25,162</u>	<u>\$ 1,146</u>

22

SUBSEQUENT EVENTS

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

Subsequent to June 30, 2004, the following general obligation, special obligation, revenue bonds, general obligation certificates and certificates of participation have been issued:

Table 22-1 (amounts expressed in millions)

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
Primary Government:				
Governmental Activities:				
General obligation bonds:				
September, Series 2004	9/28/2004	\$ 285.0	4.5% to 6.0%	2029
November, Series 2004	11/10/2004	\$ 275.0	5.0%	2029
Special obligation bonds:				
February, Series 2005 (Build Illinois)	2/17/2005	\$ 75.0	3.0% to 5.0%	2029
General obligation certificates:				
March, Series 2005	3/3/2005	\$ 765.0	3.0%	2005
Business-type Activities:				
Illinois Department of Employment Security:				
Unemployment Insurance Fund				
Series 2004 A	7/1/2004	\$ 340.0	5.0%	2007
Series 2004 B	7/1/2004	\$ 372.0	Variable	2013
Designated Account Purchase Program:				
Taxable Student Loan Revenue Bond				
Senior Series 2005 B-1	2/4/2005	\$ 87.5	Variable	2039
Senior Series 2005 B-2	2/4/2005	\$ 87.5	Variable	2039
Senior Series 2005 B-3	2/4/2005	\$ 87.5	Variable	2039
Senior Series 2005 B-4	2/4/2005	\$ 87.5	Variable	2039
Component Units:				
Bonds payable:				
Illinois Housing Development Authority:				
Homeowner Mortgage Revenue Bonds				
Series 2004 C-1	7/13/2004	\$ 6.9	4.15% to 4.65%	2016
Series 2004 C-2	7/13/2004	\$ 57.1	1.90% to 5.35%	2034
Series 2004 C-3	7/13/2004	\$ 16.0	Variable	2034
Series 2004 D	7/13/2004	\$ 43.4	Variable	2036
Series 2005 A-1	3/10/2005	\$ 19.2	2.25% to 4.10%	2017
Series 2005 A-2	3/10/2005	\$ 35.8	4.60% to 5.00%	2035
Series 2005 A-3	3/10/2005	\$ 20.0	Variable	2035
Series 2005 B-1	3/10/2005	\$ 15.0	2.30%	2017
Series 2005 B-2	3/10/2005	\$ 24.8	2.79%	2017
Affordable Housing Program Trust Fund Bonds				
Series 2004	7/29/2004	\$ 45.4	4.55% to 6.21%	2026
Multi-Family Housing Bonds				
Series 2004A (Universal City Apt.)	12/14/2004	\$ 7.0	4.00% to 4.85%	2035
Series 2004A (Danbury Court Apt.)	12/15/2004	\$ 6.6	Variable	2039
Series 2004B (Danbury Court Apt.)	12/15/2004	\$ 1.0	Variable	2039
Housing Bonds				
Series 2005A	3/23/2005	\$ 32.1	2.40% to 4.60%	2035
Series 2005B	3/23/2005	\$ 4.8	3.47% to 5.02%	2012
Southern Illinois University				
Series 2004 A (Facilities System)	11/18/2004	\$ 40.4	3.00% to 5.00%	2035
Western Illinois University				
Series 2005 (Facilities System)	2/16/2005	\$ 25.7	3.00% to 4.25%	2020
Certificates of Participation:				
University of Illinois:				
UIC Medical Research Building Series 2005	2/24/2005	\$ 20.6	3.31% to 5.25%	2025

REQUIRED SUPPLEMENTARY INFORMATION

State of Illinois

**Budgetary Comparison Schedule
Major Governmental Funds**

For the Year Ended June 30, 2004 (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	\$ 8,139,000	\$ 8,139,000	\$ 8,243,727	\$ 104,727	\$ 2,367,757	\$ 2,367,757	\$ 2,376,176	\$ 8,419
Sales taxes	6,344,000	6,344,000	6,330,858	(13,142)	680,550	680,550	713,192	32,642
Motor fuel taxes					70,955	70,955	78,186	7,231
Public utility taxes	1,073,000	1,073,000	1,079,334	6,334	451,721	451,721	458,530	6,809
Federal government	4,845,000	4,845,000	5,123,523	278,523	3,384,003	3,384,003	3,614,249	230,246
Other	2,529,000	2,529,000	2,364,679	(164,321)	6,126,721	6,126,721	5,858,219	(268,502)
Less:								
Refunds	-	29,497	28,147	(1,350)	1,811,606	1,723,856	1,711,199	(12,657)
Total revenues	22,930,000	22,900,503	23,113,974	213,471	11,270,101	11,357,851	11,387,353	29,502
EXPENDITURES:								
Current:								
Health and social services	10,514,188	10,642,727	10,473,068	(169,659)	5,300,279	6,150,168	5,644,815	(505,353)
Education	9,196,730	8,952,610	8,584,034	(368,576)	6,133,847	6,135,272	5,868,706	(266,566)
General government	1,555,890	1,569,960	1,522,898	(47,062)	5,294,283	5,650,150	5,307,949	(342,201)
Transportation	75,704	78,133	58,506	(19,627)	403,338	404,573	318,755	(85,818)
Public protection and justice	1,835,025	1,845,890	1,706,492	(139,398)	367,665	370,275	255,145	(115,130)
Employment and economic development	138,946	140,514	134,921	(5,593)	751,032	768,259	499,830	(268,429)
Environment and business regulation	137,104	141,756	128,506	(13,250)	910,607	919,722	762,475	(157,247)
Capital outlays	39,179	39,199	29,120	(10,079)	14,553	25,831	21,540	(4,291)
Total expenditures	23,492,766	23,410,789	22,637,545	(773,244)	19,175,604	20,424,250	18,679,215	(1,745,035)
Excess (deficiency) of revenues over (under) expenditures	(562,766)	(510,286)	476,429	986,715	(7,905,503)	(9,066,399)	(7,291,862)	1,774,537
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Proceeds from general obligation bond issues					-	985,757	985,757	-
Transfers-in	6,566,000	6,039,216	6,039,216	-	2,452,199	2,452,199	2,452,199	-
Transfers-out	(4,977,000)	(5,832,217)	(5,832,217)	-	(4,227,926)	(4,227,926)	(4,227,926)	-
Total other sources (uses) of financial resources	1,589,000	206,999	206,999	-	(1,775,727)	(789,970)	(789,970)	-
Budgetary funds-nonbudgeted accounts					(466,515)	(466,515)	(466,515)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	1,026,234	(303,287)	683,428	986,715	(10,147,745)	(10,322,884)	(8,548,347)	1,774,537
Budgetary fund balances (deficits), July 1, 2003	(1,093,723)	(1,093,723)	(1,093,723)	-	10,662,489	10,662,489	10,662,489	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (67,489)	\$ (1,397,010)	\$ (410,295)	\$ 986,715	\$ 514,744	\$ 339,605	\$ 2,114,142	\$ 1,774,537

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)
				\$ 1,340,700	\$ 1,340,700	\$ 1,345,698	\$ 4,998				
\$ 857,075	\$ 857,100	\$ 887,435	\$ 30,335								
887,745	887,700	983,260	95,560			731	731	\$ 482,850	\$ 482,850	\$ 482,640	\$ (210)
-	2,761	2,461	(300)	15,800	23,000	17,990	(5,010)				
1,744,820	1,742,039	1,868,234	126,195	1,324,900	1,317,700	1,328,439	10,739	482,850	482,850	482,640	(210)
224,285	231,663	225,644	(6,019)	73,916	73,659	67,458	(6,201)				
1,717,277	1,750,524	1,688,280	(62,244)	654,002	654,002	636,371	(17,631)	672,265	672,265	672,251	(14)
97,310	97,310	94,236	(3,074)								
2,000	2,000	1,934	(66)								
17,711	17,705	16,591	(1,114)	123	122	40	(82)				
2,058,583	2,099,202	2,026,685	(72,517)	728,041	727,783	703,869	(23,914)	672,265	672,265	672,251	(14)
(313,763)	(357,163)	(158,451)	198,712	596,859	589,917	624,570	34,653	(189,415)	(189,415)	(189,611)	(196)
330,924	331,646	331,646	-	-	8	8	-	239,795	232,827	232,827	-
(337,520)	(360,284)	(360,284)	-	(628,326)	(628,326)	(628,326)	-	(30,220)	(36,195)	(36,195)	-
(6,596)	(28,638)	(28,638)	-	(628,326)	(628,318)	(628,318)	-	209,575	196,632	196,632	-
(320,359)	(385,801)	(187,089)	198,712	(31,467)	(38,401)	(3,748)	34,653	20,160	7,217	7,021	(196)
278,900	278,900	278,900	-	58,027	58,027	58,027	-	245,172	245,172	245,172	-
\$ (41,459)	\$ (106,901)	\$ 91,811	\$ 198,712	\$ 26,560	\$ 19,626	\$ 54,279	\$ 34,653	\$ 265,332	\$ 252,389	\$ 252,193	\$ (196)

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

For the Year Ended June 30, 2004

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 transferable appropriation line items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to those lines for an agency from that fund. Examples of appropriation line items with a 2% transfer limit are Contractual Services, Travel, Commodities, Printing and Equipment. Legislative action is required for more substantial transfers. Unexpended appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided 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, 2004 is presented below for the major governmental funds (amounts expressed in thousands):

Table 1-1 (amounts expressed in thousands)

	MAJOR GOVERNMENTAL FUNDS					
	General Fund	Special State Funds	Road Fund	Motor Fuel Tax Fund	State Construction Account	Pension Contribution Fund
	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)	\$ 683,428	\$(8,548,347)	\$ (187,089)	\$ (3,748)	\$ 7,021	\$ --
Reclassifications:						
Budgetary Special State Funds reported as part of the General Fund for GAAP reporting	522,009	(522,009)	--	--	--	--
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	--	(106,937)	--	--	--	--
Adjustments:						
To adjust revenues, related receivables and deferred revenue	(1,659,092)	--	(65,068)	(1,471)	53,403	-
To adjust expenditures and related liabilities	2,045,156	--	103,095	8,644	11,626	-
To adjust for lapse period expenditures which were not recorded as liabilities	78,297	--	753	36	--	--
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	1,669,798	--	(148,309)	3,461	72,050	(9,177,293)
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted accounts	(205)	--	--	--	--	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	\$ 1,669,593	\$ --	\$ (148,309)	\$ 3,461	\$ 72,050	\$ (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, 2002, 2003 and 2004.

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Projected Unit Credit	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)
General Assembly						
6/30/2002	\$ 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%
6/30/2004	\$ 83,208	\$ 207,593	\$ 124,385	40.1%	\$ 12,993	957.3%
Judges'						
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%
6/30/2004	\$ 534,580	\$ 1,156,093	\$ 621,513	46.2%	\$ 127,200	488.6%
State Employees'						
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%
6/30/2004	\$ 9,990,187	\$ 18,442,665	\$ 8,452,478	54.2%	\$ 3,439,251	245.8%
Teachers'						
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%
6/30/2004	\$ 31,544,729	\$ 50,947,451	\$ 19,402,722	61.9%	\$ 7,280,795	266.5%
State Universities						
6/30/2002	\$ 9,814,677	\$ 16,654,041	\$ 6,839,364	58.9%	\$ 2,607,155	262.3%
6/30/2003	\$ 9,714,547	\$ 18,025,032	\$ 8,310,485	53.9%	\$ 2,763,428	300.7%
6/30/2004	\$ 12,586,305	\$ 19,078,583	\$ 6,492,278	66.0%	\$ 2,814,071	230.7%

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, 2004 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	\$ 1,120,866	\$ 126,150	\$ 56,876	\$ 68,543		\$ 1,372,435
Cash and cash equivalents	2,617					2,617
Investments	143					143
Receivables, net:						
Taxes	764,581	24,386	96,105	3,451		888,523
Intergovernmental	714,800			367,342		1,082,142
Other	125,464	167	18	75		125,724
Due from other funds	136,971	7,139	56		\$ (59,326)	84,840
Due from component units	170			10,830		11,000
Inventories	32,388					32,388
Loans and notes receivable, net	13,362					13,362
Other assets	1,474					1,474
Total assets	\$ 2,912,836	\$ 157,842	\$ 153,055	\$ 450,241	\$ (59,326)	\$ 3,614,648
LIABILITIES						
Accounts payable and accrued liabilities	\$ 2,140,496		\$ 50,244	\$ 117,567		\$ 2,308,307
Intergovernmental payables	1,379,805		2	263,236		1,643,043
Due to other funds	512,001		41,624	9,002	\$ (59,326)	503,301
Due to component units	9,766			20,322		30,088
Deferred revenues	457,356	\$ 7,802	6,888	290,150		762,196
General obligation certificates payable	852,869					852,869
Matured portion of long-term liabilities	10,286					10,286
Total liabilities	5,362,579	7,802	98,758	700,277	(59,326)	6,110,090
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	103,644					103,644
Long-term portion of loans and notes receivable	13,023					13,023
Inventories	32,388					32,388
Unreserved	(2,598,798)	150,040	54,297	(250,036)		(2,644,497)
Total fund balances (deficits)	(2,449,743)	150,040	54,297	(250,036)		(2,495,442)
Total liabilities and fund balances	\$ 2,912,836	\$ 157,842	\$ 153,055	\$ 450,241	\$ (59,326)	\$ 3,614,648

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
REVENUES						
Income taxes	\$ 7,649,219	\$ 599,918	\$ 86,296			\$ 8,335,433
Sales taxes	4,907,595		1,614,622			6,522,217
Public utility taxes	933,992		107,848			1,041,840
Other taxes	1,153,772		272,405	\$ 315,180		1,741,357
Federal government	5,142,952			1,459,486		6,602,438
Licenses and fees	284,177		677	353		285,207
Interest and other investment income	54,644		262	1,315		56,221
Other	560,765	258		1,014,393		1,575,416
Total revenues	20,687,116	600,176	2,082,110	2,790,727		26,160,129
EXPENDITURES						
Current:						
Health and social services	10,754,385			2,795,164		13,549,549
Education	4,254,177	1,211,881	3,202,960			8,669,018
General government	1,585,936					1,585,936
Employment and economic development	133,115					133,115
Transportation	62,859					62,859
Public protection and justice	1,645,173					1,645,173
Environment and business regulations	135,741					135,741
Debt service:						
Principal	7,018					7,018
Interest	1,900	12				1,912
Capital outlays	18,791					18,791
Total expenditures	18,599,095	1,211,893	3,202,960	2,795,164		25,809,112
Excess (deficiency) of revenues over (under) expenditures	2,088,021	(611,717)	(1,120,850)	(4,437)		351,017
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	3,901,679	518,390	1,041,853	95,014	\$ (586,532)	4,970,404
Transfers-out	(4,122,013)			(118,519)	586,532	(3,654,000)
Capital lease financing	2,172					2,172
Net other sources (uses) of financial resources	(218,162)	518,390	1,041,853	(23,505)	-- --	1,318,576
Net change in fund balances	1,869,859	(93,327)	(78,997)	(27,942)	-- --	1,669,593
Fund balances (deficits), July 1, 2003	(4,320,339)	243,367	133,294	(222,094)		(4,165,772)
Increase for changes in inventories	737					737
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (2,449,743)	\$ 150,040	\$ 54,297	\$ (250,036)	\$ -- --	\$ (2,495,442)

State of Illinois

Combining Schedule of Accounts - General Fund

Medicaid Provider Assessment Program

June 30, 2004 (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	\$ 2,893	\$ 7,749	\$ 49,542	\$ 8,359	\$ 68,543
Receivables, net:					
Taxes			3,080	371	3,451
Intergovernmental	15,530	289,941	58,767	3,104	367,342
Other		11	25	39	75
Due from component units	10,830				10,830
Total assets	\$ 29,253	\$ 297,701	\$ 111,414	\$ 11,873	\$ 450,241
LIABILITIES					
Accounts payable and accrued liabilities			\$ 111,362	\$ 6,205	\$ 117,567
Intergovernmental payables		\$ 263,234	2		263,236
Due to other funds	\$ 8,931		9	62	9,002
Due to component units	20,322				20,322
Deferred revenues	1,186	263,761	21,835	3,368	290,150
Total liabilities	30,439	526,995	133,208	9,635	700,277
FUND BALANCES (DEFICITS)					
Unreserved	(1,186)	(229,294)	(21,794)	2,238	(250,036)
Total fund balances (deficits)	(1,186)	(229,294)	(21,794)	2,238	(250,036)
Total liabilities and fund balances	\$ 29,253	\$ 297,701	\$ 111,414	\$ 11,873	\$ 450,241

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, 2004 (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			\$ 295,344	\$ 19,836	\$ 315,180
Federal government	\$ 128,209	\$ 909,167	404,042	18,068	1,459,486
Licenses and fees				353	353
Interest and other investment income		308	935	72	1,315
Other	81,916	815,106	117,371		1,014,393
Total revenues	210,125	1,724,581	817,692	38,329	2,790,727
EXPENDITURES					
Current:					
Health and social services	174,763	1,854,349	724,857	41,195	2,795,164
Total expenditures	174,763	1,854,349	724,857	41,195	2,795,164
Excess (deficiency) of revenues over (under) expenditures	35,362	(129,768)	92,835	(2,866)	(4,437)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	44,700		50,314		95,014
Transfers-out	(60,558)		(55,951)	(2,010)	(118,519)
Net other sources (uses) of financial resources	(15,858)		(5,637)	(2,010)	(23,505)
Net change in fund balances	19,504	(129,768)	87,198	(4,876)	(27,942)
Fund balances (deficits), July 1, 2003	(20,690)	(99,526)	(108,992)	7,114	(222,094)
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (1,186)	\$ (229,294)	\$ (21,794)	\$ 2,238	\$ (250,036)

State of Illinois

**Combining Balance Sheet -
Non-major Governmental Funds**

June 30, 2004 (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	\$ 2,008,522	\$ 620,436	\$ 223,028	\$ 1,605	\$ 2,853,591
Cash and cash equivalents	13,646	55,096	26,694	189	95,625
Investments	9,452	112,380	7	1,102	122,941
Receivables, net:					
Taxes	222,984				222,984
Intergovernmental	560,034		3,714		563,748
Other	219,922	994			220,916
Due from other funds	310,189	315	3,855		314,359
Due from component units	489	2,559			3,048
Inventories	18,878				18,878
Loans and notes receivable, net	77,116	21,644			98,760
Other assets	9,348			1	9,349
Total assets	\$ 3,450,580	\$ 813,424	\$ 257,298	\$ 2,897	\$ 4,524,199
LIABILITIES					
Accounts payable and accrued liabilities	\$ 330,297		\$ 127,669		\$ 457,966
Intergovernmental payables	973,693		26,326		1,000,019
Due to other funds	161,969		5,152	\$ 15	167,136
Due to component units	19,101	\$ 884	34		20,019
Deferred revenues	519,009		12,955		531,964
Matured portion of long-term liabilities	11,565				11,565
Total liabilities	2,015,634	884	172,136	15	2,188,669
FUND BALANCES					
Reserved for:					
Encumbrances	207,543		1,563,154		1,770,697
Long-term portion of:					
Investments	512				512
Other receivables	2,698				2,698
Loans and notes receivable	66,014	20,462			86,476
Other assets	9,161				9,161
Inventories	18,878				18,878
Debt service		792,078			792,078
Capital projects			10,395		10,395
Other				2,343	2,343
Unreserved	1,130,140		(1,488,387)	539	(357,708)
Total fund balances	1,434,946	812,540	85,162	2,882	2,335,530
Total liabilities and fund balances	\$ 3,450,580	\$ 813,424	\$ 257,298	\$ 2,897	\$ 4,524,199

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Special Revenue	Debt Service	Capital Projects	Permanent Trust Fund	Total Non-major Governmental Funds
REVENUES					
Income taxes	\$ 693,619				\$ 693,619
Sales taxes	2,421,435				2,421,435
Motor fuel taxes	74,167				74,167
Public utility taxes	447,619				447,619
Other taxes	910,034				910,034
Federal government	5,676,541		\$ 18,906		5,695,447
Licenses and fees	555,480	\$ 197			555,677
Interest and other investment income	17,646	11,196	4	\$ 35	28,881
Other	701,650	479	18,394	2	720,525
Total revenues	11,498,191	11,872	37,304	37	11,547,404
EXPENDITURES					
Current:					
Health and social services	3,633,480	550		28	3,634,058
Education	1,891,069		590,269		2,481,338
General government	269,834	2,928	26,802		299,564
Employment and economic development	799,761	23	233,834		1,033,618
Transportation	475,242		100,107		575,349
Public protection and justice	229,271		99		229,370
Environment and business regulation	467,258	1,732	62,611		531,601
Debt service:					
Principal	2,208	640,137	67		642,412
Interest	338	1,024,163	19		1,024,520
Capital outlays	25,846		537,223		563,069
Intergovernmental	3,692,077				3,692,077
Total expenditures	11,486,384	1,669,533	1,551,031	28	14,706,976
Excess (deficiency) of revenues over (under) expenditures	11,807	(1,657,661)	(1,513,727)	9	(3,159,572)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued			1,525,000		1,525,000
Premiums on general and special obligation bonds issued			76,773		76,773
General and special obligation refunding bonds issued		617,175			617,175
Premiums on general and special obligation refunding bonds issued		63,171			63,171
Transfers-in	2,156,808	2,784,709	7,623		4,949,140
Transfers-out	(2,135,470)	(1,555,398)	(47,614)	(24)	(3,738,506)
Payment to refunded bond escrow agent		(678,668)			(678,668)
Capital lease financing	56				56
Net other sources (uses) of financial resources	21,394	1,230,989	1,561,782	(24)	2,814,141
Net change in fund balances	33,201	(426,672)	48,055	(15)	(345,431)
Fund balances (deficits), July 1, 2003, as restated	1,403,949	1,239,212	37,107	2,897	2,683,165
Increase (decrease) for changes in inventories	(2,204)				(2,204)
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 1,434,946	\$ 812,540	\$ 85,162	\$ 2,882	\$ 2,335,530

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SPECIAL REVENUE FUNDS

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

SIGNIFICANT NON-MAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS DESCRIPTIONS

Treasurer

Unclaimed Property Trust Fund--to account for monies received from payments pursuant to the Disposition of Unclaimed Property Act which are used to return unclaimed property to owners.

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

Department of 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.

Department of Commerce and Economic Opportunity

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

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.

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

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

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

Department of Natural Resources

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

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

Department of Human Services

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

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

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

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

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

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

Department of Revenue

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

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

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

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

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

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

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

Department of Transportation

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

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

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

Department of Central Management Services

Efficiency Initiatives Revolving Fund--to receive monies, from state agencies, designated as savings from the efficiency initiatives authorized by section 405-292 of the Department of Central Management Services Law of the Civil Administrative Code of Illinois, to be used by the Department for expenses incurred in connection with current and anticipated efficiency initiatives.

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 Aid

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

Department of Public Health

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

Environmental Protection Agency

Illinois Clean Water Fund--to receive fees collected for National Pollutant Discharge Elimination System (NPDES) permits to be used to carry out the Agency's clean water activities.

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

State Board of Education

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

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

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

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.

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.

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, 2004 (Expressed in Thousands)

	Treasurer	Children and Family Services	Commerce and Economic Opportunity	Natural Resources	Human Services	Revenue
ASSETS						
Cash equity with State Treasurer	\$ 54,774	\$ 24,980	\$ 114,113	\$ 56,728	\$ 27,760	\$ 531,039
Cash and cash equivalents		169		39		
Investments			512			
Receivables, net:						
Taxes			6,418			186,522
Intergovernmental	89	194,339	40,965	2,229	39,910	
Other	135,053		20	52	12,290	59
Due from other funds	59	163	8,563		283	155,715
Due from component units	161			131		
Inventories				1,744		
Loans and notes receivable, net			26,444			
Other assets			9,069		187	
Total assets	\$ 190,136	\$ 219,651	\$ 206,104	\$ 60,923	\$ 80,430	\$ 873,335
LIABILITIES						
Accounts payable and accrued liabilities	\$ 5,630	\$ 38,798	\$ 23,389	\$ 5,793	\$ 50,690	\$ 20,522
Intergovernmental payables	727	800	21,238		2,445	683,817
Due to other funds	12	1,777	5,003	145	1,533	70,776
Due to component units	459	2,553	1,740	836	2,256	66
Deferred revenues	135,000	119,293		2,442	22,381	16,371
Matured portion of long-term liabilities						
Total liabilities	141,828	163,221	51,370	9,216	79,305	791,552
FUND BALANCES						
Reserved for:						
Encumbrances	700	10	881	45,102	189	12
Long-term portion of:						
Investments			512			
Other receivables						
Loans and notes receivable			25,166			
Other assets			9,069			
Inventories				1,744		
Unreserved	47,608	56,420	119,106	4,861	936	81,771
Total fund balances	48,308	56,430	154,734	51,707	1,125	81,783
Total liabilities and fund balances	\$ 190,136	\$ 219,651	\$ 206,104	\$ 60,923	\$ 80,430	\$ 873,335

Transportation	Other Departments	Environmental Protection Agency	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission		Other	Total
					Federal Student Loan Fund			
\$ 33,369	\$ 209,350 274	\$ 33,098	\$ 49,012	\$ 59,394	\$ 55,096	\$ 759,809 13,164 8,940	\$ 2,008,522 13,646 9,452	
				1,699		28,345	222,984	
21,105	34,538		110,845		16,700	99,314	560,034	
11	11,005	13,618	169	26	41	47,578	219,922	
43,579	26,855 4	4,026	2,526 96	27	6,829	61,564 97	310,189 489	
	10,274		2,037 11,007			4,823 12,243	18,878 77,116	
27,422						92	9,348	
\$ 125,486	\$ 292,300	\$ 50,742	\$ 175,692	\$ 61,146	\$ 78,666	\$ 1,035,969	\$ 3,450,580	
\$ 11,569	\$ 45,965	\$ 366	\$ 14,952	\$ 5,333	\$ 7,150	\$ 100,140	\$ 330,297	
63,609	13,857	4	102,211	388	11,586	73,011	973,693	
226	11,305	9	784	14,943	2,126	53,330	161,969	
	563	2	1,031			9,595	19,101	
8,934	13,975	6,733	12,529 11,164	34,146	57,804	89,401 401	519,009 11,565	
84,338	85,665	7,114	142,671	54,810	78,666	325,878	2,015,634	
99,086	777	117		1,245	606	58,818	207,543	
							512	
						2,698	2,698	
25,831			4,145			10,872	66,014	
						92	9,161	
	10,274		2,037			4,823	18,878	
(83,769)	195,584	43,511	26,839	5,091	(606)	632,788	1,130,140	
41,148	206,635	43,628	33,021	6,336	--	710,091	1,434,946	
\$ 125,486	\$ 292,300	\$ 50,742	\$ 175,692	\$ 61,146	\$ 78,666	\$ 1,035,969	\$ 3,450,580	

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Special Revenue Funds

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Treasurer	Children and Family Services	Commerce and Economic Opportunity	Natural Resources	Human Services	Revenue
REVENUES						
Income taxes						\$ 685,752
Sales taxes						2,290,821
Motor fuel taxes						
Public utility taxes			\$ 81,004			207,419
Other taxes				\$ 30,082		710,625
Federal government	\$ 154,616	\$ 437,252	310,708	10,159	\$ 1,736,104	
Licenses and fees			52	25,362	2,863	867
Interest and other investment income	320		4,730	210	227	709
Other	408,738	1,845	282	3,558	3,406	
Total revenues	563,674	439,097	396,776	69,371	1,742,600	3,896,193
EXPENDITURES						
Current:						
Health and social services	393,789	510,697	197,788		1,829,520	
Education	5,408					
General government	2,110		223			
Employment and economic development	2,324		243,331			31,424
Transportation						
Public protection and justice						
Environment and business regulations	1,097		1,771	36,166		
Debt service:						
Principal		1		16		
Interest				2		
Capital outlays	1,946	168	53	788	696	33
Intergovernmental						3,641,484
Total expenditures	406,674	510,866	443,166	36,972	1,830,216	3,672,941
Excess (deficiency) of revenues over (under) expenditures	157,000	(71,769)	(46,390)	32,399	(87,616)	223,252
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	55,810		39,542		64,447	968,117
Transfers-out	(201,119)	(11,847)	(17,012)	(4,636)	(7,699)	(1,180,839)
Capital lease financing						
Net other sources (uses) of financial resources	(145,309)	(11,847)	22,530	(4,636)	56,748	(212,722)
Net change in fund balances	11,691	(83,616)	(23,860)	27,763	(30,868)	10,530
Fund balances (deficits), July 1, 2003	36,693	140,046	178,594	23,551	31,993	71,253
Increase (decrease) for changes in inventories	(76)			393		
FUND BALANCES, JUNE 30, 2004	\$ 48,308	\$ 56,430	\$ 154,734	\$ 51,707	\$ 1,125	\$ 81,783

Transportation	Other Departments	Environmental Protection Agency	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission		Total
					Federal Student Loan Fund	Other	
				\$ 110,549		\$ 7,867	\$ 693,619
						20,065	2,421,435
						74,167	74,167
				91,859		67,337	447,619
				55,000		114,327	910,034
\$ 99,288	\$ 407,437		\$ 1,662,796	11,355	\$ 102,033	744,793	5,676,541
	158	\$ 39,237	11,606			475,335	555,480
914	2,826	143	835	411	682	5,639	17,646
14,374	30,480	5,637	6,363	8,844		218,123	701,650
114,576	440,901	45,017	1,681,600	278,018	102,715	1,727,653	11,498,191
	261,030					440,656	3,633,480
	24,832		1,671,886	3,596	102,250	83,097	1,891,069
	50,311			1,115		216,075	269,834
	195,905			92,943		233,834	799,761
364,508						110,734	475,242
	19,900					209,371	229,271
		22,627		10,548		395,049	467,258
	878	83				1,230	2,208
	124	5				207	338
	5,181	47	184	129	465	16,156	25,846
				10,637		39,956	3,692,077
364,508	558,161	22,762	1,672,070	118,968	102,715	1,746,365	11,486,384
(249,932)	(117,260)	22,255	9,530	159,050	-- --	(18,712)	11,807
252,405	292,576	14,964		71,773		397,174	2,156,808
(338)	(119,185)	(15,782)	(10,817)	(213,913)		(352,283)	(2,135,470)
						56	56
252,067	173,391	(818)	(10,817)	(142,140)		44,947	21,394
2,135	56,131	21,437	(1,287)	16,910	-- --	26,235	33,201
39,013	151,783	22,191	35,405	(10,574)		684,001	1,403,949
	(1,279)		(1,097)			(145)	(2,204)
\$ 41,148	\$ 206,635	\$ 43,628	\$ 33,021	\$ 6,336	\$ -- --	\$ 710,091	\$ 1,434,946

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Treasurer

June 30, 2004 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 22,794	\$ 31,980	\$ 54,774
Receivables, net:			
Intergovernmental		89	89
Other		135,053	135,053
Due from other funds		59	59
Due from component units		161	161
Total assets	\$ 22,794	\$ 167,342	\$ 190,136
LIABILITIES			
Accounts payable and accrued liabilities	\$ 395	\$ 5,235	\$ 5,630
Intergovernmental payables		727	727
Due to other funds		12	12
Due to component units		459	459
Deferred revenues		135,000	135,000
Total liabilities	395	141,433	141,828
FUND BALANCES			
Reserved for encumbrances		700	700
Unreserved	22,399	25,209	47,608
Total fund balances	22,399	25,909	48,308
Total liabilities and fund balances	\$ 22,794	\$ 167,342	\$ 190,136

State of Illinois

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

Treasurer

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
REVENUES			
Federal government		\$ 154,616	\$ 154,616
Interest and other investment income		320	320
Other	\$ 138,981	269,757	408,738
Total revenues	138,981	424,693	563,674
EXPENDITURES			
Current:			
Health and social services		393,789	393,789
Education		5,408	5,408
General government		2,110	2,110
Employment and economic development		2,324	2,324
Environment and business regulations		1,097	1,097
Capital outlays		1,946	1,946
Total expenditures		406,674	406,674
Excess (deficiency) of revenues over (under) expenditures	138,981	18,019	157,000
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	1,610	54,200	55,810
Transfers-out	(122,412)	(78,707)	(201,119)
Net other sources (uses) of financial resources	(120,802)	(24,507)	(145,309)
Net change in fund balances	18,179	(6,488)	11,691
Fund balances, July 1, 2003	4,220	32,473	36,693
Increase (decrease) for changes in inventories		(76)	(76)
FUND BALANCES, JUNE 30, 2004	\$ 22,399	\$ 25,909	\$ 48,308

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Children and Family Services

June 30, 2004 (Expressed in Thousands)

	DCFS Training Fund	DCFS Childrens' Services Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 7,641	\$ 17,339	\$ 24,980
Cash and cash equivalents		169	169
Intergovernmental receivables, net	10,179	184,160	194,339
Due from other funds		163	163
Total assets	\$ 17,820	\$ 201,831	\$ 219,651
LIABILITIES			
Accounts payable and accrued liabilities	\$ 255	\$ 38,543	\$ 38,798
Intergovernmental payables	428	372	800
Due to other funds	4	1,773	1,777
Due to component units	1,692	861	2,553
Deferred revenues	10,179	109,114	119,293
Total liabilities	12,558	150,663	163,221
FUND BALANCES			
Reserved for encumbrances	10		10
Unreserved	5,252	51,168	56,420
Total fund balances	5,262	51,168	56,430
Total liabilities and fund balances	\$ 17,820	\$ 201,831	\$ 219,651

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, 2004 (Expressed in Thousands)

	DCFS Training Fund	DCFS Childrens' Services Fund	Total
REVENUES			
Federal government	\$ 10,635	\$ 426,617	\$ 437,252
Other		1,845	1,845
Total revenues	10,635	428,462	439,097
EXPENDITURES			
Current:			
Health and social services	12,809	497,888	510,697
Debt service:			
Principal	1		1
Capital outlays		168	168
Total expenditures	12,810	498,056	510,866
Excess (deficiency) of revenues over (under) expenditures	(2,175)	(69,594)	(71,769)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out	(1,120)	(10,727)	(11,847)
Net other sources (uses) of financial resources	(1,120)	(10,727)	(11,847)
Net change in fund balances	(3,295)	(80,321)	(83,616)
Fund balances, July 1, 2003	8,557	131,489	140,046
FUND BALANCES, JUNE 30, 2004	\$ 5,262	\$ 51,168	\$ 56,430

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Commerce and Economic Opportunity

June 30, 2004 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Fund For Illinois' Future	Tourism Promotion Fund	Low Income Home Energy Assistance Block Grant Fund	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund
ASSETS						
Cash equity with State Treasurer	\$ 17,671	\$ 60,412	\$ 16,075	\$ 100	\$ 217	\$ 16,826
Investments						512
Receivables, net:						
Taxes	6,418					
Intergovernmental				4,807	36,158	
Other					5	13
Due from other funds		386	8,120	51	6	
Loans and notes receivable, net						8,476
Other assets						9,069
Total assets	\$ 24,089	\$ 60,798	\$ 24,195	\$ 4,958	\$ 36,386	\$ 34,896
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,830	\$ 1,705	\$ 5,649	\$ 4,784	\$ 9,042	\$ 355
Intergovernmental payables	804	135	245	173	19,877	3
Due to other funds	32		72	1	4,880	11
Due to component units		1,175	43		522	
Total liabilities	2,666	3,015	6,009	4,958	34,321	369
FUND BALANCES						
Reserved for:						
Encumbrances		436	444			
Long-term portion of:						
Investments						512
Loans and notes receivable						7,968
Other assets						9,069
Unreserved	21,423	57,347	17,742		2,065	16,978
Total fund balances	21,423	57,783	18,186		2,065	34,527
Total liabilities and fund balances	\$ 24,089	\$ 60,798	\$ 24,195	\$ 4,958	\$ 36,386	\$ 34,896

**Public
Infrastructure
Construction
Loan
Revolving
Fund**

Total

\$	2,812	\$	114,113
			512
			6,418
			40,965
	2		20
			8,563
	17,968		26,444
			9,069
\$	20,782	\$	206,104

\$	24	\$	23,389
	1		21,238
	7		5,003
			1,740
	32		51,370

	1		881
			512
	17,198		25,166
			9,069
	3,551		119,106
	20,750		154,734
\$	20,782	\$	206,104

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Fund For Illinois' Future	Tourism Promotion Fund	Low Income Home Energy Assistance Block Grant Fund	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund
REVENUES						
Public utility taxes	\$ 81,004					
Federal government				\$ 111,173	\$ 199,535	
Licenses and fees					52	
Interest and other investment income					2	\$ 4,593
Other					119	163
Total revenues	81,004			111,173	199,708	4,756
EXPENDITURES						
Current:						
Health and social services	86,751			111,037		
General government		\$ 223				
Employment and economic development		8,104	\$ 30,354		196,403	7,368
Environment and business regulations		1,771				
Capital outlays	39		14			
Total expenditures	86,790	10,098	30,368	111,037	196,403	7,368
Excess (deficiency) of revenues over (under) expenditures	(5,786)	(10,098)	(30,368)	136	3,305	(2,612)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in			37,486		2,056	
Transfers-out	(46)		(8,490)	(136)	(2,553)	(5,686)
Net other sources (uses) of financial resources	(46)		28,996	(136)	(497)	(5,686)
Net change in fund balances	(5,832)	(10,098)	(1,372)	--	2,808	(8,298)
Fund balances (deficits), July 1, 2003	27,255	67,881	19,558		(743)	42,825
FUND BALANCES, JUNE 30, 2004	\$ 21,423	\$ 57,783	\$ 18,186	\$ --	\$ 2,065	\$ 34,527

**Public
Infrastructure
Construction
Loan
Revolving
Fund**

Total

	\$	81,004
		310,708
		52
\$	135	4,730
		282
	135	396,776
		197,788
		223
1,102		243,331
		1,771
		53
1,102		443,166

(967)	(46,390)
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	39,542
(101)	(17,012)

(101)	22,530
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(1,068)	(23,860)
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21,818	178,594
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\$ 20,750	\$ 154,734
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State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Natural Resources

June 30, 2004 (Expressed in Thousands)

	Wildlife and Fish Fund	Open Space Lands Acquisition and Development Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 19,767	\$ 36,961	\$ 56,728
Cash and cash equivalents	39		39
Receivables, net:			
Intergovernmental	2,229		2,229
Other	52		52
Due from component units	131		131
Inventories	1,744		1,744
Total assets	\$ 23,962	\$ 36,961	\$ 60,923
LIABILITIES			
Accounts payable and accrued liabilities	\$ 2,237	\$ 3,556	\$ 5,793
Due to other funds	143	2	145
Due to component units	836		836
Deferred revenues	2,442		2,442
Total liabilities	5,658	3,558	9,216
FUND BALANCES			
Reserved for:			
Encumbrances	30	45,072	45,102
Inventories	1,744		1,744
Unreserved	16,530	(11,669)	4,861
Total fund balances	18,304	33,403	51,707
Total liabilities and fund balances	\$ 23,962	\$ 36,961	\$ 60,923

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, 2004 (Expressed in Thousands)

	Wildlife and Fish Fund	Open Space Lands Acquisition and Development Fund	Total
REVENUES			
Other taxes		\$ 30,082	\$ 30,082
Federal government	\$ 10,159		10,159
Licenses and fees	25,362		25,362
Interest and other investment income	210		210
Other	3,558		3,558
Total revenues	39,289	30,082	69,371
EXPENDITURES			
Current:			
Environment and business regulations	33,351	2,815	36,166
Debt service:			
Principal	16		16
Interest	2		2
Capital outlays	788		788
Total expenditures	34,157	2,815	36,972
Excess (deficiency) of revenues over (under) expenditures	5,132	27,267	32,399
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out	(2,009)	(2,627)	(4,636)
Net other sources (uses) of financial resources	(2,009)	(2,627)	(4,636)
Net change in fund balances	3,123	24,640	27,763
Fund balances, July 1, 2003	14,788	8,763	23,551
Increase for changes in inventories	393		393
FUND BALANCES, JUNE 30, 2004	\$ 18,304	\$ 33,403	\$ 51,707

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Human Services

June 30, 2004 (Expressed in Thousands)

	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Community Mental Health Medical Fund	Food Stamp and Commodity Fund	Total
ASSETS							
Cash equity with State Treasurer	\$ 4,764	\$ 7,174	\$ 4,338	\$ 9,807	\$ 1,677		\$ 27,760
Receivables, net:							
Intergovernmental	13,746	7,501	3,462		15,201		39,910
Other	230	1	613	11,443	3		12,290
Due from other funds	69	171	18	25			283
Other assets						\$ 187	187
Total assets	\$ 18,809	\$ 14,847	\$ 8,431	\$ 21,275	\$ 16,881	\$ 187	\$ 80,430
LIABILITIES							
Accounts payable and accrued liabilities	\$ 7,859	\$ 3,665	\$ 12,778	\$ 9,666	\$ 16,722		\$ 50,690
Intergovernmental payables	129	277	77	1,962			2,445
Due to other funds	851	591		77	14		1,533
Due to component units	189	1,959	45		63		2,256
Deferred revenues	1,653	9,984	987	9,570		\$ 187	22,381
Total liabilities	10,681	16,476	13,887	21,275	16,799	187	79,305
FUND BALANCES (DEFICITS)							
Reserved for encumbrances	189						189
Unreserved	7,939	(1,629)	(5,456)		82		936
Total fund balances (deficits)	8,128	(1,629)	(5,456)		82		1,125
Total liabilities and fund balances	\$ 18,809	\$ 14,847	\$ 8,431	\$ 21,275	\$ 16,881	\$ 187	\$ 80,430

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, 2004 (Expressed in Thousands)

	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Community Mental Health Medical Fund	Food Stamp and Commodity Fund	Total
REVENUES							
Federal government	\$ 100,808	\$ 169,284	\$ 20,580	\$ 181,372	\$ 82,539	\$ 1,181,521	\$ 1,736,104
Licenses and fees			2,863				2,863
Interest and other investment income			168	14	45		227
Other	3,369	2	10	25			3,406
Total revenues	104,177	169,286	23,621	181,411	82,584	1,181,521	1,742,600
EXPENDITURES							
Current:							
Health and social services	104,516	168,744	117,154	181,397	76,188	1,181,521	1,829,520
Capital outlays	418	264		14			696
Total expenditures	104,934	169,008	117,154	181,411	76,188	1,181,521	1,830,216
Excess (deficiency) of revenues over (under) expenditures	(757)	278	(93,533)	-- --	6,396	-- --	(87,616)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in			64,447				64,447
Transfers-out		(75)	(7,624)				(7,699)
Net other sources (uses) of financial resources		(75)	56,823				56,748
Net change in fund balances	(757)	203	(36,710)	-- --	6,396	-- --	(30,868)
Fund balances (deficits), July 1, 2003	8,885	(1,832)	31,254		(6,314)		31,993
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 8,128	\$ (1,629)	\$ (5,456)	\$ -- --	\$ 82	\$ -- --	\$ 1,125

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Revenue

June 30, 2004 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund
ASSETS						
Cash equity with State Treasurer	\$ 19,778	\$ 39,939	\$ 45,417	\$ 221,626	\$ 53	\$ 195,443
Receivables, net:						
Taxes	3,188	9,965	16,162	94,926		31,838
Other						45
Due from other funds					99,440	46,825
Total assets	\$ 22,966	\$ 49,904	\$ 61,579	\$ 316,552	\$ 99,493	\$ 274,151
LIABILITIES						
Accounts payable and accrued liabilities	\$ 636					\$ 9,082
Intergovernmental payables	10,613	\$ 9,745	\$ 38,545	\$ 316,552	\$ 98,868	209,494
Due to other funds	8,463	38,979	22,625		625	84
Due to component units	66					
Deferred revenues		1,180	409	3,841		9,459
Total liabilities	19,778	49,904	61,579	320,393	99,493	228,119
FUND BALANCES (DEFICITS)						
Reserved for encumbrances	2		10			
Unreserved	3,186		(10)	(3,841)		46,032
Total fund balances (deficits)	3,188		--	(3,841)		46,032
Total liabilities and fund balances	\$ 22,966	\$ 49,904	\$ 61,579	\$ 316,552	\$ 99,493	\$ 274,151

Build Illinois	
Fund	Total

\$ 8,783	\$ 531,039
30,443	186,522
14	59
9,450	155,715
\$ 48,690	\$ 873,335

\$ 10,804	\$ 20,522
	683,817
	70,776
	66
1,482	16,371
12,286	791,552

	12
36,404	81,771
36,404	81,783
\$ 48,690	\$ 873,335

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, 2004 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Local Government Distributive Fund	Personal Property Tax Replacement Fund
REVENUES						
Income taxes						\$ 685,752
Sales taxes		\$ 199,841	\$ 298,542	\$ 1,420,112		
Public utility taxes						207,419
Other taxes	\$ 632,019					
Licenses and fees	867					
Interest and other investment income						517
Total revenues	632,886	199,841	298,542	1,420,112		893,688
EXPENDITURES						
Current:						
Employment and economic development						
Capital outlays	13					20
Intergovernmental	113,285	39,970	298,542	1,420,334	\$ 845,403	923,950
Total expenditures	113,298	39,970	298,542	1,420,334	845,403	923,970
Excess (deficiency) of revenues over (under) expenditures	519,588	159,871	-- --	(222)	(845,403)	(30,282)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in					850,403	46,825
Transfers-out	(520,693)	(159,871)			(5,000)	(39)
Net other sources (uses) of financial resources	(520,693)	(159,871)			845,403	46,786
Net change in fund balances	(1,105)	-- --	-- --	(222)	-- --	16,504
Fund balances (deficits), July 1, 2003	4,293			(3,619)		29,528
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 3,188	\$ -- --	\$ -- --	\$ (3,841)	\$ -- --	\$ 46,032

Build Illinois

Fund	Total
	\$ 685,752
\$ 372,326	2,290,821
	207,419
78,606	710,625
	867
192	709
451,124	3,896,193
31,424	31,424
	33
	3,641,484
31,424	3,672,941
419,700	223,252
70,889	968,117
(495,236)	(1,180,839)
(424,347)	(212,722)
(4,647)	10,530
41,051	71,253
\$ 36,404	\$ 81,783

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Transportation

June 30, 2004 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 4,423	\$ 14,859	\$ 14,087	\$ 33,369
Receivables, net:				
Intergovernmental	21,105			21,105
Other		11		11
Due from other funds	940		42,639	43,579
Loans and notes receivable, net		27,422		27,422
Total assets	\$ 26,468	\$ 42,292	\$ 56,726	\$ 125,486
LIABILITIES				
Accounts payable and accrued liabilities	\$ 10,982	\$ 587		\$ 11,569
Intergovernmental payables	6,883		\$ 56,726	63,609
Due to other funds	226			226
Deferred revenues	8,934			8,934
Total liabilities	27,025	587	56,726	84,338
FUND BALANCES (DEFICITS)				
Reserved for:				
Encumbrances	97,184	1,902		99,086
Long-term portion of loans and notes receivable		25,831		25,831
Unreserved	(97,741)	13,972		(83,769)
Total fund balances (deficits)	(557)	41,705		41,148
Total liabilities and fund balances	\$ 26,468	\$ 42,292	\$ 56,726	\$ 125,486

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, 2004 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Total
REVENUES				
Federal government	\$ 99,288			\$ 99,288
Interest and other investment income		\$ 914		914
Other	14,374			14,374
Total revenues	113,662	914		114,576
EXPENDITURES				
Current:				
Transportation	112,678	391	\$ 251,439	364,508
Total expenditures	112,678	391	251,439	364,508
Excess (deficiency) of revenues over (under) expenditures	984	523	(251,439)	(249,932)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		966	251,439	252,405
Transfers-out	(323)	(15)		(338)
Net other sources (uses) of financial resources	(323)	951	251,439	252,067
Net change in fund balances	661	1,474	--	2,135
Fund balances (deficits), July 1, 2003	(1,218)	40,231		39,013
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (557)	\$ 41,705	\$ --	\$ 41,148

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Other Departments Funds

June 30, 2004 (Expressed in Thousands)

	Central Management Services Efficiency Initiatives Revolving Fund	Corrections Department of Corrections Reimbursement Fund	Employment Security Title III Social Security and Employment Service Fund	Financial Institutions State Pensions Fund	Public Aid Child Support Administration Fund	Public Health Public Health Services Fund	Total
ASSETS							
Cash equity with State Treasurer	\$ 38,807	\$ 30,355	\$ 31,396	\$ 66,061	\$ 40,547	\$ 2,184	\$ 209,350
Cash and cash equivalents			5		269		274
Receivables, net:							
Intergovernmental		446	4,696		10,304	19,092	34,538
Other			20		10,432	553	11,005
Due from other funds	12,547	3,542	9,883			883	26,855
Due from component units	4						4
Inventories			1,899			8,375	10,274
Total assets	\$ 51,358	\$ 34,343	\$ 47,899	\$ 66,061	\$ 61,552	\$ 31,087	\$ 292,300
LIABILITIES							
Accounts payable and accrued liabilities	\$ 16,807	\$ 2,006	\$ 8,823	\$ 953	\$ 6,397	\$ 10,979	\$ 45,965
Intergovernmental payables			299	6	10,614	2,938	13,857
Due to other funds	7	1,124	7,471	17	2,516	170	11,305
Due to component units		3	42			518	563
Deferred revenues		356	12		133	13,474	13,975
Total liabilities	16,814	3,489	16,647	976	19,660	28,079	85,665
FUND BALANCES							
Reserved for:							
Encumbrances	125	324		231		97	777
Inventories			1,899			8,375	10,274
Unreserved	34,419	30,530	29,353	64,854	41,892	(5,464)	195,584
Total fund balances	34,544	30,854	31,252	65,085	41,892	3,008	206,635
Total liabilities and fund balances	\$ 51,358	\$ 34,343	\$ 47,899	\$ 66,061	\$ 61,552	\$ 31,087	\$ 292,300

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, 2004 (Expressed in Thousands)

	Central Management Services Efficiency Initiatives Revolving Fund	Corrections Department of Corrections Reimbursement Fund	Employment Security Title III Social Security and Employment Service Fund	Financial Institutions State Pensions Fund	Public Aid Child Support Administration Fund	Public Health Public Health Services Fund	Total
REVENUES							
Federal government		\$ 16,988	\$ 176,503		\$ 101,446	\$ 112,500	\$ 407,437
Licenses and fees			156		2		158
Interest and other investment income			2,826				2,826
Other	\$ 852	8,120	9,865	\$ 2	11,096	545	30,480
Total revenues	852	25,108	189,350	2	112,544	113,045	440,901
EXPENDITURES							
Current:							
Health and social services					145,823	115,207	261,030
Education				24,832			24,832
General government	37,104			13,207			50,311
Employment and economic development			195,905				195,905
Public protection and justice		19,290		610			19,900
Debt service:							
Principal		847		31			878
Interest		123		1			124
Capital outlays	38	1,987	1,627	39	567	923	5,181
Total expenditures	37,142	22,247	197,532	38,720	146,390	116,130	558,161
Excess (deficiency) of revenues over (under) expenditures	(36,290)	2,861	(8,182)	(38,718)	(33,846)	(3,085)	(117,260)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in	129,683	1,885	7,652	121,056	32,300		292,576
Transfers-out	(58,849)	(3,824)	(2,317)	(50,013)	(4,182)		(119,185)
Net other sources (uses) of financial resources	70,834	(1,939)	5,335	71,043	28,118		173,391
Net change in fund balances	34,544	922	(2,847)	32,325	(5,728)	(3,085)	56,131
Fund balances, July 1, 2003		29,932	34,227	32,760	47,620	7,244	151,783
Increase (decrease) for changes in inventories			(128)			(1,151)	(1,279)
FUND BALANCES, JUNE 30, 2004	\$ 34,544	\$ 30,854	\$ 31,252	\$ 65,085	\$ 41,892	\$ 3,008	\$ 206,635

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Environmental Protection Agency

June 30, 2004 (Expressed in Thousands)

	Illinois Clean Water Fund	Hazardous Waste Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 12,723	\$ 20,375	\$ 33,098
Other receivables, net	11,167	2,451	13,618
Due from other funds		4,026	4,026
Total assets	\$ 23,890	\$ 26,852	\$ 50,742
LIABILITIES			
Accounts payable and accrued liabilities	\$ 42	\$ 324	\$ 366
Intergovernmental payables		4	4
Due to other funds	5	4	9
Due to component units	2		2
Deferred revenues	5,108	1,625	6,733
Total liabilities	5,157	1,957	7,114
FUND BALANCES			
Reserved for encumbrances	35	82	117
Unreserved	18,698	24,813	43,511
Total fund balances	18,733	24,895	43,628
Total liabilities and fund balances	\$ 23,890	\$ 26,852	\$ 50,742

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, 2004 (Expressed in Thousands)

	Illinois Clean Water Fund	Hazardous Waste Fund	Total
REVENUES			
Licenses and fees	\$ 37,776	\$ 1,461	\$ 39,237
Interest and other investment income	143		143
Other	15	5,622	5,637
Total revenues	37,934	7,083	45,017
EXPENDITURES			
Current:			
Environment and business regulations	5,749	16,878	22,627
Debt service:			
Principal	83		83
Interest	5		5
Capital outlays		47	47
Total expenditures	5,837	16,925	22,762
Excess (deficiency) of revenues over (under) expenditures	32,097	(9,842)	22,255
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in		14,964	14,964
Transfers-out	(13,364)	(2,418)	(15,782)
Net other sources (uses) of financial resources	(13,364)	12,546	(818)
Net change in fund balances	18,733	2,704	21,437
Fund balances, July 1, 2003		22,191	22,191
FUND BALANCES, JUNE 30, 2004	\$ 18,733	\$ 24,895	\$ 43,628

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

State Board of Education

June 30, 2004 (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	\$ 2,459	\$ 335	\$ 831	\$ 45,387	\$ 49,012
Receivables, net:					
Intergovernmental	433	31,053	79,359		110,845
Other		100		69	169
Due from other funds	1,822	46	658		2,526
Due from component units			96		96
Inventories		2,037			2,037
Loans and notes receivable, net				11,007	11,007
Total assets	\$ 4,714	\$ 33,571	\$ 80,944	\$ 56,463	\$ 175,692
LIABILITIES					
Accounts payable and accrued liabilities		\$ 9,727	\$ 5,225		\$ 14,952
Intergovernmental payables	\$ 15,750	20,154	66,307		102,211
Due to other funds		361	423		784
Due to component units		98	933		1,031
Deferred revenues		5,016	7,513		12,529
Matured portion of long-term liabilities			11,164		11,164
Total liabilities	15,750	35,356	91,565		142,671
FUND BALANCES (DEFICITS)					
Reserved for:					
Long-term portion of loans and notes receivable				\$ 4,145	4,145
Inventories		2,037			2,037
Unreserved	(11,036)	(3,822)	(10,621)	52,318	26,839
Total fund balances (deficits)	(11,036)	(1,785)	(10,621)	56,463	33,021
Total liabilities and fund balances	\$ 4,714	\$ 33,571	\$ 80,944	\$ 56,463	\$ 175,692

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, 2004 (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		\$ 451,356	\$ 1,211,440		\$ 1,662,796
Licenses and fees	\$ 11,606				11,606
Interest and other investment income				\$ 835	835
Other	6,282	41		40	6,363
Total revenues	17,888	451,397	1,211,440	875	1,681,600
EXPENDITURES					
Current:					
Education	15,862	448,332	1,207,692		1,671,886
Capital outlays		12	172		184
Total expenditures	15,862	448,344	1,207,864		1,672,070
Excess (deficiency) of revenues over (under) expenditures	2,026	3,053	3,576	875	9,530
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-out	(3,377)			(7,440)	(10,817)
Net other sources (uses) of financial resources	(3,377)			(7,440)	(10,817)
Net change in fund balances	(1,351)	3,053	3,576	(6,565)	(1,287)
Fund balances (deficits), July 1, 2003	(9,685)	(3,741)	(14,197)	63,028	35,405
Increase (decrease) for changes in inventories		(1,097)			(1,097)
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (11,036)	\$ (1,785)	\$ (10,621)	\$ 56,463	\$ 33,021

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Other Agencies, Boards and Authorities Funds

June 30, 2004 (Expressed in Thousands)

	Capital Development Board	Industrial Commission	Metropolitan Fair and Exposition Authority	State Board of Elections	
	School Infrastructure Fund	Rate Adjustment Fund	McCormick Place Expansion Project Fund	Help Illinois Vote Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 24,742	\$ 139		\$ 34,513	\$ 59,394
Receivables, net:					
Taxes	1,699				1,699
Other				26	26
Due from other funds				27	27
Total assets	\$ 26,441	\$ 139	\$ -- --	\$ 34,566	\$ 61,146
LIABILITIES					
Accounts payable and accrued liabilities	\$ 5,118	\$ 56		\$ 159	\$ 5,333
Intergovernmental payables				388	388
Due to other funds	29	14,912		2	14,943
Deferred revenues	565			33,581	34,146
Total liabilities	5,712	14,968		34,130	54,810
FUND BALANCES (DEFICITS)					
Reserved for encumbrances	1,245				1,245
Unreserved	19,484	(14,829)		436	5,091
Total fund balances (deficits)	20,729	(14,829)		436	6,336
Total liabilities and fund balances	\$ 26,441	\$ 139	\$ -- --	\$ 34,566	\$ 61,146

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, 2004 (Expressed in Thousands)

	Capital Development Board	Industrial Commission	Metropolitan Fair and Exposition Authority McCormick Place Expansion Project Fund	State Board of Elections Help Illinois Vote Fund	Total
REVENUES					
Sales taxes			\$ 110,549		\$ 110,549
Public utility taxes	\$ 91,859				91,859
Other taxes	55,000				55,000
Federal government				\$ 11,355	11,355
Interest and other investment income		\$ 2		409	411
Other		8,844			8,844
Total revenues	146,859	8,846	110,549	11,764	278,018
EXPENDITURES					
Current:					
Education	3,596				3,596
General government	524			591	1,115
Employment and economic development			92,943		92,943
Environment and business regulations		10,548			10,548
Capital outlays	29			100	129
Intergovernmental				10,637	10,637
Total expenditures	4,149	10,548	92,943	11,328	118,968
Excess (deficiency) of revenues over (under) expenditures	142,710	(1,702)	17,606	436	159,050
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	71,773				71,773
Transfers-out	(196,130)	(177)	(17,606)		(213,913)
Net other sources (uses) of financial resources	(124,357)	(177)	(17,606)		(142,140)
Net change in fund balances	18,353	(1,879)	-- --	436	16,910
Fund balances (deficits), July 1, 2003	2,376	(12,950)			(10,574)
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 20,729	\$ (14,829)	\$ -- --	\$ 436	\$ 6,336

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 Economic Opportunity

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.

Governor's Office of Management and Budget

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

State of Illinois

Combining Balance Sheet
 Non-major Debt Service Funds

June 30, 2004 (Expressed in Thousands)

	Treasurer	Central Management Services	Commerce and Economic Opportunity	Governor's Office of Management and 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	\$ 610,954		\$ 7,243	\$ 2,239		\$ 620,436
Cash and cash equivalents	3,310	\$ 210		47,658	\$ 3,918	55,096
Investments		4,366	14,473	91,136	2,405	112,380
Other receivables, net	388		10	596		994
Due from other funds	174	22			119	315
Due from component units		2,559				2,559
Loans and notes receivable, net	21,644					21,644
Total assets	\$ 636,470	\$ 7,157	\$ 21,726	\$ 141,629	\$ 6,442	\$ 813,424
LIABILITIES						
Due to component units		\$ 884				\$ 884
Total liabilities		884				884
FUND BALANCES						
Reserved for:						
Long-term portion of loans and notes receivable	\$ 20,462					20,462
Debt service	616,008	6,273	\$ 21,726	\$ 141,629	\$ 6,442	792,078
Total fund balances	636,470	6,273	21,726	141,629	6,442	812,540
Total liabilities and fund balances	\$ 636,470	\$ 7,157	\$ 21,726	\$ 141,629	\$ 6,442	\$ 813,424

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Treasurer	Central Management Services	Commerce and Economic Opportunity	Governor's Office of Management and 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	\$ 197					\$ 197
Interest and other investment income	10,656	\$ 406	\$ 127		\$ 7	11,196
Other	477				2	479
Total revenues	11,330	406	127		9	11,872
EXPENDITURES						
Current:						
Health and social services					550	550
General government	1,675	4		\$ 1,249		2,928
Employment and economic development			23			23
Environment and business regulations					1,732	1,732
Debt service:						
Principal	530,193	1,920	6,160	96,029	5,835	640,137
Interest	900,601	530	7,682	108,658	6,692	1,024,163
Total expenditures	1,432,469	2,454	13,865	205,936	14,809	1,669,533
Excess (deficiency) of revenues over (under) expenditures	(1,421,139)	(2,048)	(13,738)	(205,936)	(14,800)	(1,657,661)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation refunding bonds issued	617,175					617,175
Premiums on general obligation refunding bonds issued	63,171					63,171
Transfers-in	2,499,254	1,278	13,990	255,053	15,134	2,784,709
Transfers-out	(1,509,420)			(45,978)		(1,555,398)
Payment to refunded bond escrow agent	(678,668)					(678,668)
Net other sources (uses) of financial resources	991,512	1,278	13,990	209,075	15,134	1,230,989
Net change in fund balances	(429,627)	(770)	252	3,139	334	(426,672)
Fund balances, July 1, 2003	1,066,097	7,043	21,474	138,490	6,108	1,239,212
FUND BALANCES, JUNE 30, 2004	\$ 636,470	\$ 6,273	\$ 21,726	\$ 141,629	\$ 6,442	\$ 812,540

CAPITAL PROJECTS FUNDS

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

SIGNIFICANT NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS DESCRIPTIONS

Department of Commerce and Economic Opportunity

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

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

Department of Natural Resources

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

Department of Transportation

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

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

Capital Development Board

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

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

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, 2004 (Expressed in Thousands)

	Commerce and Economic Opportunity	Natural Resources Conservation 2000 Projects Fund	Transportation	Capital Development Board	Environmental Protection Agency Anti-Pollution Fund	Other	Total
ASSETS							
Cash equity with State Treasurer	\$ 96,228	\$ 9,073	\$ 92,640	\$ 23,277	\$ 1,311	\$ 499	\$ 223,028
Cash and cash equivalents	694		14,142	11,858			26,694
Investments						7	7
Intergovernmental receivables, net				3,714			3,714
Due from other funds	2,727			1,128			3,855
Total assets	\$ 99,649	\$ 9,073	\$ 106,782	\$ 39,977	\$ 1,311	\$ 506	\$ 257,298
LIABILITIES							
Accounts payable and accrued liabilities	\$ 28,054	\$ 222	\$ 42,412	\$ 56,979		\$ 2	\$ 127,669
Intergovernmental payables	13,521		10,219	2,586			26,326
Due to other funds	4,024		940	188			5,152
Due to component units	6			28			34
Deferred revenues				12,955			12,955
Total liabilities	45,605	222	53,571	72,736		2	172,136
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	69,742	5,969	584,498	902,945			1,563,154
Capital projects	5,698	2,882			\$ 1,311	504	10,395
Unreserved	(21,396)		(531,287)	(935,704)			(1,488,387)
Total fund balances (deficits)	54,044	8,851	53,211	(32,759)	1,311	504	85,162
Total liabilities and fund balances	\$ 99,649	\$ 9,073	\$ 106,782	\$ 39,977	\$ 1,311	\$ 506	\$ 257,298

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Capital Projects Funds

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Commerce and Economic Opportunity	Natural Resources Conservation 2000 Projects Fund	Transportation	Capital Development Board	Environmental Protection Agency Anti-Pollution Fund	Other	Total
REVENUES							
Federal government				\$ 18,906			\$ 18,906
Interest and other investment income						\$ 4	4
Other				18,250		144	18,394
Total revenues				37,156		148	37,304
EXPENDITURES							
Current:							
Education	\$ 30,074			560,195			590,269
General government	14,697			12,009	\$ 92	4	26,802
Employment and economic development	201,705			32,129			233,834
Transportation			\$ 98,658	80		1,369	100,107
Public protection and justice				99			99
Environment and business regulations	22,370	\$ 4,646		5,595	30,000		62,611
Debt service:							
Principal				67			67
Interest				19			19
Capital outlays	9,265	609	389,982	136,620		747	537,223
Total expenditures	278,111	5,255	488,640	746,813	30,092	2,120	1,551,031
Excess (deficiency) of revenues over (under) expenditures	(278,111)	(5,255)	(488,640)	(709,657)	(30,092)	(1,972)	(1,513,727)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
General and special obligation bonds issued	350,000		461,235	674,730	39,035		1,525,000
Premiums on general and special obligation bonds issued	27,627		18,979	28,639	1,528		76,773
Transfers-in		5,250		1,000		1,373	7,623
Transfers-out	(15,329)			(5,250)	(27,000)	(35)	(47,614)
Net other sources (uses) of financial resources	362,298	5,250	480,214	699,119	13,563	1,338	1,561,782
Net change in fund balances	84,187	(5)	(8,426)	(10,538)	(16,529)	(634)	48,055
Fund balances (deficits), July 1, 2003	(30,143)	8,856	61,637	(22,221)	17,840	1,138	37,107
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 54,044	\$ 8,851	\$ 53,211	\$ (32,759)	\$ 1,311	\$ 504	\$ 85,162

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds

Commerce and Economic Opportunity

June 30, 2004 (Expressed in Thousands)

	Coal Development Fund	Build Illinois Bond Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 5,698	\$ 90,530	\$ 96,228
Cash and cash equivalents		694	694
Due from other funds		2,727	2,727
Total assets	\$ 5,698	\$ 93,951	\$ 99,649
LIABILITIES			
Accounts payable and accrued liabilities		\$ 28,054	\$ 28,054
Intergovernmental payables		13,521	13,521
Due to other funds		4,024	4,024
Due to component units		6	6
Total liabilities		45,605	45,605
FUND BALANCES			
Reserved for:			
Encumbrances		69,742	69,742
Capital projects	\$ 5,698		5,698
Unreserved		(21,396)	(21,396)
Total fund balances	5,698	48,346	54,044
Total liabilities and fund balances	\$ 5,698	\$ 93,951	\$ 99,649

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Coal Development Fund	Build Illinois Bond Fund	Total
EXPENDITURES			
Current:			
Education		\$ 30,074	\$ 30,074
General government		14,697	14,697
Employment and economic development		201,705	201,705
Environment and business regulations		22,370	22,370
Capital outlays		9,265	9,265
Total expenditures		278,111	278,111
Excess (deficiency) of revenues over (under) expenditures		(278,111)	(278,111)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Special obligation bonds issued		350,000	350,000
Premiums on special obligation bonds issued		27,627	27,627
Transfers-out		(15,329)	(15,329)
Net other sources (uses) of financial resources		362,298	362,298
Net change in fund balances		84,187	84,187
Fund balances (deficits), July 1, 2003	\$ 5,698	(35,841)	(30,143)
FUND BALANCES, JUNE 30, 2004	\$ 5,698	\$ 48,346	\$ 54,044

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds

Transportation

June 30, 2004 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 79,856	\$ 12,784	\$ 92,640
Cash and cash equivalents	14,142		14,142
Total assets	\$ 93,998	\$ 12,784	\$ 106,782
LIABILITIES			
Accounts payable and accrued liabilities	\$ 41,699	\$ 713	\$ 42,412
Intergovernmental payables		10,219	10,219
Due to other funds		940	940
Total liabilities	41,699	11,872	53,571
FUND BALANCES			
Reserved for encumbrances	342,496	242,002	584,498
Unreserved	(290,197)	(241,090)	(531,287)
Total fund balances	52,299	912	53,211
Total liabilities and fund balances	\$ 93,998	\$ 12,784	\$ 106,782

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, 2004 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
EXPENDITURES			
Current:			
Transportation	\$ 1,272	\$ 97,386	\$ 98,658
Capital outlays	386,764	3,218	389,982
Total expenditures	<u>388,036</u>	<u>100,604</u>	<u>488,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(388,036)</u>	<u>(100,604)</u>	<u>(488,640)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
General obligation bonds issued	381,925	79,310	461,235
Premiums on general obligation bonds issued	15,827	3,152	18,979
Net other sources (uses) of financial resources	<u>397,752</u>	<u>82,462</u>	<u>480,214</u>
Net change in fund balances	<u>9,716</u>	<u>(18,142)</u>	<u>(8,426)</u>
Fund balances, July 1, 2003	42,583	19,054	61,637
FUND BALANCES, JUNE 30, 2004	<u>\$ 52,299</u>	<u>\$ 912</u>	<u>\$ 53,211</u>

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds

Capital Development Board

June 30, 2004 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 3,000	\$ 5,727	\$ 14,550	\$ 23,277
Cash and cash equivalents	10,913	7	938	11,858
Intergovernmental receivables, net			3,714	3,714
Due from other funds			1,128	1,128
Total assets	\$ 13,913	\$ 5,734	\$ 20,330	\$ 39,977
LIABILITIES				
Accounts payable and accrued liabilities	\$ 49,660	\$ 7	\$ 7,312	\$ 56,979
Intergovernmental payables	1,438	1,148		2,586
Due to other funds	125		63	188
Due to component units	28			28
Deferred revenues			12,955	12,955
Total liabilities	51,251	1,155	20,330	72,736
FUND BALANCES (DEFICITS)				
Reserved for encumbrances	392,744	482,581	27,620	902,945
Unreserved	(430,082)	(478,002)	(27,620)	(935,704)
Total fund balances (deficits)	(37,338)	4,579	--	(32,759)
Total liabilities and fund balances	\$ 13,913	\$ 5,734	\$ 20,330	\$ 39,977

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, 2004 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
REVENUES				
Federal government			\$ 18,906	\$ 18,906
Other			18,250	18,250
Total revenues			37,156	37,156
EXPENDITURES				
Current:				
Education	\$ 131,761	\$ 417,517	10,917	560,195
General government	12,009			12,009
Employment and economic development	32,129			32,129
Transportation	80			80
Public protection and justice	99			99
Environment and business regulations	5,595			5,595
Debt service:				
Principal	67			67
Interest	19			19
Capital outlays	110,381		26,239	136,620
Total expenditures	292,140	417,517	37,156	746,813
Excess (deficiency) of revenues over (under) expenditures	(292,140)	(417,517)	-- --	(709,657)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	268,255	406,475		674,730
Premiums on general obligation bonds issued	13,006	15,633		28,639
Transfers-in	1,000			1,000
Transfers-out	(5,250)			(5,250)
Net other sources (uses) of financial resources	277,011	422,108		699,119
Net change in fund balances	(15,129)	4,591	-- --	(10,538)
Fund balances (deficits), July 1, 2003	(22,209)	(12)		(22,221)
FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (37,338)	\$ 4,579	\$ -- --	\$ (32,759)

ENTERPRISE FUNDS

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

SIGNIFICANT NON-MAJOR ENTERPRISE FUNDS DESCRIPTIONS

Department of Central Management Services

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

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

Department of Revenue

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

Student Assistance Commission

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

State of Illinois

Combining Statement of Net Assets

Non-major Enterprise Funds

June 30, 2004 (Expressed in Thousands)

	Central Management Services	Revenue		Student Assistance Commission	Other	Total
		State Lottery Fund	Prepaid Tuition Fund			
ASSETS						
Cash equity with State Treasurer	\$ 65,751	\$ 43,920	\$ 4,190	\$ 68,270	\$ 182,131	
Cash and cash equivalents	6,787	3,073	2,727	857	13,444	
Investments		3,622		19,275	22,897	
Receivables, net:						
Intergovernmental	128			2,155	2,283	
Other	9,042	11,980	10	8,663	29,695	
Due from other funds		42,193		1,470	43,663	
Inventories		3,325			3,325	
Prepaid expenses		198		117	315	
Total current assets	81,708	108,311	6,927	100,807	297,753	
Investments		1,116	491,938	4,235	497,289	
Capital assets not being depreciated				190	190	
Capital assets being depreciated, net		870		2,273	3,143	
Total assets	81,708	110,297	498,865	107,505	798,375	
LIABILITIES						
Accounts payable and accrued liabilities	43,836	46,261	367	15,280	105,744	
Intergovernmental payables		16,116		2	16,118	
Due to other funds	9	2,486	26	7,334	9,855	
Due to component units		1			1	
Deferred revenues		4,198		9,288	13,486	
Current portion of long-term obligations	3	3,644	15,795	10,677	30,119	
Total current liabilities	43,848	72,706	16,188	42,581	175,323	
Noncurrent portion of long-term obligations	92	2,314	521,978	4,331	528,715	
Total liabilities	43,940	75,020	538,166	46,912	704,038	
NET ASSETS						
Invested in capital assets, net of related debt		870		2,409	3,279	
Net assets restricted for other purposes		34,407		3,313	37,720	
Unrestricted	37,768		(39,301)	54,871	53,338	
Total net assets	\$ 37,768	\$ 35,277	\$ (39,301)	\$ 60,593	\$ 94,337	

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Revenue		Student Assistance Commission		Total
	Central Management Services	State Lottery Fund	Prepaid Tuition Fund	Other	
OPERATING REVENUES					
Charges for sales and services	\$ 337,844	\$ 1,687,017	\$ 2,470	\$ 118,519	\$ 2,145,850
Interest and other investment income			47,793	3	47,796
Other	5,611	25,814		470	31,895
Total operating revenues	343,455	1,712,831	50,263	118,992	2,225,541
OPERATING EXPENSES					
Cost of sales and services		114,560		31,918	146,478
Benefit payments and refunds	315,659			15,923	331,582
Prizes and claims		973,827			973,827
Interest				3	3
General and administrative	3,477	56,493	3,177	51,710	114,857
Depreciation		15		555	570
Other			32,594	10,116	42,710
Total operating expenses	319,136	1,144,895	35,771	110,225	1,610,027
Operating income (loss)	24,319	567,936	14,492	8,767	615,514
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	503	267		1,023	1,793
Interest expense				(13)	(13)
Other expenses		(41)		(92)	(133)
Income (loss) before transfers	24,822	568,162	14,492	9,685	617,161
Transfers-in	2,000				2,000
Transfers-out	(6,571)	(576,060)		(3,733)	(586,364)
Net income (loss)	20,251	(7,898)	14,492	5,952	32,797
Net assets (deficit), July 1, 2003	17,517	43,175	(53,793)	54,641	61,540
NET ASSETS (DEFICIT), JUNE 30, 2004	\$ 37,768	\$ 35,277	\$ (39,301)	\$ 60,593	\$ 94,337

State of Illinois

Combining Statement of Cash Flows

Non-major Enterprise Funds

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Revenue		Student Assistance Commission		Total
	Central Management Services	State Lottery Fund	Prepaid Tuition Fund	Other	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	\$ 336,476	\$ 1,713,789	\$ 2,470	\$ 121,117	\$ 2,173,852
Cash payments to suppliers for goods and services	(316,207)	(106,514)	(2,558)	(33,367)	(458,646)
Cash payments to employees for services	(1,481)	(85,991)	(580)	(54,130)	(142,182)
Cash payments for lottery prizes		(916,783)			(916,783)
Cash receipts from other operating activities	5,611	2,683	117,157	473	125,924
Cash payments for other operating activities			(7,579)	(28,408)	(35,987)
Net cash provided (used) by operating activities	24,399	607,184	108,910	5,685	746,178
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal paid on revenue bonds and other borrowing				(1)	(1)
Transfers-in from other funds	2,000				2,000
Transfers-out to other funds	(6,571)	(570,471)		(3,722)	(580,764)
Net cash provided (used) by noncapital financing activities	(4,571)	(570,471)		(3,723)	(578,765)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(224)		(396)	(620)
Principal paid on capital debt		(6)		(34)	(40)
Interest paid on capital debt				(13)	(13)
Net cash (used) by capital and related financing activities		(230)		(443)	(673)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities			(187,527)	(20,320)	(207,847)
Proceeds from sale and maturities of investment securities			70,166	19,320	89,486
Interest and dividends on investments	480	267	7,531	1,497	9,775
Net cash provided (used) by investing activities	480	267	(109,830)	497	(108,586)
Net increase (decrease) in cash and cash equivalents	20,308	36,750	(920)	2,016	58,154
Cash and cash equivalents, July 1, 2003	52,230	10,243	7,837	67,111	137,421
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 72,538	\$ 46,993	\$ 6,917	\$ 69,127	\$ 195,575
Reconciliation of cash and cash equivalents to the statement of net assets:					
Total cash and cash equivalents per statement of net assets	\$ 6,787	\$ 3,073	\$ 2,727	\$ 857	\$ 13,444
Add: cash equity with State Treasurer	65,751	43,920	4,190	68,270	182,131
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 72,538	\$ 46,993	\$ 6,917	\$ 69,127	\$ 195,575
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	\$ 24,319	\$ 567,936	\$ 14,492	\$ 8,767	\$ 615,514
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation		15		555	570
Provision for uncollectible accounts		569			569
Amortization			31,203		31,203
Interest and investment income			(46,362)		(46,362)
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(1,767)	2,188		(921)	(500)
(Increase) decrease in intergovernmental receivables	455			296	751
(Increase) decrease in due from other funds		(191)		(86)	(277)
(Increase) decrease in inventory		75			75
(Increase) decrease in prepaid expenses		(97)		11	(86)
Increase (decrease) in accounts payable and accrued liabilities	1,411	18,796	(15)	3,434	23,626
Increase (decrease) in intergovernmental payables		16,116			16,116
Increase (decrease) in due to other funds	(30)	(453)	11	(9,895)	(10,367)
Increase (decrease) in due to component units		1			1
Increase (decrease) in deferred revenues		1,644		321	1,965
Increase (decrease) in other liabilities	11	585	109,581	3,203	113,380
Total adjustments	80	39,248	94,418	(3,082)	130,664
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 24,399	\$ 607,184	\$ 108,910	\$ 5,685	\$ 746,178
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Transfer of assets to/from other state funds				\$ (84)	\$ (84)
Increase (decrease) in fair value of investments			\$ 38,847		38,847
Total noncash investing, capital and financing activities	\$ --	\$ --	\$ 38,847	\$ (84)	\$ 38,763

State of Illinois

Combining Statement of Net Assets - Non-major Enterprise Funds

Central Management Services

June 30, 2004 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 12,976	\$ 52,775	\$ 65,751
Cash and cash equivalents	1,625	5,162	6,787
Receivables, net:			
Intergovernmental	128		128
Other	196	8,846	9,042
Total assets	14,925	66,783	81,708
LIABILITIES			
Accounts payable and accrued liabilities	10,361	33,475	43,836
Due to other funds	7	2	9
Current portion of long-term obligations	2	1	3
Total current liabilities	10,370	33,478	43,848
Noncurrent portion of long-term obligations	38	54	92
Total liabilities	10,408	33,532	43,940
NET ASSETS			
Unrestricted	4,517	33,251	37,768
Total net assets	\$ 4,517	\$ 33,251	\$ 37,768

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, 2004 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Total
OPERATING REVENUES			
Charges for sales and services	\$ 72,297	\$ 265,547	\$ 337,844
Other	397	5,214	5,611
Total operating revenues	72,694	270,761	343,455
OPERATING EXPENSES			
Benefit payments and refunds	68,234	247,425	315,659
General and administrative	743	2,734	3,477
Total operating expenses	68,977	250,159	319,136
Operating income (loss)	3,717	20,602	24,319
NONOPERATING REVENUES			
Interest and investment income	103	400	503
Income (loss) before transfers	3,820	21,002	24,822
Transfers-in		2,000	2,000
Transfers-out	(2,053)	(4,518)	(6,571)
Net income (loss)	1,767	18,484	20,251
Net assets, July 1, 2003	2,750	14,767	17,517
NET ASSETS, JUNE 30, 2004	\$ 4,517	\$ 33,251	\$ 37,768

State of Illinois

Combining Statement of Cash Flows - Non-major Enterprise Funds

Central Management Services

For the Year Ended June 30, 2004 (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	\$ 72,690	\$ 263,786	\$ 336,476
Cash payments to suppliers for goods and services	(69,580)	(246,627)	(316,207)
Cash payments to employees for services	(638)	(843)	(1,481)
Cash receipts from other operating activities	397	5,214	5,611
Net cash provided (used) by operating activities	<u>2,869</u>	<u>21,530</u>	<u>24,399</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers-in from other funds		2,000	2,000
Transfers-out to other funds	(2,053)	(4,518)	(6,571)
Net cash provided (used) by noncapital financing activities	<u>(2,053)</u>	<u>(2,518)</u>	<u>(4,571)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	102	378	480
Net cash provided by investing activities	<u>102</u>	<u>378</u>	<u>480</u>
Net increase (decrease) in cash and cash equivalents	918	19,390	20,308
Cash and cash equivalents, July 1, 2003	13,683	38,547	52,230
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	<u>\$ 14,601</u>	<u>\$ 57,937</u>	<u>\$ 72,538</u>
Reconciliation of cash and cash equivalents to the statement of net assets:			
Total cash and cash equivalents per statement of net assets	\$ 1,625	\$ 5,162	\$ 6,787
Add: cash equity with State Treasurer	12,976	52,775	65,751
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	<u>\$ 14,601</u>	<u>\$ 57,937</u>	<u>\$ 72,538</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
OPERATING INCOME (LOSS)	\$ 3,717	\$ 20,602	\$ 24,319
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(6)	(1,761)	(1,767)
(Increase) decrease in intergovernmental receivables	455		455
Increase (decrease) in accounts payable and accrued liabilities	(1,285)	2,696	1,411
Increase (decrease) in due to other funds	(14)	(16)	(30)
Increase (decrease) in other liabilities	2	9	11
Total adjustments	<u>(848)</u>	<u>928</u>	<u>80</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 2,869</u>	<u>\$ 21,530</u>	<u>\$ 24,399</u>

INTERNAL SERVICE FUNDS

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

SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

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, 2004 (Expressed in Thousands)

	Corrections			Total
	Central Management Services	Working Capital Revolving Fund	Other	
ASSETS				
Cash equity with State Treasurer	\$ 99,743	\$ 23,650	\$ 10,396	\$ 133,789
Cash and cash equivalents	22,221			22,221
Receivables, net:				
Intergovernmental	722	17		739
Other	7,768	374		8,142
Due from other funds	197,049	3,392	462	200,903
Due from component units	3,232	3	559	3,794
Inventories	1,165	10,243	92	11,500
Prepaid expenses	908	19		927
Total current assets	332,808	37,698	11,509	382,015
Restricted cash and cash equivalents	108			108
Capital assets not being depreciated	1,761	40		1,801
Capital assets being depreciated, net	37,550	7,417		44,967
Total assets	372,227	45,155	11,509	428,891
LIABILITIES				
Accounts payable and accrued liabilities	227,060	2,548	3,785	233,393
Intergovernmental payables	69			69
Due to other funds	3,313	272	1	3,586
Due to component units	9			9
Current portion of long-term liabilities	2,770	100	15	2,885
Total current liabilities	233,221	2,920	3,801	239,942
Noncurrent portion of long-term liabilities	5,545	1,083	19	6,647
Total liabilities	238,766	4,003	3,820	246,589
NET ASSETS				
Invested in capital assets, net of related debt	36,243	7,430		43,673
Net assets restricted for debt service	108			108
Unrestricted	97,110	33,722	7,689	138,521
Total net assets	\$ 133,461	\$ 41,152	\$ 7,689	\$ 182,302

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Central Management Services	Corrections		Total
		Working Capital Revolving Fund	Other	
OPERATING REVENUES				
Charges for sales and services	\$ 1,635,954	\$ 43,315	\$ 14,612	\$ 1,693,881
Other	19,168	380	3	19,551
Total operating revenues	1,655,122	43,695	14,615	1,713,432
OPERATING EXPENSES				
Cost of sales and services	158,605	34,624	13,668	206,897
Benefit payments and refunds	1,407,724			1,407,724
General and administrative	28,375	5,151	442	33,968
Depreciation	12,137	1,563		13,700
Other	9,819			9,819
Total operating expenses	1,616,660	41,338	14,110	1,672,108
Operating income (loss)	38,462	2,357	505	41,324
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	488			488
Interest expense	(177)	(7)		(184)
Other revenues	306	342		648
Other expenses	(966)	(39)		(1,005)
Income (loss) before transfers	38,113	2,653	505	41,271
Transfers-in	6,960			6,960
Transfers-out	(28,337)	(4,000)	(1,931)	(34,268)
Net income (loss)	16,736	(1,347)	(1,426)	13,963
Net assets, July 1, 2003	116,725	42,499	9,115	168,339
NET ASSETS, JUNE 30, 2004	\$ 133,461	\$ 41,152	\$ 7,689	\$ 182,302

State of Illinois

Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Corrections			
	Central Management Services	Working Capital Revolving Fund	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	\$ 176,550	\$ 3,183	\$ 1,443	\$ 181,176
Cash received from transactions with other funds	1,438,877	62,235	13,473	1,514,585
Cash payments to suppliers for goods and services	(1,635,545)	(24,982)	(13,536)	(1,674,063)
Cash payments to employees for services	(45,940)	(13,428)	(255)	(59,623)
Cash receipts from other operating activities	16,094		3	16,097
Cash payments for other operating activities		(1,013)		(1,013)
Net cash provided (used) by operating activities	(49,964)	25,995	1,128	(22,841)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers-in from other funds	6,960			6,960
Transfers-out to other funds	(28,337)	(4,000)	(1,931)	(34,268)
Net cash provided (used) by noncapital financing activities	(21,377)	(4,000)	(1,931)	(27,308)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(8,901)	(416)		(9,317)
Principal paid on capital debt	(3,837)	(3)		(3,840)
Interest paid on capital debt	(177)	(7)		(184)
Other capital and related financing activities		346		346
Net cash (used) by capital and related financing activities	(12,915)	(80)	-- --	(12,995)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	508			508
Net cash provided by investing activities	508	-- --	-- --	508
Net increase (decrease) in cash and cash equivalents	(83,748)	21,915	(803)	(62,636)
Cash and cash equivalents, July 1, 2003	205,820	1,735	11,199	218,754
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 122,072	\$ 23,650	\$ 10,396	\$ 156,118
Reconciliation of cash and cash equivalents to the statement of net assets:				
Total cash and cash equivalents per statement of net assets	\$ 22,221			\$ 22,221
Add: cash equity with State Treasurer	99,743	\$ 23,650	\$ 10,396	133,789
Add: restricted cash equivalents	108			108
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 122,072	\$ 23,650	\$ 10,396	\$ 156,118
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ 38,462	\$ 2,357	\$ 505	\$ 41,324
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	12,137	1,563		13,700
Provision for uncollectible accounts	1			1
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(3,088)	1		(3,087)
(Increase) decrease in intergovernmental receivables	(173)	1		(172)
(Increase) decrease in due from other funds	(19,219)	21,718	130	2,629
(Increase) decrease in due from component units	2,825	3	10	2,838
(Increase) decrease in inventories	18	5	75	98
(Increase) decrease in prepaid expenses	(308)	(9)		(317)
Increase (decrease) in accounts payable and accrued liabilities	(73,917)	316	430	(73,171)
Increase (decrease) in intergovernmental payables	(95)			(95)
Increase (decrease) in due to other funds	(2,497)	9	(21)	(2,509)
Increase (decrease) in due to component units	(12)			(12)
Increase (decrease) in deferred revenue	(3,960)			(3,960)
Increase (decrease) in other liabilities	(138)	31	(1)	(108)
Total adjustments	(88,426)	23,638	623	(64,165)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (49,964)	\$ 25,995	\$ 1,128	\$ (22,841)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Cost of capital asset acquisitions financed by capital leases		\$ 10		\$ 10
Cost of installment purchases	\$ 767			767
Loss on disposal of capital assets	5			5
Transfer of assets from other state funds	312	(4)		308
Total noncash investing, capital and financing activities	\$ 1,084	\$ 6	\$ -- --	\$ 1,090

State of Illinois

Combining Statement of Net Assets - Internal Service Funds

Central Management Services

June 30, 2004 (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	\$ 2,188	\$ 25,580	\$ 44,017	\$ 27,958	\$ 99,743
Cash and cash equivalents				22,221	22,221
Receivables, net:					
Intergovernmental	42		680		722
Other	6		87	7,675	7,768
Due from other funds	4,628	20,227	22,629	149,565	197,049
Due from component units	19	22	576	2,615	3,232
Inventories	1,117	48			1,165
Prepaid expenses		908			908
Total current assets	8,000	46,785	67,989	210,034	332,808
Restricted cash and cash equivalents	108				108
Capital assets not being depreciated		1,048	713		1,761
Capital assets being depreciated, net	7,212	16,918	13,420		37,550
Total assets	15,320	64,751	82,122	210,034	372,227
LIABILITIES					
Accounts payable and accrued liabilities	3,641	1,275	13,532	208,612	227,060
Intergovernmental payables	3	66			69
Due to other funds	592	866	737	1,118	3,313
Due to component units	9				9
Current portion of long-term liabilities	533	2,024	186	27	2,770
Total current liabilities	4,778	4,231	14,455	209,757	233,221
Noncurrent portion of long-term liabilities	1,489	3,082	697	277	5,545
Total liabilities	6,267	7,313	15,152	210,034	238,766
NET ASSETS					
Invested in capital assets, net of related debt	6,789	15,434	14,020		36,243
Net assets restricted for debt service	108				108
Unrestricted	2,156	42,004	52,950		97,110
Total net assets	\$ 9,053	\$ 57,438	\$ 66,970	\$ --	\$ 133,461

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, 2004 (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	\$ 31,963	\$ 74,330	\$ 113,511	\$ 1,416,150	\$ 1,635,954
Other	52	36		19,080	19,168
Total operating revenues	32,015	74,366	113,511	1,435,230	1,655,122
OPERATING EXPENSES					
Cost of sales and services	24,293	55,288	79,024		158,605
Benefit payments and refunds				1,407,724	1,407,724
General and administrative	7,564	2,466	8,287	10,058	28,375
Depreciation	816	5,405	5,916		12,137
Other	468	281	9,070		9,819
Total operating expenses	33,141	63,440	102,297	1,417,782	1,616,660
Operating income (loss)	(1,126)	10,926	11,214	17,448	38,462
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	2			486	488
Interest expense	(40)	(125)	(12)		(177)
Other revenues	240	66			306
Other expenses	(5)	(853)	(108)		(966)
Income (loss) before transfers	(929)	10,014	11,094	17,934	38,113
Transfers-in		3,960	3,000		6,960
Transfers-out		(2,393)	(8,010)	(17,934)	(28,337)
Net income (loss)	(929)	11,581	6,084		16,736
Net assets, July 1, 2003	9,982	45,857	60,886		116,725
NET ASSETS, JUNE 30, 2004	\$ 9,053	\$ 57,438	\$ 66,970	\$ --	\$ 133,461

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2004 (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	\$ 735	\$ 169	\$ 12,004	\$ 163,642	\$ 176,550
Cash received from transactions with other funds	34,076	76,541	109,672	1,218,588	1,438,877
Cash payments to suppliers for goods and services	(22,764)	(45,222)	(87,190)	(1,480,369)	(1,635,545)
Cash payments to employees for services	(12,985)	(20,499)	(9,010)	(3,446)	(45,940)
Cash receipts from other operating activities	52	36		16,006	16,094
Net cash provided (used) by operating activities	(886)	11,025	25,476	(85,579)	(49,964)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers-in from other funds		3,960	3,000		6,960
Transfers-out to other funds		(2,393)	(8,010)	(17,934)	(28,337)
Net cash provided (used) by noncapital financing activities	--	1,567	(5,010)	(17,934)	(21,377)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(2,017)	(6,884)		(8,901)
Principal paid on bond maturities and equipment contracts	(636)	(2,783)	(418)		(3,837)
Interest paid on bond maturities and equipment contracts	(40)	(125)	(12)		(177)
Net cash (used) by capital and related financing activities	(676)	(4,925)	(7,314)	--	(12,915)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	2			506	508
Net cash provided by investing activities	2	--	--	506	508
Net increase (decrease) in cash and cash equivalents	(1,560)	7,667	13,152	(103,007)	(83,748)
Cash and cash equivalents, July 1, 2003	3,856	17,913	30,865	153,186	205,820
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 2,296	\$ 25,580	\$ 44,017	\$ 50,179	\$ 122,072
Reconciliation of cash and cash equivalents to the statement of net assets:					
Total cash and cash equivalents per statement of net assets				\$ 22,221	\$ 22,221
Add: cash equity with State Treasurer	\$ 2,188	\$ 25,580	\$ 44,017	27,958	99,743
Add: restricted cash equivalents	108				108
CASH AND CASH EQUIVALENTS, JUNE 30, 2004	\$ 2,296	\$ 25,580	\$ 44,017	\$ 50,179	\$ 122,072
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	\$ (1,126)	\$ 10,926	\$ 11,214	\$ 17,448	\$ 38,462
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	816	5,405	5,916		12,137
Provision for uncollectible accounts			1		1
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(2)		(12)	(3,074)	(3,088)
(Increase) decrease in intergovernmental receivables	19		(192)		(173)
(Increase) decrease in due from other funds	2,820	6,612	8,092	(36,743)	(19,219)
(Increase) decrease in due from component units	16	9	(23)	2,823	2,825
(Increase) decrease in inventories	11	7			18
(Increase) decrease in prepaid expenses		(308)			(308)
Increase (decrease) in accounts payable and accrued liabilities	(3,763)	(6,154)	1,418	(65,418)	(73,917)
Increase (decrease) in intergovernmental payables	(3)	(85)	(7)		(95)
Increase (decrease) in due to other funds	336	(1,371)	(912)	(550)	(2,497)
Increase (decrease) in due to component units	(12)				(12)
Increase (decrease) in deferred revenue		(3,960)			(3,960)
Increase (decrease) in other liabilities	2	(56)	(19)	(65)	(138)
Total adjustments	240	99	14,262	(103,027)	(88,426)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (886)	\$ 11,025	\$ 25,476	\$ (85,579)	\$ (49,964)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Cost of installment purchases		\$ 767			\$ 767
Loss on disposal of capital assets	\$ 5				5
Transfer of assets from other state funds	235	66	11		312
Total noncash investing, capital and financing activities	\$ 240	\$ 833	\$ 11	\$ --	\$ 1,084

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PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

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

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS DESCRIPTIONS

Central Management Services

Deferred Compensation Plan--to account for the assets held in the State's Internal Revenue Code Section 457 Plan. All employees of the State are eligible to voluntarily elect to contribute a portion of their compensation to the Plan through payroll deductions.

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

See Note 16 on page 94 for description of retirement systems.

State of Illinois

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

June 30, 2004 (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	\$ 3,651	\$ 2,029	\$ 13,327	\$ 66,642	\$ 3,626		
Cash and cash equivalents	1,293				643	\$ 257,301	
Investments:							
Equities	1,670,586				18,604,591	8,409,674	\$ 16,215
Fixed income	503,435				9,089,445	4,155,716	7,899
Real estate					2,680,789	313	4
Other					1,671,548		249,347
Equity in Illinois State Board of Investments		81,288	521,373	9,840,078			
Securities lending collateral					3,466,115	1,945,632	
Receivables, net:							
Members		3	431		106,879	16,385	922
Employers				14,600	13,115		
Investment income		1	10		230,705	288,556	
Other	1,068		18			1,042	687
Due from other funds			77				
Due from primary government funds				70,435	251	235	
Due from component units						1,923	
Prepaid expenses					2,775	15	
Capital assets not being depreciated				900	238	532	
Capital assets being depreciated, net		1	2	2,252	2,036	9,954	
Total assets	2,180,033	83,322	535,238	9,994,907	35,872,756	15,087,278	275,074
LIABILITIES							
Accounts payable and accrued liabilities	607	12	620	3,824	860,578	545,340	
Due to other funds		77					
Due to primary government funds	17		1	85	23		
Other liabilities					3,466,115	1,945,632	
Long term obligations:							
Due within one year					14		
Due subsequent to one year	108	25	37	811	1,297	10,001	
Total liabilities	732	114	658	4,720	4,328,027	2,500,973	
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS	\$ 2,179,301	\$ 83,208	\$ 534,580	\$ 9,990,187	\$ 31,544,729	\$ 12,586,305	\$ 275,074

Total

\$ 89,275
259,237

28,701,066
13,756,495
2,681,106
1,920,895

10,442,739
5,411,747

124,620

27,715

519,272

2,815

77

70,921

1,923

2,790

1,670

14,245

64,028,608

1,410,981

77

126

5,411,747

14

12,279

6,835,224

\$ 57,193,384

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Central Management Services		General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	State Universities Retirement System	
	Deferred Compensation Plan						Defined Benefit	Defined Contribution
ADDITIONS								
Contributions:								
Employer State		\$ 32,952	\$ 178,593	\$ 1,864,674	\$ 71,859	\$ 35,184	\$ 4,398	
Members	\$ 133,730	1,596	13,721	199,826	768,661	243,823	31,320	
Other	2,499				55,715			
Total contributions	136,229	34,548	192,314	2,064,500	6,258,087	2,001,370	57,089	
Investment income:								
Interest and other investment income	40,577	1,493	9,375	176,848	738,474	219,540		
Net increase in fair value of investments	298,662	10,500	65,526	1,261,942	3,873,565	1,636,731	32,905	
Less investment expense		(141)	(888)	(16,877)	(126,310)	(23,871)		
Net investment income	339,239	11,852	74,013	1,421,913	4,485,729	1,832,400	32,905	
Other additions	445							
Total additions	475,913	46,400	266,327	3,486,413	10,743,816	3,833,770	89,994	
DEDUCTIONS								
Benefit payments and refunds	67,679	12,564	61,353	990,644	2,310,349	915,222	725	
Participants' withdrawals	48,566					34,453	4,682	
Interest expense						821		
Depreciation				203	372	1,771		
General and administration	1,293	304	448	7,490	13,189	9,745		
Total deductions	117,538	12,868	61,801	998,337	2,323,910	962,012	5,407	
Net additions (deductions)	358,375	33,532	204,526	2,488,076	8,419,906	2,871,758	84,587	
Net assets held in trust for pension and other employee benefits, July 1, 2003	1,820,926	49,676	330,054	7,502,111	23,124,823	9,714,547	190,487	
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2004	\$ 2,179,301	\$ 83,208	\$ 534,580	\$ 9,990,187	\$ 31,544,729	\$ 12,586,305	\$ 275,074	

Total

\$ 2,187,660

7,105,586

1,392,677

58,214

10,744,137

1,186,307

7,179,831

(168,087)

8,198,051

445

18,942,633

4,358,536

87,701

821

2,346

32,469

4,481,873

14,460,760

42,732,624

\$ 57,193,384

INVESTMENT TRUST FUNDS

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

INVESTMENT TRUST FUNDS DESCRIPTIONS

Treasurer

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

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

Department of Revenue

Deferred Prize Winners Trust Fund--to hold the proceeds of investments that will be paid to Illinois State Lottery prize winners. Investment contracts are executed by the State Treasurer with the Director of the Department of Revenue's approval in a manner which ensures the timely payment to prize winners.

State of Illinois

Combining Statement of Fiduciary Net Assets

Investment Trust Funds

June 30, 2004 (Expressed in Thousands)

	Treasurer		Revenue		Total
	Public Treasurers' External Investment Pool Fund	College Savings Pool Fund	Deferred Prize Winners' Trust Fund		
ASSETS					
Cash equity with State Treasurer			\$ 613		\$ 613
Cash and cash equivalents	\$ 283,268	\$ 2,506			285,774
Investments:					
Equities		1,057,803			1,057,803
Fixed income			1,003,872		1,003,872
Public Treasurers' Investment Pool	3,268,315				3,268,315
Investment income receivables, net	2,269	3,138	6		5,413
Total assets	3,553,852	1,063,447	1,004,491		5,621,790
LIABILITIES					
Accounts payable and accrued liabilities	158				158
Due to primary government funds	253		607		860
Other liabilities		3,053	12		3,065
Total liabilities	411	3,053	619		4,083
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS	\$ 3,553,441	\$ 1,060,394	\$ 1,003,872		\$ 5,617,707

State of Illinois

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Treasurer		Revenue	Total
	Public Treasurers' External Investment Pool Fund	College Savings Pool Fund	Deferred Prize Winners' Trust Fund	
ADDITIONS				
Participant deposits	\$ 6,966,323	\$ 523,365	\$ 39,217	\$ 7,528,905
Investment income:				
Interest and other investment income	39,544	13,586	68,779	121,909
Net increase (decrease) in fair value of investments		97,644	(81,703)	15,941
Less investment expense	(4,620)			(4,620)
Net investment income	34,924	111,230	(12,924)	133,230
Total additions	7,001,247	634,595	26,293	7,662,135
DEDUCTIONS				
Participant withdrawals	7,013,978	198,823	194,079	7,406,880
Distribution to pool investors	35,719			35,719
General and administration		2,756		2,756
Total deductions	7,049,697	201,579	194,079	7,445,355
Net additions (deductions)	(48,450)	433,016	(167,786)	216,780
Net assets held in trust for pool participants, July 1, 2003	3,601,891	627,378	1,171,658	5,400,927
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2004	\$ 3,553,441	\$ 1,060,394	\$ 1,003,872	\$ 5,617,707

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.

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

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

State of Illinois

Combining Statement of Fiduciary Net Assets

Agency Funds

June 30, 2004 (Expressed in Thousands)

	Insurance	Public Aid			
	Security	Child Support Enforcement Trust Fund- Administrative	Revenue	Other	Total
	Deposit Fund				
ASSETS					
Cash equity with State Treasurer		\$ 7,509	\$ 167,236	\$ 75,889	\$ 250,634
Cash and cash equivalents		187		21,965	22,152
Investments				3,314	3,314
Receivables, net:					
Taxes			74,454	19,801	94,255
Intergovernmental				381	381
Other		123,300	48	12,325	135,673
Due from primary government funds			22,625	6,062	28,687
Due from component units				109	109
Other assets	\$ 1,148,147			16,961	1,165,108
Total assets	\$ 1,148,147	\$ 130,996	\$ 264,363	\$ 156,807	\$ 1,700,313
LIABILITIES					
Accounts payable and accrued liabilities		\$ 7,696	\$ 22,136	\$ 17,591	\$ 47,423
Intergovernmental payables			242,227	81,644	323,871
Due to component units				268	268
Depository and other liabilities	\$ 1,148,147	123,300		57,304	1,328,751
Total liabilities	\$ 1,148,147	\$ 130,996	\$ 264,363	\$ 156,807	\$ 1,700,313

State of Illinois

Combining Statement of Fiduciary Net Assets - Agency Funds
Revenue

June 30, 2004 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax Fund	Home Rule County Retailers Occupation Tax Fund	Municipal Telecommunications Fund	RTA Sales Tax Trust Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 54,668	\$ 27,780	\$ 45,133	\$ 39,655	\$ 167,236
Receivables, net:					
Taxes	25,793	15,146	4,872	28,643	74,454
Other	21	12		15	48
Due from primary government funds				22,625	22,625
Total assets	\$ 80,482	\$ 42,938	\$ 50,005	\$ 90,938	\$ 264,363
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,299		\$ 20,837		\$ 22,136
Intergovernmental payables	79,183	\$ 42,938	29,168	\$ 90,938	242,227
Total liabilities	\$ 80,482	\$ 42,938	\$ 50,005	\$ 90,938	\$ 264,363

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Assets								
	Cash equity with State Treasurer	Cash and cash equivalents	Investments	Receivables, net				Due from other funds	Due from component units
Taxes				Intergovern- mental	Other				
AGENCY/FUND									
Insurance:									
Security Deposit									
Balance July 1, 2003									
Additions									
Deductions									
Balance June 30, 2004									
Public Aid:									
Child Support Enforcement Trust									
Balance July 1, 2003	\$ 8,018					\$ 187,495			
Additions	124,408	\$ 50,363				123,300			
Deductions	124,917	50,176				187,495			
Balance June 30, 2004	<u>7,509</u>	<u>187</u>				<u>123,300</u>			
Revenue:									
Home Rule Municipal Retailers									
Occupation Tax									
Balance July 1, 2003	49,936			\$ 23,711		25			
Additions	494,406			25,793		21			
Deductions	489,674			23,711		25			
Balance June 30, 2004	<u>54,668</u>			<u>25,793</u>		<u>21</u>			
Home Rule County Retailers									
Occupation Tax Fund									
Balance July 1, 2003	25,390			13,917		14			
Additions	283,883			15,146		12			
Deductions	281,493			13,917		14			
Balance June 30, 2004	<u>27,780</u>			<u>15,146</u>		<u>12</u>			
Municipal Telecommunications									
Fund									
Balance July 1, 2003	50,783			7,116					
Additions	237,620			4,872					
Deductions	243,270			7,116					
Balance June 30, 2004	<u>45,133</u>			<u>4,872</u>					
RTA Sales Tax Trust									
Balance July 1, 2003	34,078			26,321		18	\$ 21,976		
Additions	651,229			28,643		15	22,625		
Deductions	645,652			26,321		18	21,976		
Balance June 30, 2004	<u>39,655</u>			<u>28,643</u>		<u>15</u>	<u>22,625</u>		
Other:									
Balance July 1, 2003	79,167	31,228		16,890	\$ 365	18,070	4,109	\$ 227	
Additions	1,333,125	945,772	\$ 3,356	19,801	381	13,573	6,062	109	
Deductions	1,336,403	955,035	42	16,890	365	19,318	4,109	227	
Balance June 30, 2004	<u>75,889</u>	<u>21,965</u>	<u>3,314</u>	<u>19,801</u>	<u>381</u>	<u>12,325</u>	<u>6,062</u>	<u>109</u>	
Total-All Agency Funds:									
Balance July 1, 2003	247,372	31,228		87,955	365	205,622	26,085	227	
Additions	3,124,671	996,135	3,356	94,255	381	136,921	28,687	109	
Deductions	3,121,409	1,005,211	42	87,955	365	206,870	26,085	227	
Balance June 30, 2004	<u>\$ 250,634</u>	<u>\$ 22,152</u>	<u>\$ 3,314</u>	<u>\$ 94,255</u>	<u>\$ 381</u>	<u>\$ 135,673</u>	<u>\$ 28,687</u>	<u>\$ 109</u>	

		Liabilities				
Other assets	Total assets	Accounts payable and accrued liabilities	Intergovernmental payables	Due to component units	Depository and other liabilities	Total liabilities
\$ 1,299,932	\$ 1,299,932				\$ 1,299,932	\$ 1,299,932
314,073	314,073				314,073	314,073
465,858	465,858				465,858	465,858
1,148,147	1,148,147				1,148,147	1,148,147
	195,513	\$ 8,018			187,495	195,513
	298,071	7,696			123,300	130,996
	362,588	8,018			187,495	195,513
	130,996	7,696			123,300	130,996
	73,672	1,187	\$ 72,485			73,672
	520,220	1,299	79,183			80,482
	513,410	1,187	72,485			73,672
	80,482	1,299	79,183			80,482
	39,321		39,321			39,321
	299,041		42,938			42,938
	295,424		39,321			39,321
	42,938		42,938			42,938
	57,899	13,339	44,560			57,899
	242,492	20,837	29,168			50,005
	250,386	13,339	44,560			57,899
	50,005	20,837	29,168			50,005
	82,393		82,393			82,393
	702,512		90,938			90,938
	693,967		82,393			82,393
	90,938		90,938			90,938
16,916	166,972	20,955	87,140	\$ 2,040	56,837	166,972
4,158	2,326,337	886,976	706,248		375,040	1,968,264
4,113	2,336,502	890,340	711,744	1,772	374,573	1,978,429
16,961	156,807	17,591	81,644	268	57,304	156,807
1,316,848	1,915,702	43,499	325,899	2,040	1,544,264	1,915,702
318,231	4,702,746	916,808	948,475		812,413	2,677,696
469,971	4,918,135	912,884	950,503	1,772	1,027,926	2,893,085
\$ 1,165,108	\$ 1,700,313	\$ 47,423	\$ 323,871	\$ 268	\$ 1,328,751	\$ 1,700,313

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 Finance Authority--to provide economic development to the public and private institutions in Illinois that create and retain jobs and to improve the quality of life in Illinois by providing access to capital.

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

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

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

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

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

IMSA Fund for Advancement of Education--to benefit, perform the function of and carry out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics and Science Academy.

Board of Trustees of Chicago State University--to operate, manage, control and maintain Chicago State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Eastern Illinois University--to operate, manage, control and maintain Eastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Governors State University--to operate, manage, control and maintain Governors State University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Northeastern Illinois University--to operate, manage, control and maintain Northeastern Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

Board of Trustees of Western Illinois University--to operate, manage, control and maintain Western Illinois University. The Board was created on January 1, 1996 with the dissolution of the Board of Governors of State Colleges and Universities.

State of Illinois

**Combining Statement of Net Assets
Component Units - Other Authorities**

June 30, 2004 (Expressed in Thousands)

	Illinois Literacy Foundation	Community Development Finance Corporation	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	Comprehensive Health Insurance Board
ASSETS					
Cash and cash equivalents	\$ 35		\$ 1,330	\$ 2,083	\$ 91,357
Investments				2,864	3,048
Receivables, net:					
Intergovernmental					6,202
Other			240	20	98
Due from primary government			268		
Inventories				17	
Prepaid expenses				7	2
Unamortized bond issuance costs					
Loans and notes receivable, net					
Restricted assets:					
Cash equity with State Treasurer					
Cash and cash equivalents					
Investments					
Other receivables, net					
Loans and notes receivable, net					
Capital assets not being depreciated					75
Capital assets being depreciated, net					
Total assets	35		1,838	4,991	100,782
LIABILITIES					
Accounts payable and accrued liabilities				33	14,372
Intergovernmental payables					
Due to primary government			2,000		6
Deferred revenue				40	
Liabilities payable from restricted assets					
Long-term obligations:					
Due within one year					26,805
Due subsequent to one year					246
Total liabilities			2,000	73	41,429
NET ASSETS					
Invested in capital assets, net of related debt					75
Restricted for:					
Capital projects					
Debt service					
Nonexpendable purposes				70	
Other purposes				4,650	59,278
Unrestricted	35		(162)	198	
Total net assets	\$ 35	\$ --	\$ (162)	\$ 4,918	\$ 59,353

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 Finance Authority	Illinois Medical District Commission
\$ 3,125						\$ 21,417	\$ 681
2,599						15,048	101
						1,106	50
							85
						187	
						1,325	
						11,540	6,255
						17,088	
						4,572	11,393
						10,545	151
						1,614	15
						58,383	
							22,560
						52	8,932
5,724						142,877	50,223
						441	422
						2	
						89	
						1,339	2
						1,469	386
2						4,639	68
						62,549	67
2						70,528	945
						52	31,397
							11,173
						6,652	
						17,175	
5,722						48,470	6,708
\$ 5,722	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 72,349	\$ 49,278

State of Illinois

Combining Statement of Net Assets
Component Units - Other Authorities

June 30, 2004 (Expressed in Thousands)

(continued)

	Quad Cities Regional Economic Development Authority	Southwestern Illinois Development Authority	Upper Illinois River Valley Development Authority	Will-Kankakee Regional Development Authority	IMSA Fund for Advancement of Education
ASSETS					
Cash and cash equivalents	\$ 138	\$ 1,839	\$ 312	\$ 20	\$ 1,731
Investments					555
Receivables, net:					
Intergovernmental					
Other		68			337
Due from primary government					170
Inventories					
Prepaid expenses					2
Unamortized bond issuance costs					
Loans and notes receivable, net		2,052			
Restricted assets:					
Cash equity with State Treasurer					
Cash					
Investments		193			
Other receivables, net		4,740			
Loans and notes receivable, net					
Capital assets not being depreciated		100			
Capital assets being depreciated, net		429			
Total assets	138	9,421	312	20	2,795
LIABILITIES					
Accounts payable and accrued liabilities		19			5
Intergovernmental payables					
Due to primary government					
Deferred revenue		4,740			42
Liabilities payable from restricted assets					
Long-term obligations:					
Due within one year	10	10			
Due subsequent to one year	28	31			
Total liabilities	38	4,800			47
NET ASSETS					
Invested in capital assets, net of related debt		529			
Restricted for:					
Capital projects					
Debt service					
Nonexpendable purposes					
Other purposes					1,841
Unrestricted	100	4,092	312	20	907
Total net assets	\$ 100	\$ 4,621	\$ 312	\$ 20	\$ 2,748

Total

\$	124,068
	24,215
	6,202
	1,919
	523
	17
	198
	1,325
	19,847
	17,088
	15,965
	10,889
	6,369
	58,383
	22,660
	9,488
	<u>319,156</u>
	15,292
	2
	2,095
	6,163
	1,855
	31,534
	62,921
	<u>119,862</u>
	32,053
	11,173
	6,652
	70
	82,944
	66,402
\$	<u><u>199,294</u></u>

State of Illinois

Combining Statement of Activities
Component Units - Other Authorities

For the Year Ended June 30, 2004 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Net (expense) revenue
Illinois Literacy Foundation	\$ 110			\$ (110)
Community Development Finance Corporation				
Illinois Grain Insurance Corporation	64	\$ 2,239	\$ 212	2,387
Illinois Conservation Foundation	2,241		3,128	887
Comprehensive Health Insurance Board	136,334	92,979	7,452	(35,903)
East St. Louis Financial Advisory Authority	200			(200)
Illinois Farm Development Authority	525	191	38	(296)
Illinois Health Facilities Authority	1,566	1,093		(473)
Illinois Educational Facilities Authority	336	85		(251)
Illinois Development Finance Authority	1,258	1,798		540
Illinois Rural Bond Bank	2,687	2,226		(461)
Illinois Finance Authority	4,948	4,374		(574)
Illinois Medical District Commission	5,201	2,635	342	(2,224)
Quad Cities Regional Economic Development Authority	50	28		(22)
Southwestern Illinois Development Authority	353	221		(132)
Upper Illinois River Valley Development Authority	141	110		(31)
Will-Kankakee Regional Development Authority	45	14		(31)
IMSA Fund for Advancement of Education	1,363		676	(687)
Total	\$ 157,422	\$ 107,993	\$ 11,848	\$ (37,581)

General revenues				Contributions to create Illinois Finance Authority	Change in net assets	Net assets, July 1, 2003, as restated	Net assets, June 30, 2004
State appropriations	Interest and investment income	Other	Contributions to the State				
		\$ 99			\$ (11)	\$ 46	\$ 35
				\$ (7)	(7)	7	--
	\$ 13				2,400	(2,562)	(162)
	119	80			1,086	3,832	4,918
	795	30,129			(4,979)	64,332	59,353
\$ 200	27				27	5,695	5,722
	138		\$ (4,000)	(20,644)	(24,802)	24,802	--
	44			(8,461)	(8,890)	8,890	--
	3			(509)	(757)	757	--
	(114)			(39,314)	(38,888)	38,888	--
	286			(3,653)	(3,828)	3,828	--
117	218			72,588	72,349		72,349
3,720	49	8,127			9,672	39,606	49,278
					(22)	122	100
	50	387			305	4,316	4,621
					(31)	343	312
					(31)	51	20
	49	191			(447)	3,195	2,748
\$ 4,037	\$ 1,677	\$ 39,013	\$ (4,000)	\$ --	\$ 3,146	\$ 196,148	\$ 199,294

State of Illinois

**Combining Statement of Net Assets
Component Units - Other Universities**

June 30, 2004 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
ASSETS					
Cash and cash equivalents	\$ 4,506	\$ 10,694	\$ 6,603	\$ 10,744	\$ 42,758
Investments	1,225	4,673		11,894	5,231
Receivables, net:					
Intergovernmental			274	1,070	467
Other	6,974	4,834	3,672	1,714	4,940
Due from component units				107	73
Due from primary government	696	1,111	1,638	164	1,112
Inventories	60	1,720	44	83	2,210
Prepaid expenses	7,609	118		147	6
Unamortized bond issuance costs		418		583	187
Loans and notes receivable, net	602	5,744	3,149	2,273	2,067
Restricted assets:					
Cash and cash equivalents	2,412	18,288		13,870	350
Investments	391	39,922	662		20,913
Other receivables, net		1,030			11
Inventory		35			
Other assets		438			
Other assets		192		399	
Capital assets not being depreciated	39,014	13,576	2,775	13,399	14,905
Capital assets being depreciated, net	48,382	131,831	53,325	73,963	115,754
Total assets	111,871	234,624	72,142	130,410	210,984
LIABILITIES					
Accounts payable and accrued liabilities	10,845	8,389	4,355	4,048	16,054
Intergovernmental payables			3,033		65
Due to component units	45				78
Due to primary government		1,189		84	147
Deferred revenue	1,706	2,171	1,820	2,266	4,070
Liabilities payable from restricted assets		2,162			660
Other liabilities		1,575		69	2,925
Long-term obligations:					
Due within one year	2,898	9,151	1,086	3,122	4,616
Due subsequent to one year	32,847	88,089	7,726	30,029	70,473
Total liabilities	48,341	112,726	18,020	39,618	99,088
NET ASSETS					
Invested in capital assets, net of related debt	61,594	82,370	54,005	77,633	79,329
Restricted for:					
Capital projects	7,745	7,251			
Debt service	930	2,798	596	1,712	5,111
Nonexpendable purposes	1,404	16,120	759	1,557	16,403
Other expendable purposes	1,860	19,540	691	6,697	2,097
Unrestricted	(10,003)	(6,181)	(1,929)	3,193	8,956
Total net assets	\$ 63,530	\$ 121,898	\$ 54,122	\$ 90,792	\$ 111,896

Total

\$ 75,305
23,023
1,811
22,134
180
4,721
4,117
7,880
1,188
13,835
34,920
61,888
1,041
35
438
591
83,669
423,255

760,031

43,691
3,098
123
1,420
12,033
2,822
4,569
20,873
229,164

317,793

354,931
14,996
11,147
36,243
30,885
(5,964)

\$ 442,238

State of Illinois

Combining Statement of Activities
Component Units - Other Universities

For the Year Ended June 30, 2004 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for service	Operating grants and contributions	Capital grants and contributions	
Chicago State University	\$ 122,584	\$ 21,460	\$ 26,407	\$ 8,055	\$ (66,662)
Eastern Illinois University	203,843	83,805	15,779	242	(104,017)
Governors State University	74,167	22,489	7,289		(44,389)
Northeastern Illinois University	137,198	28,185	23,513		(85,500)
Western Illinois University	242,829	96,484	22,147	3,000	(121,198)
Total	<u>\$ 780,621</u>	<u>\$ 252,423</u>	<u>\$ 95,135</u>	<u>\$ 11,297</u>	<u>\$ (421,766)</u>

General revenues			Contributions to permanent funds	Change in net assets	Net assets, July 1, 2003	Net assets, June 30, 2004
State appropriations	Interest and investment income	Other				
\$ 85,789	\$ 116	\$ 1,702	\$ 12	\$ 20,957	\$ 42,573	\$ 63,530
107,827	5,211		320	9,341	112,557	121,898
46,848	108		35	2,602	51,520	54,122
85,056	20	3,261	21	2,858	87,934	90,792
123,087	2,178	996	833	5,896	106,000	111,896
<u>\$ 448,607</u>	<u>\$ 7,633</u>	<u>\$ 5,959</u>	<u>\$ 1,221</u>	<u>\$ 41,654</u>	<u>\$ 400,584</u>	<u>\$ 442,238</u>

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Budgetary Schedules

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

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

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

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

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

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

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

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

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

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

GAAP Basis	Budgetary Basis Includes
General Fund	All General Funds Special State Funds: Budget Stabilization Fund University of Illinois Hospital Services Fund County Hospital Services Fund Care Provider Fund for Person with Developmental Disabilities Fund Long Term Care Fund Drug Rebate Fund Special Education Medicaid Matching Fund Medicaid Provider Relief Fund Income Tax Refund Fund and 16 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, 2004 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 8,139,000	\$ 8,243,727	\$ 104,727			
Sales taxes	6,344,000	6,330,858	(13,142)			
Motor fuel taxes				\$ 1,340,700	\$ 1,345,698	\$ 4,998
Public utility taxes	1,073,000	1,079,334	6,334			
Federal government	4,845,000	5,123,523	278,523	857,100	887,435	30,335
Other	2,529,000	2,364,679	(164,321)	1,370,550	1,466,631	96,081
Less:						
Refunds	29,497	28,147	(1,350)	25,761	20,451	(5,310)
Total revenues	22,900,503	23,113,974	213,471	3,542,589	3,679,313	136,724
EXPENDITURES:						
Current:						
Health and social services	10,642,727	10,473,068	(169,659)			
Education	8,952,610	8,584,034	(368,576)			
General government	1,569,960	1,522,898	(47,062)	305,322	293,102	(12,220)
Transportation	78,133	58,506	(19,627)	3,098,349	3,018,005	(80,344)
Public protection and justice	1,845,890	1,706,492	(139,398)	97,310	94,236	(3,074)
Employment and economic development	140,514	134,921	(5,593)	2,000	1,934	(66)
Environment and business regulation	141,756	128,506	(13,250)			
Debt service:						
Principal						
Interest						
Capital outlays	39,199	29,120	(10,079)	17,827	16,631	(1,196)
Total expenditures	23,410,789	22,637,545	(773,244)	3,520,808	3,423,908	(96,900)
Excess (deficiency) of revenues over (under) expenditures	(510,286)	476,429	986,715	21,781	255,405	233,624
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	6,039,216	6,039,216	-	1,219,455	1,219,455	-
Operating transfers-out	(5,832,217)	(5,832,217)	-	(1,661,531)	(1,661,531)	-
Total other sources (uses) of financial resources	206,999	206,999	-	(442,076)	(442,076)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(303,287)	683,428	986,715	(420,295)	(186,671)	233,624
Budgetary fund balances (deficits), July 1, 2003	(1,093,723)	(1,093,723)	-	598,467	598,467	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (1,397,010)	\$ (410,295)	\$ 986,715	\$ 178,172	\$ 411,796	\$ 233,624

Special State Funds			Bond Financed Funds			Debt Service Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 2,367,757	\$ 2,376,176	\$ 8,419						
680,550	713,192	32,642						
70,955	78,186	7,231						
451,721	458,530	6,809						
3,384,003	3,614,249	230,246				\$ 150	\$ -	\$ (150)
6,126,721	5,858,219	(268,502)				16,110	16,239	129
1,723,856	1,711,199	(12,657)						
11,357,851	11,387,353	29,502				16,260	16,239	(21)
6,150,168	5,644,815	(505,353)						
6,135,272	5,868,706	(266,566)	\$ 519,838	\$ 514,513	\$ (5,325)			
5,650,150	5,307,949	(342,201)	38,607	27,775	(10,832)			
404,573	318,755	(85,818)	599,062	496,826	(102,236)			
370,275	255,145	(115,130)	20,031	31	(20,000)			
768,259	499,830	(268,429)	673,933	262,222	(411,711)			
919,722	762,475	(157,247)	109,078	93,705	(15,373)			
						3,002,737	2,871,260	(131,477)
						1,019,834	1,019,834	-
25,831	21,540	(4,291)	314,648	286,034	(28,614)			
20,424,250	18,679,215	(1,745,035)	2,275,197	1,681,106	(594,091)	4,022,571	3,891,094	(131,477)
(9,066,399)	(7,291,862)	1,774,537	(2,275,197)	(1,681,106)	594,091	(4,006,311)	(3,874,855)	131,456
985,757	985,757	-	1,596,751	1,596,751	-	678,668	678,668	-
2,452,199	2,452,199	-	1,000	1,000	-	2,770,010	2,770,010	-
(4,227,926)	(4,227,926)	-	(1,000)	(1,000)	-			
(789,970)	(789,970)	-	1,596,751	1,596,751	-	3,448,678	3,448,678	-
(466,515)	(466,515)	-						
(10,322,884)	(8,548,347)	1,774,537	(678,446)	(84,355)	594,091	(557,633)	(426,177)	131,456
10,662,489	10,662,489	-	209,345	209,345	-	1,049,998	1,049,998	-
\$ 339,605	\$ 2,114,142	\$ 1,774,537	\$ (469,101)	\$ 124,990	\$ 594,091	\$ 492,365	\$ 623,821	\$ 131,456

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, 2004 (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	\$ 3,482,655	\$ 3,108,969	\$ (373,686)	\$ -	\$ 430	\$ 430
Other	140,830	217,840	77,010	397,844	424,643	26,799
Less:						
Refunds	2,590	26	(2,564)	8,332	193	(8,139)
Total revenues	3,620,895	3,326,783	(294,112)	389,512	424,880	35,368
EXPENDITURES:						
Current:						
Health and social services	1,347,090	979,291	(367,799)			
Education	2,396,723	1,801,192	(595,531)			
General government	13,027	7,821	(5,206)	425,024	246,579	(178,445)
Transportation	124,781	124,781	-	800	702	(98)
Public protection and justice	494,483	93,655	(400,828)	57,349	43,817	(13,532)
Employment and economic development	577,551	312,349	(265,202)			
Environment and business regulation	78,061	54,566	(23,495)			
Debt service:						
Principal						
Interest	6,000	2,156	(3,844)			
Capital outlays	14,294	3,304	(10,990)	5,743	2,140	(3,603)
Total expenditures	5,052,010	3,379,115	(1,672,895)	488,916	293,238	(195,678)
Excess (deficiency) of revenues over (under) expenditures	(1,431,115)	(52,332)	1,378,783	(99,404)	131,642	231,046
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	30,970	30,970	-	2,667	2,667	-
Operating transfers-out	(31,837)	(31,837)	-	(62,469)	(62,469)	-
Total other sources (uses) of financial resources	(867)	(867)	-	(59,802)	(59,802)	-
Budgetary funds-nonbudgeted accounts	(11,093)	(11,093)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(1,443,075)	(64,292)	1,378,783	(159,206)	71,840	231,046
Budgetary fund balances (deficits), July 1, 2003	15,519	15,519	-	12,982	12,982	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (1,427,556)	\$ (48,773)	\$ 1,378,783	\$ (146,224)	\$ 84,822	\$ 231,046

State Trust Funds

	Final Budget	Actual	Variance Over (Under)
\$	-	\$ 491,236	\$ 491,236
	-	29,155	29,155
	-	246,051	246,051
	47,230	52,970	5,740
	478,398	945,575	467,177
	200	99	(101)
	525,428	1,764,888	1,239,460
	153,280	133,401	(19,879)
	238,354	156,170	(82,184)
	3,725	1,600	(2,125)
	43	20	(23)
	14,564	6,268	(8,296)
	521	275	(246)
	410,487	297,734	(112,753)
	114,941	1,467,154	1,352,213
	6,802	6,802	-
	(269,683)	(269,683)	-
	(262,881)	(262,881)	-
	(1,214,677)	(1,214,677)	-
	(1,362,617)	(10,404)	1,352,213
	153,498	153,498	-
\$	(1,209,119)	\$ 143,094	\$ 1,352,213

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, 2004 (Expressed in Thousands)

	General Revenue			Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 7,459,000	\$ 7,558,129	\$ 99,129			
Sales taxes	4,718,000	4,715,290	(2,710)	\$ 1,591,000	\$ 1,580,485	\$ (10,515)
Public utility taxes	962,000	967,283	5,283			
Federal government	4,845,000	5,123,523	278,523			
Other	2,248,000	2,083,885	(164,115)			
Less:						
Refunds	29,497	28,147	(1,350)			
Total revenues	20,202,503	20,419,963	217,460	1,591,000	1,580,485	(10,515)
EXPENDITURES:						
Current:						
Health and social services	10,642,727	10,473,068	(169,659)			
Education	4,307,493	4,169,625	(137,868)			
General government	1,569,960	1,522,898	(47,062)			
Transportation	78,133	58,506	(19,627)			
Public protection and justice	1,845,890	1,706,492	(139,398)			
Employment and economic development	140,514	134,921	(5,593)			
Environment and business regulation	141,756	128,506	(13,250)			
Capital outlays	39,199	29,120	(10,079)			
Total expenditures	18,765,672	18,223,136	(542,536)			
Excess (deficiency) of revenues over (under) expenditures	1,436,831	2,196,827	759,996	1,591,000	1,580,485	(10,515)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	2,844,152	2,844,152	-			
Operating transfers-out	(4,200,978)	(4,200,978)	-	(1,630,789)	(1,630,789)	-
Total other sources (uses) of financial resources	(1,356,826)	(1,356,826)	-	(1,630,789)	(1,630,789)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	80,005	840,001	759,996	(39,789)	(50,304)	(10,515)
Budgetary fund balances (deficits), July 1, 2003	(1,408,976)	(1,408,976)	-	62,454	62,454	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (1,328,971)	\$ (568,975)	\$ 759,996	\$ 22,665	\$ 12,150	\$ (10,515)

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 594,000	\$ 599,302	\$ 5,302	\$ 86,000	\$ 86,296	\$ 296	\$ 8,139,000	\$ 8,243,727	\$ 104,727
			35,000	35,083	83	6,344,000	6,330,858	(13,142)
			111,000	112,051	1,051	1,073,000	1,079,334	6,334
						4,845,000	5,123,523	278,523
-	258	258	281,000	280,536	(464)	2,529,000	2,364,679	(164,321)
						29,497	28,147	(1,350)
594,000	599,560	5,560	513,000	513,966	966	22,900,503	23,113,974	213,471
						10,642,727	10,473,068	(169,659)
1,298,267	1,211,575	(86,692)	3,346,850	3,202,834	(144,016)	8,952,610	8,584,034	(368,576)
						1,569,960	1,522,898	(47,062)
						78,133	58,506	(19,627)
						1,845,890	1,706,492	(139,398)
						140,514	134,921	(5,593)
						141,756	128,506	(13,250)
						39,199	29,120	(10,079)
1,298,267	1,211,575	(86,692)	3,346,850	3,202,834	(144,016)	23,410,789	22,637,545	(773,244)
(704,267)	(612,015)	92,252	(2,833,850)	(2,688,868)	144,982	(510,286)	476,429	986,715
528,012	528,012	-	2,667,052	2,667,052	-	6,039,216	6,039,216	-
(323)	(323)	-	(127)	(127)	-	(5,832,217)	(5,832,217)	-
527,689	527,689	-	2,666,925	2,666,925	-	206,999	206,999	-
(176,578)	(84,326)	92,252	(166,925)	(21,943)	144,982	(303,287)	683,428	986,715
208,649	208,649	-	44,150	44,150	-	(1,093,723)	(1,093,723)	-
\$ 32,071	\$ 124,323	\$ 92,252	\$ (122,775)	\$ 22,207	\$ 144,982	\$ (1,397,010)	\$ (410,295)	\$ 986,715

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, 2004 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 1,340,700	\$ 1,345,698	\$ 4,998
Federal government	\$ 857,100	\$ 887,435	\$ 30,335			
Other	887,700	983,260	95,560	-	731	731
Less:						
Refunds	2,761	2,461	(300)	23,000	17,990	(5,010)
Total revenues	1,742,039	1,868,234	126,195	1,317,700	1,328,439	10,739
EXPENDITURES:						
Current:						
General government	231,663	225,644	(6,019)	73,659	67,458	(6,201)
Transportation	1,750,524	1,688,280	(62,244)	11,002	8,346	(2,656)
Public protection and justice	97,310	94,236	(3,074)			
Employment and economic development	2,000	1,934	(66)			
Capital outlays	17,705	16,591	(1,114)	122	40	(82)
Total expenditures	2,099,202	2,026,685	(72,517)	84,783	75,844	(8,939)
Excess (deficiency) of revenues over (under) expenditures	(357,163)	(158,451)	198,712	1,232,917	1,252,595	19,678
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	331,646	331,646	-	8	8	-
Operating transfers-out	(360,284)	(360,284)	-	(1,256,300)	(1,256,300)	-
Total other sources (uses) of financial resources	(28,638)	(28,638)	-	(1,256,292)	(1,256,292)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(385,801)	(187,089)	198,712	(23,375)	(3,697)	19,678
Budgetary fund balances (deficits), July 1, 2003	278,900	278,900	-	105,416	105,416	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (106,901)	\$ 91,811	\$ 198,712	\$ 82,041	\$ 101,719	\$ 19,678

Grade Crossing Protection			Motor Fuel Tax-Counties			Motor Fuel Tax-Municipalities		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 21,558	\$ 21,103	\$ (455)	\$ 225,100	\$ 219,872	\$ (5,228)	\$ 315,700	\$ 308,360	\$ (7,340)
21,558	21,103	(455)	225,100	219,872	(5,228)	315,700	308,360	(7,340)
(21,558)	(21,103)	455	(225,100)	(219,872)	5,228	(315,700)	(308,360)	7,340
27,000	27,000	-	219,854	219,854	-	308,335	308,335	-
(8,752)	(8,752)	-						
18,248	18,248	-	219,854	219,854	-	308,335	308,335	-
(3,310)	(2,855)	455	(5,246)	(18)	5,228	(7,365)	(25)	7,340
16,368	16,368	-	(16,591)	(16,591)	-	(23,268)	(23,268)	-
\$ 13,058	\$ 13,513	\$ 455	\$ (21,837)	\$ (16,609)	\$ 5,228	\$ (30,633)	\$ (23,293)	\$ 7,340

(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, 2004 (Expressed in Thousands)

(continued)

	Motor Fuel Tax-Township			State Construction Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes						
Federal government						
Other				\$ 482,850	\$ 482,640	\$ (210)
Less:						
Refunds						
Total revenues				<u>482,850</u>	<u>482,640</u>	<u>(210)</u>
EXPENDITURES:						
Current:						
General government						
Transportation	\$ 102,200	\$ 99,793	\$ (2,407)	672,265	672,251	(14)
Public protection and justice						
Employment and economic development						
Capital outlays						
Total expenditures	<u>102,200</u>	<u>99,793</u>	<u>(2,407)</u>	<u>672,265</u>	<u>672,251</u>	<u>(14)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(102,200)</u>	<u>(99,793)</u>	<u>2,407</u>	<u>(189,415)</u>	<u>(189,611)</u>	<u>(196)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	99,785	99,785	-	232,827	232,827	-
Operating transfers-out				(36,195)	(36,195)	-
Total other sources (uses) of financial resources	<u>99,785</u>	<u>99,785</u>	<u>-</u>	<u>196,632</u>	<u>196,632</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(2,415)</u>	<u>(8)</u>	<u>2,407</u>	<u>7,217</u>	<u>7,021</u>	<u>(196)</u>
Budgetary fund balances (deficits), July 1, 2003	(7,530)	(7,530)	-	245,172	245,172	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	<u>\$ (9,945)</u>	<u>\$ (7,538)</u>	<u>\$ 2,407</u>	<u>\$ 252,389</u>	<u>\$ 252,193</u>	<u>\$ (196)</u>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,340,700	\$ 1,345,698	\$ 4,998
857,100	887,435	30,335
1,370,550	1,466,631	96,081
25,761	20,451	(5,310)
3,542,589	3,679,313	136,724
305,322	293,102	(12,220)
3,098,349	3,018,005	(80,344)
97,310	94,236	(3,074)
2,000	1,934	(66)
17,827	16,631	(1,196)
3,520,808	3,423,908	(96,900)
21,781	255,405	233,624
1,219,455	1,219,455	-
(1,661,531)	(1,661,531)	-
(442,076)	(442,076)	-
(420,295)	(186,671)	233,624
598,467	598,467	-
\$ 178,172	\$ 411,796	\$ 233,624

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, 2004 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 2,367,757	\$ 2,367,757	\$ -
Sales taxes				680,550	693,035	12,485
Motor fuel taxes						
Public utility taxes				331,321	341,600	10,279
Federal government	\$ 149,326	\$ 169,992	\$ 20,666	2,821,967	3,152,688	330,721
Other	270,247	270,072	(175)	4,917,489	4,597,789	(319,700)
Less:						
Refunds				1,717,315	1,705,406	(11,909)
Total revenues	419,573	440,064	20,491	9,401,769	9,447,463	45,694
EXPENDITURES:						
Current:						
Health and social services	415,203	407,615	(7,588)	5,487,212	5,071,954	(415,258)
Education	5,976,690	5,792,610	(184,080)			
General government	1,473,597	1,427,863	(45,734)	3,816,344	3,642,149	(174,195)
Transportation				364,431	290,108	(74,323)
Public protection and justice	144,760	142,565	(2,195)	85,780	27,982	(57,798)
Employment and economic development	2,598	2,568	(30)	510,593	353,238	(157,355)
Environment and business regulation	1,150	1,107	(43)	70,127	63,873	(6,254)
Capital outlays	3,387	2,906	(481)	4,239	2,841	(1,398)
Total expenditures	8,017,385	7,777,234	(240,151)	10,338,726	9,452,145	(886,581)
Excess (deficiency) of revenues over (under) expenditures	(7,597,812)	(7,337,170)	260,642	(936,957)	(4,682)	932,275
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues				850,000	850,000	-
Operating transfers-in	450,961	450,961	-	1,566,137	1,566,137	-
Operating transfers-out	(1,735,252)	(1,735,252)	-	(1,992,123)	(1,992,123)	-
Total other sources (uses) of financial resources	(1,284,291)	(1,284,291)	-	424,014	424,014	-
Budgetary funds-nonbudgeted accounts	(465,333)	(465,333)	-	(2)	(2)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(9,347,436)	(9,086,794)	260,642	(512,945)	419,330	932,275
Budgetary fund balances, July 1, 2003	9,453,106	9,453,106	-	220,373	220,373	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 105,670	\$ 366,312	\$ 260,642	\$ (292,572)	\$ 639,703	\$ 932,275

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ -	\$ 8,419	\$ 8,419	\$ 2,367,757	\$ 2,376,176	\$ 8,419
\$ 70,955	\$ 78,146	\$ 7,191	-	20,157	20,157	680,550	713,192	32,642
120,400	115,470	(4,930)	-	40	40	70,955	78,186	7,231
159,095	181,610	22,515	-	1,460	1,460	451,721	458,530	6,809
311,415	330,181	18,766	253,615	109,959	(143,656)	3,384,003	3,614,249	230,246
			627,570	660,177	32,607	6,126,721	5,858,219	(268,502)
194	29	(165)	6,347	5,764	(583)	1,723,856	1,711,199	(12,657)
661,671	705,378	43,707	874,838	794,448	(80,390)	11,357,851	11,387,353	29,502
			247,753	165,246	(82,507)	6,150,168	5,644,815	(505,353)
3,871	3,578	(293)	154,711	72,518	(82,193)	6,135,272	5,868,706	(266,566)
136,312	57,398	(78,914)	223,897	180,539	(43,358)	5,650,150	5,307,949	(342,201)
			40,142	28,647	(11,495)	404,573	318,755	(85,818)
2,873	2,281	(592)	136,862	82,317	(54,545)	370,275	255,145	(115,130)
31,605	31,423	(182)	223,463	112,601	(110,862)	768,259	499,830	(268,429)
536,703	478,674	(58,029)	311,742	218,821	(92,921)	919,722	762,475	(157,247)
489	291	(198)	17,716	15,502	(2,214)	25,831	21,540	(4,291)
711,853	573,645	(138,208)	1,356,286	876,191	(480,095)	20,424,250	18,679,215	(1,745,035)
(50,182)	131,733	181,915	(481,448)	(81,743)	399,705	(9,066,399)	(7,291,862)	1,774,537
135,757	135,757	-				985,757	985,757	-
163,247	163,247	-	271,854	271,854	-	2,452,199	2,452,199	-
(313,915)	(313,915)	-	(186,636)	(186,636)	-	(4,227,926)	(4,227,926)	-
(14,911)	(14,911)	-	85,218	85,218	-	(789,970)	(789,970)	-
			(1,180)	(1,180)	-	(466,515)	(466,515)	-
(65,093)	116,822	181,915	(397,410)	2,295	399,705	(10,322,884)	(8,548,347)	1,774,537
365,563	365,563	-	623,447	623,447	-	10,662,489	10,662,489	-
\$ 300,470	\$ 482,385	\$ 181,915	\$ 226,037	\$ 625,742	\$ 399,705	\$ 339,605	\$ 2,114,142	\$ 1,774,537

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, 2004 (Expressed in Thousands)

	Comptroller			Treasurer		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 149,326	\$ 169,992	\$ 20,666
Other				270,247	270,072	(175)
Total revenues				419,573	440,064	20,491
EXPENDITURES:						
Current:						
Health and social services				415,203	407,615	(7,588)
Education	\$ 5,908,170	\$ 5,762,368	\$ (145,802)	68,520	30,242	(38,278)
General government	1,448,600	1,412,969	(35,631)	24,997	14,894	(10,103)
Public protection and justice	143,230	141,955	(1,275)	1,530	610	(920)
Employment and economic development				2,598	2,568	(30)
Environment and business regulation				1,150	1,107	(43)
Capital outlays				3,387	2,906	(481)
Total expenditures	7,500,000	7,317,292	(182,708)	517,385	459,942	(57,443)
(Deficiency) of revenues (under) expenditures	(7,500,000)	(7,317,292)	182,708	(97,812)	(19,878)	77,934
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	275,704	275,704	-	175,257	175,257	-
Operating transfers-out	(1,620,371)	(1,620,371)	-	(114,881)	(114,881)	-
Total other sources (uses) of financial resources	(1,344,667)	(1,344,667)	-	60,376	60,376	-
Budgetary funds-nonbudgeted accounts	(465,333)	(465,333)	-			
(Deficiency) of revenues (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(9,310,000)	(9,127,292)	182,708	(37,436)	40,498	77,934
Budgetary fund balances, July 1, 2003	9,402,997	9,402,997	-	50,109	50,109	-
BUDGETARY FUND BALANCES, JUNE 30, 2004	\$ 92,997	\$ 275,705	\$ 182,708	\$ 12,673	\$ 90,607	\$ 77,934

Total		
Final Budget	Actual	Variance Over (Under)
\$ 149,326	\$ 169,992	\$ 20,666
270,247	270,072	(175)
419,573	440,064	20,491

415,203	407,615	(7,588)
5,976,690	5,792,610	(184,080)
1,473,597	1,427,863	(45,734)
144,760	142,565	(2,195)
2,598	2,568	(30)
1,150	1,107	(43)
3,387	2,906	(481)
8,017,385	7,777,234	(240,151)
(7,597,812)	(7,337,170)	260,642

450,961	450,961	-
(1,735,252)	(1,735,252)	-
(1,284,291)	(1,284,291)	-
(465,333)	(465,333)	-

(9,347,436)	(9,086,794)	260,642
9,453,106	9,453,106	-
\$ 105,670	\$ 366,312	\$ 260,642

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Pension Contribution			Budget Stabilization		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	\$ 5,908,170	\$ 5,762,368	\$ (145,802)			
General government	1,448,600	1,412,969	(35,631)			
Public protection and justice	143,230	141,955	(1,275)			
Total expenditures	7,500,000	7,317,292	(182,708)			
(Deficiency) of revenues (under) expenditures	(7,500,000)	(7,317,292)	182,708			
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				\$ 275,704	\$ 275,704	\$ -
Operating transfers-out	(1,394,667)	(1,394,667)	-	(225,704)	(225,704)	-
Total other sources (uses) of financial resources	(1,394,667)	(1,394,667)	-	50,000	50,000	-
Budgetary funds-nonbudgeted accounts	(465,333)	(465,333)	-			
(Deficiency) of revenues (under) expenditures, other sources (uses) of financial resources and budgetary funds - nonbudgeted accounts	(9,360,000)	(9,177,292)	182,708	50,000	50,000	-
Budgetary fund balances, July 1, 2003	9,177,293	9,177,293	-	225,704	225,704	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (182,707)	\$ 1	\$ 182,708	\$ 275,704	\$ 275,704	\$ -

Total		
Final Budget	Actual	Variance Over (Under)
\$ 5,908,170	\$ 5,762,368	\$ (145,802)
1,448,600	1,412,969	(35,631)
143,230	141,955	(1,275)
7,500,000	7,317,292	(182,708)
(7,500,000)	(7,317,292)	182,708
275,704	275,704	-
(1,620,371)	(1,620,371)	-
(1,344,667)	(1,344,667)	-
(465,333)	(465,333)	-
(9,310,000)	(9,127,292)	182,708
9,402,997	9,402,997	-
\$ 92,997	\$ 275,705	\$ 182,708

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	State Pensions			Tobacco Settlement Recovery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 149,326	\$ 169,992	\$ 20,666
Other	\$ -	\$ 1	\$ 1	270,247	270,071	(176)
Total revenues	-	1	1	419,573	440,063	20,490
EXPENDITURES:						
Current:						
Health and social services				415,203	407,615	(7,588)
Education	63,020	24,832	(38,188)	5,500	5,410	(90)
General government	23,566	13,495	(10,071)	1,431	1,399	(32)
Public protection and justice	1,530	610	(920)			
Employment and economic development				2,598	2,568	(30)
Environment and business regulation				1,150	1,107	(43)
Capital outlays	38	24	(14)	3,349	2,882	(467)
Total expenditures	88,154	38,961	(49,193)	429,231	420,981	(8,250)
Excess (deficiency) of revenues over (under) expenditures	(88,154)	(38,960)	49,194	(9,658)	19,082	28,740
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	121,056	121,056	-	54,201	54,201	-
Operating transfers-out	(50,004)	(50,004)	-	(64,877)	(64,877)	-
Total other sources (uses) of financial resources	71,052	71,052	-	(10,676)	(10,676)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(17,102)	32,092	49,194	(20,334)	8,406	28,740
Budgetary fund balances, July 1, 2003	32,761	32,761	-	17,348	17,348	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 15,659	\$ 64,853	\$ 49,194	\$ (2,986)	\$ 25,754	\$ 28,740

Total		
Final Budget	Actual	Variance Over (Under)
\$ 149,326	\$ 169,992	\$ 20,666
270,247	270,072	(175)
419,573	440,064	20,491

415,203	407,615	(7,588)
68,520	30,242	(38,278)
24,997	14,894	(10,103)
1,530	610	(920)
2,598	2,568	(30)
1,150	1,107	(43)
3,387	2,906	(481)
517,385	459,942	(57,443)

(97,812)	(19,878)	77,934
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175,257	175,257	-
(114,881)	(114,881)	-
60,376	60,376	-

(37,436)	40,498	77,934
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50,109	50,109	-
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\$ 12,673	\$ 90,607	\$ 77,934
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State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Central Management Services			Commerce and Economic Opportunity		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes	\$ 43,750	\$ 46,263	\$ 2,513	\$ 79,985	\$ 87,751	\$ 7,766
Federal government	100	223	123	-	164,819	164,819
Other	1,464,690	1,395,467	(69,223)	-	169	169
Less:						
Refunds						
Total revenues	1,508,540	1,441,953	(66,587)	79,985	252,739	172,754
EXPENDITURES:						
Current:						
Health and social services				90,080	86,745	(3,335)
General government	1,613,491	1,498,019	(115,472)			
Transportation						
Public protection and justice						
Employment and economic development				382,852	227,295	(155,557)
Environment and business regulation						
Capital outlays				73	69	(4)
Total expenditures	1,613,491	1,498,019	(115,472)	473,005	314,109	(158,896)
Excess (deficiency) of revenues over (under) expenditures	(104,951)	(56,066)	48,885	(393,020)	(61,370)	331,650
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in				77,304	77,304	-
Operating transfers-out	(9,828)	(9,828)	-	(45,994)	(45,994)	-
Total other sources (uses) of financial resources	(9,828)	(9,828)	-	31,310	31,310	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(114,779)	(65,894)	48,885	(361,710)	(30,060)	331,650
Budgetary fund balances (deficits), July 1, 2003	(15,733)	(15,733)	-	42,834	42,834	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (130,512)	\$ (81,627)	\$ 48,885	\$ (318,876)	\$ 12,774	\$ 331,650

Natural Resources			Human Services			Public Aid		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 8,710	\$ 7,369	\$ (1,341)	\$ 60,955	\$ 143,183	\$ 82,228	\$ 2,278,337	\$ 2,371,665	\$ 93,328
38,600	63,308	24,708	27,245	26,191	(1,054)	1,431,520	1,426,904	(4,616)
1,150	1,105	(45)	100	2	(98)	4,750	93	(4,657)
46,160	69,572	23,412	88,100	169,372	81,272	3,705,107	3,798,476	93,369
			205,765	175,885	(29,880)	4,688,631	4,360,884	(327,747)
			204	204	-	2,522	2,093	(429)
51,710	48,764	(2,946)						
989	784	(205)	14	-	(14)	2,741	1,670	(1,071)
52,699	49,548	(3,151)	205,983	176,089	(29,894)	4,693,894	4,364,647	(329,247)
(6,539)	20,024	26,563	(117,883)	(6,717)	111,166	(988,787)	(566,171)	422,616
						850,000	850,000	-
						303,878	303,878	-
(4,019)	(4,019)	-	(1,247)	(1,247)	-	(142,462)	(142,462)	-
(4,019)	(4,019)	-	(1,247)	(1,247)	-	1,011,416	1,011,416	-
						(2)	(2)	-
(10,558)	16,005	26,563	(119,130)	(7,964)	111,166	22,627	445,243	422,616
36,110	36,110	-	(8,111)	(8,111)	-	(13,271)	(13,271)	-
\$ 25,552	\$ 52,115	\$ 26,563	\$ (127,241)	\$ (16,075)	\$ 111,166	\$ 9,356	\$ 431,972	\$ 422,616

(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, 2004 (Expressed in Thousands)

(continued)

	Revenue			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 2,367,757	\$ 2,367,757	\$ -			
Sales taxes	680,550	693,035	12,485			
Public utility taxes	207,586	207,586	-			
Federal government	12,825	12,825	-			
Other	1,918,999	1,639,739	(279,260)			
Less:						
Refunds	1,711,215	1,704,201	(7,014)			
Total revenues	3,476,502	3,216,741	(259,761)			
EXPENDITURES:						
Current:						
Health and social services	960	927	(33)			
General government	2,198,590	2,140,838	(57,752)	\$ 364,431	\$ 290,108	\$ (74,323)
Transportation						
Public protection and justice						
Employment and economic development	127,741	125,943	(1,798)			
Environment and business regulation						
Capital outlays	299	257	(42)			
Total expenditures	2,327,590	2,267,965	(59,625)	364,431	290,108	(74,323)
Excess (deficiency) of revenues over (under) expenditures	1,148,912	948,776	(200,136)	(364,431)	(290,108)	74,323
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	885,346	885,346	-	299,595	299,595	-
Operating transfers-out	(1,764,738)	(1,764,738)	-	(3,207)	(3,207)	-
Total other sources (uses) of financial resources	(879,392)	(879,392)	-	296,388	296,388	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	269,520	69,384	(200,136)	(68,043)	6,280	74,323
Budgetary fund balances (deficits), July 1, 2003	141,579	141,579	-	11,191	11,191	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 411,099	\$ 210,963	\$ (200,136)	\$ (56,852)	\$ 17,471	\$ 74,323

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 2,367,757	\$ 2,367,757	\$ -
			680,550	693,035	12,485
			331,321	341,600	10,279
\$ 461,040	\$ 452,604	\$ (8,436)	2,821,967	3,152,688	330,721
36,435	46,011	9,576	4,917,489	4,597,789	(319,700)
100	5	(95)	1,717,315	1,705,406	(11,909)
497,375	498,610	1,235	9,401,769	9,447,463	45,694
501,776	447,513	(54,263)	5,487,212	5,071,954	(415,258)
1,537	995	(542)	3,816,344	3,642,149	(174,195)
			364,431	290,108	(74,323)
85,780	27,982	(57,798)	85,780	27,982	(57,798)
			510,593	353,238	(157,355)
18,417	15,109	(3,308)	70,127	63,873	(6,254)
123	61	(62)	4,239	2,841	(1,398)
607,633	491,660	(115,973)	10,338,726	9,452,145	(886,581)
(110,258)	6,950	117,208	(936,957)	(4,682)	932,275
14	14	-	850,000	850,000	-
(20,628)	(20,628)	-	1,566,137	1,566,137	-
(20,614)	(20,614)	-	(1,992,123)	(1,992,123)	-
			424,014	424,014	-
			(2)	(2)	-
(130,872)	(13,664)	117,208	(512,945)	419,330	932,275
25,774	25,774	-	220,373	220,373	-
\$ (105,098)	\$ 12,110	\$ 117,208	\$ (292,572)	\$ 639,703	\$ 932,275

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, 2004 (Expressed in Thousands)

	Wireless Service Emergency			Wireless Carrier Reimbursement		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes	\$ 29,165	\$ 30,842	\$ 1,677	\$ 14,585	\$ 15,421	\$ 836
Federal government						
Other						
Total revenues	29,165	30,842	1,677	14,585	15,421	836
EXPENDITURES:						
Current:						
General government	44,800	34,014	(10,786)	35,400	32,444	(2,956)
Total expenditures	44,800	34,014	(10,786)	35,400	32,444	(2,956)
(Deficiency) of revenues (under) expenditures	(15,635)	(3,172)	12,463	(20,815)	(17,023)	3,792
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(1,327)	(1,327)	-	(2,000)	(2,000)	-
Total other (uses) of financial resources	(1,327)	(1,327)	-	(2,000)	(2,000)	-
(Deficiency) of revenues (under) expenditures, and other (uses) of financial resources	(16,962)	(4,499)	12,463	(22,815)	(19,023)	3,792
Budgetary fund balances (deficits), July 1, 2003	5,139	5,139	-	24,954	24,954	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (11,823)	\$ 640	\$ 12,463	\$ 2,139	\$ 5,931	\$ 3,792

Health Insurance Reserve			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 100	\$ 223	\$ 123	\$ 43,750	\$ 46,263	\$ 2,513
1,464,690	1,395,467	(69,223)	1,464,690	1,395,467	(69,223)
1,464,790	1,395,690	(69,100)	1,508,540	1,441,953	(66,587)
1,533,291	1,431,561	(101,730)	1,613,491	1,498,019	(115,472)
1,533,291	1,431,561	(101,730)	1,613,491	1,498,019	(115,472)
(68,501)	(35,871)	32,630	(104,951)	(56,066)	48,885
(6,501)	(6,501)	-	(9,828)	(9,828)	-
(6,501)	(6,501)	-	(9,828)	(9,828)	-
(75,002)	(42,372)	32,630	(114,779)	(65,894)	48,885
(45,826)	(45,826)	-	(15,733)	(15,733)	-
\$ (120,828)	\$ (88,198)	\$ 32,630	\$ (130,512)	\$ (81,627)	\$ 48,885

State of Illinois

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

For the Year Ended June 30, 2004 (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				\$ 79,985	\$ 87,751	\$ 7,766
Federal government						
Other						
Total revenues				79,985	87,751	7,766
EXPENDITURES:						
Current:						
Health and social services				90,080	86,745	(3,335)
Education						
General government						
Transportation						
Employment and economic development						
Environment and business regulation						
Capital outlays						
Total expenditures				90,080	86,745	(3,335)
Excess (deficiency) of revenues over (under) expenditures				(10,095)	1,006	11,101
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	\$ 37,923	\$ 37,923	\$ -	24	24	-
Operating transfers-out	(37,914)	(37,914)	-	(46)	(46)	-
Total other sources (uses) of financial resources	9	9	-	(22)	(22)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	9	9	-	(10,117)	984	11,101
Budgetary fund balances, July 1, 2003	17,029	17,029	-	14,082	14,082	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 17,038	\$ 17,038	\$ -	\$ 3,965	\$ 15,066	\$ 11,101

Tourism Promotion			Federal Workforce Training			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ -	\$ 164,819	\$ 164,819	\$ 79,985	\$ 87,751	\$ 7,766
			-	169	169	-	169	169
			-	164,988	164,988	79,985	252,739	172,754
						90,080	86,745	(3,335)
\$ 32,852	\$ 31,299	\$ (1,553)	350,000	195,996	(154,004)	382,852	227,295	(155,557)
73	69	(4)				73	69	(4)
32,925	31,368	(1,557)	350,000	195,996	(154,004)	473,005	314,109	(158,896)
(32,925)	(31,368)	1,557	(350,000)	(31,008)	318,992	(393,020)	(61,370)	331,650
37,301	37,301	-	2,056	2,056	-	77,304	77,304	-
(8,034)	(8,034)	-				(45,994)	(45,994)	-
29,267	29,267	-	2,056	2,056	-	31,310	31,310	-
(3,658)	(2,101)	1,557	(347,944)	(28,952)	318,992	(361,710)	(30,060)	331,650
11,723	11,723	-				42,834	42,834	-
\$ 8,065	\$ 9,622	\$ 1,557	\$ (347,944)	\$ (28,952)	\$ 318,992	\$ (318,876)	\$ 12,774	\$ 331,650

State of Illinois

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

For the Year Ended June 30, 2004 (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				\$ 8,710	\$ 7,369	\$ (1,341)
Other	\$ 13,865	\$ 30,155	\$ 16,290	24,735	33,153	8,418
Less:						
Refunds				1,150	1,105	(45)
Total revenues	13,865	30,155	16,290	32,295	39,417	7,122
EXPENDITURES:						
Current:						
Environment and business regulation	17,696	17,503	(193)	34,014	31,261	(2,753)
Capital outlays				989	784	(205)
Total expenditures	17,696	17,503	(193)	35,003	32,045	(2,958)
Excess (deficiency) of revenues over (under) expenditures	(3,831)	12,652	16,483	(2,708)	7,372	10,080
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(2,619)	(2,619)	-	(1,400)	(1,400)	-
Total other (uses) of financial resources	(2,619)	(2,619)	-	(1,400)	(1,400)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(6,450)	10,033	16,483	(4,108)	5,972	10,080
Budgetary fund balances, July 1, 2003	26,345	26,345	-	9,765	9,765	-
BUDGETARY FUND BALANCES, JUNE 30, 2004	\$ 19,895	\$ 36,378	\$ 16,483	\$ 5,657	\$ 15,737	\$ 10,080

Total		
Final Budget	Actual	Variance Over (Under)
\$ 8,710	\$ 7,369	\$ (1,341)
38,600	63,308	24,708
1,150	1,105	(45)
46,160	69,572	23,412
51,710	48,764	(2,946)
989	784	(205)
52,699	49,548	(3,151)
(6,539)	20,024	26,563
(4,019)	(4,019)	-
(4,019)	(4,019)	-
(10,558)	16,005	26,563
36,110	36,110	-
\$ 25,552	\$ 52,115	\$ 26,563

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, 2004 (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	\$ 60,955	\$ 66,212	\$ 5,257	\$ -	\$ 2	\$ 2
Other	-	100	100	27,245	26,047	(1,198)
Less:						
Refunds				100	2	(98)
Total revenues	60,955	66,312	5,357	27,145	26,047	(1,098)
EXPENDITURES:						
Current:						
Health and social services	79,139	64,233	(14,906)	30,936	27,846	(3,090)
General government						
Capital outlays	14	-	(14)			
Total expenditures	79,153	64,233	(14,920)	30,936	27,846	(3,090)
Excess (deficiency) of revenues over (under) expenditures	(18,198)	2,079	20,277	(3,791)	(1,799)	1,992
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(20)	(20)	-	(1,227)	(1,227)	-
Total other (uses) of financial resources	(20)	(20)	-	(1,227)	(1,227)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(18,218)	2,059	20,277	(5,018)	(3,026)	1,992
Budgetary fund balances (deficits), July 1, 2003	(4,039)	(4,039)	-	4,053	4,053	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (22,257)	\$ (1,980)	\$ 20,277	\$ (965)	\$ 1,027	\$ 1,992

Community Mental Health Medicaid Trust			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 76,969	\$ 76,969	\$ 60,955	\$ 143,183	\$ 82,228
-	44	44	27,245	26,191	(1,054)
			100	2	(98)
-	77,013	77,013	88,100	169,372	81,272
95,690	83,806	(11,884)	205,765	175,885	(29,880)
204	204	-	204	204	-
			14	-	(14)
95,894	84,010	(11,884)	205,983	176,089	(29,894)
(95,894)	(6,997)	88,897	(117,883)	(6,717)	111,166
			(1,247)	(1,247)	-
			(1,247)	(1,247)	-
(95,894)	(6,997)	88,897	(119,130)	(7,964)	111,166
(8,125)	(8,125)	-	(8,111)	(8,111)	-
\$ (104,019)	\$ (15,122)	\$ 88,897	\$ (127,241)	\$ (16,075)	\$ 111,166

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, 2004 (Expressed in Thousands)

	University of Illinois Hospital Services			County Provider Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 107,230	\$ 125,085	\$ 17,855	\$ 975,060	\$ 936,117	\$ (38,943)
Other	80,200	76,621	(3,579)	986,005	827,337	(158,668)
Less:						
Refunds				1,000	-	(1,000)
Total revenues	187,430	201,706	14,276	1,960,065	1,763,454	(196,611)
EXPENDITURES:						
Current:						
Health and social services	173,400	173,397	(3)	1,981,619	1,820,247	(161,372)
General government						
Capital outlays						
Total expenditures	173,400	173,397	(3)	1,981,619	1,820,247	(161,372)
Excess (deficiency) of revenues over (under) expenditures	14,030	28,309	14,279	(21,554)	(56,793)	(35,239)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	44,700	44,700	-			
Operating transfers-out	(80,638)	(80,638)	-			
Total other sources (uses) of financial resources	(35,938)	(35,938)	-			
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(21,908)	(7,629)	14,279	(21,554)	(56,793)	(35,239)
Budgetary fund balances (deficits), July 1, 2003	10,522	10,522	-	5,690	5,690	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (11,386)	\$ 2,893	\$ 14,279	\$ (15,864)	\$ (51,103)	\$ (35,239)

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)
\$ 17,305	\$ 20,213	\$ 2,908	\$ 280,888	\$ 444,890	\$ 164,002	\$ 240,000	\$ 139,861	\$ (100,139)
18,930	20,067	1,137	314,025	470,204	156,179			
1,000	-	(1,000)	2,750	93	(2,657)			
35,235	40,280	5,045	592,163	915,001	322,838	240,000	139,861	(100,139)
36,150	35,792	(358)	823,101	800,598	(22,503)	240,000	126,098	(113,902)
127	127	-						
36,277	35,919	(358)	823,101	800,598	(22,503)	240,000	126,098	(113,902)
(1,042)	4,361	5,403	(230,938)	114,403	345,341	-	13,763	13,763
(2,021)	(2,021)	-	3,013	3,013	-	(6)	(6)	-
(2,021)	(2,021)	-	(55,972)	(55,972)	-	(6)	(6)	-
(2,021)	(2,021)	-	(52,959)	(52,959)	-	(6)	(6)	-
(3,063)	2,340	5,403	(283,897)	61,444	345,341	(6)	13,757	13,763
5,327	5,327	-	(14,043)	(14,043)	-	(20,892)	(20,892)	-
\$ 2,264	\$ 7,667	\$ 5,403	\$ (297,940)	\$ 47,401	\$ 345,341	\$ (20,898)	\$ (7,135)	\$ 13,763

(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, 2004 (Expressed in Thousands)

(continued)

	Medicaid Provider Relief			Drug Rebate Fund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 396,489	\$ 396,489	\$ -	\$ 158,600	\$ 214,584	\$ 55,984
Other				60	328	268
Less:						
Refunds						
Total revenues	396,489	396,489	-	158,660	214,912	56,252
EXPENDITURES:						
Current:						
Health and social services	850,000	849,847	(153)	405,000	404,999	(1)
General government						
Capital outlays						
Total expenditures	850,000	849,847	(153)	405,000	404,999	(1)
Excess (deficiency) of revenues over (under) expenditures	(453,511)	(453,358)	153	(246,340)	(190,087)	56,253
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	850,000	850,000	-			
Operating transfers-in				226,165	226,165	-
Operating transfers-out				(3,386)	(3,386)	-
Total other sources (uses) of financial resources	850,000	850,000	-	222,779	222,779	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	396,489	396,642	153	(23,561)	32,692	56,253
Budgetary fund balances (deficits), July 1, 2003				11,996	11,996	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 396,489	\$ 396,642	\$ 153	\$ (11,565)	\$ 44,688	\$ 56,253

Child Support Administrative			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 102,765	\$ 94,426	\$ (8,339)	\$ 2,278,337	\$ 2,371,665	\$ 93,328
32,300	32,347	47	1,431,520	1,426,904	(4,616)
			4,750	93	(4,657)
135,065	126,773	(8,292)	3,705,107	3,798,476	93,369
179,361	149,906	(29,455)	4,688,631	4,360,884	(327,747)
2,395	1,966	(429)	2,522	2,093	(429)
2,741	1,670	(1,071)	2,741	1,670	(1,071)
184,497	153,542	(30,955)	4,693,894	4,364,647	(329,247)
(49,432)	(26,769)	22,663	(988,787)	(566,171)	422,616
			850,000	850,000	-
30,000	30,000	-	303,878	303,878	-
(439)	(439)	-	(142,462)	(142,462)	-
29,561	29,561	-	1,011,416	1,011,416	-
(2)	(2)	-	(2)	(2)	-
(19,873)	2,790	22,663	22,627	445,243	422,616
(11,871)	(11,871)	-	(13,271)	(13,271)	-
\$ (31,744)	\$ (9,081)	\$ 22,663	\$ 9,356	\$ 431,972	\$ 422,616

State of Illinois

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

For the Year Ended June 30, 2004 (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				\$ 215,000	\$ 209,936	\$ (5,064)
Public utility taxes						
Federal government						
Other	\$ 915,000	\$ 642,370	\$ (272,630)			
Less:						
Refunds						
Total revenues	915,000	642,370	(272,630)	215,000	209,936	(5,064)
EXPENDITURES:						
Current:						
Health and social services	960	927	(33)			
General government	124,351	112,229	(12,122)	39,200	39,200	-
Employment and economic development						
Capital outlays	13	13	-			
Total expenditures	125,324	113,169	(12,155)	39,200	39,200	-
Excess (deficiency) of revenues over (under) expenditures	789,676	529,201	(260,475)	175,800	170,736	(5,064)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(530,289)	(530,289)	-	(150,876)	(150,876)	-
Total other sources (uses) of financial resources	(530,289)	(530,289)	-	(150,876)	(150,876)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	259,387	(1,088)	(260,475)	24,924	19,860	(5,064)
Budgetary fund balances (deficits), July 1, 2003	(3,538)	(3,538)	-	14,250	14,250	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 255,849	\$ (4,626)	\$ (260,475)	\$ 39,174	\$ 34,110	\$ (5,064)

Income Tax Refund			Illinois Sports Facilities			McCormick Place Expansion Project		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,714,897	\$ 1,714,897	\$ -				\$ 93,000	\$ 110,549	\$ 17,549
12,825	12,825	-	\$ 34,740	\$ 33,000	\$ (1,740)			
1,711,165	1,704,178	(6,987)						
16,557	23,544	6,987	34,740	33,000	(1,740)	93,000	110,549	17,549
			34,741	33,000	(1,741)	93,000	92,943	(57)
			34,741	33,000	(1,741)	93,000	92,943	(57)
16,557	23,544	6,987	(1)	-	1	-	17,606	17,606
261	261	-						
(42)	(42)	-				(17,606)	(17,606)	-
219	219	-				(17,606)	(17,606)	-
16,776	23,763	6,987	(1)	-	1	(17,606)	-	17,606
26,632	26,632	-						
\$ 43,408	\$ 50,395	\$ 6,987	\$ (1)	\$ -	\$ 1	\$ (17,606)	\$ -	\$ 17,606

(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, 2004 (Expressed in Thousands)

(continued)

	Local Government Distributive			State Lottery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government						
Other	\$ 24,800	\$ -	\$ (24,800)	\$ 852,500	\$ 880,622	\$ 28,122
Less:						
Refunds				50	23	(27)
Total revenues	24,800	-	(24,800)	852,450	880,599	28,149
EXPENDITURES:						
Current:						
Health and social services						
General government	840,455	837,547	(2,908)	338,920	296,729	(42,191)
Employment and economic development						
Capital outlays				238	225	(13)
Total expenditures	840,455	837,547	(2,908)	339,158	296,954	(42,204)
Excess (deficiency) of revenues over (under) expenditures	(815,655)	(837,547)	(21,892)	513,292	583,645	70,353
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	835,351	835,351	-	3,001	3,001	-
Operating transfers-out	(39)	(39)	-	(570,353)	(570,353)	-
Total other sources (uses) of financial resources	835,312	835,312	-	(567,352)	(567,352)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	19,657	(2,235)	(21,892)	(54,060)	16,293	70,353
Budgetary fund balances (deficits), July 1, 2003	(13,022)	(13,022)	-	(6,876)	(6,876)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 6,635	\$ (15,257)	\$ (21,892)	\$ (60,936)	\$ 9,417	\$ 70,353

Personal Property Tax Replacement			Build Illinois			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 652,860	\$ 652,860	\$ -	\$ 372,550	\$ 372,550	\$ -	\$ 2,367,757	\$ 2,367,757	\$ -
207,586	207,586	-				680,550	693,035	12,485
8,738	526	(8,212)	83,221	83,221	-	12,825	12,825	-
						1,918,999	1,639,739	(279,260)
						1,711,215	1,704,201	(7,014)
869,184	860,972	(8,212)	455,771	455,771	-	3,476,502	3,216,741	(259,761)
						960	927	(33)
855,664	855,133	(531)				2,198,590	2,140,838	(57,752)
48	19	(29)				127,741	125,943	(1,798)
855,712	855,152	(560)				299	257	(42)
						2,327,590	2,267,965	(59,625)
13,472	5,820	(7,652)	455,771	455,771	-	1,148,912	948,776	(200,136)
7,267	7,267	-	39,466	39,466	-	885,346	885,346	-
(296)	(296)	-	(495,237)	(495,237)	-	(1,764,738)	(1,764,738)	-
6,971	6,971	-	(455,771)	(455,771)	-	(879,392)	(879,392)	-
20,443	12,791	(7,652)	-	-	-	269,520	69,384	(200,136)
124,133	124,133	-				141,579	141,579	-
\$ 144,576	\$ 136,924	\$ (7,652)	\$ -	\$ -	\$ -	\$ 411,099	\$ 210,963	\$ (200,136)

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	\$ 314,000	\$ 250,157	\$ (63,843)	\$ 50,431	\$ 39,951	\$ (10,480)
Total expenditures	314,000	250,157	(63,843)	50,431	39,951	(10,480)
(Deficiency) of revenues (under) expenditures	(314,000)	(250,157)	63,843	(50,431)	(39,951)	10,480
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	250,172	250,172	-	49,423	49,423	-
Operating transfers-out	(16)	(16)	-	(3,191)	(3,191)	-
Total other sources (uses) of financial resources	250,156	250,156	-	46,232	46,232	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(63,844)	(1)	63,843	(4,199)	6,281	10,480
Budgetary fund balances, July 1, 2003				11,191	11,191	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (63,844)	\$ (1)	\$ 63,843	\$ 6,992	\$ 17,472	\$ 10,480

Total		
Final Budget	Actual	Variance Over (Under)

\$ 364,431	\$ 290,108	\$ (74,323)
364,431	290,108	(74,323)

(364,431)	(290,108)	74,323
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299,595	299,595	-
(3,207)	(3,207)	-
296,388	296,388	-

(68,043)	6,280	74,323
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11,191	11,191	-
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\$ (56,852)	\$ 17,471	\$ 74,323
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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 - Other Code Departments

For the Year Ended June 30, 2004 (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	\$ 441,805	\$ 437,426	\$ (4,379)	\$ 19,235	\$ 15,178	\$ (4,057)
Other	3,150	1,934	(1,216)	16,060	16,312	252
Less:						
Refunds						
Total revenues	444,955	439,360	(5,595)	35,295	31,490	(3,805)
EXPENDITURES:						
Current:						
Health and social services	501,776	447,513	(54,263)			
General government	1,500	958	(542)	22	22	-
Public protection and justice				85,780	27,982	(57,798)
Environment and business regulation						
Capital outlays						
Total expenditures	503,276	448,471	(54,805)	85,802	28,004	(57,798)
Excess (deficiency) of revenues over (under) expenditures	(58,321)	(9,111)	49,210	(50,507)	3,486	53,993
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	6	6	-			
Operating transfers-out	(10,795)	(10,795)	-	(2,824)	(2,824)	-
Total other sources (uses) of financial resources	(10,789)	(10,789)	-	(2,824)	(2,824)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(69,110)	(19,900)	49,210	(53,331)	662	53,993
Budgetary fund balances (deficits), July 1, 2003	(4,510)	(4,510)	-	25,976	25,976	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (73,620)	\$ (24,410)	\$ 49,210	\$ (27,355)	\$ 26,638	\$ 53,993

Insurance			Total		
Insurance Financial Regulation					
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 17,225	\$ 27,765	\$ 10,540	\$ 461,040	\$ 452,604	\$ (8,436)
			36,435	46,011	9,576
100	5	(95)	100	5	(95)
17,125	27,760	10,635	497,375	498,610	1,235
			501,776	447,513	(54,263)
15	15	-	1,537	995	(542)
			85,780	27,982	(57,798)
18,417	15,109	(3,308)	18,417	15,109	(3,308)
123	61	(62)	123	61	(62)
18,555	15,185	(3,370)	607,633	491,660	(115,973)
(1,430)	12,575	14,005	(110,258)	6,950	117,208
8	8	-	14	14	-
(7,009)	(7,009)	-	(20,628)	(20,628)	-
(7,001)	(7,001)	-	(20,614)	(20,614)	-
(8,431)	5,574	14,005	(130,872)	(13,664)	117,208
4,308	4,308	-	25,774	25,774	-
\$ (4,123)	\$ 9,882	\$ 14,005	\$ (105,098)	\$ 12,110	\$ 117,208

State of Illinois

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

For the Year Ended June 30, 2004 (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	\$ 70,955	\$ 78,146	\$ 7,191			
Public utility taxes				\$ 120,400	\$ 115,470	\$ (4,930)
Federal government	113,760	136,226	22,466	45,335	45,384	49
Other	166,940	144,283	(22,657)	144,475	185,898	41,423
Less:						
Refunds	170	5	(165)	24	24	-
Total revenues	351,485	358,650	7,165	310,186	346,728	36,542
EXPENDITURES:						
Current:						
Education				3,871	3,578	(293)
General government	3,477	3,055	(422)	132,835	54,343	(78,492)
Public protection and justice	2,873	2,281	(592)			
Employment and economic development				31,605	31,423	(182)
Environment and business regulation	483,738	431,175	(52,563)	52,965	47,499	(5,466)
Capital outlays	366	205	(161)	123	86	(37)
Total expenditures	490,454	436,716	(53,738)	221,399	136,929	(84,470)
Excess (deficiency) of revenues over (under) expenditures	(138,969)	(78,066)	60,903	88,787	209,799	121,012
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	135,757	135,757	-			
Operating transfers-in	60,002	60,002	-	103,245	103,245	-
Operating transfers-out	(70,210)	(70,210)	-	(243,705)	(243,705)	-
Total other sources (uses) of financial resources	125,549	125,549	-	(140,460)	(140,460)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(13,420)	47,483	60,903	(51,673)	69,339	121,012
Budgetary fund balances, July 1, 2003	331,948	331,948	-	33,615	33,615	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 318,528	\$ 379,431	\$ 60,903	\$ (18,058)	\$ 102,954	\$ 121,012

Total		
Final Budget	Actual	Variance Over (Under)
\$ 70,955	\$ 78,146	\$ 7,191
120,400	115,470	(4,930)
159,095	181,610	22,515
311,415	330,181	18,766
194	29	(165)
661,671	705,378	43,707
3,871	3,578	(293)
136,312	57,398	(78,914)
2,873	2,281	(592)
31,605	31,423	(182)
536,703	478,674	(58,029)
489	291	(198)
711,853	573,645	(138,208)
(50,182)	131,733	181,915
135,757	135,757	-
163,247	163,247	-
(313,915)	(313,915)	-
(14,911)	(14,911)	-
(65,093)	116,822	181,915
365,563	365,563	-
\$ 300,470	\$ 482,385	\$ 181,915

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, 2004 (Expressed in Thousands)

	Underground Storage Tank			Water Revolving		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes	\$ 70,955	\$ 78,146	\$ 7,191			
Federal government				\$ 113,760	\$ 129,626	\$ 15,866
Other	-	95	95	119,500	118,879	(621)
Less:						
Refunds	150	5	(145)			
Total revenues	70,805	78,236	7,431	233,260	248,505	15,245
EXPENDITURES:						
Current:						
General government	789	684	(105)			
Public protection and justice	2,873	2,281	(592)			
Environment and business regulation	81,382	44,464	(36,918)	323,976	321,144	(2,832)
Capital outlays	172	56	(116)			
Total expenditures	85,216	47,485	(37,731)	323,976	321,144	(2,832)
Excess (deficiency) of revenues over (under) expenditures	(14,411)	30,751	45,162	(90,716)	(72,639)	18,077
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues				135,757	135,757	-
Operating transfers-in						
Operating transfers-out	(56,127)	(56,127)	-	(4)	(4)	-
Total other sources (uses) of financial resources	(56,127)	(56,127)	-	135,753	135,753	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(70,538)	(25,376)	45,162	45,037	63,114	18,077
Budgetary fund balances, July 1, 2003	26,041	26,041	-	291,856	291,856	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (44,497)	\$ 665	\$ 45,162	\$ 336,893	\$ 354,970	\$ 18,077

Solid Waste Management			Vehicle Inspection			Total			
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	
			\$	\$	\$	\$	\$	\$	
12,440	25,094	12,654	35,000	6,600 215	6,600 (34,785)	70,955 113,760 166,940	78,146 136,226 144,283	7,191 22,466 (22,657)	
20	-	(20)				170	5	(165)	
12,420	25,094	12,674	35,000	6,815	(28,185)	351,485	358,650	7,165	
				2,688	2,371	(317)	3,477	3,055	(422)
						2,873	2,281	(592)	
16,955	13,382	(3,573)	61,425	52,185	(9,240)	483,738	431,175	(52,563)	
65	64	(1)	129	85	(44)	366	205	(161)	
17,020	13,446	(3,574)	64,242	54,641	(9,601)	490,454	436,716	(53,738)	
(4,600)	11,648	16,248	(29,242)	(47,826)	(18,584)	(138,969)	(78,066)	60,903	
						135,757	135,757	-	
2	2	-	60,000	60,000	-	60,002	60,002	-	
(14,078)	(14,078)	-	(1)	(1)	-	(70,210)	(70,210)	-	
(14,076)	(14,076)	-	59,999	59,999	-	125,549	125,549	-	
(18,676)	(2,428)	16,248	30,757	12,173	(18,584)	(13,420)	47,483	60,903	
12,152	12,152	-	1,899	1,899	-	331,948	331,948	-	
\$ (6,524)	\$ 9,724	\$ 16,248	\$ 32,656	\$ 14,072	\$ (18,584)	\$ 318,528	\$ 379,431	\$ 60,903	

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Commerce Commission			Housing Development Authority		
	Public Utility			Illinois Affordable Housing Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes	\$ 20,000	\$ 19,406	\$ (594)			
Federal government	400	449	49			
Other	6,900	7,181	281	\$ 47,550	\$ 50,594	\$ 3,044
Less:						
Refunds	21	21	-			
Total revenues	27,279	27,015	(264)	47,550	50,594	3,044
EXPENDITURES:						
Current:						
Education						
General government				56,978	42,138	(14,840)
Employment and economic development						
Environment and business regulation	24,429	20,430	(3,999)			
Capital outlays	87	77	(10)			
Total expenditures	24,516	20,507	(4,009)	56,978	42,138	(14,840)
Excess (deficiency) of revenues over (under) expenditures	2,763	6,508	3,745	(9,428)	8,456	17,884
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(3,552)	(3,552)	-	(8,806)	(8,806)	-
Total other sources (uses) of financial resources	(3,552)	(3,552)	-	(8,806)	(8,806)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(789)	2,956	3,745	(18,234)	(350)	17,884
Budgetary fund balances (deficits), July 1, 2003	3,816	3,816	-	26,964	26,964	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 3,027	\$ 6,772	\$ 3,745	\$ 8,730	\$ 26,614	\$ 17,884

Capital Development Board			Banks and Real Estate			Metropolitan Pier and Exposition Authority		
School Infrastructure			Bank and Trust Company			Metropolitan Fair and Exposition Authority Improvement Bond		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 100,400	\$ 96,064	\$ (4,336)						
70,000	60,000	(10,000)	\$ 20,025	\$ 25,235	\$ 5,210			
			3	3	-			
170,400	156,064	(14,336)	20,022	25,232	5,210			
3,871	3,578	(293)						
580	574	(6)	277	277	-	\$ 31,605	\$ 31,423	\$ (182)
			18,813	17,887	(926)			
			36	9	(27)			
4,451	4,152	(299)	19,126	18,173	(953)	31,605	31,423	(182)
165,949	151,912	(14,037)	896	7,059	6,163	(31,605)	(31,423)	182
71,773	71,773	-	3	3	-	31,423	31,423	-
(201,032)	(201,032)	-	(2,022)	(2,022)	-			
(129,259)	(129,259)	-	(2,019)	(2,019)	-	31,423	31,423	-
36,690	22,653	(14,037)	(1,123)	5,040	6,163	(182)	-	182
(68)	(68)	-	2,426	2,426	-	5	5	-
\$ 36,622	\$ 22,585	\$ (14,037)	\$ 1,303	\$ 7,466	\$ 6,163	\$ (177)	\$ 5	\$ 182

(continued)

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

(continued)

	Industrial Commission			State Board of Elections		
	Industrial Commission Operations			Help Illinois Vote		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes						
Federal government				\$ 44,935	\$ 44,935	\$ -
Other	\$ -	\$ 42,505	\$ 42,505	-	383	383
Less:						
Refunds						
Total revenues	-	42,505	42,505	44,935	45,318	383
EXPENDITURES:						
Current:						
Education						
General government				75,000	11,354	(63,646)
Employment and economic development						
Environment and business regulation	9,723	9,182	(541)			
Capital outlays						
Total expenditures	9,723	9,182	(541)	75,000	11,354	(63,646)
Excess (deficiency) of revenues over (under) expenditures	(9,723)	33,323	43,046	(30,065)	33,964	64,029
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	46	46	-			
Operating transfers-out	(28,293)	(28,293)	-			
Total other sources (uses) of financial resources	(28,247)	(28,247)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(37,970)	5,076	43,046	(30,065)	33,964	64,029
Budgetary fund balances (deficits), July 1, 2003	472	472	-			
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (37,498)	\$ 5,548	\$ 43,046	\$ (30,065)	\$ 33,964	\$ 64,029

Total		
Final Budget	Actual	Variance Over (Under)
\$ 120,400	\$ 115,470	\$ (4,930)
45,335	45,384	49
144,475	185,898	41,423
24	24	-
310,186	346,728	36,542
3,871	3,578	(293)
132,835	54,343	(78,492)
31,605	31,423	(182)
52,965	47,499	(5,466)
123	86	(37)
221,399	136,929	(84,470)
88,787	209,799	121,012
103,245	103,245	-
(243,705)	(243,705)	-
(140,460)	(140,460)	-
(51,673)	69,339	121,012
33,615	33,615	-
\$ (18,058)	\$ 102,954	\$ 121,012

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, 2004 (Expressed in Thousands)

	Commerce and Economic Opportunity Build Illinois Bond			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	\$ 33,208	\$ 28,039	\$ (5,169)			
General government	14,874	14,747	(127)			
Transportation				\$ 596,346	\$ 496,729	\$ (99,617)
Public protection and justice	20,000	-	(20,000)			
Employment and economic development	571,781	232,889	(338,892)			
Environment and business regulation	24,854	22,273	(2,581)			
Capital outlays	14,217	14,204	(13)			
Total expenditures	678,934	312,152	(366,782)	596,346	496,729	(99,617)
(Deficiency) of revenues (under) expenditures	(678,934)	(312,152)	366,782	(596,346)	(496,729)	99,617
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	376,319	376,319	-	478,761	478,761	-
Operating transfers-in						
Operating transfers-out						
Total other sources of financial resources	376,319	376,319	-	478,761	478,761	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(302,615)	64,167	366,782	(117,585)	(17,968)	99,617
Budgetary fund balances (deficits), July 1, 2003	(40,013)	(40,013)	-	110,608	110,608	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (342,628)	\$ 24,154	\$ 366,782	\$ (6,977)	\$ 92,640	\$ 99,617

Capital Development Board			Environmental Protection Agency Anti-Pollution			Other		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 486,630	\$ 486,474	\$ (156)						
23,733	13,028	(10,705)						
2,716	97	(2,619)						
31	31	-						
102,152	29,333	(72,819)						
28,224	15,432	(12,792)	\$ 56,000	\$ 56,000	\$ -			
300,414	271,830	(28,584)				\$ 17	\$ -	(17)
943,900	816,225	(127,675)	56,000	56,000	-	17	-	(17)
(943,900)	(816,225)	127,675	(56,000)	(56,000)	-	(17)	-	17
701,200	701,200	-	40,471	40,471	-			
1,000	1,000	-						
			(1,000)	(1,000)	-			
702,200	702,200	-	39,471	39,471	-			
(241,700)	(114,025)	127,675	(16,529)	(16,529)	-	(17)	-	17
115,035	115,035	-	17,840	17,840	-	5,875	5,875	-
\$ (126,665)	\$ 1,010	\$ 127,675	\$ 1,311	\$ 1,311	\$ -	\$ 5,858	\$ 5,875	\$ 17

(continued)

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, 2004 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:			
Current:			
Education	\$ 519,838	\$ 514,513	\$ (5,325)
General government	38,607	27,775	(10,832)
Transportation	599,062	496,826	(102,236)
Public protection and justice	20,031	31	(20,000)
Employment and economic development	673,933	262,222	(411,711)
Environment and business regulation	109,078	93,705	(15,373)
Capital outlays	314,648	286,034	(28,614)
Total expenditures	2,275,197	1,681,106	(594,091)
(Deficiency) of revenues (under) expenditures	(2,275,197)	(1,681,106)	594,091
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Proceeds from general obligation bond issues	1,596,751	1,596,751	-
Operating transfers-in	1,000	1,000	-
Operating transfers-out	(1,000)	(1,000)	-
Total other sources of financial resources	1,596,751	1,596,751	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(678,446)	(84,355)	594,091
Budgetary fund balances, July 1, 2003	209,345	209,345	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (469,101)	\$ 124,990	\$ 594,091

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State of Illinois

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Bond Financed Funds - Department of Transportation**

For the Year Ended June 30, 2004 (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	\$ 485,997	\$ 386,380	\$ (99,617)	\$ 110,349	\$ 110,349	\$ -
Total expenditures	485,997	386,380	(99,617)	110,349	110,349	-
(Deficiency) of revenues (under) expenditures	(485,997)	(386,380)	99,617	(110,349)	(110,349)	-
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	396,529	396,529	-	82,232	82,232	-
Total other sources of financial resources	396,529	396,529	-	82,232	82,232	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(89,468)	10,149	99,617	(28,117)	(28,117)	-
Budgetary fund balances, July 1, 2003	69,707	69,707	-	40,901	40,901	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (19,761)	\$ 79,856	\$ 99,617	\$ 12,784	\$ 12,784	\$ -

	Total		
Final Budget	Actual	Variance Over (Under)	

\$ 596,346	\$ 496,729	\$ (99,617)
596,346	496,729	(99,617)

(596,346)	(496,729)	99,617
478,761	478,761	-
478,761	478,761	-

(117,585)	(17,968)	99,617
110,608	110,608	-

\$ (6,977)	\$ 92,640	\$ 99,617
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State of Illinois

**Combining Schedule of Expenditures, Other Sources and Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Bond Financed Funds - Capital Development Board**

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	\$ 12,251	\$ 12,095	\$ (156)	\$ 474,379	\$ 474,379	\$ -
General government	23,733	13,028	(10,705)			
Transportation	2,716	97	(2,619)			
Public protection and justice	31	31	-			
Employment and economic development	102,152	29,333	(72,819)			
Environment and business regulation	28,224	15,432	(12,792)			
Capital outlays	300,414	271,830	(28,584)			
Total expenditures	469,521	341,846	(127,675)	474,379	474,379	-
(Deficiency) of revenues (under) expenditures	(469,521)	(341,846)	127,675	(474,379)	(474,379)	-
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	280,414	280,414	-	420,786	420,786	-
Operating transfers-in	1,000	1,000	-			
Total other sources of financial resources	281,414	281,414	-	420,786	420,786	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(188,107)	(60,432)	127,675	(53,593)	(53,593)	-
Budgetary fund balances, July 1, 2003	55,714	55,714	-	59,321	59,321	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (132,393)	\$ (4,718)	\$ 127,675	\$ 5,728	\$ 5,728	\$ -

Total		
Final Budget	Actual	Variance Over (Under)

\$ 486,630	\$ 486,474	\$ (156)
23,733	13,028	(10,705)
2,716	97	(2,619)
31	31	-
102,152	29,333	(72,819)
28,224	15,432	(12,792)
300,414	271,830	(28,584)
943,900	816,225	(127,675)

(943,900)	(816,225)	127,675
701,200	701,200	-
1,000	1,000	-
702,200	702,200	-

(241,700)	(114,025)	127,675
115,035	115,035	-
\$ (126,665)	\$ 1,010	\$ 127,675

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, 2004 (Expressed in Thousands)

	General Obligation Bond, Retirement and Interest			Build Illinois Bond, Retirement and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 150	\$ -	\$ (150)			
Other	15,610	15,953	343	\$ 100	\$ 50	\$ (50)
Total revenues	15,760	15,953	193	100	50	(50)
EXPENDITURES:						
Debt service:						
Principal	2,728,237	2,602,337	(125,900)	260,000	255,054	(4,946)
Interest	1,019,834	1,019,834	-			
Total expenditures	3,748,071	3,622,171	(125,900)	260,000	255,054	(4,946)
(Deficiency) of revenues (under) expenditures	(3,732,311)	(3,606,218)	126,093	(259,900)	(255,004)	4,896
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	678,668	678,668	-			
Operating transfers-in	2,500,966	2,500,966	-	255,054	255,054	-
Total other sources of financial resources	3,179,634	3,179,634	-	255,054	255,054	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(552,677)	(426,584)	126,093	(4,846)	50	4,896
Budgetary fund balances, July 1, 2003	1,037,538	1,037,538	-	2,190	2,190	-
BUDGETARY FUND BALANCES, JUNE 30, 2004	\$ 484,861	\$ 610,954	\$ 126,093	\$ (2,656)	\$ 2,240	\$ 4,896

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 400	\$ 236	\$ (164)	\$ 150	\$ -	\$ (150)
400	236	(164)	16,260	16,239	(21)
14,500	13,869	(631)	3,002,737	2,871,260	(131,477)
			1,019,834	1,019,834	-
14,500	13,869	(631)	4,022,571	3,891,094	(131,477)
(14,100)	(13,633)	467	(4,006,311)	(3,874,855)	131,456
			678,668	678,668	-
13,990	13,990	-	2,770,010	2,770,010	-
13,990	13,990	-	3,448,678	3,448,678	-
(110)	357	467	(557,633)	(426,177)	131,456
10,270	10,270	-	1,049,998	1,049,998	-
\$ 10,160	\$ 10,627	\$ 467	\$ 492,365	\$ 623,821	\$ 131,456

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,278,205	\$ 1,149,415	\$ (128,790)	\$ 1,867,755	\$ 1,709,889	\$ (157,866)
Other	83,910	94,801	10,891	260	29	(231)
Less:						
Refunds	1,660	15	(1,645)			
Total revenues	1,360,455	1,244,201	(116,254)	1,868,015	1,709,918	(158,097)
EXPENDITURES:						
Current:						
Health and social services	1,220,309	906,708	(313,601)			
Education				2,059,212	1,628,192	(431,020)
General government	426	364	(62)	16	16	-
Transportation	105,520	105,520	-			
Public protection and justice				100,239	40,142	(60,097)
Employment and economic development	510,820	271,528	(239,292)			
Environment and business regulation				54,390	37,235	(17,155)
Debt service:						
Interest						
Capital outlays	10,634	1,952	(8,682)	1,605	628	(977)
Total expenditures	1,847,709	1,286,072	(561,637)	2,215,462	1,706,213	(509,249)
Excess (deficiency) of revenues over (under) expenditures	(487,254)	(41,871)	445,383	(347,447)	3,705	351,152
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	25,547	25,547	-			
Operating transfers-out	(5,398)	(5,398)	-	(21,441)	(21,441)	-
Total other sources (uses) of financial resources	20,149	20,149	-	(21,441)	(21,441)	-
Budgetary funds-nonbudgeted accounts	(6,166)	(6,166)	-	(1,950)	(1,950)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(473,271)	(27,888)	445,383	(370,838)	(19,686)	351,152
Budgetary fund balances (deficits), July 1, 2003	11,652	11,652	-	(83,948)	(83,948)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (461,619)	\$ (16,236)	\$ 445,383	\$ (454,786)	\$ (103,634)	\$ 351,152

Higher Education			Other			Total		
Illinois Student Assistance Commission								
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 139,315	\$ 54,336	\$ (84,979)	\$ 197,380	\$ 195,329	\$ (2,051)	\$ 3,482,655	\$ 3,108,969	\$ (373,686)
41,070	112,085	71,015	15,590	10,925	(4,665)	140,830	217,840	77,010
			930	11	(919)	2,590	26	(2,564)
180,385	166,421	(13,964)	212,040	206,243	(5,797)	3,620,895	3,326,783	(294,112)
			126,781	72,583	(54,198)	1,347,090	979,291	(367,799)
296,492	157,116	(139,376)	41,019	15,884	(25,135)	2,396,723	1,801,192	(595,531)
			12,585	7,441	(5,144)	13,027	7,821	(5,206)
			19,261	19,261	-	124,781	124,781	-
			394,244	53,513	(340,731)	494,483	93,655	(400,828)
			66,731	40,821	(25,910)	577,551	312,349	(265,202)
			23,671	17,331	(6,340)	78,061	54,566	(23,495)
			6,000	2,156	(3,844)	6,000	2,156	(3,844)
540	212	(328)	1,515	512	(1,003)	14,294	3,304	(10,990)
297,032	157,328	(139,704)	691,807	229,502	(462,305)	5,052,010	3,379,115	(1,672,895)
(116,647)	9,093	125,740	(479,767)	(23,259)	456,508	(1,431,115)	(52,332)	1,378,783
			5,423	5,423	-	30,970	30,970	-
(10)	(10)	-	(4,988)	(4,988)	-	(31,837)	(31,837)	-
(10)	(10)	-	435	435	-	(867)	(867)	-
			(2,977)	(2,977)	-	(11,093)	(11,093)	-
(116,657)	9,083	125,740	(482,309)	(25,801)	456,508	(1,443,075)	(64,292)	1,378,783
60,918	60,918	-	26,897	26,897	-	15,519	15,519	-
\$ (55,739)	\$ 70,001	\$ 125,740	\$ (455,412)	\$ 1,096	\$ 456,508	\$ (1,427,556)	\$ (48,773)	\$ 1,378,783

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, 2004 (Expressed in Thousands)

	Commerce and Economic Opportunity			Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 176,460	\$ 187,124	\$ 10,664	\$ 518,795	\$ 519,525	\$ 730
Other	40	45	5	71,595	67,624	(3,971)
Less:						
Refunds	1,070	2	(1,068)	215	-	(215)
Total revenues	175,430	187,167	11,737	590,175	587,149	(3,026)
EXPENDITURES:						
Current:						
Health and social services	200,000	109,015	(90,985)	798,473	624,347	(174,126)
General government				125	105	(20)
Transportation						
Employment and economic development	242,912	75,769	(167,143)			
Capital outlays	182	3	(179)	4,646	838	(3,808)
Total expenditures	443,094	184,787	(258,307)	803,244	625,290	(177,954)
Excess (deficiency) of revenues over (under) expenditures	(267,664)	2,380	270,044	(213,069)	(38,141)	174,928
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				25,547	25,547	-
Operating transfers-out	(3,019)	(3,019)	-			
Total other sources (uses) of financial resources	(3,019)	(3,019)	-	25,547	25,547	-
Budgetary funds-nonbudgeted accounts				(6,128)	(6,128)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(270,683)	(639)	270,044	(193,650)	(18,722)	174,928
Budgetary fund balances (deficits), July 1, 2003	(9,842)	(9,842)	-	15,212	15,212	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (280,525)	\$ (10,481)	\$ 270,044	\$ (178,438)	\$ (3,510)	\$ 174,928

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 582,950	\$ 442,766	\$ (140,184)	\$ 1,278,205	\$ 1,149,415	\$ (128,790)
12,275	27,132	14,857	83,910	94,801	10,891
375	13	(362)	1,660	15	(1,645)
594,850	469,885	(124,965)	1,360,455	1,244,201	(116,254)
221,836	173,346	(48,490)	1,220,309	906,708	(313,601)
301	259	(42)	426	364	(62)
105,520	105,520	-	105,520	105,520	-
267,908	195,759	(72,149)	510,820	271,528	(239,292)
5,806	1,111	(4,695)	10,634	1,952	(8,682)
601,371	475,995	(125,376)	1,847,709	1,286,072	(561,637)
(6,521)	(6,110)	411	(487,254)	(41,871)	445,383
(2,379)	(2,379)	-	25,547	25,547	-
(2,379)	(2,379)	-	(5,398)	(5,398)	-
(2,379)	(2,379)	-	20,149	20,149	-
(38)	(38)	-	(6,166)	(6,166)	-
(8,938)	(8,527)	411	(473,271)	(27,888)	445,383
6,282	6,282	-	11,652	11,652	-
\$ (2,656)	\$ (2,245)	\$ 411	\$ (461,619)	\$ (16,236)	\$ 445,383

State of Illinois

**Combining Schedule of Revenues, Expenditures, Other Uses of Financial Resources
and Changes in Budgetary Fund Balances - Budget and Actual (Non-GAAP)
Federal Trust Funds - Department of Commerce and Economic Opportunity**

For the Year Ended June 30, 2004 (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	\$ 103,595	\$ 112,511	\$ 8,916	\$ 32,755	\$ 29,010	\$ (3,745)
Other						
Less:						
Refunds	600	2	(598)	170	-	(170)
Total revenues	102,995	112,509	9,514	32,585	29,010	(3,575)
EXPENDITURES:						
Current:						
Health and social services	200,000	109,015	(90,985)			
Employment and economic development	3,743	1,328	(2,415)	76,067	28,015	(48,052)
Capital outlays	145	3	(142)	23	-	(23)
Total expenditures	203,888	110,346	(93,542)	76,090	28,015	(48,075)
Excess (deficiency) of revenues over (under) expenditures	(100,893)	2,163	103,056	(43,505)	995	44,500
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(2,362)	(2,362)	-	(59)	(59)	-
Total other (uses) of financial resources	(2,362)	(2,362)	-	(59)	(59)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(103,255)	(199)	103,056	(43,564)	936	44,500
Budgetary fund (deficits), July 1, 2003	(4,565)	(4,565)	-	(2,954)	(2,954)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2004	\$ (107,820)	\$ (4,764)	\$ 103,056	\$ (46,518)	\$ (2,018)	\$ 44,500

Community Development/ Small Cities Block Grant			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 40,110	\$ 45,603	\$ 5,493	\$ 176,460	\$ 187,124	\$ 10,664
40	45	5	40	45	5
300	-	(300)	1,070	2	(1,068)
39,850	45,648	5,798	175,430	187,167	11,737
			200,000	109,015	(90,985)
163,102	46,426	(116,676)	242,912	75,769	(167,143)
14	-	(14)	182	3	(179)
163,116	46,426	(116,690)	443,094	184,787	(258,307)
(123,266)	(778)	122,488	(267,664)	2,380	270,044
(598)	(598)	-	(3,019)	(3,019)	-
(598)	(598)	-	(3,019)	(3,019)	-
(123,864)	(1,376)	122,488	(270,683)	(639)	270,044
(2,323)	(2,323)	-	(9,842)	(9,842)	-
\$ (126,187)	\$ (3,699)	\$ 122,488	\$ (280,525)	\$ (10,481)	\$ 270,044

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, 2004 (Expressed in Thousands)

	Vocational Rehabilitation			Employment and Training		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 112,415	\$ 110,794	\$ (1,621)	\$ 1,215	\$ 27,734	\$ 26,519
Other	485	331	(154)			
Less:						
Refunds	5	-	(5)			
Total revenues	112,895	111,125	(1,770)	1,215	27,734	26,519
EXPENDITURES:						
Current:						
Health and social services	133,406	111,071	(22,335)	86,455	27,940	(58,515)
General government	125	105	(20)			
Capital outlays	2,534	643	(1,891)			
Total expenditures	136,065	111,819	(24,246)	86,455	27,940	(58,515)
Excess (deficiency) of revenues over (under) expenditures	(23,170)	(694)	22,476	(85,240)	(206)	85,034
OTHER SOURCES OF FINANCIAL RESOURCES:						
Operating transfers-in						
Total other sources of financial resources						
Budgetary funds-nonbudgeted accounts	(48)	(48)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-nonbudgeted accounts	(23,218)	(742)	22,476	(85,240)	(206)	85,034
Budgetary fund balances (deficits), July 1, 2003	967	967	-	1,656	1,656	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (22,251)	\$ 225	\$ 22,476	\$ (83,584)	\$ 1,450	\$ 85,034

DHS Special Purpose Trust			Old Age Survivors Insurance			USDA Women, Infants and Children		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 161,640	\$ 115,764	\$ (45,876)	\$ 57,225	\$ 59,771	\$ 2,546	\$ 163,800	\$ 176,045	\$ 12,245
810	410	(400)	100	-	(100)	70,200	66,883	(3,317)
						200	-	(200)
162,450	116,174	(46,276)	57,325	59,771	2,446	233,800	242,928	9,128
219,780	163,679	(56,101)	77,400	58,864	(18,536)	249,707	238,775	(10,932)
13	2	(11)	1,820	124	(1,696)	279	69	(210)
219,793	163,681	(56,112)	79,220	58,988	(20,232)	249,986	238,844	(11,142)
(57,343)	(47,507)	9,836	(21,895)	783	22,678	(16,186)	4,084	20,270
25,547	25,547	-						
25,547	25,547	-						
(6,080)	(6,080)	-						
(37,876)	(28,040)	9,836	(21,895)	783	22,678	(16,186)	4,084	20,270
28,802	28,802	-	(2,561)	(2,561)	-	(4,675)	(4,675)	-
\$ (9,074)	\$ 762	\$ 9,836	\$ (24,456)	\$ (1,778)	\$ 22,678	\$ (20,861)	\$ (591)	\$ 20,270

(continued)

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, 2004 (Expressed in Thousands)

(continued)

	Maternal and Child Health Services Block Grant			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 22,500	\$ 29,417	\$ 6,917	\$ 518,795	\$ 519,525	\$ 730
Other				71,595	67,624	(3,971)
Less:						
Refunds	10	-	(10)	215	-	(215)
Total revenues	22,490	29,417	6,927	590,175	587,149	(3,026)
EXPENDITURES:						
Current:						
Health and social services	31,725	24,018	(7,707)	798,473	624,347	(174,126)
General government				125	105	(20)
Capital outlays				4,646	838	(3,808)
Total expenditures	31,725	24,018	(7,707)	803,244	625,290	(177,954)
Excess (deficiency) of revenues over (under) expenditures	(9,235)	5,399	14,634	(213,069)	(38,141)	174,928
OTHER SOURCES OF FINANCIAL RESOURCES:						
Operating transfers-in				25,547	25,547	-
Total other sources of financial resources				25,547	25,547	-
Budgetary funds-nonbudgeted accounts				(6,128)	(6,128)	-
Excess (deficiency) of revenues over (under) expenditures, other sources of financial resources and budgetary funds-nonbudgeted accounts	(9,235)	5,399	14,634	(193,650)	(18,722)	174,928
Budgetary fund balances (deficits), July 1, 2003	(8,977)	(8,977)	-	15,212	15,212	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (18,212)	\$ (3,578)	\$ 14,634	\$ (178,438)	\$ (3,510)	\$ 174,928

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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) Federal Trust Funds - Other Code Departments

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Employment Security			Public Health		
	Title III Social Security & Employment Service			Public Health Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 348,445	\$ 188,183	\$ (160,262)	\$ 70,500	\$ 109,630	\$ 39,130
Other	10,775	5,730	(5,045)	1,500	679	(821)
Less:						
Refunds	300	13	(287)	75	-	(75)
Total revenues	358,920	193,900	(165,020)	71,925	110,309	38,384
EXPENDITURES:						
Current:						
Health and social services				155,767	116,629	(39,138)
General government	301	259	(42)			
Transportation						
Employment and economic development	267,908	195,759	(72,149)			
Capital outlays	4,115	567	(3,548)	1,690	543	(1,147)
Total expenditures	272,324	196,585	(75,739)	157,457	117,172	(40,285)
Excess (deficiency) of revenues over (under) expenditures	86,596	(2,685)	(89,281)	(85,532)	(6,863)	78,669
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(2,379)	(2,379)	-			
Total other (uses) of financial resources	(2,379)	(2,379)	-			
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	84,217	(5,064)	(89,281)	(85,532)	(6,863)	78,669
Budgetary fund balances (deficits), July 1, 2003	20,303	20,303	-	(5,733)	(5,733)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ 104,520	\$ 15,239	\$ (89,281)	\$ (91,265)	\$ (12,596)	\$ 78,669

Transportation			Aging			Total		
Federal/Local Airport			Services for Older Americans					
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 109,665	\$ 86,624	\$ (23,041)	\$ 54,340	\$ 58,329	\$ 3,989	\$ 582,950	\$ 442,766	\$ (140,184)
-	20,723	20,723				12,275	27,132	14,857
						375	13	(362)
109,665	107,347	(2,318)	54,340	58,329	3,989	594,850	469,885	(124,965)
			66,069	56,717	(9,352)	221,836	173,346	(48,490)
						301	259	(42)
105,520	105,520	-				105,520	105,520	-
						267,908	195,759	(72,149)
			1	1	-	5,806	1,111	(4,695)
105,520	105,520	-	66,070	56,718	(9,352)	601,371	475,995	(125,376)
4,145	1,827	(2,318)	(11,730)	1,611	13,341	(6,521)	(6,110)	411
						(2,379)	(2,379)	-
						(2,379)	(2,379)	-
			(38)	(38)	-	(38)	(38)	-
4,145	1,827	(2,318)	(11,768)	1,573	13,341	(8,938)	(8,527)	411
2,557	2,557	-	(10,845)	(10,845)	-	6,282	6,282	-
\$ 6,702	\$ 4,384	\$ (2,318)	\$ (22,613)	\$ (9,272)	\$ 13,341	\$ (2,656)	\$ (2,245)	\$ 411

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, 2004(Expressed in Thousands)

	State Board of Education			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,780,000	\$ 1,629,939	\$ (150,061)	\$ 87,755	\$ 79,950	\$ (7,805)
Other				260	29	(231)
Total revenues	1,780,000	1,629,939	(150,061)	88,015	79,979	(8,036)
EXPENDITURES:						
Current:						
Education	2,059,212	1,628,192	(431,020)			
General government				16	16	-
Public protection and justice				100,239	40,142	(60,097)
Environment and business regulation				54,390	37,235	(17,155)
Capital outlays	459	180	(279)	1,146	448	(698)
Total expenditures	2,059,671	1,628,372	(431,299)	155,791	77,841	(77,950)
Excess (deficiency) of revenues over (under) expenditures	(279,671)	1,567	281,238	(67,776)	2,138	69,914
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(21,441)	(21,441)	-			
Total other (uses) of financial resources	(21,441)	(21,441)	-			
Budgetary funds-nonbudgeted accounts	(1,950)	(1,950)	-			
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(303,062)	(21,824)	281,238	(67,776)	2,138	69,914
Budgetary fund (deficits), July 1, 2003	(80,318)	(80,318)	-	(3,630)	(3,630)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2004	\$ (383,380)	\$ (102,142)	\$ 281,238	\$ (71,406)	\$ (1,492)	\$ 69,914

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,867,755	\$ 1,709,889	\$ (157,866)
260	29	(231)
1,868,015	1,709,918	(158,097)

2,059,212	1,628,192	(431,020)
16	16	-
100,239	40,142	(60,097)
54,390	37,235	(17,155)
1,605	628	(977)
2,215,462	1,706,213	(509,249)
(347,447)	3,705	351,152

(21,441)	(21,441)	-
(21,441)	(21,441)	-
(1,950)	(1,950)	-

(370,838)	(19,686)	351,152
(83,948)	(83,948)	-
\$ (454,786)	\$ (103,634)	\$ 351,152

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, 2004 (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	\$ 430,000	\$ 422,346	\$ (7,654)	\$ 1,350,000	\$ 1,207,593	\$ (142,407)
Total revenues	430,000	422,346	(7,654)	1,350,000	1,207,593	(142,407)
EXPENDITURES:						
Current:						
Education	433,905	415,261	(18,644)	1,625,307	1,212,931	(412,376)
Capital outlays	75	50	(25)	384	130	(254)
Total expenditures	433,980	415,311	(18,669)	1,625,691	1,213,061	(412,630)
Excess (deficiency) of revenues over (under) expenditures	(3,980)	7,035	11,015	(275,691)	(5,468)	270,223
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(21,441)	(21,441)	-
Total other (uses) of financial resources				(21,441)	(21,441)	-
Budgetary funds-nonbudgeted accounts	(17)	(17)	-	(1,933)	(1,933)	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(3,997)	7,018	11,015	(299,065)	(28,842)	270,223
Budgetary fund (deficits), July 1, 2003	(36,906)	(36,906)	-	(43,412)	(43,412)	-
BUDGETARY FUND (DEFICITS), JUNE 30, 2004	\$ (40,903)	\$ (29,888)	\$ 11,015	\$ (342,477)	\$ (72,254)	\$ 270,223

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,780,000	\$ 1,629,939	\$ (150,061)
1,780,000	1,629,939	(150,061)
2,059,212	1,628,192	(431,020)
459	180	(279)
2,059,671	1,628,372	(431,299)
(279,671)	1,567	281,238
(21,441)	(21,441)	-
(21,441)	(21,441)	-
(1,950)	(1,950)	-
(303,062)	(21,824)	281,238
(80,318)	(80,318)	-
\$ (383,380)	\$ (102,142)	\$ 281,238

State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	U. S. Environmental Protection			Criminal Justice Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 31,275	\$ 38,943	\$ 7,668	\$ 56,480	\$ 41,007	\$ (15,473)
Other	260	4	(256)	-	25	25
Total revenues	31,535	38,947	7,412	56,480	41,032	(15,448)
EXPENDITURES:						
Current:						
General government				16	16	-
Public protection and justice				100,239	40,142	(60,097)
Environment and business regulation	54,390	37,235	(17,155)			
Capital outlays	1,146	448	(698)			
Total expenditures	55,536	37,683	(17,853)	100,255	40,158	(60,097)
Excess (deficiency) of revenues over (under) expenditures	(24,001)	1,264	25,265	(43,775)	874	44,649
Budgetary fund (deficits), July 1, 2003	(430)	(430)	-	(3,200)	(3,200)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (24,431)	\$ 834	\$ 25,265	\$ (46,975)	\$ (2,326)	\$ 44,649

Total		
Final Budget	Actual	Variance Over (Under)
\$ 87,755	\$ 79,950	\$ (7,805)
260	29	(231)
88,015	79,979	(8,036)

16	16	-
100,239	40,142	(60,097)
54,390	37,235	(17,155)
1,146	448	(698)
155,791	77,841	(77,950)

(67,776)	2,138	69,914
(3,630)	(3,630)	-
\$ (71,406)	\$ (1,492)	\$ 69,914

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, 2004 (Expressed in Thousands)

	Federal Student Loan			Student Loan Operation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 139,315	\$ 54,336	\$ (84,979)			
Other	-	73,043	73,043	\$ 41,070	\$ 39,042	\$ (2,028)
Total revenues	139,315	127,379	(11,936)	41,070	39,042	(2,028)
EXPENDITURES:						
Current:						
Education	220,000	115,532	(104,468)	76,492	41,584	(34,908)
Capital outlays				540	212	(328)
Total expenditures	220,000	115,532	(104,468)	77,032	41,796	(35,236)
Excess (deficiency) of revenues over (under) expenditures	(80,685)	11,847	92,532	(35,962)	(2,754)	33,208
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(10)	(10)	-
Total other (uses) of financial resources				(10)	(10)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(80,685)	11,847	92,532	(35,972)	(2,764)	33,208
Budgetary fund balances, July 1, 2003	33,856	33,856	-	27,062	27,062	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (46,829)	\$ 45,703	\$ 92,532	\$ (8,910)	\$ 24,298	\$ 33,208

Total		
Final Budget	Actual	Variance Over (Under)
\$ 139,315	\$ 54,336	\$ (84,979)
41,070	112,085	71,015
180,385	166,421	(13,964)

296,492	157,116	(139,376)
540	212	(328)
297,032	157,328	(139,704)

(116,647)	9,093	125,740
(10)	(10)	-
(10)	(10)	-

(116,657)	9,083	125,740
60,918	60,918	-

\$ (55,739)	\$ 70,001	\$ 125,740
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State of Illinois

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

For the Year Ended June 30, 2004 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ -	\$ 430	\$ 430			
Other	347,254	354,132	6,878	\$ 45,815	\$ 65,093	\$ 19,278
Less:						
Refunds	8,292	171	(8,121)	30	22	(8)
Total revenues	338,962	354,391	15,429	45,785	65,071	19,286
EXPENDITURES:						
Current:						
General government	419,612	242,876	(176,736)			
Transportation						
Public protection and justice				57,349	43,817	(13,532)
Capital outlays	1,547	774	(773)	3,950	1,194	(2,756)
Total expenditures	421,159	243,650	(177,509)	61,299	45,011	(16,288)
Excess (deficiency) of revenues over (under) expenditures	(82,197)	110,741	192,938	(15,514)	20,060	35,574
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	2,667	2,667	-			
Operating transfers-out	(62,305)	(62,305)	-	(62)	(62)	-
Total other sources (uses) of financial resources	(59,638)	(59,638)	-	(62)	(62)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(141,835)	51,103	192,938	(15,576)	19,998	35,574
Budgetary fund balances (deficits), July 1, 2003	13,426	13,426	-	(1,453)	(1,453)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (128,409)	\$ 64,529	\$ 192,938	\$ (17,029)	\$ 18,545	\$ 35,574

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 4,775	\$ 5,418	\$ 643	\$ -	\$ 430	\$ 430
10	-	(10)	397,844	424,643	26,799
4,765	5,418	653	8,332	193	(8,139)
4,765	5,418	653	389,512	424,880	35,368
5,412	3,703	(1,709)	425,024	246,579	(178,445)
800	702	(98)	800	702	(98)
246	172	(74)	57,349	43,817	(13,532)
6,458	4,577	(1,881)	5,743	2,140	(3,603)
6,458	4,577	(1,881)	488,916	293,238	(195,678)
(1,693)	841	2,534	(99,404)	131,642	231,046
(102)	(102)	-	2,667	2,667	-
(102)	(102)	-	(62,469)	(62,469)	-
(102)	(102)	-	(59,802)	(59,802)	-
(1,795)	739	2,534	(159,206)	71,840	231,046
1,009	1,009	-	12,982	12,982	-
\$ (786)	\$ 1,748	\$ 2,534	\$ (146,224)	\$ 84,822	\$ 231,046

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, 2004 (Expressed in Thousands)

	State Garage			Statistical Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ -	\$ 7	\$ 7	\$ 59,865	\$ 84,689	\$ 24,824
Other	38,545	35,752	(2,793)			
Less:						
Refunds	10	-	(10)	8,000	10	(7,990)
Total revenues	38,535	35,759	(2,776)	51,865	84,679	32,814
EXPENDITURES:						
Current:						
General government	43,254	32,370	(10,884)	133,773	64,968	(68,805)
Capital outlays	1,133	610	(523)	188	39	(149)
Total expenditures	44,387	32,980	(11,407)	133,961	65,007	(68,954)
Excess (deficiency) of revenues over (under) expenditures	(5,852)	2,779	8,631	(82,096)	19,672	101,768
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(2)	(2)	-	(148)	(148)	-
Total other sources (uses) of financial resources	(2)	(2)	-	(148)	(148)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(5,854)	2,777	8,631	(82,244)	19,524	101,768
Budgetary fund balances (deficits), July 1, 2003	(4,900)	(4,900)	-	3,635	3,635	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (10,754)	\$ (2,123)	\$ 8,631	\$ (78,609)	\$ 23,159	\$ 101,768

Communications			Efficiency Initiatives			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ -	\$ 423	\$ 423	\$ 109,979	\$ 109,979	\$ -	\$ -	\$ 430	\$ 430
138,865	123,712	(15,153)				347,254	354,132	6,878
282	161	(121)				8,292	171	(8,121)
138,583	123,974	(14,609)	109,979	109,979	-	338,962	354,391	15,429
179,385	108,187	(71,198)	63,200	37,351	(25,849)	419,612	242,876	(176,736)
226	125	(101)				1,547	774	(773)
179,611	108,312	(71,299)	63,200	37,351	(25,849)	421,159	243,650	(177,509)
(41,028)	15,662	56,690	46,779	72,628	25,849	(82,197)	110,741	192,938
2,667	2,667	-				2,667	2,667	-
(3,306)	(3,306)	-	(58,849)	(58,849)	-	(62,305)	(62,305)	-
(639)	(639)	-	(58,849)	(58,849)	-	(59,638)	(59,638)	-
(41,667)	15,023	56,690	(12,070)	13,779	25,849	(141,835)	51,103	192,938
14,691	14,691	-				13,426	13,426	-
\$ (26,976)	\$ 29,714	\$ 56,690	\$ (12,070)	\$ 13,779	\$ 25,849	\$ (128,409)	\$ 64,529	\$ 192,938

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, 2004 (Expressed in Thousands)

	Code Departments			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes	\$ -	\$ 491,236	\$ 491,236			
Motor fuel taxes	-	29,155	29,155			
Public utility taxes	-	246,051	246,051			
Federal government	16,065	30,801	14,736	\$ 31,165	\$ 22,169	\$ (8,996)
Other	439,453	913,917	474,464	38,945	31,658	(7,287)
Less:						
Refunds	200	99	(101)			
Total revenues	455,318	1,711,061	1,255,743	70,110	53,827	(16,283)
EXPENDITURES:						
Current:						
Health and Social Services	140,618	126,517	(14,101)	12,662	6,884	(5,778)
General government	216,668	136,975	(79,693)	21,686	19,195	(2,491)
Public protection and justice				3,725	1,600	(2,125)
Employment and economic development				43	20	(23)
Environment and business regulation				14,564	6,268	(8,296)
Capital outlays	518	273	(245)	3	2	(1)
Total expenditures	357,804	263,765	(94,039)	52,683	33,969	(18,714)
Excess of revenues over expenditures	97,514	1,447,296	1,349,782	17,427	19,858	2,431
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				6,802	6,802	-
Operating transfers-out	(266,300)	(266,300)	-	(3,383)	(3,383)	-
Total other sources (uses) of financial resources	(266,300)	(266,300)	-	3,419	3,419	-
Budgetary funds-nonbudgeted accounts	(1,199,000)	(1,199,000)	-	(15,677)	(15,677)	-
Excess of revenues over expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(1,367,786)	(18,004)	1,349,782	5,169	7,600	2,431
Budgetary fund balances, July 1, 2003	124,661	124,661	-	28,837	28,837	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (1,243,125)	\$ 106,657	\$ 1,349,782	\$ 34,006	\$ 36,437	\$ 2,431

Total		
Final Budget	Actual	Variance Over (Under)
\$ -	\$ 491,236	\$ 491,236
-	29,155	29,155
-	246,051	246,051
47,230	52,970	5,740
478,398	945,575	467,177
200	99	(101)
525,428	1,764,888	1,239,460
153,280	133,401	(19,879)
238,354	156,170	(82,184)
3,725	1,600	(2,125)
43	20	(23)
14,564	6,268	(8,296)
521	275	(246)
410,487	297,734	(112,753)
114,941	1,467,154	1,352,213
6,802	6,802	-
(269,683)	(269,683)	-
(262,881)	(262,881)	-
(1,214,677)	(1,214,677)	-
(1,362,617)	(10,404)	1,352,213
153,498	153,498	-
\$ (1,209,119)	\$ 143,094	\$ 1,352,213

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, 2004 (Expressed in Thousands)

	Central Management Services			Human Services		
	Final Budget	Actual	Variance Over (Under)	Early Intervention Services	Revolving	Variance Over (Under)
REVENUES:						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 5	\$ 6	\$ 1	\$ 16,060	\$ 21,431	\$ 5,371
Other	169,360	275,667	106,307	64,240	67,913	3,673
Less:						
Refunds				100	99	(1)
Total revenues	169,365	275,673	106,308	80,200	89,245	9,045
EXPENDITURES:						
Current:						
Health and social services				120,000	109,211	(10,789)
General government	215,710	136,091	(79,619)			
Capital outlays	18	-	(18)			
Total expenditures	215,728	136,091	(79,637)	120,000	109,211	(10,789)
Excess (deficiency) of revenues over (under) expenditures	(46,363)	139,582	185,945	(39,800)	(19,966)	19,834
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(3,447)	(3,447)	-	(6,450)	(6,450)	-
Total other (uses) of financial resources	(3,447)	(3,447)	-	(6,450)	(6,450)	-
Budgetary funds-nonbudgeted accounts	(136,152)	(136,152)	-			
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(185,962)	(17)	185,945	(46,250)	(26,416)	19,834
Budgetary fund balances, July 1, 2003	5,456	5,456	-	30,610	30,610	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (180,506)	\$ 5,439	\$ 185,945	\$ (15,640)	\$ 4,194	\$ 19,834

Public Aid			Revenue			Total		
Public Aid Recoveries Trust								
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ -	\$ 491,236	\$ 491,236	\$ -	\$ 491,236	\$ 491,236
			-	29,155	29,155	-	29,155	29,155
			-	246,051	246,051	-	246,051	246,051
\$ -	\$ 9,364	\$ 9,364				16,065	30,801	14,736
204,795	569,902	365,107	1,058	435	(623)	439,453	913,917	474,464
			100	-	(100)	200	99	(101)
204,795	579,266	374,471	958	766,877	765,919	455,318	1,711,061	1,255,743
20,618	17,306	(3,312)				140,618	126,517	(14,101)
			958	884	(74)	216,668	136,975	(79,693)
500	273	(227)				518	273	(245)
21,118	17,579	(3,539)	958	884	(74)	357,804	263,765	(94,039)
183,677	561,687	378,010	-	765,993	765,993	97,514	1,447,296	1,349,782
(256,403)	(256,403)	-				(266,300)	(266,300)	-
(256,403)	(256,403)	-				(266,300)	(266,300)	-
(301,568)	(301,568)	-	(761,280)	(761,280)	-	(1,199,000)	(1,199,000)	-
(374,294)	3,716	378,010	(761,280)	4,713	765,993	(1,367,786)	(18,004)	1,349,782
6,264	6,264	-	82,331	82,331	-	124,661	124,661	-
\$ (368,030)	\$ 9,980	\$ 378,010	\$ (678,949)	\$ 87,044	\$ 765,993	\$ (1,243,125)	\$ 106,657	\$ 1,349,782

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, 2004 (Expressed in Thousands)

	Local Government			Group Insurance Premium		
	Health Insurance Reserve		Variance Over (Under)	Group Insurance Premium		Variance Over (Under)
	Final Budget	Actual		Final Budget	Actual	
REVENUES:						
Federal government				\$ 5	\$ 6	\$ 1
Other	\$ 102,645	\$ 74,027	\$ (28,618)	65,705	65,509	(196)
Total revenues	102,645	74,027	(28,618)	65,710	65,515	(195)
EXPENDITURES:						
Current:						
General government	137,357	69,364	(67,993)	76,496	65,474	(11,022)
Capital outlays	18	-	(18)			
Total expenditures	137,375	69,364	(68,011)	76,496	65,474	(11,022)
Excess (deficiency) of revenues over (under) expenditures	(34,730)	4,663	39,393	(10,786)	41	10,827
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(2,066)	(2,066)	-	(1,325)	(1,325)	-
Total other (uses) of financial resources	(2,066)	(2,066)	-	(1,325)	(1,325)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(36,796)	2,597	39,393	(12,111)	(1,284)	10,827
Budgetary fund balances (deficits), July 1, 2003	3,939	3,939	-	(3,113)	(3,113)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (32,857)	\$ 6,536	\$ 39,393	\$ (15,224)	\$ (4,397)	\$ 10,827

State Employees Deferred Compensation Plan			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,010	\$ 136,131	\$ 135,121	\$ 169,360	\$ 275,667	\$ 106,307
1,010	136,131	135,121	169,365	275,673	106,308
1,857	1,253	(604)	215,710	136,091	(79,619)
			18	-	(18)
1,857	1,253	(604)	215,728	136,091	(79,637)
(847)	134,878	135,725	(46,363)	139,582	185,945
(56)	(56)	-	(3,447)	(3,447)	-
(56)	(56)	-	(3,447)	(3,447)	-
(136,152)	(136,152)	-	(136,152)	(136,152)	-
(137,055)	(1,330)	135,725	(185,962)	(17)	185,945
4,630	4,630	-	5,456	5,456	-
\$ (132,425)	\$ 3,300	\$ 135,725	\$ (180,506)	\$ 5,439	\$ 185,945

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, 2004 (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	\$ -	\$ 491,236	\$ 491,236			
Motor fuel taxes				\$ -	\$ 29,155	\$ 29,155
Public utility taxes						
Other	385	384	(1)	573	51	(522)
Less:						
Refunds						
Total revenues	385	491,620	491,235	573	29,206	28,633
EXPENDITURES:						
Current:						
General government	385	368	(17)	573	516	(57)
Total expenditures	385	368	(17)	573	516	(57)
Excess of revenues over expenditures	-	491,252	491,252	-	28,690	28,690
Budgetary funds-nonbudgeted accounts	(489,312)	(489,312)	-	(28,698)	(28,698)	-
Excess (deficiency) of revenues over (under) expenditures and budgetary funds-nonbudgeted accounts	(489,312)	1,940	491,252	(28,698)	(8)	28,690
Budgetary fund balances, July 1, 2003	42,285	42,285	-	5,512	5,512	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2004	\$ (447,027)	\$ 44,225	\$ 491,252	\$ (23,186)	\$ 5,504	\$ 28,690

Municipal Telecommunications			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
		\$ -	\$ -	\$ 491,236	\$ 491,236
		-	-	29,155	29,155
\$ -	\$ 246,051	\$ 246,051	-	246,051	246,051
100	-	(100)	1,058	435	(623)
100	-	(100)	100	-	(100)
-	246,051	246,051	958	766,877	765,919
			958	884	(74)
			958	884	(74)
-	246,051	246,051	-	765,993	765,993
(243,270)	(243,270)	-	(761,280)	(761,280)	-
(243,270)	2,781	246,051	(761,280)	4,713	765,993
34,534	34,534	-	82,331	82,331	-
\$ (208,736)	\$ 37,315	\$ 246,051	\$ (678,949)	\$ 87,044	\$ 765,993

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Statistical Section

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - GAAP Basis
All Governmental Funds ****

For the Last Ten Fiscal Years (Expressed in Thousands)

	2004	2003	2002	2001	2000
REVENUES					
Income taxes.....	\$ 9,029,052	\$ 8,385,257	\$ 8,644,140	\$ 9,608,337	\$ 9,675,448
Sales taxes.....	8,943,652	8,350,521	8,306,372	8,325,208	8,209,197
Motor fuel taxes.....	1,408,961	1,377,995	1,355,665	1,357,756	1,342,733
Public utility taxes.....	1,489,459	1,613,052	1,537,288	1,593,448	1,492,889
Other taxes.....	2,651,400	2,602,379	2,319,230	3,301,888	3,314,767
Federal government.....	13,189,532	11,873,142	11,072,398	10,702,331	10,139,165
Licenses and fees.....	2,098,169	1,675,796	1,707,395	1,642,976	1,526,711
Interest and other investment income.....	90,767	124,535	223,729	661,425	647,980
Other.....	2,374,839	2,162,727	1,722,982	2,191,187	2,065,411
Total revenues	41,275,831	38,165,404	36,889,199	39,384,556	38,414,301
EXPENDITURES					
Current:					
Health and social services.....	17,530,543	16,052,959	15,474,137	14,494,886	12,310,235
Education.....	17,657,733	11,352,381	11,109,860	9,030,564	8,667,910
General government.....	2,334,178	2,215,205	5,614,361	5,624,824	6,808,005
Employment and economic development *.....	1,210,387	1,312,450	1,246,520	2,729,933	
Social assistance.....					2,675,866
Transportation.....	2,476,962	2,703,536	2,759,248	3,586,787	3,290,098
Public protection and justice.....	2,429,820	2,052,585	2,151,636	1,976,867	2,011,188
Environment and business regulation *.....	751,348	827,500	745,643	690,984	
Natural resources and recreation.....					514,687
Debt service:					
Principal.....	670,658	743,101	670,600	574,394	529,512
Interest.....	1,027,572	491,821	406,415	499,304	447,467
Capital outlays.....	1,629,097	1,754,708	1,787,562	581,110	544,757
Intergovernmental.....	3,692,077	3,483,426			
Total expenditures	51,410,375	42,989,672	41,965,982	39,789,653	37,799,725
Excess (deficiency) of revenues over (under) expenditures	(10,134,544)	(4,824,268)	(5,076,783)	(405,097)	614,576
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligations bonds issued, including premiums (discounts).....	1,601,773	12,008,240	1,717,192	1,315,985	988,143
General and special obligation refunding bonds issued, including premiums (discounts).....	680,346	760,598	704,314	301,993	
Transfers-in.....	10,483,919	7,483,702	5,332,536	5,682,812	5,470,623
Transfers from component units.....				588	174
Transfers-out.....	(9,887,809)	(6,954,991)	(4,799,657)	(5,198,969)	(4,934,893)
Transfers to component units.....				(1,762,903)	(1,420,116)
Capital lease financing.....	2,512	4,415	21,829	33,131	18,187
Payment to refunded bond escrow agent.....	(678,668)	(757,330)	(697,084)	(301,988)	
Proceeds from certificates of participation.....					34,155
Proceeds from other long-term obligations.....	6,542	8,778	7,080	24,858	
Net other sources (uses) of financial resources	2,208,615	12,553,412	2,286,210	95,507	156,273
Net change in fund balances	\$ (7,925,929)	\$ 7,729,144	\$ (2,790,573)	\$ (309,590)	\$ 770,849

* Functional expense categories were revised in fiscal year 2001.

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

	1999	1998	1997	1996	1995
\$	9,250,492	\$ 8,810,664	\$ 7,931,647	\$ 7,350,286	\$ 6,862,484
	7,688,996	7,167,852	6,823,157	6,520,321	6,271,692
	1,306,238	1,287,585	1,231,754	1,197,288	1,154,482
	1,437,604	1,207,894	1,092,681	1,047,020	985,016
	3,121,697	2,774,555	2,854,650	2,901,397	3,266,077
	9,355,944	8,950,849	8,909,679	8,409,885	8,639,857
	1,156,885	1,093,463	1,078,001	1,020,758	1,001,099
	586,270	421,478	359,404	351,718	311,898
	1,458,372	1,551,962	1,395,495	1,099,356	1,035,374
	<u>35,362,498</u>	<u>33,266,302</u>	<u>31,676,468</u>	<u>29,898,029</u>	<u>29,527,979</u>
	10,891,395	9,963,460	9,289,837	8,732,071	8,623,643
	7,540,069	6,785,608	6,131,774	5,752,793	5,395,845
	5,988,951	5,565,134	4,986,851	4,917,335	4,571,183
	3,233,091	3,539,969	3,873,387	4,131,674	3,995,466
	2,566,850	2,649,178	2,697,520	2,627,170	2,713,372
	1,899,057	1,678,187	1,613,345	1,481,413	1,437,874
	452,290	414,082	418,567	364,848	388,607
	531,373	522,953	501,299	456,350	443,676
	432,128	443,161	442,578	433,587	444,490
	344,516	342,900	374,703	366,518	290,361
	<u>33,879,720</u>	<u>31,904,632</u>	<u>30,329,861</u>	<u>29,263,759</u>	<u>28,304,517</u>
	1,482,778	1,361,670	1,346,607	634,270	1,223,462
	661,539	597,428	406,473	728,944	776,220
	173,179	308,738	84,803	318,040	
	6,382,561	4,545,916	4,460,454	4,395,048	4,149,874
	15	247	777	18	40
	(5,866,140)	(4,040,335)	(3,876,480)	(3,790,475)	(3,564,180)
	(1,572,189)	(1,492,592)	(1,423,032)	(1,402,746)	(1,377,869)
	23,667	11,990	19,249	26,411	10,711
	(173,179)	(308,738)	(84,803)	(318,040)	
				90,052	18,802
	<u>(370,547)</u>	<u>(377,346)</u>	<u>(412,559)</u>	<u>47,252</u>	<u>13,598</u>
\$	<u>1,112,231</u>	<u>\$ 984,324</u>	<u>\$ 934,048</u>	<u>\$ 681,522</u>	<u>\$ 1,237,060</u>

State of Illinois

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

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

For the Year Ended June 30	Principal	Interest	Total Debt Service	Revenues	Ratio	Expenditures	Ratio
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
2004	632,382	994,066	1,626,448	41,275,831	3.94	51,410,375	3.16

State of Illinois

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

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

For the Year Ended June 30	Population	Equalized Assessed Value	General and Special Obligation Bond Debt			Net General and Special Obligation Bond Debt	
			Total	Less Debt Service Fund	Net	Ratio to Assessed Value	Per Capita
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	262,165,774	21,691,141	1,187,817	20,503,324	7.82	1,620.30
2004	12,714	(a)	22,680,528	779,363	21,901,165		1,720.99

(a) equalized assessed value data is not available

**Source: Illinois Property Tax Statistics - Illinois Department of Revenue,
U.S. Department of Commerce, Bureau of the Census.**

State of Illinois

**Revenue Bond Coverage
Proprietary**

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

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2004	38,018	11,580	26,438	8,350	7,423	15,773	1.68
Illinois Student Assistance Commission -							
1995	\$ 117,416 (b)	\$ 14,142	\$ 103,274	\$ 61,720 (b)	\$ 44,596	\$ 106,316	0.97 %
1996	124,164 (c)	15,338	108,826	61,025 (c)	47,692	108,717	1.00
1997	144,930 (d)	20,078	124,852	76,165 (d)	51,995	128,160	0.97
1998	107,397 (e)	21,125	86,272	29,995 (e)	57,604	87,599	0.98
1999	130,741 (f)	22,613	108,128	39,320 (f)	63,494	102,814	1.05
2000	149,636 (g)	24,956	124,680	39,765 (g)	21,832	61,597	2.02
2001	170,779 (h)	29,161	141,618	42,845 (h)	17,804	60,649	2.34
2002	130,634 (i)	37,869	92,765	44,405 (i)	49,855	94,260	0.98
2003	91,748	55,401	36,347	137,345	40,900	178,245	0.20
2004	139,577 (j)	65,449	74,128	130,875 (j)	31,478	162,353	0.46
COMPONENT UNITS							
Illinois Housing Development Authority -							
1995	\$ 220,268 (k)	\$ 16,446	\$ 203,822	\$ 226,107 (k)	\$ 121,482	\$ 347,589	.59 %
1996	360,854 (l)	174,136	186,718	173,146 (l)	129,502	302,648	.62
1997	162,470	9,970	152,500	194,067	132,541	326,608	.47
1998	291,916	174,521	117,395	387,165	145,732	532,897	.22
1999	269,691	161,769	107,922	234,080	127,247	361,327	.30
2000	294,546	186,199	108,347	119,344	130,889	250,233	.43
2001	294,102	183,971	110,131	192,297	130,376	322,673	.34
2002	298,581	174,720	123,861	233,165	123,066	356,231	.35
2003	266,521	174,674	91,847	392,805	124,411	517,216	.18
2004	252,688	177,096	75,592	138,455	94,098	232,553	.33
Illinois State Toll Highway Authority -							
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 (m)	178,901	281,428	174,590 (m)	54,565	229,155	1.23
1998	330,713	124,470	206,243	26,610	51,553	78,163	2.64
1999	333,900	66,615	267,285	27,835	30,302	58,137	4.60
2000	342,681	146,725	195,956	33,580	46,258	79,838	2.45
2001	354,514	151,386	203,128	35,890	29,677	65,567	3.10
2002	365,506	160,687	204,819	37,575	38,068	75,643	2.71
2003	372,046	165,469	206,577	39,360	30,351	69,711	2.96
2004	433,495	195,703	237,792	41,235	26,373	67,608	3.52

State of Illinois

Revenue Bond Coverage

Proprietary (continued)

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

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
COMPONENT UNITS (continued)							
Illinois Finance Authority - IRBB (n)							
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
2004	6,600	3,499	3,101	5,398	3,851	9,249	.34

- (a) The first year a Water Revolving Fund Bond was issued, dated June 27, 2002.
- (b) The Commission redeemed \$49.695 million of principal with bond proceeds in February 1995.
- (c) The Commission redeemed \$49.9 million of principal with bond proceeds in February 1996.
- (d) The Commission \$68.0 million of principal with bond issuance of \$23.7 million in February 1997 and \$44.3 million in May 1997.
- (e) The Commission redeemed \$19.3 million of principal with bond issuance proceeds in February 1998.
- (f) The Commission redeemed \$34.6 million of principal with bond issuance proceeds in February 1999.
- (g) The Commission redeemed \$34.8 million of principal with bond issuance proceeds in February 2000.
- (h) The Commission redeemed \$29.5 million of principal with bond issuance proceeds in November 2000.
- (i) The Commission redeemed \$33.6 million of principal with bond issuance proceeds in January 2002.
- (j) The Commission redeemed \$50.5 million of principal with bond issuance proceeds in October 2003.
- (k) The Authority redeemed \$57.625 million of principal with the bonds proceeds in November 1994.
- (l) The Authority redeemed \$32.44 million of principal with bond proceeds in November 1995.
- (m) The Authority issued \$148.3 million of revenue bonds in October 1996, to current refund of \$144.3 million of revenue bonds.
- (n) The Illinois Finance Authority assumed the operations of the Illinois Rural Bond Bank on January 1, 2004. Included in the above are six months of operations of the Illinois Rural Bond Bank through December 31, 2003 and the six months of operations of the Illinois Finance Authority from January 1, 2004 through June 30, 2004.

Revenue Bond Coverage *

University

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

Fiscal Year	Revenues/ Other Additions	Expenditures/ Other Deductions	Net Revenue/ Additions Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
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
2004	1,112,834	850,988	261,846	45,910	46,313	92,223	2.84

* 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 Governor's Office of Management and Budget, Data From 1990 Census*
Illinois Department of Commerce and Economic Opportunity, Data from 2000 Census
U.S. Census Bureau - Data from 2000 Census

State of Illinois

Total Personal Income

For the Last Ten Fiscal Years

Year	Amount (millions)	Percent Change	Per Capita Personal Income	
			Illinois	United States
1995	\$ 294,940	6.21 %	\$ 24,759	\$ 22,878
1996	309,964	5.09	25,812	23,734
1997	328,470	5.97	27,142	24,908
1998*	349,131	6.29	28,651	26,283
1999*	367,468	5.25	29,944	27,602
2000*	386,466	5.17	31,270	29,083
2001*	406,382	5.15	32,721	30,638
2002*	410,109	0.92	32,764	30,857
2003*	414,597	1.09	32,940	31,186
2004*	428,860	3.44	33,892	32,296

* Due to revisions in the Survey of Current Business, the results of the survey beginning in 1998 and after are not comparable to earlier reports.

Source: *Survey of Current Business, U.S. Department of Commerce*

*State of Illinois***Employment/Unemployed**

For the Last Ten Fiscal Years

Year	Total Employment	Unemployment	
		Unemployed	Rate (Percent)
1995	5,807,628	320,814	5.2 %
1996	5,877,018	328,585	5.3
1997	5,949,261	309,773	5.0
1998	6,004,043	287,844	4.6
1999	6,119,922	275,940	4.3
2000	6,248,673	277,689	4.3
2001	6,186,985	310,469	4.8
2002	6,032,306	388,452	6.1
2003	5,912,636	417,575	6.6
2004	5,950,422	409,605	6.4

*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)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Natural Resources and Mining	14	13	12	11	11	10	10	10	10	10
Construction	219	226	233	238	251	265	273	277	277	276
Manufacturing	887	896	900	907	893	878	851	779	735	711
Transportation Trade and Utilities	1,180	1,195	1,204	1,211	1,224	1,239	1,249	1,209	1,192	1,184
Information	139	140	145	149	149	149	155	150	139	133
Financial Activities	377	377	390	399	402	405	404	402	401	404
Professional and Business Services	651	675	707	756	802	826	834	794	775	765
Educational and Health Services	612	628	641	651	663	673	688	705	714	722
Leisure and Hospitality	438	456	458	465	478	483	490	490	494	504
Other Services	221	226	229	234	241	244	248	251	252	251
Government	795	803	808	811	820	834	843	859	860	851
Total	<u>5,533</u>	<u>5,635</u>	<u>5,727</u>	<u>5,832</u>	<u>5,934</u>	<u>6,006</u>	<u>6,045</u>	<u>5,926</u>	<u>5,849</u>	<u>5,811</u>

Source: U.S. Department of Labor

State of Illinois

**Contracts for Future Construction
And Residential Building Activity**

For the Last Ten Fiscal Years

Year	Contracts For Future Construction (millions)	Residential Building Activity	
		Permits	Valuation (millions)
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
2004	19,063	61,145	9,437

**Sources: Illinois Department of Commerce
& Economic Opportunity**

**Dodge Division, McGraw Hill
Information System Co.**

State of Illinois

**Annual Sales of All
Retail Stores**

For the Last Ten Fiscal Years (Expressed in Millions)

Year	Illinois*	Percent of Change	
		Illinois*	United States
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
2004	137,537	1.9	7.2

* The U.S. Department of Commerce has discontinued their monthly state retail sales series. Fiscal years 1996, 1997, 1998 and 1999 were estimated, by the Illinois Department of Commerce and Economic Opportunity based on sales tax collections from the Illinois Department of Revenue. Fiscal years 2000 through 2004 amounts are actual.

**Source: Illinois Department of Commerce
& Economic Opportunity**

State of Illinois

**Cash Receipts from
Farm Marketings**

For the Last Ten Calendar Years (Expressed in Millions)

Year	Livestock					Crops					Total Livestock and Crops
	Cattle	Hogs	Dairy Products	Other Livestock and Products	Total Livestock and Products	Corn	Soybeans	Wheat	Other Crops	Total Crops	
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
2003 *	609	833	248	110	1,800	3,259	2,558	157	516	6,490	8,290

* Due to revisions in the Illinois Agricultural Statistics Service, the results of cash receipts from farm marketings statistics beginning in 1998 and after are not comparable to earlier reports.

Source: Illinois Agricultural Statistics Service, U.S. Department of Agriculture

*State of Illinois***Largest Manufacturers
(Ranked by Number of Employees)**

Company	Number of Employees	Illinois Installations
Caterpillar, Inc.	24,200	43
Abbott Laboratories	14,000	21
Motorola, Inc.	12,300	83
BP Amoco	12,200	120
Deere & Company	10,000	35
RR Donnelly & Sons	9,000	61
General Electric Company	9,000	136
Tyco International Ltd.	8,000	142
Illinois Tool Works Inc.	6,600	84
Fortune Brands, Inc.	6,200	10
Honeywell International Inc.	6,200	35
Altna/Kraft Foods	5,600	49
Chicago Tribune Company	4,800	42
Ford Motor Company	4,700	22
Daimler Chrysler AG	4,700	12
Cargill Incorporated	4,500	57
Smurfit Stone Corporation	4,400	44
Siemens AG	4,200	63
Pactiv	4,100	18
Hollinger International Inc.	4,000	31
Dr. Pepper-Seven Up Bottling Group Inc.	3,901	16
Archer Daniels Midland Company	3,600	103
Navistar International Corporation	3,500	13
Baxter Healthcare Corporation	3,400	26

**Source: Illinois Department of Commerce
and Economic Opportunity**

*State of Illinois***Annual Bituminous Coal Production**

For the Last Ten Calendar Years (Expressed in Millions of Tons)

Year	Surface	Underground	Total	Total of U.S.
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
2003	5,198	25,938	31,136	2.9

Source: Illinois Department of Natural Resources