

STATE OF ILLINOIS

Comprehensive Annual Financial Report

~ 2006 ~

For Fiscal Year Ended June 30, 2006

Comptroller Daniel W. Hynes



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Introductory Section

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**Comprehensive Annual Financial Report
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February 22, 2007

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, 2006. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2006, and results of operations during the fiscal year. The report is intended to provide the State's taxpayers, managers, investors, creditors, lawmakers, and other users with information in accordance with generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management.

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

The financial activities of the State are organized on the basis of individual funds, each of which is a separate accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions and limitations. Major funds are the focus of the State's financial statements and include the General Fund (including the General Revenue Account, the Education Assistance Account, the Common School Account, and the Medicaid Provider Assessment Accounts), the Road Fund, the Motor Fuel Tax Fund, the State Construction Account, the Unemployment Compensation Trust Fund, the Water Revolving Fund, and the Designated Account Purchase Program Fund. The reporting entity, major funds, and fund types are described in detail in Note 1 to the financial statements. To ensure readability of the financial statements, generally only funds with total assets, liabilities, fund balances/net assets, revenues or expenditures/expenses greater than 2% of the total for that fund type are presented separately in the individual fund financial statements, except component units where all component units are presented, and special revenue funds where funds with greater than .50% of the total is presented. Combination of funds is necessary due to the existence of more than 750 funds in the State's reporting entity. Funds used by more than one agency are classified with what is determined to be the primary administering agency.

Internal Controls

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

On October 31, 1989 the Fiscal Control and Internal Auditing Act (FCIAA) became law, requiring all State agency chief executive officers to annually certify the adequacy of internal controls in place within their agencies and that selected agencies employ a chief internal auditor with a specified minimum level of professional competency.

Independent Audit

The Illinois Auditor General has performed an audit of the accompanying basic financial statements in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. His unqualified opinion appears at the beginning of the financial section of this report. In addition, the Illinois Auditor General conducts an annual audit pursuant to the requirements set forth in the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This report is issued separately.

PROFILE OF THE STATE

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

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

The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of natural resources, economic development and recreation facilities and development. The State of Illinois is also financially accountable for 3 separate entities which have been included as a part of the State's financial statements. In addition, the State of Illinois is financially accountable for 23 legally separate entities which have been reported separately within the State's financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

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

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

Many State programs are accounted for in the General Fund. As analyzed in the MD&A, the GAAP basis financial position of the General Fund at June 30, 2006 increased from June 30, 2005. The fund deficit in the State's General Fund decreased by \$736 million on a GAAP basis (from a deficit of \$3.064 billion, to a deficit of \$2.328 billion). On the *budgetary basis*, there was a \$291 million fund deficit at June 30, 2006 compared to a \$474 million fund deficit at June 30, 2005, a \$183 million decrease. In addition, the *unreserved* fund deficit on a GAAP basis decreased by \$737 million from a deficit of \$3.115 billion to a deficit of \$2.378 billion.

FACTORS AFFECTING FINANCIAL CONDITION

Economy

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

According to the U.S. Bureau of Labor Statistics, Illinois averaged 5.895 million nonfarm payroll jobs and an unemployment rate of 5.2 percent in fiscal year 2006. These numbers showed continued improvement as Illinois continues its recovery from the 2001 recession; however, the unemployment rate is still higher than it was in the late 1990s and employment has not yet reached its pre-recession highs. Positive economic growth is expected to continue in Illinois in the near future with continued increases in employment.

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 increased \$93 million to \$590 million at June 30, 2006. The State's "cash basis" activity during fiscal year 2006 is discussed in more detail in the MD&A.

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.

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.

Pensions

Certain changes in the pension systems occurred in fiscal year 2006 with reduced benefits for certain new employees and a shift in the payment of the employers' share of the cost of certain late career benefits from the State to the employees' local government. Required State contributions to the pension systems were reduced to \$938 million in fiscal year 2006 and to \$1.375 billion in fiscal year 2007. In addition, every new benefit increase is required to provide additional funding at least sufficient to cover the resulting annual increase in costs to the pension

system and all benefit increases are to expire no more than 5 years after the effective date of the increase.

MAJOR INITIATIVES

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

Revenue Initiatives

Effective July 1, 2003, riverboat gambling taxes which, are dedicated to education programs, were increased with the maximum rate going from 50% to 70% of annual adjusted gross receipts. This rate increase expired at the end of fiscal year 2005. Tax rates were reduced for fiscal year 2006; however, the casinos agreed to hold the State harmless for fiscal years 2006 and 2007.

The Commercial Distribution Fee was created in fiscal year 2004 as a 36% surcharge to taxes and fees paid by commercial vehicle owners. In response to criticism about this new fee, the rate was decreased to 21.5% for registrations during fiscal year 2006 and will be reduced to 14.35% for following fiscal years.

A new fee that will be a major revenue enhancer is the assessment on inpatient services imposed on hospitals. The fiscal year 2005 assessment rate was \$84.19 per occupied bed per day with the proceeds deposited into the Hospital Provider Fund. The receipts were combined with federal Medicaid reimbursements and used to increase the monies available for State Medicaid spending. While no assessment was implemented in fiscal year 2006, the federal government approved an amendment to the State's Medicaid plan in November, 2006, which, pursuant to statute, will allow the State to begin charging an assessment at a rate of 2.5835% to hospitals on adjusted gross revenues for inpatient and outpatient services. The rate will be charged retroactively to hospital revenues for fiscal year 2006 and will continue through fiscal year 2008.

Transfers to Defray Operating Costs

The Governor of Illinois can authorize the transfer from most funds held in the State Treasury to the General Fund to help defray the State's operating costs. These administrative charges transferred \$140 million to the General Fund in fiscal year 2006. In addition, \$35 million in fee increase transfers were done at the end of the fiscal year.

Pursuant to statutory authorization as part of the fiscal year 2006 budget, an additional \$129 million of "surplus balances" were transferred from numerous funds to the General Fund.

Short-term Borrowing

In fiscal year 2006, the State took several actions to help alleviate the ongoing cash flow problems. In August 2005, \$276 million was transferred from the Budget Stabilization Fund to the General Fund which was repaid by the end of the fiscal year. In November 2005, the State borrowed \$1.0 billion in short-term notes with the proceeds deposited into the General Fund. The borrowing was repaid by June 30, 2006.

Spending Initiatives

The following programs represent major spending and related initiatives undertaken in the last fiscal year.

In fiscal year 2006, there was a major reorganization in how the State purchases health care services. The Department of Public Aid was renamed the Department of Healthcare and Family Services and assumed the additional responsibilities for health care purchasing currently held by the Departments of Central Management Services (primarily for government employees), Corrections, Human Services and Veterans Affairs.

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

State government continued to engage in agency reorganizations and consolidations in an effort to streamline operational and administrative functions in fiscal year 2006.

Debt Management

Public Act 93-0839 known as the Debt Responsibility Act, effective July 30, 2004, placed new restrictions on the issuance of general obligation bonds. At least 25% of general obligation bonds issued within a year must be sold pursuant to notice of sale and public bid. General obligation bonds must be issued with equal principal or mandatory redemption amounts in each fiscal year following the year of issuance for a term not to exceed 25 years. General obligation bonds may not be issued if, in the next fiscal year after issuance, the amount of debt service on all then outstanding general obligation bonds exceeds 7% of the General and Road Fund appropriations for the fiscal year immediately preceding the issuance unless the Comptroller and Treasurer waive this requirement. No general obligation refunding bonds can be issued unless the refunding produces a net present value savings of at least 3% of the bonds being refunded and the maturities of the refunding bonds do not extend beyond the maturities of the bonds being refunded.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The fiscal year 2006 CAFR reveals continuing underlying financial weaknesses which significantly impact the State's overall fiscal health in regards to deferred liabilities, ongoing operational concerns related to cash management and long term pension obligations.

Deferred Liabilities

Section 25 of the State Finance Act permits the payment of selected prior year expenses, primarily Medicaid, in the current fiscal year. The section was originally created to address billing and adjudication issues connected with such expenditures. The State ended fiscal year 2006 with \$2.4 billion in such costs, a marked improvement over the prior year total of \$2.9 billion but still an amount in excess of the sum needed to simply pay bills which could not be finalized within the fiscal year. Over the past two decades, it has become a common practice to

defer liabilities utilizing Section 25 effectively reducing the appropriation levels needed to fund certain programs within any given fiscal year and pushing expenditures into the next fiscal year.

Cash Management

Cash flow continues to be an issue as Illinois has had a running General Revenue Fund deficit defined as bills on hand exceeding available cash, with few exceptions, since November of 2000. Fiscal year 2006 marked the fifth consecutive year that Illinois has had to engage in short term borrowing to address various cash flow needs including both general needs and for expenditures associated with the Hospital Assessment Program.

Cash management practices are greatly affected by the aforementioned budgetary practices in relation to deferred liabilities which place additional pressure in the first and second quarters of the year to pay those expenses. Additionally, the majority of the State's tax collections are received in the second half of the fiscal year with large income tax collections arriving in the spring of each year which further contributes to the payment delays seen within the fiscal year.

In 2000, legislation was enacted to create the State's Budget Stabilization Fund in order to assist the State in meeting cash flow deficits as needed. The statutory goal for funding this reserve was set at five percent of General Funds revenues in any given year. As of June 30, 2006, the balance in the Budget Stabilization Fund was \$275.7 million, an amount insufficient in practical terms to address the State's annual cash management needs and timing variations between spending and revenues, both recent and historical, and significantly less than envisioned when the Act was created.

Pension Obligations

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

As of June 30, 2006, the five State-funded retirement systems were at a 60.5% funded ratio but with a \$40.7 billion unfunded liability. In fiscal year 2004, the systems enjoyed an additional \$7.3 billion in contributions from a general obligation Pension Bond sale.

For fiscal year 2006 through fiscal year 2007, the relevant State statutes were amended to allow for significantly lower employer contribution levels to the retirement systems with levels increasing in fiscal year 2008 and fiscal year 2009 before reaching the mandated levels of the 1995 law in fiscal year 2010. Over the past three years, or since fiscal year 2004, the system's financial condition has regressed from a funded ratio of 60.9% and an unfunded liability of \$35.1 billion to this year's levels even with strong investment performance.

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, 2005. This is the twenty-second 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, 2005

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.

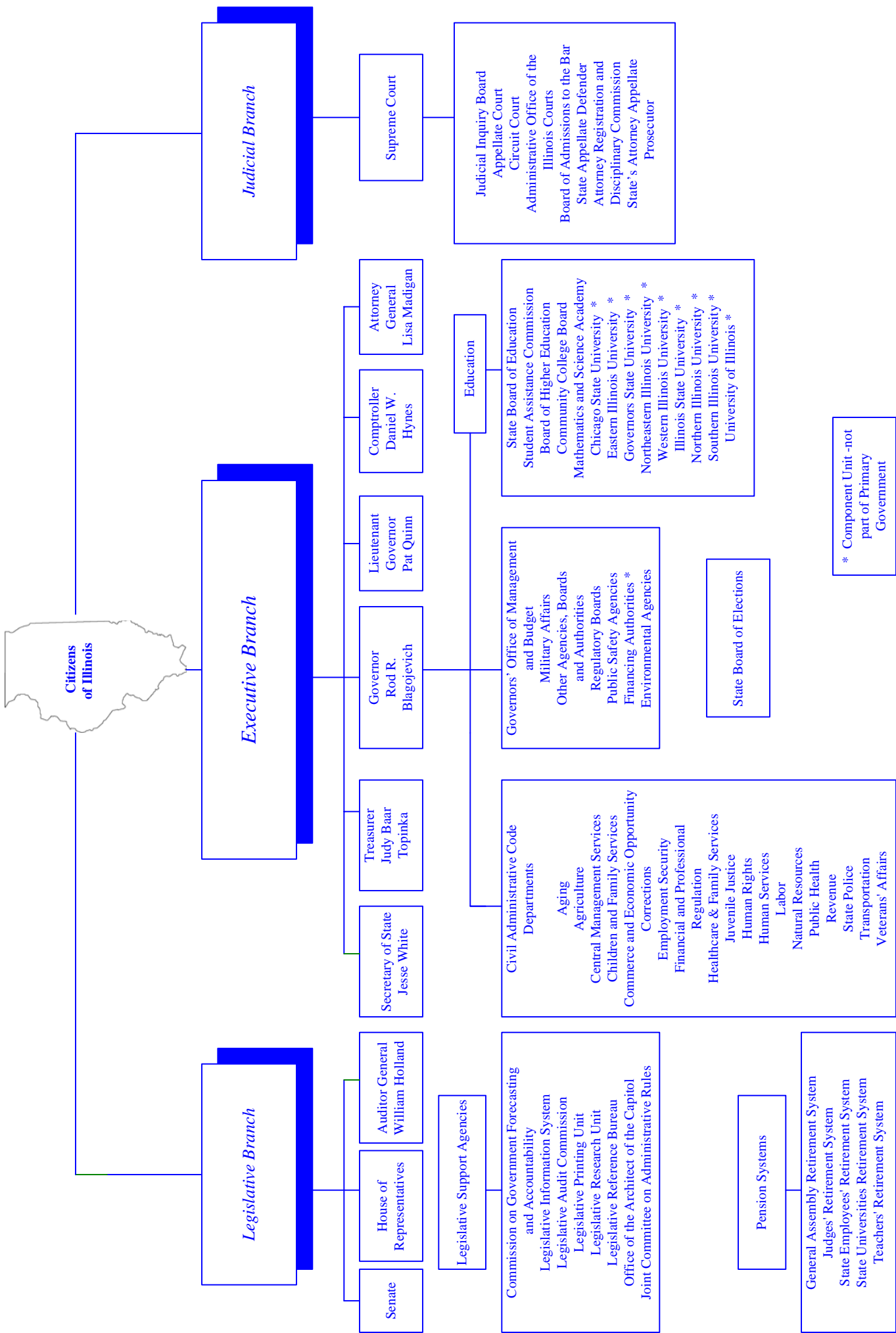


A handwritten signature in black ink, appearing to read "Thomas J. Hanrahan".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



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 R. Blagojevich, Governor
Honorable Daniel W. Hynes, Comptroller

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of and for the year ended June 30, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

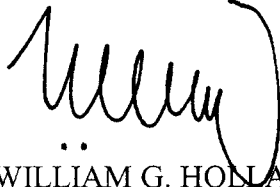
As discussed in Note 2, the financial statements have been restated as of July 1, 2005 for prior year reporting errors.

The deficit for net assets of governmental activities in fiscal year 2006 continued to increase by \$769,123,000; from \$17,560,616,000 at June 30, 2005 to \$18,329,739,000 at June 30, 2006. This deficit, which is presented on an accrual basis, is the excess of total liabilities over total assets and represents a potential deferral of current and prior year costs to future periods.

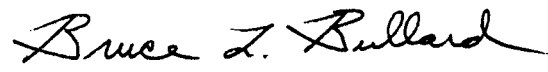
In accordance with *Government Auditing Standards*, a report on our consideration of the State of Illinois' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters will be issued under a separate cover. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report, 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 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
February 22, 2007

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, 2006. 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 8 authorities, 9 universities and 6 other organizations that are reported as discretely presented component units of the State.

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

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

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

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

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

The fund financial statements begin on page 22 and provide more detail than the government-wide financial statements, concentrating on information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, individual fund data for the non-major funds is presented beginning on page 137. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – with each using a different accounting method.

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

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

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

Additional Required Supplementary Information

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

Other Supplementary Information

Other supplementary information includes two components: 1) combining financial schedules for 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 increased \$284 million during the current fiscal year. The net assets of the State's governmental activities decreased \$768 million or 4.4 % and the net assets of the State's business-type activities increased \$1.052 billion or 38.7%. 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, 2006:

Net Assets as of June 30 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
Assets:						
Current and other non-current assets	\$ 11,373	\$ 10,271	\$ 9,307	\$ 8,314	\$ 20,680	\$ 18,585
Capital assets	17,791	17,372	3	3	17,794	17,375
Total assets	29,164	27,643	9,310	8,317	38,474	35,960
Liabilities:						
Other liabilities	8,344	8,982	248	220	8,592	9,202
Long-term liabilities	39,149	36,222	5,292	5,379	44,441	41,601
Total liabilities	47,493	45,204	5,540	5,599	53,033	50,803
Net assets:						
Invested in capital assets, net of related debt	12,402	11,973	3	3	12,405	11,976
Restricted	957	941	3,878	2,544	4,835	3,485
Unrestricted	(31,688)	(30,475)	(111)	171	(31,799)	(30,304)
Total net assets	\$ (18,329)	\$ (17,561)	\$ 3,770	\$ 2,718	\$ (14,559)	\$ (14,843)

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 (\$14.499 billion) and bonds payable obligation (\$28.327 billion). The largest component of the State's net assets reflects the State's investment in capital assets, less any related debt that was recorded to acquire or construct the assets. Restricted net assets consists of resources subject to external restrictions or enabling legislation on how they can be used. The remaining portion, unrestricted net assets, may be used at the State's discretion.

The State's assets increased \$2.514 billion from \$35.960 billion at June 30, 2005, to \$38.474 billion at June 30, 2006, due to \$985 million in increased cash balances, \$419 million in additional capital assets with \$407 million related to infrastructure, \$465 million in increased investments for business-type activities and \$438 million in increased loans outstanding for business-type activities. The State's increase in liabilities of \$2.230 billion from \$50.803 billion at June 30, 2005, to \$53.033 billion at June 30, 2006, resulting mainly from the \$2.463 billion increase in net pension obligation and a decrease in Section 25 liabilities (described on page 11) of \$564 million.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2006	2005	2006	2005	2006	2005	2005 to 2006
Revenues							
Program revenues							
Charges for services	\$ 2,605	\$ 2,618	\$ 5,436	\$ 5,126	\$ 8,041	\$ 7,744	3.8%
Operating grants and contributions	13,643	14,018	140	120	13,783	14,138	(2.5%)
Capital grants and contributions	1,040	867			1,040	867	20.0%
General revenues							
Income taxes	11,225	10,391			11,225	10,391	8.0%
Sales taxes	9,629	9,149			9,629	9,149	5.2%
Motor fuel taxes	1,427	1,426			1,427	1,426	0.1%
Public utility taxes	1,521	1,520			1,521	1,520	0.1%
Other taxes	2,875	3,485			2,875	3,485	(17.5%)
Interest and investment earnings	273	145	47	27	320	172	86.0%
Other revenue	1,405	1,110			1,405	1,110	26.6%
Total revenues	45,643	44,729	5,623	5,273	51,266	50,002	2.5%
Expenses							
Health and social services	18,592	19,276			18,592	19,276	(3.5%)
Education	13,377	13,402			13,377	13,402	(0.2%)
General government	1,483	1,507			1,483	1,507	(1.6%)
Employment and economic development	1,091	959			1,091	959	13.8%
Transportation	3,531	3,531			3,531	3,531	0.0%
Public protection and justice	2,538	2,571			2,538	2,571	(1.3%)
Environment and business regulation	733	878			733	878	(16.5%)
Unemployment compensation fund			1,731	1,983	1,731	1,983	(12.7%)
Water revolving fund			22	24	22	24	(8.3%)
Designated account purchase program fund			268	167	268	167	60.5%
Insurance programs			410	354	410	354	15.8%
Lottery			1,334	1,197	1,334	1,197	11.4%
Prepaid tuition programs			51	41	51	41	24.4%
Other business-type activities			94	121	94	121	(22.3%)
Intergovernmental	4,505	4,179			4,505	4,179	7.8%
Interest	1,222	1,218			1,222	1,218	0.3%
Total expenses	47,072	47,521	3,910	3,887	50,982	51,408	(0.8%)
Excess (deficiency) before transfers	(1,429)	(2,792)	1,713	1,386	284	(1,406)	120.2%
Transfers	661	641	(661)	(641)	-	-	0.0%
Increase (decrease) in net assets	(768)	(2,151)	1,052	745	284	(1,406)	120.2%
Net assets - beginning	(17,561)	(15,410)	2,718	1,973	(14,843)	(13,437)	(10.5%)
Net assets - ending	<u>\$ (18,329)</u>	<u>\$ (17,561)</u>	<u>\$ 3,770</u>	<u>\$ 2,718</u>	<u>\$ (14,559)</u>	<u>\$ (14,843)</u>	<u>1.9%</u>

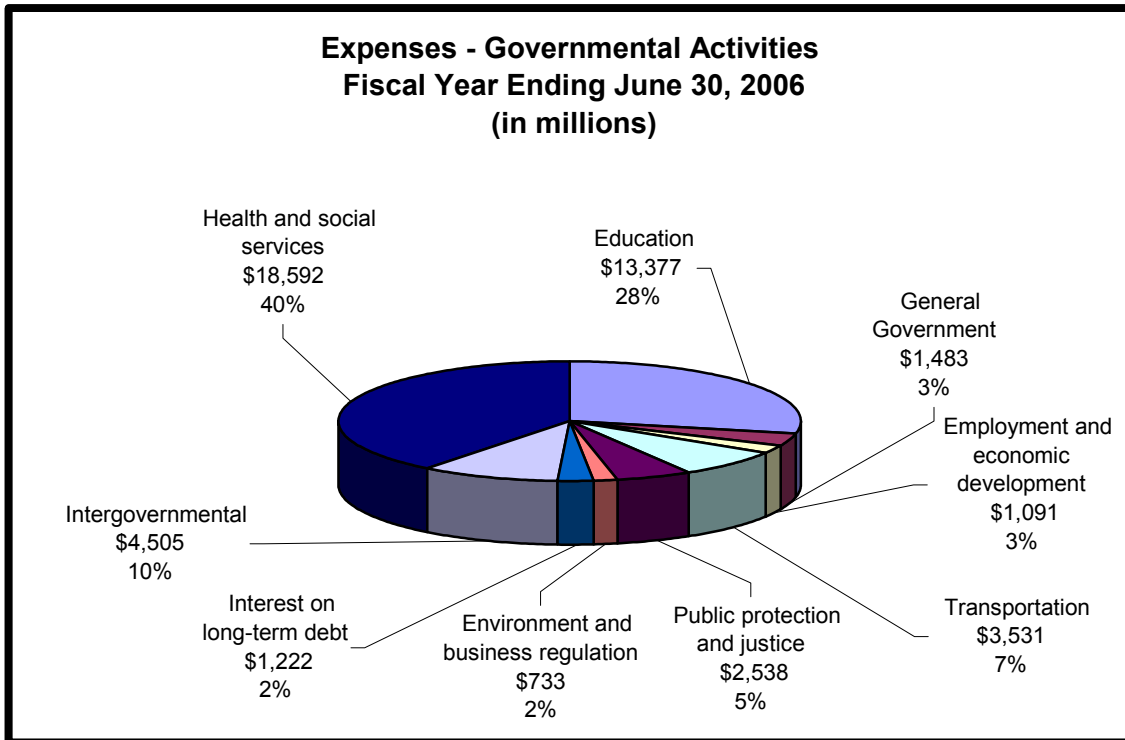
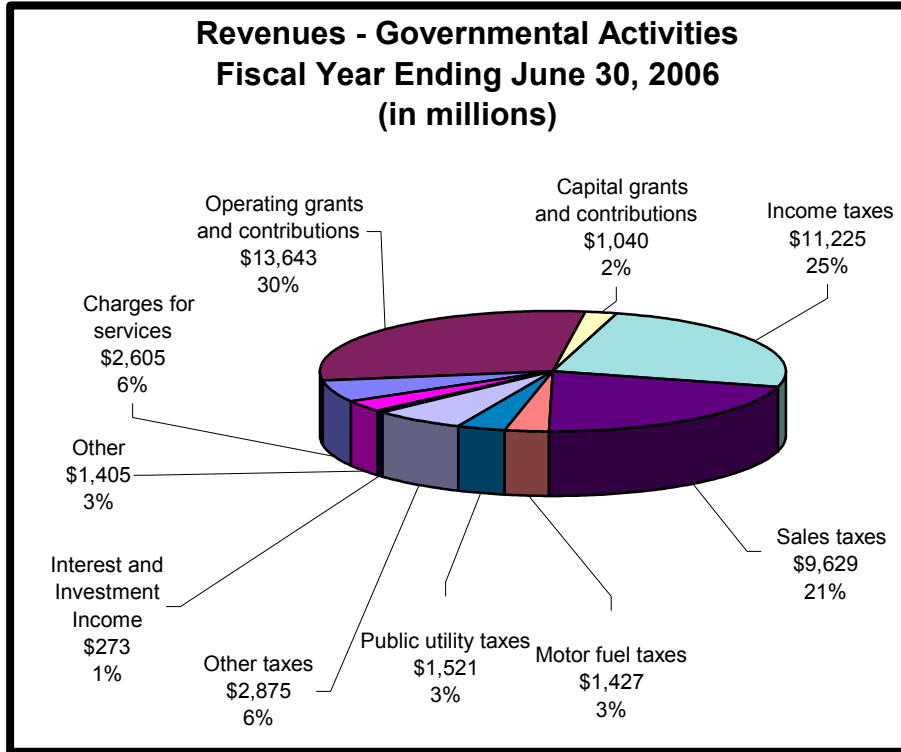
Note: Functional expenses were reclassified for fiscal year 2005 to be consistent with classifications for fiscal year 2006.

Governmental Activities:

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

- *Health and social services* – The health and social services function consists of programs such as Medicaid, Temporary Assistance for Needy Families (TANF) and Child Support Enforcement which are administered mostly by the Department of Healthcare and Family Services, the Department of Human Services and the Department of Children and Family Services.
- *Education* – The education function consists of support for local public school districts and post-secondary institutions administered mostly by the State Board of Education, the State Board of Higher Education and the Illinois Community College Board.
- *General government* – The general government consists of the day-to-day operations of the State performed mostly by the Elected Officials, Members of the General Assembly, the Department of Central Management Services and the Department of Revenue.
- *Employment and economic development* – The employment and economic development function consists of job training for citizens and support for the growth of public sector commerce administered mostly by the Department of Commerce and Economic Opportunity.
- *Transportation* – The transportation function consists of support for building and maintaining infrastructure capital assets owned by the State and owned by local governments of the State which is administered mostly by the Department of Transportation.
- *Public protection and justice* – The public protection and justice function consists of law enforcement functions of the State and other public safety regulatory programs performed mostly by the Department of Corrections and the Department of State Police.
- *Environment and business regulation* – The environment and business regulation function consists of regulation of the environment of the State and regulation of various business types in the State performed mostly by the Environmental Protection Agency, the Department of Commerce and Economic Opportunity, the Department of Natural Resources, the Department of Financial and Professional Regulation and the Department of Labor.

The following charts display revenues and expenses of the State for governmental activities during the fiscal year:



The State's governmental activities revenues increased \$914 million during fiscal year 2006 with the largest revenue increases consisting of \$834 million in income tax revenue and \$480 million in sales tax revenues. The tax increases were a result of the economic growth which occurred during the fiscal year. The State's governmental activities expenses decreased \$449 million during fiscal year 2006 with the largest portion resulting from a \$684 million decrease in health and social service expenses during the fiscal year due mostly to a decrease in Medicaid spending.

Business-type Activities:

Net assets of business-type activities increased \$1.052 billion during the fiscal year 2006. The main factor contributing to this increase was a gain of \$964 million in the Unemployment Compensation Trust Fund.

FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for resources obtained and used for those services traditionally provided by the State which are not required to be accounted for in another fund. Accordingly, the majority of the State's tax revenues and program support expenses are accounted for in the General Fund. For financial reporting purposes, the General Fund consists of several accounts of the State which are described on page 137. For budgetary purposes the General Funds consist of the General Revenue, Special Account, Education Assistance and Common School Accounts.

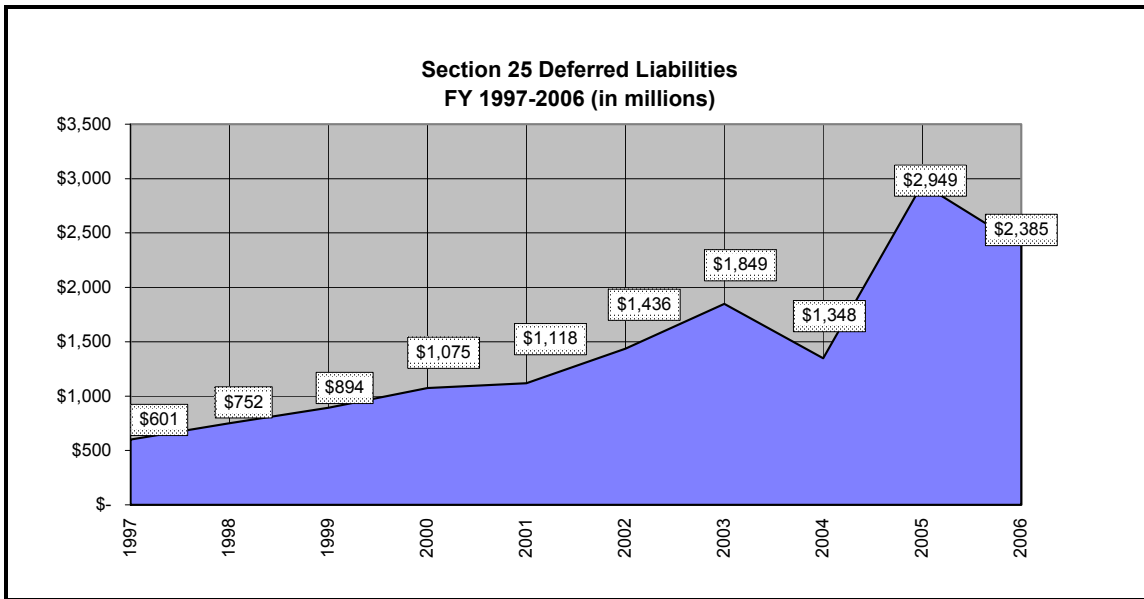
The State's General Funds' budgetary fund balance ended fiscal year 2006 with a deficit for the fifth consecutive year. At June 30, 2006, the General Funds' budgetary fund balance was a deficit of \$290.887 million compared to a \$474.035 million deficit recorded at June 30, 2005. The original budget projected a \$771 million deficit at the end of the fiscal year. The final budget projected a \$1.491 billion deficit.

The majority of the difference between the General Funds' original budget and the final budget is a result of the statutorily authorized transfers which were not originally budgeted. Statutory transfers-out were increased \$1.719 billion due mostly to the repayment of \$1.000 billion of general obligation certificates issued in November 2005, the repayment of \$276 million borrowed from the Budget Stabilization Fund and \$250 million transferred to the Hospital Provider, Long-Term Care, and Drug Rebate Funds which was approved subsequent to the passing of the fiscal year 2006 budget. In addition, the final budget included the proceeds from a \$1.000 billion issuance of general obligation certificates during the current fiscal year.

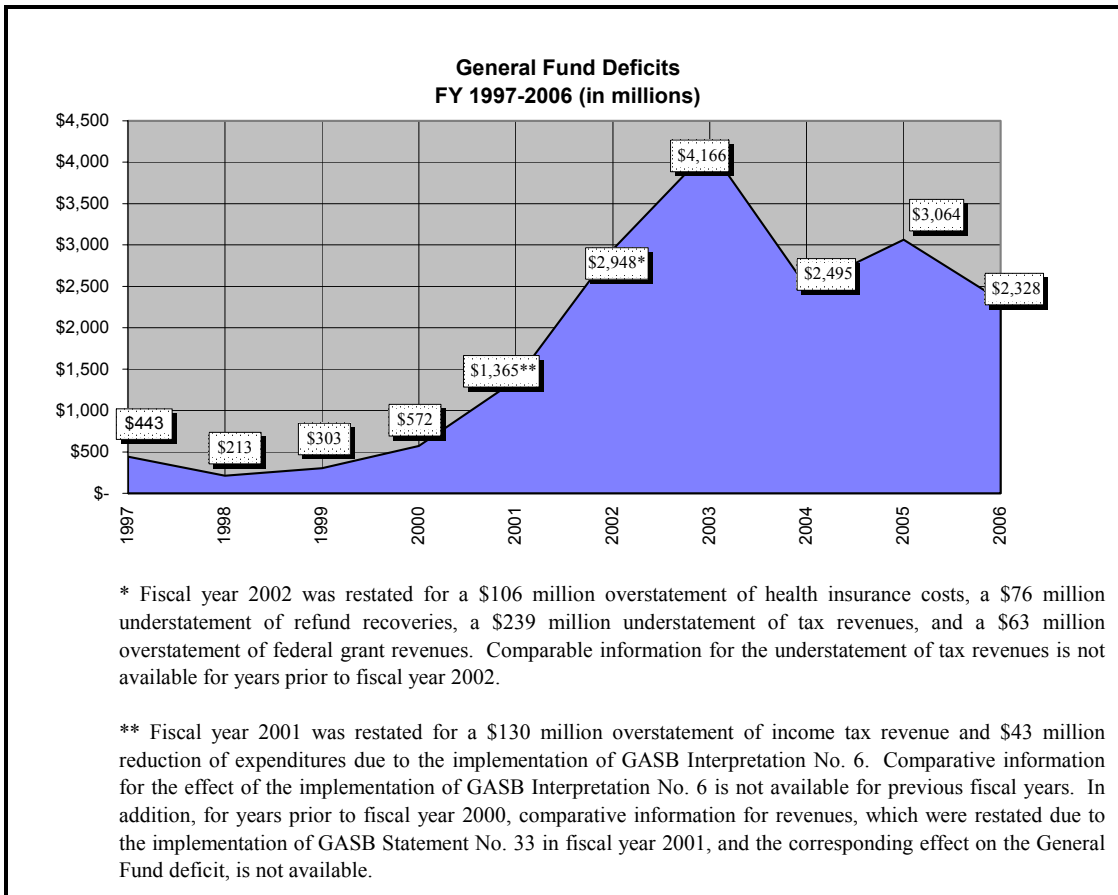
The majority of the \$1.200 billion increase in the General Funds' budgetary balance between the final budget and the actual results was due to \$753 million more in income tax revenue and \$242 million more in sales tax revenue collected than projected and \$219 million less health and social services expenditures related to the State's Medicaid program.

The General Fund's assets at June 30, 2006, were \$4.353 billion, which is a decrease of \$164 million from the June 30, 2005, balance of \$4.517 billion. Intergovernmental receivables decreased from June 30, 2005, by \$202 million, taxes receivable decreased by \$40 million and cash increased by \$104 million. The intergovernmental receivables decrease was a result of less reimbursements to be received from the federal government as a result of the recognition of decreased Medicaid program expenditures.

The General Fund's liabilities at June 30, 2006, were \$6.681 billion, which is a decrease of \$900 million from the June 30, 2005, balance of \$7.581 billion. The factors that determine a significant portion of the General Fund liabilities are the accrued liabilities payable from future year's appropriations. One of the largest components of those liabilities is Section 25 of the State Finance Act (Section 25) deferrals which consist mostly of Medicaid program liabilities. These statutory deferrals allow expenses incurred during one fiscal year to be paid for from the subsequent fiscal year's budget in limited situations. Section 25 deferrals decreased \$564 million from \$2.949 billion at June 30, 2005 to \$2.385 billion at June 30, 2006. This decrease in fiscal year 2006 is a result of increased appropriations in fiscal year 2006 for payment of prior year Medicaid program liabilities. After falling substantially from 1995 through 1997, Section 25 deferrals increased for six consecutive fiscal years reaching \$752 million at June 30, 1998, \$894 million at June 30, 1999, \$1.075 billion at June 30, 2000, \$1.118 billion at June 30, 2001, \$1.436 billion at June 30, 2002 and \$1.849 billion at June 30, 2003 before decreasing to \$1.348 billion at June 30, 2004. If a short-term borrowing immediately preceding the end of fiscal year 2004 to pay Section 25 deferred liabilities had not occurred, fiscal year 2006 would have been the first year Section 25 deferred liabilities decreased since fiscal year 1997. In addition, other accounts payable increased \$162 million, intergovernment payables decreased \$285 million and unavailable deferred revenue decreased \$110 million from June 30, 2005.



During fiscal year 2006, the General Fund fund balance increased from a deficit of \$3.064 billion to a deficit of \$2.328 billion, a \$736 million increase in fund balance. The \$2.328 billion deficit is the lowest deficit since the \$1.365 billion deficit at June 30, 2001. The current year increase in the fund balance was a result of a \$95 million decrease in revenues, a \$1.423 billion decrease in expenditures, and a \$26 million decrease in net other sources (uses) of financial resources in comparison to fiscal year 2005 which had a decrease in fund balance of \$567 million.



During fiscal year 2006, General Fund revenues decreased \$95 million to \$28.203 billion for fiscal year 2006 (from \$28.298 billion in fiscal year 2005). Increases in income tax and sales tax revenues of \$695 million and \$336 million, respectively, were negated by a decrease in other taxes of \$802 million due to the State not charging a Medicaid hospital assessment which generated \$637 million in the previous year and the allocation of the riverboat privilege tax out of the General Fund which generated \$147 million in the previous fiscal year. General Fund expenditures decreased \$1.423 billion to \$26.469 billion in fiscal year 2006 (from \$27.892 billion in fiscal year 2005) due mainly to decreased spending on health and social service programs of \$993 million.

Road Fund

The Road Fund incurred a \$380 million gain in the current year and has a \$835 million fund balance. The current year gain was caused mainly by increased revenue of \$184 million.

Motor Fuel Tax Fund

The Motor Fuel Tax Fund ended fiscal year 2006 with a \$128 million fund balance (all unreserved) after incurring a \$6 million loss.

State Construction Account

The State Construction Account's fund balance decreased \$286 million in fiscal year 2006 to an ending fund balance of \$17 million. Expenditures in the fund increased significantly during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2006, the State had \$17.794 billion in capital assets, net of accumulated depreciation, in the following categories:

Capital Assets as of June 30 (net of depreciation, in millions of dollars)						
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land and land improvements	\$ 2,536	\$ 2,476			\$ 2,536	\$ 2,476
Site improvements	357	340			357	340
Buildings and building improvements	2,238	2,280	\$ 1	\$ 1	2,239	2,281
Equipment	197	205	2	2	199	207
Infrastructure	12,375	11,968			12,375	11,968
Other	37	36			37	36
Subtotal	17,740	17,305	3	3	17,743	17,308
Construction in progress	51	67			51	67
Total	\$ 17,791	\$ 17,372	\$ 3	\$ 3	\$ 17,794	\$ 17,375

Infrastructure assets consist of 70% of the State's net capital assets and comprise \$1.363 billion of the \$1.585 billion (86%) 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 80.

Debt Administration:

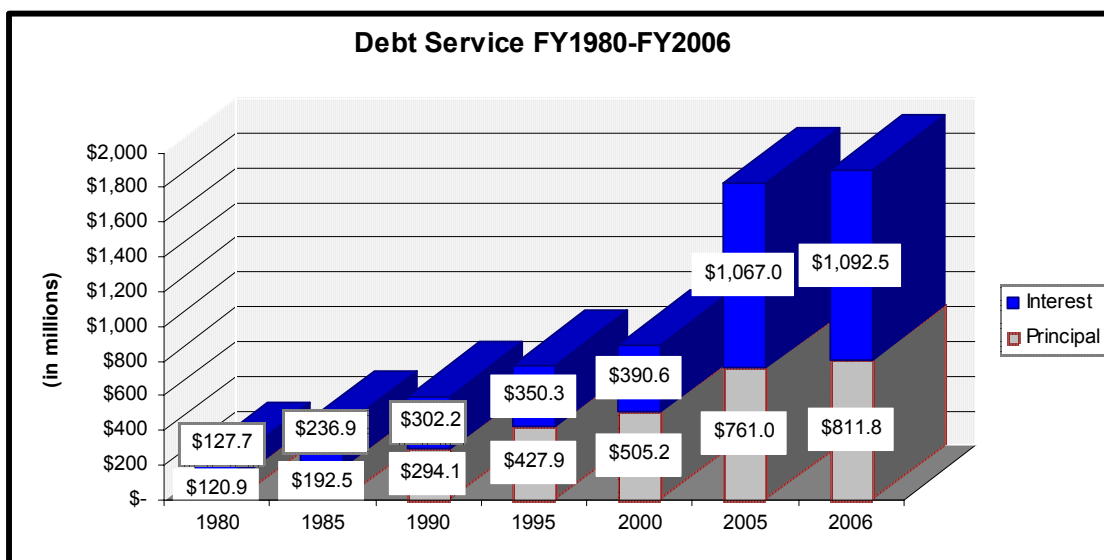
Bonded Indebtedness

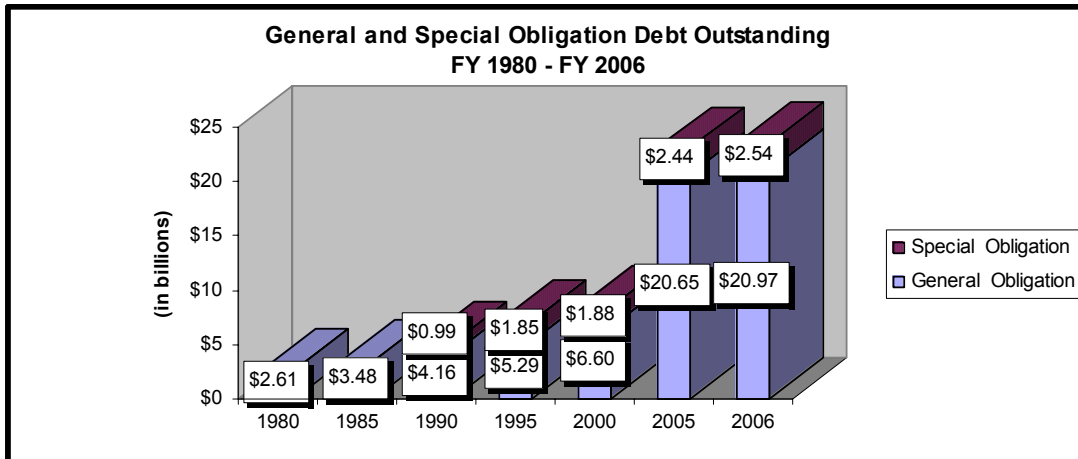
The State, certain State agencies and component units of the State are empowered by law to authorize, issue and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation 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 87.

Outstanding Bonded Debt as of June 30 (in millions of dollars)						
Primary Government	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
	General obligation bonds (backed by the State)	\$ 20,965	\$ 20,648			\$ 20,965
Special obligation bonds (backed by specific fee revenue)	2,539	2,443			2,539	2,443
Revenue bonds (backed by specific tax and fee revenue)			\$ 4,461	\$ 4,675	4,461	4,675
	<u>\$ 23,504</u>	<u>\$ 23,091</u>	<u>\$ 4,461</u>	<u>\$ 4,675</u>	<u>\$ 27,965</u>	<u>\$ 27,766</u>

Illinois had outstanding general and special obligation bonds at June 30, 2006 totaling \$23.5 billion. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources. In addition, bonds have been issued to make pension contributions to the State's retirement systems in prior fiscal years and to fund a portion of the State's unfunded portion of prior year's retirement liabilities. The amount of \$10.0 billion for pension purposes is included in the outstanding general obligation bonds as of June 30, 2006.

General and special obligation bonds, excluding refunding bonds, aggregating \$925 million and \$215 million, respectively, were issued during fiscal year 2006 at interest rates ranging from 3.25% to 5.5%. Debt service principal of \$811.8 million and interest costs of \$1.1 billion were paid and charged, respectively, in fiscal year 2006. The dramatic increase in debt service payments and outstanding debt since fiscal year 1980 is displayed in the following charts:





In addition to general and special obligation bonds, the primary government had, \$4.5 billion of revenue bonds and \$2.0 billion of non-pension long-term obligations outstanding as of June 30, 2006.

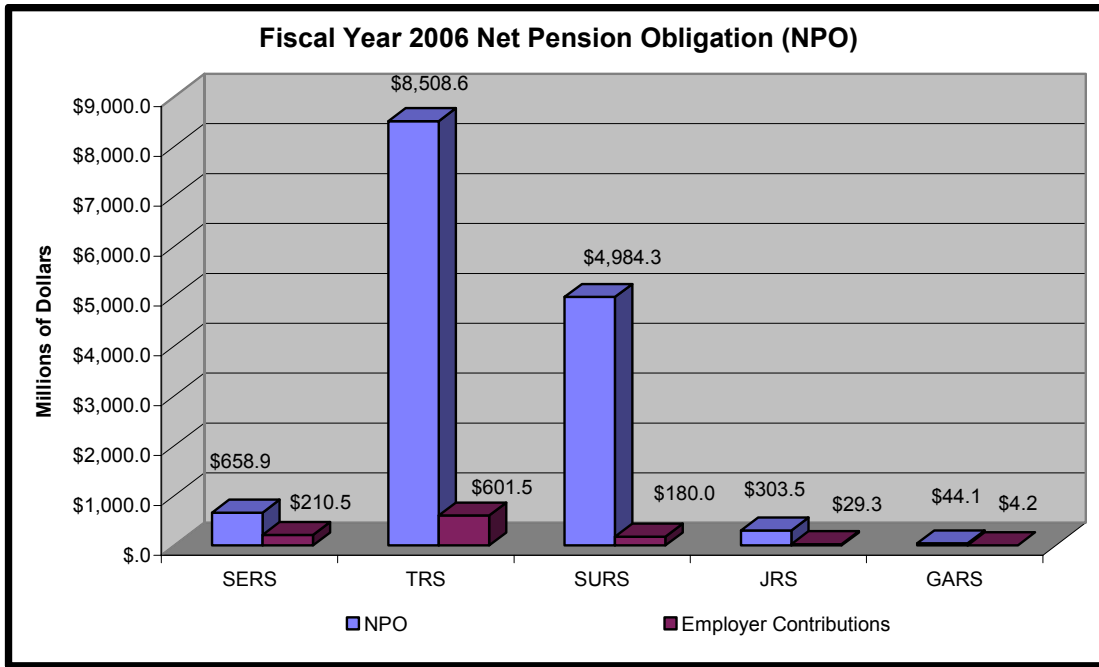
Moody's Investors Services, Standard and Poor's and Fitch Ratings general obligation and special obligation-Build Illinois bond ratings did not change during fiscal year 2006. The State's bond rating from Moody's Investors Services remained at Aa3 on general obligation and special obligation-Build Illinois bonds. The State's bond rating from Moody's Investors Services for special obligation-Civic Center bonds of A1 has remained unchanged since the last issuance in fiscal year 2000. Standard and Poor's rating of AA for general obligation bonds and AAA for special obligation-Build Illinois bonds remained unchanged from fiscal year 2005. The State's bond rating of AA from Fitch Ratings remained unchanged from fiscal year 2005.

Retirement Systems

Besides general and special obligation bond indebtedness, the State's largest liability is its net pension obligation. During fiscal year 2006, this obligation increased \$2.463 billion from \$12.036 billion at June 30, 2005, to \$14.499 billion at June 30, 2006. Of the \$2.463 billion increase, \$1.325 billion occurred at TRS where the annual pension cost ("APC") was calculated to be \$1.9 billion and employer contributions were \$601.5 million. In addition, at SURS the APC was calculated to be \$802.4 million and employer contributions were \$180.0 million.

During fiscal year 2006, all of the State systems were funded in accordance with the *statutory funding* requirement. The new law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15 year phase-in and a "continuing appropriation". For fiscal years 2006 and 2007, however, the law was amended allowing for decreased contributions of only \$938.4 million and \$1,374.7 million, respectively, and requiring equal annual increments from fiscal year 2008 to 2010 (the end of the 15 year phase-in) to ensure the decreases have no long-term effect on contributions. The continuing appropriation provides the Comptroller's Office with the authority to automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process. However, the State's 50-year funding plan does *not* meet the more stringent 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 fiscal year 2004 due to a general obligation bond issuance, since the implementation of GASB Statement No. 27.



ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2006

Economic growth continued at a steady pace in Illinois during fiscal year 2006. The Illinois unemployment rate decreased from 6.0% in fiscal year 2005 to 5.2% for 2006, the lowest Illinois average unemployment rate since fiscal year 2001. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.895 million workers in fiscal year 2006 an increase of 59,000 jobs or 1.0% above 2005 employment and 150,000 jobs or 2.5% below peak employment of 6.045 million jobs in fiscal 2001.

A second Illinois employment estimate, obtained through a household survey, showed a somewhat greater increase in Illinois employment. According to this survey, Illinois employment was up 113,000 or 1.9% in fiscal year 2006, but still remained below the fiscal year 2000 employment level.

The shift in Illinois employment from the manufacturing to the service sectors continued in fiscal year 2006. Average fiscal year 2006 manufacturing employment of 685,000 jobs was down 9,000 jobs or 1.3% from fiscal year 2005 and down 222,000 jobs or 24.5% from the cyclical peak manufacturing employment of 907,000 jobs during fiscal year 1998.

A more comprehensive measure of Illinois' economic performance is the change in state personal income adjusted for inflation. This value increased 2.0% in fiscal year 2006 as a 5.9% increase in nominal personal income was offset by a 3.8% increase in the consumer price index. State personal income adjusted for inflation had increased 1.3% in fiscal year 2004 and 1.1% in fiscal year 2005.

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, 2006. 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, 2006 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash equity with State Treasurer	\$ 6,150,543	\$ 562,083	\$ 6,712,626	\$ 407,667
Cash and cash equivalents	267,209	81,039	348,248	625,042
Investments	54,507	1,940,149	1,994,656	1,278,091
Receivables, net:				
Taxes	1,302,100	505,595	1,807,695	
Intergovernmental	2,500,341	55,701	2,556,042	6,367
Other	475,265	144,162	619,427	492,416
Unrestricted internal balances	(54,664)	54,664	--	
Due from fiduciary funds	9,451	1,325	10,776	27
Due from component units	313,378	151	313,529	310
Due from primary government				93,133
Inventories	95,778	1,291	97,069	43,055
Prepaid expenses	16,327	266	16,593	29,957
Unamortized bond issuance costs	64,837	2,535	67,372	41,082
Loans and notes receivable, net	90,247	1,054,678	1,144,925	1,743,358
Restricted assets:				
Cash equity with State Treasurer	42,989		42,989	116,055
Cash and cash equivalents	647	342,277	342,924	909,175
Investments	15,637	140,363	156,000	2,048,577
Intergovernmental receivables	725		725	
Other receivables	138	107,827	107,965	2,818
Loans and notes receivable, net	3,886	4,313,415	4,317,301	65,000
Other assets	23,447	8	23,455	98,967
Capital assets not being depreciated	2,624,619	190	2,624,809	1,451,349
Capital assets being depreciated, net	15,166,441	2,924	15,169,365	5,525,791
Total assets	29,163,848	9,310,643	38,474,491	14,978,237
LIABILITIES				
Accounts payable and accrued liabilities	4,904,458	228,587	5,133,045	737,624
Intergovernmental payables	3,022,402	7,815	3,030,217	3,292
Due to fiduciary funds	49,912	149	50,061	1,216
Due to component units	93,193	7	93,200	65
Due to primary government				310,094
Unearned revenue	274,115	11,371	285,486	394,327
Other liabilities				9,393
Short-term notes payable				9,437
Long term obligations:				
Due within one year	1,043,653	100,917	1,144,570	512,011
Due subsequent to one year	38,105,854	5,191,393	43,297,247	5,398,899
Total liabilities	47,493,587	5,540,239	53,033,826	7,376,358
NET ASSETS				
Invested in capital assets, net of related debt	12,401,662	3,114	12,404,776	4,350,521
Restricted for:				
Debt service	845,453	691,723	1,537,176	231,678
Municipal lending		1,496,982	1,496,982	
Unemployment compensation benefits		1,664,132	1,664,132	
Education	4,558	25,867	30,425	
Employment and economic development	39,934		39,934	
Health and social services	27,185		27,185	
Public protection and justice	18,020		18,020	
Environment and business regulation	7,195		7,195	
Transportation	6,613		6,613	
Other purposes	5,743		5,743	451,103
Funds held as Permanent Investments:				
Nonexpendable purposes	1,117		1,117	950,869
Expendable purposes	1,108		1,108	846,334
Unrestricted net assets	(31,688,327)	(111,414)	(31,799,741)	771,374
Total net assets	\$ (18,329,739)	\$ 3,770,404	\$ (14,559,335)	\$ 7,601,879

State of Illinois

Statement of Activities

For the Year Ended June 30, 2006 (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	\$ 18,591,748	\$ 119,559	\$ 10,657,183	
Education	13,377,381	4,381	2,010,756	
General government	1,482,830	1,968,930	81,768	\$ 17,794
Employment and economic development	1,091,298	22,933	435,072	
Transportation	3,530,782	30,483	201,809	1,017,517
Public protection and justice	2,537,651	92,988	168,119	
Environment and business regulation	733,128	365,324	87,568	4,909
Intergovernmental-revenue sharing	4,505,450			
Interest	1,222,382			
Total governmental activities	<u>47,072,650</u>	<u>2,604,598</u>	<u>13,642,275</u>	<u>1,040,220</u>
Business-type activities				
Unemployment compensation trust	1,731,262	2,678,643		
Water revolving	22,620	55,557	32,121	
Prepaid tuition program	50,730	52,090		
Designated account purchase program	267,707	163,023	97,198	
Insurance programs	409,726	421,950	11,259	
Lottery	1,334,373	1,968,755		
Other	93,633	96,398		
Total business-type activities	<u>3,910,051</u>	<u>5,436,416</u>	<u>140,578</u>	
Total primary government	<u>\$ 50,982,701</u>	<u>\$ 8,041,014</u>	<u>\$ 13,782,853</u>	<u>\$ 1,040,220</u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 556,440	\$ 108,796	\$ 201,451	
Toll Highway Authority	430,787	612,236		
Other Authorities	185,680	115,833	5,238	\$ 2,453
Universities				
Illinois State University	338,730	159,454	27,356	885
Northern Illinois University	431,207	217,308	67,525	
Southern Illinois University	838,448	370,717	100,739	816
University of Illinois	3,623,732	1,616,836	773,086	11,639
Other Universities	704,912	310,257	98,355	2,720
Total component units	<u>\$ 7,109,936</u>	<u>\$ 3,511,437</u>	<u>\$ 1,273,750</u>	<u>\$ 18,513</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				
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, 2005, as restated				
Net assets, June 30, 2006				

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
\$ (7,815,006)		\$ (7,815,006)	
(11,362,244)		(11,362,244)	
585,662		585,662	
(633,293)		(633,293)	
(2,280,973)		(2,280,973)	
(2,276,544)		(2,276,544)	
(275,327)		(275,327)	
(4,505,450)		(4,505,450)	
(1,222,382)		(1,222,382)	
<u>(29,785,557)</u>			
	\$ 947,381	947,381	
	65,058	65,058	
	1,360	1,360	
	(7,486)	(7,486)	
	23,483	23,483	
	634,382	634,382	
	2,765	2,765	
	<u>1,666,943</u>		
		<u>(28,118,614)</u>	
			\$ (246,193)
			181,449
			(62,156)
			(151,035)
			(146,374)
			(366,176)
			(1,222,171)
			<u>(293,580)</u>
			<u>(2,306,236)</u>
11,224,605		11,224,605	
9,629,241		9,629,241	
1,426,605		1,426,605	
1,521,393		1,521,393	
2,875,159		2,875,159	
272,987	47,002	319,989	211,794
1,405,335	3	1,405,338	298,053
			2,048,151
			42,880
<u>661,109</u>	<u>(661,109)</u>	<u>-</u>	
<u>29,016,434</u>	<u>(614,104)</u>	<u>28,402,330</u>	<u>2,600,878</u>
(769,123)	1,052,839	283,716	294,642
(17,560,616)	2,717,565	(14,843,051)	7,307,237
<u>\$ (18,329,739)</u>	<u>\$ 3,770,404</u>	<u>\$ (14,559,335)</u>	<u>\$ 7,601,879</u>

State of Illinois

**Balance Sheet -
Governmental Funds**

June 30, 2006 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Other Non-major Funds	Total Governmental Funds
ASSETS						
Cash equity with State Treasurer	\$ 1,627,259	\$ 931,067	\$ 138,653		\$ 3,407,927	\$ 6,104,906
Cash and cash equivalents	2,302	7,494		\$ 6,683	178,276	194,755
Investments					70,144	70,144
Receivables, net:						
Taxes	948,521		122,002		231,577	1,302,100
Intergovernmental	1,496,778	146,760	24		837,175	2,480,737
Other	139,176	42,444		974	280,949	463,543
Due from other funds	54,121	32,272		100,950	327,846	515,189
Due from component units	26,253	1,001			276,905	304,159
Inventories	30,447	34,252			21,141	85,840
Loans and notes receivable, net	13,018				81,115	94,133
Other assets	15,000				8,447	23,447
Total assets	\$ 4,352,875	\$ 1,195,290	\$ 260,679	\$ 108,607	\$ 5,721,502	\$ 11,638,953
LIABILITIES						
Accounts payable and accrued liabilities	\$ 3,720,648	\$ 115,243	\$ 6,274	\$ 90,544	\$ 555,943	\$ 4,488,652
Intergovernmental payables	1,479,415	69,222	64,479	342	1,407,649	3,021,107
Due to other funds	419,656	125,029	54,050	186	174,746	773,667
Due to component units	67,918	3,956		420	20,218	92,512
Unavailable revenue	901,759	46,685	8,253		311,507	1,268,204
Unearned revenue	89,380				184,735	274,115
Matured portion of long-term liabilities	1,996	36			1,084	3,116
Total liabilities	6,680,772	360,171	133,056	91,492	2,655,882	9,921,373
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	6,695	4,478	2		34,721	45,896
Long-term portion of:						
Loans and notes receivable	12,779				74,136	86,915
Other assets					8,175	8,175
Inventories	30,447	34,252			21,141	85,840
Other					4,065	4,065
Unreserved:						
Designated for reappropriated accounts, reported in:						
Special revenue funds		796,389		17,115	83,587	897,091
Capital projects funds					310,089	310,089
Undesignated:						
General fund	(2,377,818)					(2,377,818)
Special revenue funds			127,621		1,548,929	1,676,550
Debt service funds					823,784	823,784
Capital projects funds					155,885	155,885
Permanent trust funds					1,108	1,108
Total fund balances (deficits)	(2,327,897)	835,119	127,623	17,115	3,065,620	1,717,580
Total liabilities and fund balances (deficits)	\$ 4,352,875	\$ 1,195,290	\$ 260,679	\$ 108,607	\$ 5,721,502	\$ 11,638,953

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, 2006
(Expressed in Thousands)

Total fund balances-governmental funds		\$ 1,717,580
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,500,693
Prepaid expenses for governmental activities are current uses of financial resources for funds.		15,557
Bond issuance costs are reported as current expenditures in governmental funds. However, bond issuance costs are deferred and amortized over the life of the bonds and are included as governmental activities in the Statement of Net Assets.		64,837
Bond refunding costs are reported as current expenditures in governmental funds. However, bond refunding costs are deferred and amortized over the life of the defeased bonds and are included in governmental activities in the Statement of Net Assets.		68,929
Internal service funds are used to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported as governmental activities in the Statement of Net Assets.		363,587
Some revenues will be collected after year-end but are "unavailable" to pay for the current period's expenditures due to not being collectible for several months and therefore are deferred in governmental funds.		1,268,204
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Net pension obligation	(14,499,336)	
General obligation bonds	(20,964,660)	
Special obligation bonds	(2,539,045)	
Unamortized premiums	(440,058)	
Unamortized discounts	2,446	
Other commitments	(32,833)	
Compensated absences	(410,676)	
Certificates of participation	(69,382)	
Workers' compensation	(179,479)	
Auto liability	(8,900)	
Capital lease and installment purchase obligations	(12,293)	
Accrued interest	(174,910)	
	(39,329,126)	(39,329,126)
Net assets of governmental activities		\$ (18,329,739)

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

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account	Other Non-major Funds	Total Governmental Funds
REVENUES						
Income taxes	\$ 10,271,705				\$ 981,456	\$ 11,253,161
Sales taxes	6,965,448				2,650,483	9,615,931
Motor fuel taxes			\$ 1,352,710		74,253	1,426,963
Public utility taxes	1,058,838				472,368	1,531,206
Other taxes	1,707,774				1,169,093	2,876,867
Federal government	6,318,241	\$ 1,025,881	24		6,368,011	13,712,157
Licenses and fees	272,205	847,567	907	\$ 476,803	535,630	2,133,112
Interest and other investment income	166,357	22,373		3,217	76,126	268,073
Other	1,441,937	78,588			1,149,831	2,670,356
Total revenues	28,202,505	1,974,409	1,353,641	480,020	13,477,251	45,487,826
EXPENDITURES						
Current:						
Health and social services	14,450,991				3,973,536	18,424,527
Education	8,999,412				2,416,966	11,416,378
General government	734,664	119,596	63,585		244,666	1,162,511
Employment and economic development	147,797				918,036	1,065,833
Transportation	99,754	1,109,352	654,546	95,123	574,732	2,533,507
Public protection and justice	1,894,204	97,270			310,922	2,302,396
Environment and business regulation	126,895				548,862	675,757
Debt service:						
Principal	3,213	28			817,245	820,486
Interest	1,212	7			1,115,948	1,117,167
Capital outlays	10,570	356,540	84	909,650	268,068	1,544,912
Intergovernmental					4,505,450	4,505,450
Total expenditures	26,468,712	1,682,793	718,215	1,004,773	15,694,431	45,568,924
Excess (deficiency) of revenues over (under) expenditures	1,733,793	291,616	635,426	(524,753)	(2,217,180)	(81,098)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General and special obligation bonds issued					1,140,000	1,140,000
Premiums on general and special obligation bonds issued					63,780	63,780
General obligation refunding bonds issued					274,950	274,950
Premiums on general obligation refunding bonds issued					11,824	11,824
Payment to refunded bond escrow agent					(285,778)	(285,778)
Transfers-in	2,906,362	341,311		238,405	5,296,547	8,782,625
Transfers-out	(3,909,676)	(253,035)	(641,756)		(3,272,058)	(8,076,525)
Capital lease financing	1,295				71	1,366
Proceeds from disposition of capital assets	4,300				1,200	5,500
Net other sources (uses) of financial resources	(997,719)	88,276	(641,756)	238,405	3,230,536	1,917,742
Net change in fund balances	736,074	379,892	(6,330)	(286,348)	1,013,356	1,836,644
Fund balances (deficits), July 1, 2005	(3,064,391)	443,123	133,953	303,463	2,049,404	(134,448)
Increase (decrease) for changes in inventories	420	12,104			2,860	15,384
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (2,327,897)	\$ 835,119	\$ 127,623	\$ 17,115	\$ 3,065,620	\$ 1,717,580

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

State of Illinois
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2006
(Expressed in Thousands)

Net change in fund balances		\$ 1,836,644
Change in inventories		15,384
		1,852,028

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

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

Capital outlay	1,544,912	
Depreciation expense	(1,094,629)	
Excess of capital outlay over depreciation expense		450,283

Bond proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. In the current period, bond proceeds for the year were, including a premium of \$75,604, this amount. (1,490,554)

Bond issuance costs are reported as current expenditures in governmental funds. However, deferred issuance costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets. 6,435

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	811,775	
Capital lease and installment purchase principal payments	3,991	
Certificates of participation principal retirements	4,720	
Payments to bond refunding agent	285,778	
Total long-term debt repayment		1,106,264

Some capital additions were financed through capital leases or installment purchases. In governmental funds, a capital lease or installment purchase arrangement is considered a source of financing, but in the Statement of Net Assets the obligation is reported as a liability. (1,366)

Internal service funds are used to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported as governmental activities in the Statement of Activities. 15,766

During the fiscal year, certain capital assets and related debt were transferred into internal services funds and included in the net revenue amount for internal service funds above. These amounts consist of:

Capital assets	(9,594)	
Certificates of participation	615	
Capital lease and installment purchase obligations	418	
Capital assets, net of related debt, shown as net revenue in internal services funds		(8,561)

Because some revenues will not be collected for several months, they are considered "unavailable" revenues and revenue recognition is deferred in the governmental funds. Unavailable revenues decreased by this amount during the year. (126,718)

Prepaid expenses in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Prepaid expenses decreased by this amount during the year. (2,631)

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 of book value of capital assets which were sold or scrapped during the year. (17,353)

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

Amortization of bond premiums	43,846	
Amortization of bond discounts	(121)	
Amortization of bond issuance costs	(4,523)	
Amortization of deferred loss on refundings of debt	(11,851)	
Total reduction in expenditures for refundings of debt		27,351

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

Increase in net pension obligation	(2,463,270)	
Increase in compensated absences obligation	(15,145)	
Interest accreted on capital appreciation debt	(86,501)	
Increase in workers' compensation obligation	(11,173)	
Increase in auto liability obligation	(3,848)	
Increase in accrued interest on obligations	(4,155)	
Decrease in other obligations	4,025	
Total additional expenses		(2,580,067)

Change in net assets of governmental activities		\$ (769,123)
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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, 2006 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Total	
ASSETS							
Cash equity with State Treasurer		\$ 379,530	\$ 9,724	\$ 541	\$ 172,288	\$ 562,083	\$ 88,626
Cash and cash equivalents	\$ 10,000	10,476	1,022	43,331	16,210	81,039	73,101
Investments	1,137,136			75	20,761	1,157,972	
Receivables, net:							
Taxes	505,595					505,595	
Intergovernmental	27,844	14,337			13,520	55,701	20,329
Other	75,405	33,362	64		35,331	144,162	11,860
Due from other funds	3,563			1,147	68,773	73,483	171,222
Due from component units	151					151	9,219
Loans and notes receivable, net		42,931				42,931	
Restricted assets:							
Cash and cash equivalents		12,824		329,453		342,277	
Investments		66,401		20,795		87,196	
Other receivables, net		14,208		93,619		107,827	
Loans and notes receivable, net		34,677		713,015		747,692	
Unamortized bond issuance costs		154		40		194	
Inventories					1,291	1,291	9,938
Prepaid expenses					266	266	770
Other assets				8		8	
Total current assets	1,759,694	608,900	10,810	1,202,024	328,440	3,909,868	385,065
Investments			777,302		4,875	782,177	
Loans and notes receivable, net		1,011,747				1,011,747	
Restricted assets:							
Investments		53,167				53,167	
Loans and notes receivable, net		400,557		3,165,166		3,565,723	
Unamortized bond issuance costs		922		1,419		2,341	
Capital assets not being depreciated					190	190	36,742
Capital assets being depreciated, net		14		65	2,845	2,924	253,625
Total noncurrent assets		1,466,407	777,302	3,166,650	7,910	5,418,269	290,367
Total assets	1,759,694	2,075,307	788,112	4,368,674	336,350	9,328,137	675,432
LIABILITIES							
Accounts payable and accrued liabilities	75,845	4,148	847	22,055	125,692	228,587	240,896
Intergovernmental payables	7,526				289	7,815	1,295
Due to other funds	5,291	135	61	207	11,949	17,643	7,869
Due to component units		1	4		2	7	681
Unearned revenue					11,371	11,371	
Current portion of long-term obligations		19,164	26,630	42,981	12,142	100,917	6,588
Total current liabilities	88,662	23,448	27,542	65,243	161,445	366,340	257,329
Noncurrent portion of long-term obligations		230,458	789,705	4,163,847	7,383	5,191,393	54,516
Total liabilities	88,662	253,906	817,247	4,229,090	168,828	5,557,733	311,845
NET ASSETS							
Invested in capital assets, net of related debt		14		65	3,035	3,114	242,517
Net assets restricted for:							
Debt service		581,834		109,889		691,723	3,441
Municipal lending		1,496,982				1,496,982	
Unemployment compensation benefits	1,664,132					1,664,132	
Education					25,867	25,867	
Unrestricted	6,900	(257,429)	(29,135)	29,630	138,620	(111,414)	117,629
Total net assets	\$ 1,671,032	\$ 1,821,401	\$ (29,135)	\$ 139,584	\$ 167,522	\$ 3,770,404	\$ 363,587

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, 2006 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Total	Governmental Activities - Internal Service Funds
	Major							
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds			
OPERATING REVENUES								
Charges for sales and services			\$ 2,342		\$ 2,471,089	\$ 2,473,431	\$ 2,112,408	
Interest income pledged as revenue bond security				\$ 163,023		163,023		
Interest and other investment income		\$ 55,556	49,748		20	105,324		
Employer contributions	\$ 2,647,630					2,647,630		
Federal government	31,013					31,013		
Other		1			15,994	15,995	18,608	
Total operating revenues	2,678,643	55,557	52,090	163,023	2,487,103	5,436,416	2,131,016	
OPERATING EXPENSES								
Cost of sales and services					172,819	172,819	436,790	
Benefit payments and refunds	1,719,571				407,361	2,126,932	1,575,736	
Prizes and claims					1,133,130	1,133,130		
Interest				176,080		176,080		
General and administrative		11,471	3,742	91,585	112,761	219,559	48,470	
Depreciation		22		42	700	764	25,386	
Other		25	46,988		10,941	57,954	11,667	
Total operating expenses	1,719,571	11,518	50,730	267,707	1,837,712	3,887,238	2,098,049	
Operating income (loss)	959,072	44,039	1,360	(104,684)	649,391	1,549,178	32,967	
NONOPERATING REVENUES (EXPENSES)								
Interest and investment income	33,865	6,282			6,855	47,002	4,914	
Interest expense	(6,731)	(11,102)			(3)	(17,836)	(2,708)	
Federal government		32,121		97,198	11,259	140,578	19,668	
Other revenues					3	3		
Other expenses	(4,960)				(17)	(4,977)	(2,645)	
Income (loss) before contributions and transfers	981,246	71,340	1,360	(7,486)	667,488	1,713,948	52,196	
Contributions of capital assets, net							8,561	
Transfers-in		8,300				8,300	7	
Transfers-out	(17,292)		(25)	(566)	(651,526)	(669,409)	(44,998)	
Change in net assets	963,954	79,640	1,335	(8,052)	15,962	1,052,839	15,766	
Net assets, July 1, 2005	707,078	1,741,761	(30,470)	147,636	151,560	2,717,565	347,821	
NET ASSETS, JUNE 30, 2006	\$ 1,671,032	\$ 1,821,401	\$ (29,135)	\$ 139,584	\$ 167,522	\$ 3,770,404	\$ 363,587	

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, 2006 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from sales and services			\$ 2,342		\$ 511,623	\$ 513,965	\$ 286,290
Cash received from lottery sales (net of \$839,982 cash prizes paid by agents and \$99,248 commissions retained by agents)					1,018,856	1,018,856	
Cash received from transactions with other funds							1,896,209
Cash payments to suppliers for goods and services			(2,809)	\$ (39,592)	(425,393)	(467,794)	(2,012,534)
Cash payments to employees for services		\$ (9,406)	(733)	(10,765)	(165,844)	(186,748)	(124,542)
Cash payments for lottery prizes					(271,341)	(271,341)	
Cash receipts from other operating activities	\$ 2,692,913	52,640	117,170	1,057,285	14,495	3,934,503	29,806
Cash payments for other operating activities	(1,717,578)	(1,950)	(22,892)	(1,360,796)	(20,443)	(3,123,659)	(1,872)
Net cash provided (used) by operating activities	975,335	41,284	93,078	(353,868)	661,953	1,417,782	73,357
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Proceeds from borrowings, net of bond issuance costs				596,987		596,987	
Principal paid on revenue bonds and other borrowings	(668,100)	(16,455)		(130,350)		(814,905)	
Interest paid on revenue bonds and other borrowings	(17,173)	(12,835)		(173,256)		(203,264)	
Operating grants received		21,662		86,524		108,186	
Transfers-in from other funds	359	8,300				8,659	7
Transfers-out to other funds	(15,438)		(25)	(565)	(680,122)	(696,150)	(47,082)
Trustee fees	(1,260)					(1,260)	
Net cash provided (used) by noncapital financing activities	(701,612)	672	(25)	379,340	(680,122)	(1,001,747)	(47,075)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets					(757)	(757)	(12,750)
Principal paid on capital debt					(24)	(24)	(6,127)
Interest paid on capital debt					(3)	(3)	(2,708)
Net cash used by capital and related financing activities					(784)	(784)	(21,585)
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of investment securities	(2,592,127)	(199,457)	(203,589)	(417,425)	(33,298)	(3,445,896)	
Proceeds from sale and maturities of investment securities	2,086,308	208,506	101,643	588,027	32,969	3,017,453	
Loan disbursements		(127,985)				(127,985)	
Loan repayments		83,015				83,015	
Interest and dividends on investments	33,865	5,633	12,711	18,192	6,687	77,088	4,740
Net cash provided (used) by investing activities	(471,954)	(30,288)	(89,235)	188,794	6,358	(396,325)	4,740
Net increase (decrease) in cash and cash equivalents	(198,231)	11,668	3,818	214,266	(12,595)	18,926	9,437
Cash and cash equivalents, July 1, 2005	208,231	391,162	6,928	159,059	201,093	966,473	152,290
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 10,000	\$ 402,830	\$ 10,746	\$ 373,325	\$ 188,498	\$ 985,399	\$ 161,727
Reconciliation of cash and cash equivalents to the statement of net assets:							
Total cash and cash equivalents per statement of net assets	\$ 10,000	\$ 10,476	\$ 1,022	\$ 43,331	\$ 16,210	\$ 81,039	\$ 73,101
Add: cash equity with State Treasurer		379,530	9,724	541	172,288	562,083	88,626
Add: restricted cash equivalents		12,824		329,453		342,277	
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 10,000	\$ 402,830	\$ 10,746	\$ 373,325	\$ 188,498	\$ 985,399	\$ 161,727

State of Illinois

Statement of Cash Flows -

Proprietary Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Major						
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
OPERATING INCOME (LOSS)	\$ 959,072	\$ 44,039	\$ 1,360	\$ (104,684)	\$ 649,391	\$ 1,549,178	\$ 32,967
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation		22		42	700	764	25,386
Provision for uncollectible accounts	(10,730)			6,845	893	(2,992)	
Amortization			44,367	19,879	(93)	64,153	
Interest and investment income			(47,127)	(19,019)		(66,146)	
Interest expense				176,080		176,080	
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	19,053	(2,916)		(16,790)	(10,292)	(10,945)	(3,040)
(Increase) decrease in intergovernmental receivables	1,576				370	1,946	84
(Increase) decrease in due from other funds	4,522			(71)	(186)	4,265	67,471
(Increase) decrease in due from component units	19					19	3,438
(Increase) decrease in loans and notes receivable				(419,833)		(419,833)	
(Increase) decrease in inventory					320	320	1,603
(Increase) decrease in prepaid expenses					25	25	147
(Increase) decrease in other assets				(8)		(8)	
Increase (decrease) in accounts payable and accrued liabilities	3,222	37	193	3,637	19,262	26,351	(58,740)
Increase (decrease) in intergovernmental payables	(1,399)				20	(1,379)	(489)
Increase (decrease) in due to other funds		63		191	1,116	1,370	3,233
Increase (decrease) in due to component units		1			1	2	175
Increase (decrease) in unearned revenue					(1,230)	(1,230)	
Increase (decrease) in other liabilities		38	94,285	(137)	1,656	95,842	1,122
Total adjustments	16,263	(2,755)	91,718	(249,184)	12,562	(131,396)	40,390
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 975,335	\$ 41,284	\$ 93,078	\$ (353,868)	\$ 661,953	\$ 1,417,782	\$ 73,357
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Cost of installment purchases							\$ 533
Loss on disposal of capital assets					\$ (17)	\$ (17)	(2,551)
Transfer of assets from (to) other state funds		\$ 1			3	4	9,500
Transfer of capital asset related debt from other state funds							(1,033)
Increase (decrease) in fair value of investments			34,383	\$ 2,523	(89)	36,817	

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, 2006 (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	\$ 254,715	\$ 1,547	\$ 1,089	\$ 292,278
Cash and cash equivalents	2,121,190	3,706,208	48	21,440
Investments:				
Equities	32,160,366	1,827,454		
Fixed income	14,041,305	1,050,012		
Real estate	4,077,850			
Other	2,545,324		316	885,595
Equity in Illinois State Board of Investments	11,316,485			
Securities lending collateral	6,192,474			
Receivables, net:				
Taxes				112,546
Intergovernmental				410
Members	112,200			
Employers	11,838			
Investment income	522,648	15,417		
Other	12,245		8	159,310
Due from other funds	63			
Due from primary government funds	18,065			31,996
Due from component units	887			329
Prepaid expenses	1,373			
Loans and notes receivable, net			77	
Other assets				44,123
Capital assets not being depreciated	1,675			
Capital assets being depreciated, net	11,695			
Total assets	73,402,398	6,600,638	1,538	\$ 1,548,027
LIABILITIES				
Accounts payable and accrued liabilities	1,134,911	172	13	\$ 43,191
Intergovernmental payables				390,927
Due to other funds	63			
Due to primary government funds	9,451	1,325		
Due to component units				27
Depository and other liabilities	6,835,989	3,811		1,113,882
Long term obligations:				
Due within one year	11			
Due subsequent to one year	3,311			
Total liabilities	7,983,736	5,308	13	\$ 1,548,027
NET ASSETS				
Net assets held in trust for:				
Pension and other employee benefits	65,418,662			
Pool participants		6,595,330		
Other purposes			1,525	
Total net assets	\$ 65,418,662	\$ 6,595,330	\$ 1,525	

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, 2006 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Funds	Private Purpose Trust Fund
ADDITIONS			
Deposits/Contributions:			
Employer	\$ 356,668		
State	698,468		
Members/participants	1,472,942	\$ 9,511,244	
Other contributions	60,812		
Total contributions	2,588,890	9,511,244	
Investment income:			
Interest and other investment income	2,087,410	237,636	\$ 92
Net increase in fair value of investments	5,261,664	33,637	
Less investment expense	(380,899)	(3,829)	
Net investment income	6,968,175	267,444	92
Other additions	1,128		7
Total additions	9,558,193	9,778,688	99
DEDUCTIONS			
Benefit payments	5,294,922		
Refunds	123,807		
Participants' withdrawals		9,100,503	
Distribution to pool investors		152,274	
Interest expense	180		
Depreciation	2,063		
General and administration	35,360	5,358	14
Other			1,006
Total deductions	5,456,332	9,258,135	1,020
Net additions (deductions)	4,101,861	520,553	(921)
Net Assets, July 1, 2005	61,316,801	6,074,777	2,446
Net Assets, June 30, 2006	\$ 65,418,662	\$ 6,595,330	\$ 1,525

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

State of Illinois

Statement of Net Assets

Component Units

June 30, 2006 (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	\$ 421	\$ 407,246				
Cash and cash equivalents	47,073	17,908	\$ 123,788	\$ 35,881	\$ 16,800	\$ 99,170
Investments	127,422		35,823	89,684	123,168	289,001
Receivables, net:						
Intergovernmental		11	655			
Other	11,078	75,522	973	11,302	18,050	49,336
Due from component units				5		26
Due from primary government			88	1,790	950	7,732
Inventories			12	2,608	3,629	6,744
Prepaid expenses		4,989	761	1,439		2,210
Unamortized bond issuance costs	18,017	5,582	1,745	827	2,524	4,062
Loans and notes receivable, net	1,603,739		30,638	9,929	9,673	18,851
Restricted assets:						
Cash equity with State Treasurer		96,322	19,733			
Cash and cash equivalents		687,495	4,806	4,051		
Investments	545,754	88,496	8,698	79,951		
Other receivables, net		1,458	1,360			
Loans and notes receivable, net			65,000			
Other assets	39,523			1,010	3,119	20,608
Capital assets not being depreciated		738,054	40,039	23,029	37,099	82,039
Capital assets being depreciated, net	362	1,524,195	13,065	241,270	265,310	426,949
Total assets	2,393,389	3,647,278	347,184	502,776	480,322	1,006,728
LIABILITIES						
Accounts payable and accrued liabilities	93,523	238,947	5,678	11,870	20,858	40,666
Intergovernmental payables						
Due to component units						
Due to primary government	276,481		193	221	64	33
Unearned revenue		145,488	20,161	5,948	25,821	41,015
Other liabilities				8,901	492	
Short-term notes payable			1,268			
Long-term obligations:						
Due within one year	195,006	57,311	30,024	7,448	9,932	25,359
Due subsequent to one year	1,370,398	1,433,582	96,524	100,257	163,014	342,954
Total liabilities	1,935,408	1,875,328	153,848	134,645	220,181	450,027
NET ASSETS						
Invested in capital assets, net of related debt	362	1,355,864	32,607	207,342	154,518	307,159
Restricted for:						
Debt service		166,922	2,876			33,346
Nonexpendable purposes			71	47,641	33,140	77,162
Other expendable purposes				36,762	20,043	75,532
Other purposes	376,421	349	74,333			
Unrestricted	81,198	248,815	83,449	76,386	52,440	63,502
Total net assets	\$ 457,981	\$ 1,771,950	\$ 193,336	\$ 368,131	\$ 260,141	\$ 556,701

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

University of Illinois	Other Universities	Total
		\$ 407,667
\$ 211,295	\$ 73,127	625,042
557,819	55,174	1,278,091
	5,701	6,367
300,794	25,361	492,416
250	29	310
74,672	7,928	93,160
25,235	4,827	43,055
19,911	647	29,957
6,050	2,275	41,082
56,148	14,380	1,743,358
		116,055
182,264	30,559	909,175
1,256,273	69,405	2,048,577
		2,818
		65,000
34,372	335	98,967
400,425	130,664	1,451,349
2,578,728	475,912	5,525,791
5,704,236	896,324	14,978,237
282,555	43,527	737,624
	3,292	3,292
46	19	65
32,780	1,538	311,310
142,036	13,858	394,327
		9,393
6,657	1,512	9,437
164,149	22,782	512,011
1,647,268	244,902	5,398,899
2,275,491	331,430	7,376,358
1,836,879	455,790	4,350,521
23,686	4,848	231,678
749,007	43,848	950,869
669,860	44,137	846,334
		451,103
149,313	16,271	771,374
\$ 3,428,745	\$ 564,894	\$ 7,601,879

State of Illinois

Statement of Activities

Component Units

For the Year Ended June 30, 2006 (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	\$ 556,440	\$ 108,796	\$ 201,451		\$ (246,193)
Toll Highway Authority	430,787	612,236			181,449
Other authorities	185,680	115,833	5,238	\$ 2,453	(62,156)
Universities:					
Illinois State University	338,730	159,454	27,356	885	(151,035)
Northern Illinois University	431,207	217,308	67,525		(146,374)
Southern Illinois University	838,448	370,717	100,739	816	(366,176)
University of Illinois	3,623,732	1,616,836	773,086	11,639	(1,222,171)
Other universities	704,912	310,257	98,355	2,720	(293,580)
Total	<u>\$ 7,109,936</u>	<u>\$ 3,511,437</u>	<u>\$ 1,273,750</u>	<u>\$ 18,513</u>	<u>\$ (2,306,236)</u>

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

General revenues			Additions to permanent endowments	Change in net assets	Net assets, July 1, 2005, as restated	Net assets, June 30, 2006
State appropriations	Interest and investment income	Other				
	\$ 1,974			\$ (244,219)	\$ 702,200	\$ 457,981
	30,207	\$ 176		211,832	1,560,118	1,771,950
\$ 4,326	7,671	50,649		490	192,846	193,336
126,181	8,782	39,583	\$ 2,112	25,623	342,508	368,131
158,824	2,899	179		15,528	244,613	260,141
322,350	15,024	56,070	6,401	33,669	523,032	556,701
1,079,988	135,648	146,783	31,605	171,853	3,256,892	3,428,745
356,482	9,589	4,613	2,762	79,866	485,028	564,894
<u>\$ 2,048,151</u>	<u>\$ 211,794</u>	<u>\$ 298,053</u>	<u>\$ 42,880</u>	<u>\$ 294,642</u>	<u>\$ 7,307,237</u>	<u>\$ 7,601,879</u>

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STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2006

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

A. *Basis of Presentation*

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

B. *Financial Reporting Entity*

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

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

The financial statements distinguish between the “primary government” and its “component units.” The State’s participation in a joint venture, related organizations and jointly governed organizations is separately disclosed below. The primary government, which consists of organizations that make up the State’s legal entity, is the nucleus of the State’s reporting entity. Component units are legally separate organizations for which the State is financially accountable. The State provided over \$1.320 billion in direct unrestricted expenditures to the State’s component units and also provided restricted grants, employee health insurance, employee retirement contributions, and construction project management during the fiscal year. Complete financial statements of the individual component units can be obtained from the respective component unit’s administrative offices (as listed in parentheses below).

Fiduciary Component Units

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

1. *Teacher's Retirement System ("TRS")*. TRS is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan which provides coverage to teachers employed by public school districts in Illinois (excluding Chicago) even though most covered employees are not State employees. The State of Illinois is legally mandated to make contributions to TRS.
2. *State Universities Retirement System ("SURS")*. SURS is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan which provides coverage to faculty and staff of State universities, community colleges and related agencies, of which, most covered employees are not State employees. The State of Illinois is legally mandated to make contributions to SURS.

Blended Component Unit

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

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

Discretely Presented Component Units

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

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

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

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

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

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

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

1. *IMSA Fund for Advancement of Education (“IMSA Fund”).* The IMSA Fund was established for the purpose of benefiting, performing the function of and carrying out certain charitable, educational, literary and scientific purposes of the Illinois Mathematics

and Science Academy, a primary government agency. (Administrative 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, 2005 were \$120.358 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 2005 of \$301 thousand. The affirmative vote of all of the members is required for all actions of the Fund. Complete financial statements of the Fund can be obtained from the Fund’s Administrative Offices at 1560 Sherman Avenue, Suite 880, Evanston, Illinois 60201.

Related Organizations and Jointly Governed Organizations

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

The State’s officials, in conjunction with various other state and local government officials, are members of the boards of other organizations. However, the State has no ongoing financial interest or responsibility except the role of a participant in the various organizations’ purpose and, in certain instances, pays annual dues or assessments.

C. Basis of Presentation

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

The State reports the following major governmental funds:

General – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. These services include, among others, employment and economic development, education (other than institutions of higher education), and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are

accounted for in the General Fund consistent with applicable legal requirements. The State's General Fund contains four primary sub-accounts (General Revenue, Education Assistance, Common School and Medicaid Provider Assessment Program) with numerous secondary sub-accounts.

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

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

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

The State reports the following major proprietary funds:

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

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

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

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

Permanent 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 (except for agency funds which do

not have a measurement focus) and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, excise taxes, wealth taxes, grants, entitlements and donations. On an accrual basis, revenues from self assessed taxes, principally income, excise and wealth taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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 formal debt issues, claims and judgments and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of formal debt issues and acquisitions under capital leases are reported as other financing sources.

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

Private-Sector Standards

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

E. Eliminations

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

Eliminations have been made in the statement of activities to remove the “doubling-up” effect of internal service fund activity. The effect of similar internal events that are, in effect, allocations of

overhead expenses from one function to another or within the same function also have been eliminated, so that the allocated expenses are reported only by the function to which they were allocated.

F. Cash Equivalents

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

G. Investments

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

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

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

H. Inventories and Prepaid Expenditures

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 in governmental funds 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.

For governmental funds, prepaid expenditures are recognized when paid.

I. Interfund Transactions

The State has the following types of interfund transactions:

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

Reimbursements - repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as

expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

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

J. Capital Assets

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

Capitalization thresholds of the primary government generally are as follows:

Table 1-1	
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:

Table 1-2	
Capital Asset Category	Estimated Useful Lives (In Years)
Infrastructure	5-50
Land	N/A
Land Improvements	N/A
Site Improvements	3-50
Buildings	10-60
Building Improvements	10-45
Equipment	3-25
Works of Art and Historical Treasures	5-7

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. Except for in fiscal year 2004 when the State contributed the majority of the proceeds from a \$10 billion general obligation bond, the State’s contributions have been less than the retirement benefits paid during the year for the last twenty-five 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 bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

O. *Advance Refundings of Debt*

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

P. Net Assets/Fund Balances

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

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

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

Q. Use of Estimates

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

R. New Accounting Pronouncements

Effective for the year ending June 30, 2006, the State adopted GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which establishes accounting and financial reporting standards for the impairment of capital assets and for insurance recoveries related to capital assets. 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, 2006, the State also adopted portions of GASB Statement No. 47, *Accounting for Termination Benefits*, not related to obligations under defined benefit nonpension postemployment benefit plans which established accounting standards for termination benefits. 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, 2006, the State also adopted portions of GASB Technical Bulletin 2006-1, *Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D*, not related to GASB Statement No. 43 which clarifies the application of existing standards on accounting to payments that an employer or a defined benefit other postemployment benefit plan receives from the federal government pursuant to the retiree drug subsidy provisions of Medicare Part D, as established in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. There was no significant impact on the State’s financial statements as a result of adopting this statement.

The portions of the GASB Statement No. 47 and GASB Technical Bulletin 2006-1 not adopted relate to and will be implemented with GASB Statement No. 45 for the year ending June 30, 2008.

S. *Future Adoption of GASB Statements*

Effective for the year ending June 30, 2007, the State will adopt GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes financial reporting standards for postemployment benefit plans other than pension plans. The State has not yet determined the impact on the State’s financial statements as a result of adopting this statement.

2 NET ASSETS

A. *Restatements*

The net assets of the Illinois State Toll Highway Authority, a major component unit, have been restated to correct prior reporting errors which overstated the amount of accrued interest receivable by \$8.020 million and overstated the amount of accumulated depreciation by \$45.576 million.

The net assets of Southern Illinois University, a major component unit, have been restated to correct prior reporting errors in the amount of \$690 thousand in recording the classifications of capital assets.

The net assets of the University of Illinois, a major component unit, have been restated to correct prior reporting errors which understated the amount of accrued compensated absences by \$11.638 million.

B. *Net Assets Restricted by Enabling Legislation*

The government-wide statement of net assets reports \$4,835,630 of restricted net assets, of which \$4,105,021 is restricted by enabling legislation.

3 DEPOSITS AND INVESTMENTS

The State Treasurer is the custodian of the State’s deposits and investments for most funds and maintains these deposits and investments in the State Treasury. The investment authority and guidelines for the Treasurer’s published investment policy for the State Treasury is found in Section 22.8 of the Deposit of State Moneys Act (15 ILCS 520). The pooling of cash allows the Treasurer to invest monies not needed to pay immediate obligations so that investment earnings on available cash are maximized. Investments of the State Treasury are not segregated by fund; rather, each contributing fund’s balance is treated as equity in the State Treasury. Accordingly, the State Treasury is not reported as a separate fund in this report. Instead, each State fund’s and each component unit’s balance in the State Treasury is presented as “Cash equity with State Treasurer”. Investments held by the State Treasurer in the State Treasury at June 30, 2006, consisted of the following:

Investment Type	Fair Value
Repurchase agreements	\$ 2,477,741
U.S. Agency obligations	611,777
Commercial paper	2,788,237
Corporate debt securities	19,878
Money market mutual funds	324,407
Private equity	2,962
Equity in Public Treasurers' Investment Pool	1,352,596
Equity in other investment pools	1,792
Total fair value	\$ 7,579,390

Funds maintained outside the State Treasury have independent statutory authority to manage their own deposits and investments. The investment authority of the Illinois State Board of Investment (ISBI), Teacher's Retirement System (TRS) and State Universities Retirement System (SURS) is governed by the Illinois Pension Code (40 ILCS 5). Authorized investments consist of bonds, equities, real estate, venture capital and other activities to be made with the care, skill, prudence and diligence which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of investing similar retirement trusts. ISBI, TRS and SURS each has published investment policies incorporating these guidelines. Primary government investments held outside of the State Treasury at June 30, 2006, except for investments held by ISBI, TRS and SURS, consisted of the following:

Investment Type	Fair Value
Repurchase agreements	\$ 17,735
U.S. Treasury obligations	1,602,012
U.S. Agency obligations	220,011
Municipal debt	38,087
Commercial paper	58,750
Negotiable certificates of deposit	929
Annuities	3,064
Corporate debt securities	112,782
Mutual funds	591,077
Equity in Public Treasurers' Investment Pool	4,043,430
Equity in other investment pools	4,263
Money market mutual funds	440,944
Equity securities	3,812,186
Private equity	1
Guaranteed investment contracts	557,383
U.S. Treasury Unemployment allocation	1,137,136
Other	10,346
Total fair value	\$ 12,650,136

The ISBI is considered to be an internal investment pool of the State of Illinois, operating solely from investment income. The ISBI manages and invests the pension assets of three separate public employee retirement systems: General Assembly Retirement System, the Judges' Retirement System of Illinois, and State Employees' Retirement System of Illinois. The ISBI's

member systems retain all of the cash necessary for current operating expenditures in the State Treasury. The amount of cash received by the ISBI's member systems in excess of their current operating expenditures is transferred to the ISBI for purposes of long-term investment. The ISBI is not reported as a separate fund in this report. Instead, each member system's balance in the ISBI is presented as "Equity in the Illinois State Board of Investments". The ISBI has approximately \$199 million in deposits and investments greater than the member systems equity due to net investment liabilities of the ISBI.

Investments held by ISBI at June 30, 2006, consisted of the following:

<u>Investment Type</u>	<u>Fair Value</u>
U.S. Treasury obligations	\$ 457,091
U.S. Agency obligations	651,140
Municipal obligations	2,689
Corporate obligations	1,382,574
Common stock and equity funds	5,369,124
Preferred stock	1,057
Foreign debt obligations	104,456
Foreign equity securities	1,113,268
Hedge funds	416,462
Real estate	1,134,025
Private equity	482,264
Money market instruments	320,642
Foreign forward options	26
Total Investments	\$ 11,434,818

CUSTODIAL CREDIT RISK

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

Deposits

Primary Government:

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

The carrying amount and bank balance of cash deposits held by the State Treasury was \$1.416 billion and \$1.415 billion at June 30, 2006, respectively. Of the total bank balance of these cash deposits at June 30, 2006, \$32.919 million was uninsured and uncollateralized.

The carrying amount and bank balance of cash deposits held outside of the State Treasury, except for investments held by ISBI, TRS and SURS, was \$337.669 million and \$309.257 million at

June 30, 2006, respectively. Of the total bank balance of these cash deposits at June 30, 2006, \$4.834 million was uninsured with collateral held by the pledging financial institution in the State's name, \$2.528 million was uninsured with collateral held by the pledging financial institution but not in the State's name and \$24.848 million was uninsured and uncollateralized.

ISBI has no policy for custodial credit risk for deposits held for investment purposes. These deposits are under the custody of State Street Bank and Trust. State Street Bank and Trust has a AA Long-term Deposit/Debt rating by Standard and Poor's and an Aa2 rating by Moody's. The carrying amount and bank balance of ISBI's cash deposits at June 30, 2006, was \$80.644 million and \$80.725 million, respectively. Of the total bank balance at June 30, 2006, \$80.567 million was uninsured and uncollateralized.

TRS's foreign currency held by investment managers at June 30, 2006 totaled \$26.484 million, all of which was uninsured and uncollateralized.

SURS's cash held in its investment related bank account in excess of \$100,000 is uninsured and uncollateralized. SURS has no deposit policy for custodial credit risk. Deposits are under the custody of the Northern Trust Company which has a AA- Long Term Deposit/Debt rating by Standard and Poor's and an Aa3 rating by Moody's. At June 30, 2006, the carrying amount was \$373.0 million and the bank balance was \$376.5 million, of which \$19.9 million was uninsured and uncollateralized.

Investments

Primary Government:

The State does not have a formal policy for custodial credit risk of investments held outside of the State Treasury. The following table summarizes the Primary government investments held outside of the State Treasury, except for investments held by ISBI, TRS and SURS, that were subject to custodial credit risk at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>
Uninsured and unregistered with securities held by counterparties	
Annuities	\$ 1,960
Uninsured and unregistered with securities held by counterparties' agents but not in the State's name	
U.S. Treasury obligations	\$ 12,838
U.S. Agency obligations	7,957
	<u>20,795</u>
Total subject to custodial credit risk	<u>\$ 22,755</u>

As of June 30, 2006, the following investments were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in ISBI or TRS's name:

Investment Type	Fair Value
ISBI:	
Common stock	\$ 7,540
U.S. government and agency obligations	43,932
Corporate obligations	4,650
Total	\$ 56,122
TRS:	
U.S. Treasury bills	1,338
Cash deposits held with brokers for variation margin	116
Total	\$ 1,454

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Primary Government:

Section 2 of the Public Funds Investment Act limits the State's investments, both inside and outside the State Treasury, to securities of the U.S. government or its agencies, short-term obligations of domestic corporations exceeding \$500 million in assets that are rated in the three highest categories by at least two nationally recognized statistical ratings organizations not to exceed ten percent of the domestic corporations outstanding obligations, money market mutual funds invested in the U.S. government and/or its agencies, and repurchase agreements securities of the U.S. government or its agencies or money market mutual funds invested in the U.S. government or its agencies. Additional investments may be authorized in certain funds as exceptions to Section 2 of the Public Funds Investment Act pursuant to State statute prescribing the activities of a fund. The following table summarizes the Moody's credit quality ratings for debt securities held by the State Treasurer in the State Treasury at June 30, 2006:

Investment Type	Aaa	A	P-1	Not Rated	Total
Repurchase agreements	\$ --	\$ --	\$ 2,477,741	\$ --	\$ 2,477,741
U.S. Agency obligations	604,005	--	7,772	--	611,777
Commercial paper	--	--	2,788,237	--	2,788,237
Corporate debt securities	--	10,000	9,878	--	19,878
Money market mutual funds	313,399	--	--	11,008	324,407
Equity in Public Treasurers' Investment Pool	--	--	--	1,352,596 *	1,352,596
Equity in other investment pools	--	--	--	1,792	1,792
Total fixed income securities	\$ 917,404	\$ 10,000	\$ 5,283,628	\$ 1,365,396	\$ 7,576,428

* Equity in Public Treasurers' Investment Pool was rated AAA by Standard and Poor's.

The following table summarizes the Moody's credit quality ratings for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2006:

Investment Type	Aaa	Aa	A	Baa	P-1	Not Rated	Total
Repurchase agreements	\$ 4,433	\$ --	\$ --	\$ --	\$ --	\$ 13,302	\$ 17,735
U.S. Agency obligations	218,380	983	--	--	--	648	220,011
Municipal debt	30,513	7,574	--	--	--	--	38,087
Commercial paper	--	--	--	--	58,750	--	58,750
Negotiable certificates of deposit	--	--	--	--	--	929	929
Corporate debt securities	16,249	27,280	62,590	4,962	--	1,701	112,782
Mutual funds	--	38,731	--	--	--	552,346 *	591,077
Equity in Public Treasurers' Investment Pool	--	--	--	--	--	4,043,430 **	4,043,430
Equity in other investment pools	--	--	--	--	--	4,263	4,263
Money market mutual funds	--	--	--	--	--	440,944 ***	440,944
Total subject to credit risk	<u>\$ 269,575</u>	<u>\$ 74,568</u>	<u>\$ 62,590</u>	<u>\$ 4,962</u>	<u>\$ 58,750</u>	<u>\$ 5,057,563</u>	5,528,008
U.S. Treasury obligations							<u>1,602,012</u>
Total fixed income securities							<u>\$ 7,130,020</u>

* \$7.248 million and \$1.998 million of mutual funds were rated AAA and AA, respectively, by Standard and Poor's.
**The Equity in Public Treasurers' Investment Pool was rated AAA by Standard and Poor's.
***\$364.041 million of money market mutual funds was rated AAA by Standard and Poor's.

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

The following table summarizes the Moody's credit quality ratings for debt securities held by ISBI at June 30, 2006:

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Municipal Obligations	Total
Aaa	\$ 324,130	\$ 16,125	\$ 651,140	\$ 2,689	\$ 994,084
Aa	144,482	4,040	--	--	148,522
A	148,905	16,276	--	--	165,181
Baa	115,364	27,420	--	--	142,784
Ba	238,778	12,025	--	--	250,803
B	274,358	19,291	--	--	293,649
Caa	14,129	1,274	--	--	15,403
Ca	682	--	--	--	682
C	461	--	--	--	461
Not rated	121,285	8,005	--	--	129,290
Total subject to credit risk	<u>\$ 1,382,574</u>	<u>\$ 104,456</u>	<u>\$ 651,140</u>	<u>\$ 2,689</u>	2,140,859
U.S. Treasury obligations					<u>457,091</u>
Total fixed income securities					<u>\$ 2,597,950</u>

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2006:

Table 3-9 (amounts expressed in thousands)

<u>Quality Rating</u>	<u>Corporate Debt Obligations</u>	<u>Foreign Debt Obligations</u>	<u>U.S. Agency Obligations</u>	<u>Commingled Funds</u>	<u>Total</u>
Aaa	\$ 2,007,465	\$ 207,612	\$ 2,814,238	\$ --	\$ 5,029,315
Aa	514,443	37,915	29,864	--	582,222
A	471,401	464	202	--	472,067
Baa	532,911	487	4,263	--	537,661
Ba	345,839	--	--	--	345,839
B	46,450	--	--	77,090	123,540
Caa	1,171	--	--	--	1,171
Not rated	71,607	63,832	18,290	(3,158)	150,571
Total subject to credit risk	<u>\$ 3,991,287</u>	<u>\$ 310,310</u>	<u>\$ 2,866,857</u>	<u>\$ 73,932</u>	7,242,386
U.S. Agency obligations					1,861,895
U.S. Treasury obligations					1,433,705
Less cash equivalents					(903,376)
Total fixed income securities					<u>\$ 9,634,610</u>

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2006:

Table 3-10 (amounts expressed in thousands)

<u>Quality Rating</u>	<u>Corporate Debt Securities</u>	<u>Foreign Debt Securities</u>	<u>U.S. Agency Obligations</u>	<u>Total</u>
AAA	\$ 1,110,135	\$ 22,207	\$ 1,275,900	\$ 2,408,242
AA	248,928	10,324	31,066	290,318
A	270,064	19,325	--	289,389
BBB	110,813	27,723	14,577	153,113
BB	62,218	6,135	--	68,353
B	43,430	450	--	43,880
CCC	2,672	--	--	2,672
D	170	--	--	170
Not rated	167,729	12,307	2,143	182,179
Total subject to credit risk	<u>\$ 2,016,159</u>	<u>\$ 98,471</u>	<u>\$ 1,323,686</u>	3,438,316
U.S. Agency obligations				123,196
U.S. Treasury obligations				849,536
Less cash equivalents				(561,778)
Total fixed income securities				<u>\$ 3,849,270</u>

INTEREST RATE RISK

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

Primary Government:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the State Treasurer's investment policy for the State Treasury limits investments to maturities not to exceed three years with the majority required to be in authorized investments with less than one-year maturity. The portion of the State Treasury allocated to investments with more than a two year maturity, other than community development deposits described in Section 7 of the Deposit of State Moneys Act (15 ILCS 520), shall constitute no more than one percent of the entire

portfolio as reported on the daily accounting balance sheet of the State Treasurer's investments. For funds held outside of the State Treasury, excluding pension (and other employee benefit) trust funds, there is no formal policy limiting investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The following table summarizes the segmented time distribution of the debt securities held by the State Treasurer in the State Treasury at June 30, 2006:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Repurchase agreements	\$ 2,477,741	\$ 2,477,741	\$ --	\$ --	\$ --
U.S. Agency obligations	611,777	363,540	248,237	--	--
Commercial paper	2,788,237	2,788,237	--	--	--
Corporate debt securities	19,878	9,878	10,000	--	--
Money market mutual funds	324,407	324,407	--	--	--
Equity in Public Treasurers' Investment Pool	1,352,596	1,352,596	--	--	--
Equity in other investment pools	1,792	--	--	723	1,069
Total fixed income investments	<u>\$ 7,576,428</u>	<u>\$ 7,316,399</u>	<u>\$ 258,237</u>	<u>\$ 723</u>	<u>\$ 1,069</u>

The following table summarizes the Weighted Average Maturity (WAM) for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2006. The WAM expresses investment time horizons – the time when investments become due and payable – in years to reflect the dollar size of individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Table 3-12 (amounts expressed in thousands)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Repurchase agreements	\$ 17,735	0.003
U.S. Treasury obligations	1,602,012	4.521
U.S. Agency obligations	220,011	4.319
Municipal debt	38,087	4.860
Commercial paper	58,750	0.170
Negotiable certificates of deposit	929	0.700
Corporate debt securities	112,782	4.620
Mutual funds	591,077	8.809
Equity in Public Treasurers' Investment Pool	4,043,430	0.087
Equity in other investment pools	4,263	0.052
Money market mutual funds	440,944	0.095
Total fixed income investments	<u>\$ 7,130,020</u>	

Pensions:

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

Duration is a measure of a debt investment's exposure to fair value changes arising from changing interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's portfolio. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. ISBI benchmarks its debt security portfolio to Lehman Brothers Aggregate. At June 30, 2006 the effective duration of the Lehman Brothers Aggregate was 3.6. At the same point in time, the effective duration of the ISBI debt security portfolio was 3.8. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2006:

Table 3-13 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Effective Weighted Duration (Years)</u>
Government and agency obligations:		
U.S. Treasury obligations	\$ 457,091	4.4
Federal agency obligations	651,140	3.3
Municipal obligations	<u>2,689</u>	4.8
	\$ 1,110,920	
Corporate obligations:		
Bank and finance	306,125	3.4
Collateralized mortgage obligations	211,687	2.1
Industrials	580,582	4.7
Commingled	40,713	N/A
Other	<u>243,467</u>	5.5
	1,382,574	
Convertible bonds		
Foreign debt obligations	<u>104,456</u>	5.1
Total	<u><u>\$ 2,597,950</u></u>	

TRS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The following table summarizes the time segmented distribution of the debt securities held by TRS at June 30, 2006:

Table 3-14 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Treasury obligations	\$ 1,433,705	\$ 270,592	\$ 610,149	\$ 325,813	\$ 227,151
U.S. Agency obligations	4,728,752	837,574	467,236	326,247	3,097,695
Corporate debt securities	3,991,287	128,114	1,187,891	599,990	2,075,292
Foreign debt securities	310,310	63,783	61,789	53,232	131,506
Commingled funds	<u>73,932</u>	<u>(446)</u>	<u>(2,172)</u>	<u>77,004</u>	<u>(454)</u>
Total subject to interest rate risk	10,537,986	<u>\$ 1,299,617</u>	<u>\$ 2,324,893</u>	<u>\$ 1,382,286</u>	<u>\$ 5,531,190</u>
Less cash equivalents	<u>(903,376)</u>				
Total fixed income securities	<u><u>\$ 9,634,610</u></u>				

SURS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. The following table summarizes the time segmented distribution of the debt securities held by SURS at June 30, 2006:

Table 3-15 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Treasury and agency obligations	\$ 2,296,418	\$ 205,872	\$ 381,180	\$ 264,977	\$ 1,444,389
Corporate debt securities	2,016,159	441,314	373,477	239,583	961,785
Foreign debt securities	98,471	23,564	29,571	14,537	30,799
Total subject to interest rate risk	4,411,048	<u>\$ 670,750</u>	<u>\$ 784,228</u>	<u>\$ 519,097</u>	<u>\$ 2,436,973</u>
Less cash equivalents	<u>(561,778)</u>				
Total fixed income securities	<u><u>\$ 3,849,270</u></u>				

FOREIGN CURRENCY RISK

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

Primary Government:

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

The following table summarizes the foreign currency risk, by currency denomination, of the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2006:

Table 3-16 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>
Canadian Dollar	\$ 26
Euro	30
Hong Kong Dollar	31
Israeli New Shekel	12
Mexican Peso	17
Other currencies	<u>3</u>
Total deposits and investments subject to foreign currency risk	<u><u>\$ 119</u></u>

Pensions:

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

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

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

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by ISBI as of June 30, 2006:

<u>Currency Denomination</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Total</u>
Australian Dollar	\$ 45,032	\$ --	\$ 45,032
British Pound Sterling	208,671	--	208,671
Canadian Dollar	27,310	--	27,310
Danish Krone	11,811	--	11,811
Euro	298,835	2,774	301,609
Hong Kong Dollar	48,639	--	48,639
Japanese Yen	272,057	--	272,057
South Korean Won	22,538	--	22,538
Swedish Krona	29,341	--	29,341
Swiss Franc	54,417	--	54,417
Other currencies	19,833	2,354	22,187
Total investments subject to foreign currency risk	<u>\$ 1,038,484</u>	<u>\$ 5,128</u>	<u>\$ 1,043,612</u>

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2006:

Table 3-18 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Investment Funds</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations*</u>	<u>Total</u>
Australian Dollar	\$ 790	\$ 230,810	\$ 26,170	\$ 257,770
Brazilian Real	24	136,629	--	136,653
British Pound Sterling	1,766	1,349,241	85,095	1,436,102
Canadian Dollar	229	68,574	15,065	83,868
Danish Krone	11	30,964	--	30,975
Euro	9,948	2,131,437	111,934	2,253,319
Hong Kong Dollar	227	191,574	--	191,801
Japanese Yen	18,051	1,116,078	44,374	1,178,503
Mexican Peso	525	33,641	487	34,653
New Taiwan Dollar	543	190,826	--	191,369
New Zealand Dollar	758	18,347	6,758	25,863
Singapore Dollar	287	46,123	--	46,410
South African Rand	41	78,665	--	78,706
South Korean Won	117	291,389	--	291,506
Swedish Krona	14	90,977	19,051	110,042
Swiss Franc	793	439,091	--	439,884
Other currencies	(84)	125,547	--	125,463
Total deposits and investments subject to foreign currency risk	<u>\$ 34,040</u>	<u>\$ 6,569,913</u>	<u>\$ 308,934</u>	<u>\$ 6,912,887</u>

* Foreign debt obligations includes (\$1.376) million in other foreign obligations.

In addition to the above, TRS has foreign currency investments in real estate (payable in Euros) with fair values totaling \$50.484 million.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by SURS as of June 30, 2006:

Table 3-19 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Other Foreign Obligations</u>	<u>Total</u>
Australian Dollar	\$ 43,122	\$ 108	\$ --	\$ 43,230
British Pound Sterling	234,089	(5,126)	362	229,325
Canadian Dollar	37,742	4,510	(174)	42,078
Euro	428,023	6,198	4,619	438,840
Hong Kong Dollar	17,707	72	--	17,779
Japanese Yen	235,085	45,876	(20)	280,941
South Korean Won	4,124	6,183	--	10,307
Swedish Krona	29,782	435	--	30,217
Swiss Franc	73,366	(2,426)	--	70,940
Other currencies	29,405	16,300	56	45,761
Total investments subject to foreign currency risk	<u>\$ 1,132,445</u>	<u>\$ 72,130</u>	<u>\$ 4,843</u>	<u>\$ 1,209,418</u>

COMPONENT UNITS

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY (IHDA)

Investments

Table 3-20 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
Repurchase agreements	\$ 130,436	\$ --	\$ --	\$ 10,128	\$ 120,308
U.S. Government obligations	79,969	57,749	8,954	816	12,450
U.S. Agency obligations	460,636	417,265	39,639	1,198	2,534
Municipal and other obligations	2,135	--	712	491	932
Total investments	<u>\$ 673,176</u>	<u>\$ 475,014</u>	<u>\$ 49,305</u>	<u>\$ 12,633</u>	<u>\$ 136,224</u>

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

Table 3-21 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Standard and Poor's/Moody's</u>			
		<u>AAA/Aaa</u>	<u>AA/Aa</u>	<u>A/Aaa</u>	<u>A/Aa</u>
Repurchase agreements	\$ 130,436	\$ 5,952	\$ 47,840	\$ 22,333	\$ 54,311
U.S. Government obligations	79,969	79,969	--	--	--
U.S. Agency obligations	460,636	460,636	--	--	--
Municipal and other obligations	2,135	2,135	--	--	--
Total Investments	<u>\$ 673,176</u>	<u>\$ 548,692</u>	<u>\$ 47,840</u>	<u>\$ 22,333</u>	<u>\$ 54,311</u>

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

Concentration of Credit Risk: IHDA places no limit on the amount that may be invested in any one issuer. More than 5 percent of IHDA's investments are in Federal Home Loan Bank (\$178.630 million), Federal National Mortgage Corporation (\$142.568 million) and Federal Home Loan Mortgage Corporation (\$118.228 million).

ILLINOIS TOLL HIGHWAY AUTHORITY (THA)

Investments

Table 3-22 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Agency obligations:					
	AAA	\$ 7,629	\$ --	\$ 7,629	\$ --
	Not rated	21,416	--	21,416	--
Money market mutual funds	AAA	116,534	116,534	--	--
Short-term investment fund	Not rated	462	462	--	--
Total subject to credit risk		146,041	116,996	29,045	--
U.S. Treasury notes		59,451	--	--	59,451
Total subject to interest rate risk		205,492	<u>\$ 116,996</u>	<u>\$ 29,045</u>	<u>\$ 59,451</u>
Guaranteed investment contracts		570,499			
Less cash equivalents		(687,495)			
Total investments		<u>\$ 88,496</u>			

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

ILLINOIS STATE UNIVERSITY (ISU)

Investments

University

Table 3-23 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	AAA	\$ 64,735	\$ 22,316	\$ 42,419
Illinois Public Treasurers' Investment Pool	AAA	22,344	22,344	--
Money market mutual funds	AAA	11,180	11,180	--
Total subject to credit risk		98,259	55,840	42,419
U.S. Treasuries		38,234	23,236	14,998
Total subject to interest rate risk		136,493	<u>\$ 79,076</u>	<u>\$ 57,417</u>
Less cash equivalents		(33,524)		
Total investments		<u>\$ 102,969</u>		

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

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

Concentration of Credit Risk: ISU places no limit on the amount that may be invested in any one issuer. More than 5 percent of ISU's investments are in Federal Farm Credit Bank (\$7.665 million) and Federal Home Loan Bank (\$48.191 million).

ISU Foundation

Table 3-24 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Duration (Years)</u>
Certificates of deposit	Not rated	\$ 120	1/2007 maturity
Bond mutual funds	AA	8,696	4.41
Money market mutual funds	AAA	4,971	2.86
Total subject to credit risk		13,787	
U.S. Treasuries		12	2/2023 maturity
Total subject to interest rate risk		13,799	
Common stock		326	
Equity mutual funds		51,318	
Other		1,223	
Total investments		<u>\$ 66,666</u>	

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

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

Credit Risk: ISU Foundation's investment policy permits fixed income investments in securities within the four highest grades assigned by Moody's Investors Service, Inc. or Standard and Poor's Corporation or, if unrated, deemed by the investment manager to be of comparable quality.

NORTHERN ILLINOIS UNIVERSITY (NIU)

Investments

University

Table 3-25 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating*</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Agency obligations	AAA	\$ 47,999	\$ 11,838	\$ 33,225	\$ 2,936	\$ --
Commercial paper	A1	6,633	6,633	--	--	--
Illinois Public Treasurers' Investment Pool	AAA	14,712	14,712	--	--	--
Total subject to credit risk		69,344	33,183	33,225	2,936	--
U.S. Government obligations		4,666	--	3,451	--	1,215
Total subject to interest rate risk		<u>\$ 74,010</u>	<u>\$ 33,183</u>	<u>\$ 36,676</u>	<u>\$ 2,936</u>	<u>\$ 1,215</u>

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

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

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

Concentration of Credit Risk: NIU has no formal policy limiting the amount that may be invested in any one issuer. The NIU has one commercial paper investment of \$6.633 million in Bavaria University Fog that represents 9% of the total investments of the NIU.

NIU Foundation

Table 3-26 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>1 to 5 Years</u>	<u>5 to 10 Years</u>
Bond mutual funds	AAA	\$ 6,232	\$ 6,232	\$ --
	AA	4,621	4,621	--
	AA	859	--	859
Total subject to credit risk and interest rate risk		11,712	<u>\$ 10,853</u>	<u>\$ 859</u>
Equity mutual funds		30,693		
Common stock		2,342		
Limited partnerships		4,191		
Other		220		
Total investments		<u>\$ 49,158</u>		

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

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

Foreign Currency Risk: NIU Foundation's policy calls for individual international managers to maintain an appropriate diversification with respect to currency and country. The following table summarizes the foreign currency risk by currency denomination for investments held by the Foundation as of June 30, 2006:

Table 3-27 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Total</u>
British Pound Sterling	\$ 1,108	\$ 45	\$ 1,153
Canadian Dollar	285	48	333
Euro	1,784	143	1,927
Japanese Yen	1,296	70	1,366
Swiss Franc	327	--	327
All other currency	1,313	553	1,866
Total subject to foreign currency risk	<u>\$ 6,113</u>	<u>\$ 859</u>	<u>\$ 6,972</u>

SOUTHERN ILLINOIS UNIVERSITY (SIU)

Deposits

University

At June 30, 2006, the actual bank balances related to the cash deposits of the University amounted to \$102.737 million; all such balances were covered by federal depository insurance or collateral held by an agent in the University's name, except for \$208 thousand held in foreign banks. The foreign bank cash balance consists of \$208 thousand in yen.

Investments

University

Table 3-28 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Agency obligations	AAA	\$ 118,921	\$ 50,990	\$ 62,958	\$ 4,973
Equity in Public Treasurers' Investment Pool	AAA	97,193	97,193	--	--
Equity in other investment pools	Not rated	1,062	1,062	--	--
Total subject to credit risk		217,176	149,245	62,958	4,973
U.S. Treasuries		39,783	11,036	18,923	9,824
Total subject to interest rate risk		\$ 256,959	<u>\$ 160,281</u>	<u>\$ 81,881</u>	<u>\$ 14,797</u>
Common stock		44			
Investment of component units except for SIU-Carbondale Foundation		24,226			
Less cash equivalents		(97,193)			
Total investments		<u>\$ 184,036</u>			

Interest Rate Risk: Interest rate risk is mitigated by structuring SIU's portfolio so that securities mature to meet the SIU's cash requirements for ongoing operations. The internally managed portfolio is managed in accordance with covenants provided from the University's debt issuance activities. The externally managed portfolio is typically allocated with 20 to 35 percent of assets held in the Illinois Funds; 10 to 40 percent of assets held in the short-term portfolio; and 35 to 60 percent of assets held in the intermediate-term portfolio.

Credit Risk: Credit risk is mitigated by limiting investments to those specified in the *Illinois Public Funds Investment Act*; pre-qualifying the financial institutions which are utilized; and diversifying the investment portfolio so that the failure of any one issue or backer will not place an undue financial burden on SIU. U.S. Treasuries are federal government securities that do not require the disclosure of credit risk. The U.S. agencies investments include the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, and the Federal Home Loan Bank, all of which were rated AAA.

SIU-Carbondale Foundation

Table 3-29 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>More Than 10 Years</u>
U.S. Agency obligations	\$ 30	\$ --	\$ --	\$ --	\$ 30
U.S. fixed income mutual funds	42,370	42,370	--	--	--
Commercial paper	283	283	--	--	--
Money market mutual funds	1,102	1,102	--	--	--
Total subject to interest rate risk	43,785	<u>\$43,755</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 30</u>
Foreign equity mutual funds	13,036				
Equity mutual funds	48,144				
Total investments	<u>\$ 104,965</u>				

UNIVERSITY OF ILLINOIS (U of I)

Investments

Interest Rate Risk: U of I and the U of I Foundation, a component unit of the U of I, employ multiple investment managers, of which each has a specific maturity assignment related to operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested in money market instruments. Core operating funds are invested in longer maturity investments. Core operating funds investment manager's performance benchmarks are Lehman Brothers 1-3 year Government Credit Bond Index and the Lehman Brothers Intermediate Aggregate Bond Index. The manager guidelines provide that the average weighted duration of the portfolio, including option position, not vary from that of their respective performance benchmarks by more than +/-20 percent. The Entity's investments and maturities at June 30, 2006 are illustrated below:

University

Table 3-30 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
Certificates of deposit	\$ 846	\$ 846	\$ --	\$ --	\$ --
U.S. Treasury put	4,345	4,345	--	--	--
U.S. Treasury bonds and bills	192,003	112,050	59,434	18,380	2,139
U.S. Agency obligations	115,352	27,284	27,822	4,872	55,374
Commercial paper	71,490	71,490	--	--	--
Corporate bonds	126,641	3,954	85,775	19,642	17,270
Bond mutual funds	62,196	5,193	8,073	37,733	11,197
Money market mutual funds	246,753	246,753	--	--	--
Illinois Public Treasurers' Investment Pool	1,198	1,198	--	--	--
Non government mortgage-backed securities	74,897	--	566	1,259	73,072
Non U.S. Government bonds	3,971	--	3,512	459	--
Repurchase agreements	37,600	37,600	--	--	--
Total subject to interest rate risk	937,292	<u>\$ 510,713</u>	<u>\$ 185,182</u>	<u>\$ 82,345</u>	<u>\$ 159,052</u>
U.S. equities	20,175				
Foreign equity securities	39,241				
Preferred stock					
U.S. equity mutual funds	111,715				
Limited partnerships	3,744				
Real estate	13,606				
Total investments of the University	1,125,773				
Investments of component units except for U of I Foundation	15,966				
Less cash equivalents	(405,598)				
Total investments	<u>\$ 736,141</u>				

At June 30, 2006, U of I's operating funds pool portfolio had an effective duration of 1.8 years.

Foundation

Table 3-31 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	More Than 10 Years
U.S. Agency obligations	\$ 65,022	\$ --	\$ 1,479	\$ 22,446	\$ 41,097
Municipal bonds	331	--	--	331	--
Corporate bonds and notes	61,026	119	2,769	2,019	56,119
Mutual funds - bonds	125,579	41,923	26,532	53,051	4,073
Mutual funds - municipal bonds	2,244	248	711	926	359
Mutual funds - blended bonds	976	--	--	976	--
Mutual funds - money market	27,967	27,967	--	--	--
Total subject to interest rate risk	283,145	<u>\$ 70,257</u>	<u>\$ 31,491</u>	<u>\$ 79,749</u>	<u>\$ 101,648</u>
U.S. equities	293,083				
Foreign equity securities	167,683				
Preferred stock	6				
Equity mutual funds	202,794				
Real estate and partnerships	127,542				
Other	3,698				
Total investments	<u>\$ 1,077,951</u>				

Credit Risk: U of I's policy requires that operating funds be invested in fixed income securities and money market instruments. Fixed income securities shall be rated investment grade or better by one or more nationally recognized statistical rating organizations. Securities not covered by the investment grade standard are allowed if, in the manager's judgment, those instruments are of comparable credit quality. Securities which fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion. It is expected that the average credit quality of the operating funds will not fall below Standard & Poor's AA- or equivalent. At June 30, 2006, U of I and the U of I Foundation had debt securities and quality ratings as shown in the charts below:

University

Table 3-32 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's/Moody's							Less Than BB or Not Rated
		AAA/Aaa	Not Rated	AA/Aa	Not Rated/		BBB/Baa	BB/Ba	
					A	A/BA			
Certificates of deposit	\$ 846	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 846
U.S. Agency obligations	115,352	115,352	--	--	--	--	--	--	--
Commercial paper	71,490	71,490	--	--	--	--	--	--	--
Corporate bonds	126,641	27,272	--	6,205	--	39,583	35,434	9,704	8,443
Bond mutual funds	62,196	46,655	--	1,651	--	1,905	4,032	6,525	1,428
Money market mutual funds	246,753	23,142	--	--	3,824	--	--	--	219,787
Illinois Public Treasurers' Investment Pool	1,198	--	1,198	--	--	--	--	--	--
Non government mortgage-backed securities	74,897	70,823	--	856	--	555	--	--	2,663
Non U.S. Government bonds	3,971	767	--	1,455	--	290	1,459	--	--
Repurchase agreements	37,600	--	--	--	--	--	--	--	37,600
Total subject to credit risk	740,944	<u>\$355,501</u>	<u>\$ 1,198</u>	<u>\$10,167</u>	<u>\$ 3,824</u>	<u>\$42,333</u>	<u>\$ 40,925</u>	<u>\$ 16,229</u>	<u>\$ 270,767</u>
U.S. Treasury put	4,345								
U.S. Treasury bonds and bills	192,003								
Total fixed income securities	<u>\$937,292</u>								

Foundation

Table 3-33 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's/Moody's							Less Than BB or Not Rated
		AAA/Aaa	AA/Aa	Not Rated/		BBB/Baa	BB/Ba		
				A	A/BA				
U.S. Agency obligations	\$ 65,022	\$ 63,871	\$ --	\$ --	\$ 49	\$ 1,102	\$ --	\$ --	
Municipal bonds	331	331	--	--	--	--	--	--	
Corporate bonds and notes	61,026	25,996	11,111	--	5,398	6,139	8,202	4,180	
Mutual funds - bonds	125,579	101,494	8,583	--	10,126	2,063	3,292	21	
Mutual funds - municipal bonds	2,244	1,481	441	--	113	75	2	132	
Mutual funds - blended bonds	976	263	277	--	329	83	--	24	
Mutual funds - money market	27,967	--	--	27,967	--	--	--	--	
Total fixed income securities	<u>\$283,145</u>	<u>\$193,436</u>	<u>\$20,412</u>	<u>\$ 27,967</u>	<u>\$16,015</u>	<u>\$ 9,462</u>	<u>\$11,496</u>	<u>\$ 4,357</u>	

Foreign Currency Risk: The U of I allows its investment managers to invest up to 20 percent in foreign currency securities. The U.S. dollar balances of U of I's and Foundation's cash equivalents and investments exposed to foreign currency risk as of June 30, 2006 are categorized by currency below:

University

Table 3-34 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Total</u>	<u>Cash Equivalents</u>	<u>Equity Investments</u>
British Pound Sterling	\$ 8,950	\$ --	\$ 8,950
Euro	14,488	10	14,478
Japanese Yen	2,665	--	2,665
Swedish Krona	1,404	--	1,404
All other currency	11,744	--	11,744
Total subject to foreign currency risk	<u>\$ 39,251</u>	<u>\$ 10</u>	<u>\$ 39,241</u>

Foundation

Table 3-35 (amounts expressed in thousands)

<u>Currency denomination</u>	<u>Total</u>	<u>Cash Equivalents</u>	<u>Equity Investments</u>	<u>Foreign Debt Obligations</u>
British Pound Sterling	\$ 48,213	\$ 248	\$ 47,954	\$ 11
Euro	50,882	582	50,146	154
Japanese Yen	40,319	439	39,880	--
Swedish Krona	6,002	3	5,999	--
All other currency	42,934	334	42,586	14
Total subject to foreign currency risk	<u>\$ 188,350</u>	<u>\$ 1,606</u>	<u>\$ 186,565</u>	<u>\$ 179</u>

DERIVATIVES

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

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

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

Foreign currency forward contracts are used to hedge against the currency risk in agencies' foreign stock and fixed income security portfolios. Foreign currency forward contracts are an agreement to purchase or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are recognized as incurred rather than at the maturity or settlement date of the contract. Foreign currency forward contracts represent an off-balance sheet obligation because there are no balance sheet assets or liabilities associated with those contracts. As of June 30, 2006, the net unrealized gain(loss) of foreign currency forward contracts outstanding for ISBI, TRS and SURS was \$26 thousand, (\$664) thousand and \$1.366 million, respectively.

Collateralized mortgage obligations are securities which are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayment by mortgagees, which may result from a decline in interest rates. As of June 30, 2006, the fair value of collateralized mortgage obligations for ISBI and SURS was \$211.687 million and \$399.342 million, respectively.

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

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

As of June 30, 2006, the fair value of option contracts written for TRS and SURS was (\$9.977) million and (\$5.138) million, respectively.

The following table represents the derivative positions held by ISBI, TRS and SURS at June 30, 2006 in financial futures and financial options.

Table 3-36 (amounts expressed in thousands)

Type of Derivative Contract	Contractual Principal Outstanding*		
	Illinois State Board of Investment	Teachers' Retirement System	Universities Retirement System
Domestic interest rate products			
Fixed income futures purchased	\$ 269,685	\$ 752,085	\$ 217,300
Fixed income futures sold	37,149	(365,874)	90,000
Fixed income put options (written, purchased)	7,100	--	167,100
Fixed income call options (written, purchased)	180,900	--	123,200
Fixed income put options (written, purchased) on futures	-	3,630	--
Fixed income call options (written, purchased) on futures	-	2,790	--
International interest rate products			
Fixed income futures purchased	--	3,348	7,821,010
Fixed income futures sold	--	--	82,534
Fixed income put options (written, purchased)	--	--	2,104,300
Fixed income call options (written, purchased)	--	--	5,187,800
Domestic Equity Products			
S & P 500 Index and other equity futures purchased	190,211	1,930,275	514,147
Equity put options (written, purchased)	--	--	1,400
Equity call options (written, purchased)	--	--	88,300
Domestic Currency Products			
Currency call options on futures	--	736,530	--
Currency put options on futures	--	1,171,041	--
Foreign Currency Products			
Forward foreign currency futures (net)	--	1,362,686	--
Currency call options (net)	23,550	--	--

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

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

SECURITIES LENDING TRANSACTIONS

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

distributions by the securities' issuers while the securities are out on loan. Other agencies have no provisions for indemnification.

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

The following table summarizes the fair value and related collateral value of outstanding loaned investment securities as of June 30, 2006.

Table 3-37 (amounts expressed in thousands)

<u>State Agency/Component Unit</u>	<u>Fair Value</u>	<u>Collateral Value</u>
Illinois State Board of Investments	\$ 1,568,684	\$ 1,597,656
Teacher's Retirement System	4,788,220	4,873,674
State Universities Retirement System	1,758,200	1,791,800
University of Illinois	212,997	216,478

4 TAXES RECEIVABLE

Taxes receivable for the primary government at June 30, 2006 are as follows:

Table 4-1 (amounts expressed in thousands)

	<u>Income</u>	<u>Sales</u>	<u>Motor fuel</u>	<u>Public utility</u>	<u>Unemployment compensation</u>	<u>Other</u>	<u>Less allowance for uncollectible taxes</u>	<u>Total</u>
Primary Government								
Governmental Activities:								
General Fund	\$ 755,115	\$ 557,125	\$ --	\$ 16,081	\$ --	\$ 139,846	\$ 519,646	\$ 948,521
Motor Fuel Tax Fund	--	--	149,885	--	--	--	27,883	122,002
Non-major Funds	80,547	183,275	11,347	18,181	--	33,042	94,815	231,577
Total governmental activities	<u>835,662</u>	<u>740,400</u>	<u>161,232</u>	<u>34,262</u>	<u>\$ --</u>	<u>172,888</u>	<u>642,344</u>	<u>1,302,100</u>
Business-type Activities:								
Unemployment Compensation Trust Fund	--	--	--	--	620,517	--	114,922	505,595
Total business-type activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>620,517</u>	<u>--</u>	<u>114,922</u>	<u>505,595</u>
Total Primary Government	<u>\$ 835,662</u>	<u>\$ 740,400</u>	<u>\$ 161,232</u>	<u>\$ 34,262</u>	<u>\$ 620,517</u>	<u>\$ 172,888</u>	<u>\$ 757,266</u>	<u>\$ 1,807,695</u>
Fiduciary Funds:	<u>\$ --</u>	<u>\$ 98,462</u>	<u>\$ --</u>	<u>\$ 8,531</u>	<u>\$ --</u>	<u>\$ 5,553</u>	<u>\$ --</u>	<u>\$ 112,546</u>

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2006 consisted of the following:

Table 5-1 (amounts expressed in thousands)

Due From	Due To													Total
	General Fund	Road Fund	Motor Fuel Tax Fund	State Construction Account Fund	Non-major Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Internal Service Funds	Fiduciary Funds		
General Fund	\$ --	\$ 22,707	\$ --	\$ --	\$ 31,253	\$ --	\$ 74	\$ --	\$ --	\$ 74	\$ 13	\$ --	\$ 54,121	
Road Fund	6	--	30,704	--	1,562	--	--	--	--	--	--	--	32,272	
State Construction Account	--	78,023	20,336	--	2,591	--	--	--	--	--	--	--	100,950	
Non-major Governmental Funds	192,919	13,995	2,670	186	94,981	5,291	--	--	202	8,541	18	9,043	327,846	
Unemployment Compensation Trust Fund	2,775	740	--	--	48	--	--	--	--	--	--	--	3,563	
Designated Account Purchase Program Fund	--	--	--	--	1,147	--	--	--	--	--	--	--	1,147	
Non-major Enterprise Funds	65,685	--	--	--	1,763	--	--	--	--	--	--	1,325	68,773	
Internal Service Funds	140,074	7,314	186	--	12,285	--	59	61	5	3,187	7,643	408	171,222	
Fiduciary Funds	18,197	2,250	154	--	29,116	--	2	--	--	147	195	63	50,124	
Total	\$ 419,656	\$ 125,029	\$ 54,050	\$ 186	\$ 174,746	\$ 5,291	\$ 135	\$ 61	\$ 207	\$ 11,949	\$ 7,869	\$ 10,839	\$ 810,018	

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, 2006 consisted of the following:

Transfers-In	Transfers-Out									Total
	General Fund	Road Fund	Motor Fuel Tax Fund	Non-major Governmental Funds	Unemployment Compensation Trust Fund	Prepaid Tuition Fund	Designated Account Purchase Program Fund	Non-major Enterprise Funds	Internal Service Funds	
General Fund	\$ --	\$ --	\$ --	\$ 2,223,633	\$ --	\$ --	\$ --	\$ 642,731	\$ 39,998	\$ 2,906,362
Road Fund	--	--	341,311	--	--	--	--	--	--	341,311
State Construction Account	--	--	238,405	--	--	--	--	--	--	238,405
Non-major Governmental Funds	3,909,676	253,035	62,040	1,040,118	17,292	25	566	8,795	5,000	5,296,547
Water Revolving Fund	--	--	--	8,300	--	--	--	--	--	8,300
Internal Service Funds	--	--	--	7	--	--	--	--	--	7
Total	\$ 3,909,676	\$ 253,035	\$ 641,756	\$ 3,272,058	\$ 17,292	\$ 25	\$ 566	\$ 651,526	\$ 44,998	\$ 8,790,932

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 \$207.447 million from non-major governmental funds, \$1.040 million from non-major enterprise funds, and \$39.998 million from internal service funds.

The repayments of short-term certificate principal, \$1 billion, and premiums, \$5.681 million, during the year 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.

INTERENTITY

Amounts reported in the component units' statement of net assets as due from and due to component units do not agree by \$245 due to the University of Illinois having an amount due from the Toll Highway Authority at June 30, 2006. The Toll Highway Authority did not have an amount due to the University of Illinois recorded at its fiscal year-end of December 31, 2005.

The due from amounts for the State of Illinois from its component units, as of June 30, 2006, consisted of the following:

Table 5-3 (amounts expressed in thousands)

Due To	Due From								Total
	Toll Highway Authority	Non-major Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-major Universities		
General Fund	\$ 1	\$ 16	\$ 1,318	\$ 159	\$ 3,713	\$ 60,646	\$ 2,065	\$ 67,918	
Road Fund	43	--	--	162	281	3,467	3	3,956	
State Construction Account	--	--	--	--	--	420	--	420	
Non-major Governmental Funds	2	64	471	629	3,737	9,459	5,856	20,218	
Water Revolving Fund	--	--	1	--	--	--	--	1	
Prepaid Tuition Fund	--	--	--	--	--	--	4	4	
Non-major Enterprise Funds	2	--	--	--	--	--	--	2	
Internal Service Funds	--	--	--	--	1	680	--	681	
Fiduciary Funds	19	8	--	--	--	--	--	27	
Total	\$ 67 *	\$ 88	\$ 1,790	\$ 950	\$ 7,732	\$ 74,672	\$ 7,928	\$ 93,227	

* The amounts due from the Toll Highway Authority at December 31, 2005, its fiscal year-end, were \$0.

The due to amounts for the State of Illinois to its component units, as of June 30, 2006, consisted of the following:

Table 5-4 (amounts expressed in thousands)

Due From	Due To								Total
	Illinois Housing Development Authority	Toll Highway Authority	Non-major Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-major Universities	
General Fund	\$ --	\$ --	\$ 175	\$ --	\$ --	\$ --	\$ 25,470	\$ 608	\$ 26,253
Road Fund	--	1,001	--	--	--	--	--	--	1,001
Non-major Governmental Funds	276,481	28	17	139	--	--	142	98	276,905
Unemployment Compensation Trust Fund	--	--	--	3	8	31	83	26	151
Internal Service Funds	--	2,324	1	76	51	--	5,991	776	9,219
Fiduciary Funds	--	82	--	3	5	2	1,094	30	1,216
Total	\$ 276,481	\$ 3,435 *	\$ 193	\$ 221	\$ 64	\$ 33	\$ 32,780	\$ 1,538	\$ 314,745

* The amounts due to the Toll Highway Authority at December 31, 2005, its fiscal year-end, were \$0.

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

6 LOANS AND NOTES RECEIVABLE

Loans and notes receivable at June 30, 2006, consisted of the following:

	Primary Government					
	Governmental Activities		Business-type Activities			Component Units
	General Fund	Non-major Governmental Funds	Water Revolving Fund	Designated Account Purchase Program Fund	Fiduciary Funds	
Mortgage loan program	\$ --	\$ 12	\$ --	\$ --	\$ --	\$ 1,645,399
Student loan program	38,020	1,326	--	3,888,064	113	117,702
Local government infrastructure	--	--	1,489,912	--	--	52,090
Business loan program	29,298	--	--	--	--	--
Port district construction	15,048	--	--	--	--	--
Other	2,121	81,190	--	--	--	46,071
	<u>84,487</u>	<u>82,528</u>	<u>1,489,912</u>	<u>3,888,064</u>	<u>113</u>	<u>1,861,262</u>
Less: Allowance for uncollectible accounts	<u>71,469</u>	<u>1,413</u>	<u>--</u>	<u>9,883</u>	<u>36</u>	<u>52,904</u>
Total	<u>13,018</u>	<u>81,115</u>	<u>1,489,912</u>	<u>3,878,181</u>	<u>77</u>	<u>1,808,358</u>
Less: Amounts representing restricted assets	<u>--</u>	<u>--</u>	<u>435,234</u>	<u>3,878,181</u>	<u>--</u>	<u>65,000</u>
Loans and notes receivable, net	<u>\$ 13,018</u>	<u>\$ 81,115</u>	<u>\$ 1,054,678</u>	<u>\$ --</u>	<u>\$ 77</u>	<u>\$ 1,743,358</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 other loan totaling \$13.4 million in original value was restructured again effective January 1, 1991. During each restructuring, prior uncollected interest was capitalized on the loans. These two loans have been classified as non-performing assets.

In 1995, the Treasurer authorized the Trustee of the pilot mortgage program 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 Circuit 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 appealed the Circuit Court's order. The Illinois Appellate Court, Fifth District, affirmed the Circuit Court's decision in all material respects. An appeal of the Appellate Court's ruling was petitioned by the Trustee to the Illinois Supreme Court and granted on October 7, 2003. On June

3, 2005, the Illinois Supreme Court reversed the Appellate Court's decision on the basis of sovereign immunity. The plaintiffs have requested that the Illinois Supreme Court reconsider its decision. If the Illinois Supreme Court declines to reconsider its decision, the case will be remanded to the Madison County Circuit Court.

On October 31, 1997, the Trustee, at the direction of the Treasurer, filed lawsuits against each of the two Hotel Ventures for making improper deductions in determining payments due. The Trustee claims that these violations, and the failure of the Hotel Ventures to pay upon demand the monies that were improperly deducted, constitute a default of the notes making the loan balances due upon demand. At the time of the filing of the suits, 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 order ceased to bind on April 24, 2006. As of October, 2006, \$740 thousand had been collected on 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. In 2006, the Circuit Court of Cook County entered judgment in one of the lawsuits in favor of the Trustee and against the borrowers declaring the loan was in default and authorized the Trustee to pursue collection proceedings against the personal guarantee. The Trustee has commenced foreclosure proceedings.

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, 2006, was as follows:

Table 7-1 (amounts expressed in thousands)					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers and Reclassifications</u>	<u>Ending Balance</u>
Primary Government					
Governmental Activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 2,476,690	\$ 64,677	\$ 5,693	\$ 829	\$ 2,536,503
Historical treasures and works of art	36,459	146	--	815	37,420
Construction in progress	66,479	82,090	--	(97,873)	50,696
Total capital assets not being depreciated	<u>2,579,628</u>	<u>146,913</u>	<u>5,693</u>	<u>(96,229)</u>	<u>2,624,619</u>
Capital assets being depreciated:					
Infrastructure	21,191,863	1,363,397	687,306	(19,144)	21,848,810
Site improvements	619,842	13,469	1,753	24,660	656,218
Buildings and building improvements	4,075,559	2,648	19,356	61,783	4,120,634
Equipment	1,079,168	58,489	59,131	(7,614)	1,070,912
Historical treasures and works of art	1,100	--	--	--	1,100
Total capital assets being depreciated	<u>26,967,532</u>	<u>1,438,003</u>	<u>767,546</u>	<u>59,685</u>	<u>27,697,674</u>
Less accumulated depreciation for:					
Infrastructure	9,224,054	937,381	687,306	--	9,474,129
Site improvements	279,506	20,524	1,246	144	298,928
Buildings and building improvements	1,796,115	99,099	13,791	1,565	1,882,988
Equipment	873,925	63,011	54,720	(8,128)	874,088
Historical treasures and works of art	1,100	--	--	--	1,100
Total accumulated depreciation	<u>12,174,700</u>	<u>1,120,015</u>	<u>757,063</u>	<u>(6,419)</u>	<u>12,531,233</u>
Total capital assets being depreciated, net	<u>14,792,832</u>	<u>317,988</u>	<u>10,483</u>	<u>66,104</u>	<u>15,166,441</u>
Governmental activities capital assets, net	<u>\$ 17,372,460</u>	<u>\$ 464,901</u>	<u>\$ 16,176</u>	<u>\$ (30,125)</u>	<u>\$ 17,791,060</u>
Depreciation expense for governmental activities was charged to functions as follows:					
Health and social services					\$ 29,274
Education					3,136
General government					42,852
Employment and economic development					10,286
Transportation					954,786
Public protection and justice					52,764
Environmental and business regulation					26,917
Total					<u>\$ 1,120,015</u>

Table 7-2 (amounts expressed in thousands)

	Beginning Balance	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	1,511	50	--	--	1,561
Equipment	7,923	707	737	(61)	7,832
Total capital assets being depreciated	9,434	757	737	(61)	9,393
Less accumulated depreciation for:					
Buildings and building improvements	187	34	--	--	221
Equipment	6,303	730	720	(65)	6,248
Total accumulated depreciation	6,490	764	720	(65)	6,469
Total capital assets being depreciated, net	2,944	(7)	17	4	2,924
Business-type activities capital assets, net	\$ 3,134	\$ (7)	\$ 17	\$ 4	\$ 3,114
Fiduciary Funds					
Capital assets not being depreciated:					
Land and land improvements	\$ 1,675	\$ --	\$ --	\$ --	\$ 1,675
Total capital assets not being depreciated	1,675	--	--	--	1,675
Capital assets being depreciated:					
Site improvements	322	96	--	--	418
Buildings and building improvements	14,422	--	--	--	14,422
Equipment	21,524	1,047	758	--	21,813
Total capital assets being depreciated	36,268	1,143	758	--	36,653
Less accumulated depreciation for:					
Site improvements	283	14	--	--	297
Buildings and building improvements	6,127	391	--	--	6,518
Equipment	17,240	1,658	755	--	18,143
Total accumulated depreciation	23,650	2,063	755	--	24,958
Total capital assets being depreciated, net	12,618	(920)	3	--	11,695
Fiduciary funds capital assets, net	\$ 14,293	\$ (920)	\$ 3	\$ --	\$ 13,370

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	\$ 421,854	\$ 27,530	\$ 6,792	\$ 1,689	\$ 444,281
Historical treasures and works of art	22,258	419	--	--	22,677
Construction in progress	594,486	663,675	17,602	(256,168)	984,391
Total capital assets not being depreciated	<u>1,038,598</u>	<u>691,624</u>	<u>24,394</u>	<u>(254,479)</u>	<u>1,451,349</u>
Capital assets being depreciated:					
Infrastructure	3,589,160	181,628	--	--	3,770,788
Site improvements	707,349	1,250	2,722	19,757	725,634
Buildings and building improvements	4,545,673	89,576	5,038	219,098	4,849,309
Equipment	1,965,803	140,818	61,138	(75)	2,045,408
Historical treasures and works of art	382,740	22,547	--	--	405,287
Total capital assets being depreciated	<u>11,190,725</u>	<u>435,819</u>	<u>68,898</u>	<u>238,780</u>	<u>11,796,426</u>
Less accumulated depreciation for:					
Infrastructure	2,167,626	132,771	--	--	2,300,397
Site improvements	282,217	23,572	1,392	--	304,397
Buildings and building improvements	1,772,538	109,757	737	174	1,881,732
Equipment	1,373,452	163,196	53,800	(174)	1,482,674
Historical treasures and works of art	284,171	17,264	--	--	301,435
Total accumulated depreciation	<u>5,880,004</u>	<u>446,560</u>	<u>55,929</u>	<u>--</u>	<u>6,270,635</u>
Total capital assets being depreciated, net	<u>5,310,721</u>	<u>(10,741)</u>	<u>12,969</u>	<u>238,780</u>	<u>5,525,791</u>
Component units capital assets, net	<u>\$ 6,349,319</u>	<u>\$ 680,883</u>	<u>\$ 37,363</u>	<u>\$ (15,699)</u>	<u>\$ 6,977,140</u>

8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2006 are summarized below:

Table 8-1 (amounts expressed in thousands)	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	\$ 20,647,639	\$ 1,281,301 *	\$ (964,280)	\$ 20,964,660	\$ 707,576
Special obligation bonds (note 10)	2,442,525	220,150 **	(123,630)	2,539,045	145,690
Deferred amount on refundings:					
General obligation bonds (note 9)	(69,013)	(9,643)	11,426	(67,230)	(11,143)
Special obligation bonds (note 10)	(2,124)	--	425	(1,699)	(425)
Unamortized premiums:					
General obligation bonds (note 9)	333,232	66,254	(36,806)	362,680	37,731
Special obligation bonds (note 10)	75,068	9,350	(7,040)	77,378	7,232
Unamortized (discounts):					
General obligation bonds (note 9)	(2,567)	--	121	(2,446)	(121)
Total bonds payable	<u>23,424,760</u>	<u>1,567,412</u>	<u>(1,119,784)</u>	<u>23,872,388</u>	<u>886,540</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	11,139	1,387	(1,134)	11,392	1,055
Installment purchases (note 13D)	16,123	930	(6,479)	10,574	3,826
Certificates of participation (note 13B)	114,805	--	(7,225)	107,580	10,325
Illinois Emergency Management Agency (note 13C)	17,500	--	--	17,500	--
Cape Girardeau bridge (note 13E)	5,155	304	(1,727)	3,732	1,802
Workers compensation (note 19)	169,330	104,745	(92,891)	181,184	90,732
Auto liability (note 19)	5,052	7,861	(3,686)	9,227	3,922
Compensated absences (note 1M)	407,642	310,300	(294,033)	423,909	41,597
Net pension obligation (note 16)	12,036,066	2,463,270	--	14,499,336	--
Other obligations (note 13H)	14,898	47	(2,260)	12,685	3,854
Total other long-term obligations	<u>12,797,710</u>	<u>2,888,844</u>	<u>(409,435)</u>	<u>15,277,119</u>	<u>157,113</u>
Total Governmental Activities	<u>\$ 36,222,470</u>	<u>\$ 4,456,256</u>	<u>\$ (1,529,219)</u>	<u>\$ 39,149,507</u>	<u>\$ 1,043,653</u>
Business-type Activities					
Unemployment Compensation Trust:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 668,100	\$ --	\$ (668,100)	\$ --	\$ --
Unamortized premiums	9,198	--	(9,198)	--	--
Total bonds and notes payable	<u>677,298</u>	<u>--</u>	<u>(677,298)</u>	<u>--</u>	<u>--</u>
Water Revolving:					
Bonds and notes payable:					
Revenue bonds (note 11)	254,490	--	(16,455)	238,035	17,155
Unamortized premiums	12,050	--	(1,650)	10,400	1,531
Total bonds and notes payable	<u>266,540</u>	<u>--</u>	<u>(18,105)</u>	<u>248,435</u>	<u>18,686</u>
Other long-term obligations:					
Compensated absences (note 1M)	1,149	526	(488)	1,187	478
Total Water Revolving	<u>267,689</u>	<u>526</u>	<u>(18,593)</u>	<u>249,622</u>	<u>19,164</u>

* Includes \$81,351 of interest accreted on capital appreciation debt.

** Includes \$5,150 of interest accreted on capital appreciation debt.

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

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Primary Government, continued					
Business-type Activities, continued					
Prepaid Tuition Fund:					
Tuition and related accretion payable (note 13G)	\$ 677,604	\$ 161,537	\$ (22,892)	\$ 816,249	\$ 26,621
Compensated absences (note 1M)	79	36	(29)	86	9
Total Prepaid Tuition Fund	<u>677,683</u>	<u>161,573</u>	<u>(22,921)</u>	<u>816,335</u>	<u>26,630</u>
Designated Account Purchase Program:					
Bonds and notes payable:					
Revenue bonds (note 11)	3,752,865	600,000	(130,350)	4,222,515	43,500
Unamortized (discounts)	(15,020)	(2,078)	592	(16,506)	(584)
Total bonds and notes payable	<u>3,737,845</u>	<u>597,922</u>	<u>(129,758)</u>	<u>4,206,009</u>	<u>42,916</u>
Other long-term obligations:					
Compensated absences (note 1M)	956	521	(658)	819	65
Total Designated Account Purchase Program	<u>3,738,801</u>	<u>598,443</u>	<u>(130,416)</u>	<u>4,206,828</u>	<u>42,981</u>
Other business-type activity programs:					
Other long-term obligations:					
Lottery prize awards (note 13F)	1,233	--	(129)	1,104	129
Capital lease obligations (note 13A)	24	--	(24)	--	--
Compensated absences (note 1M)	6,302	3,892	(3,408)	6,786	378
Other obligations (note 13H)	10,464	1,800	(629)	11,635	11,635
Total other business-type activity programs	<u>18,023</u>	<u>5,692</u>	<u>(4,190)</u>	<u>19,525</u>	<u>12,142</u>
Total Business-type Activities	\$ 5,379,494	\$ 766,234	\$ (853,418)	\$ 5,292,310	\$ 100,917
Fiduciary Funds					
Revenue bonds (note 11)	\$ 9,820	\$ 180	\$ (10,000)	\$ --	\$ --
Capital lease obligations (note 13A)	23	--	(11)	12	11
Compensated absences (note 1M)	3,183	377	(250)	3,310	--
Total Fiduciary Funds	\$ 13,026	\$ 557	\$ (10,261)	\$ 3,322	\$ 11

The liabilities for governmental activities of the primary government have been liquidated in prior years as follows:

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

Workers compensation – by the General Fund with significant reimbursements to the General Fund being made by other funds that accounted for the salaries and wages of the related employees.

Net pension obligation – by the applicable funds that accounted for the salaries and wages of the related employees who are members of the General Assembly Retirement System, the Judges' Retirement System or the State Employees' Retirement System. In addition, appropriations from the General Fund have been used to liquidate amounts for employees who are members of the Teachers' Retirement System or the State Universities Retirement System.

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

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2005 as Restated	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Component Units					
Major Component Units					
Illinois Housing Development Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,506,446	\$ 180,491	\$ (251,415)	\$ 1,435,522	\$ 52,375
Deferred amount on refundings	(922)	--	85	(837)	(80)
Unamortized premiums	1,729	443	(161)	2,011	180
Unamortized (discounts)	(14,251)	--	228	(14,023)	(200)
Total bonds and notes payable	<u>1,493,002</u>	<u>180,934</u>	<u>(251,263)</u>	<u>1,422,673</u>	<u>52,275</u>
Other long-term obligations:					
Compensated absences (note 1M)	486	49	--	535	535
Other obligations (note 13H)	142,848	60,336	(60,988)	142,196	142,196
Total other long-term obligations	<u>143,334</u>	<u>60,385</u>	<u>(60,988)</u>	<u>142,731</u>	<u>142,731</u>
Total Illinois Housing Development Authority	<u>1,636,336</u>	<u>241,319</u>	<u>(312,251)</u>	<u>1,565,404</u>	<u>195,006</u>
Illinois State Toll Highway Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	670,900	770,000	(13,455)	1,427,445	45,035
Deferred amount on refundings	(25,216)	--	1,952	(23,264)	(2,396)
Unamortized premiums	11,290	60,683	(3,040)	68,933	3,039
Total bonds and notes payable	<u>656,974</u>	<u>830,683</u>	<u>(14,543)</u>	<u>1,473,114</u>	<u>45,678</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	10,728	--	(4,438)	6,290	2,274
Accrued self-insurance (note 19)	4,640	11,138	(9,450)	6,328	6,328
Compensated absences (note 1M)	5,859	4,141	(4,953)	5,047	2,917
Other obligations (note 13H)	--	114	--	114	114
Total other long-term obligations	<u>21,227</u>	<u>15,393</u>	<u>(18,841)</u>	<u>17,779</u>	<u>11,633</u>
Total Illinois State Toll Highway Authority	<u>678,201</u>	<u>846,076</u>	<u>(33,384)</u>	<u>1,490,893</u>	<u>57,311</u>
Illinois State University:					
Bonds and notes payable:					
Revenue bonds (note 11)	52,529	49,088	(12,557)	89,060	5,185
Notes payable (note 12)	300	--	(60)	240	240
Deferred amount on refundings	--	(227)	227	--	--
Unamortized premiums	508	--	(56)	452	56
Unamortized (discounts)	(57)	(1,040)	63	(1,034)	(55)
Total bonds and notes payable	<u>53,280</u>	<u>47,821</u>	<u>(12,383)</u>	<u>88,718</u>	<u>5,426</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	778	--	(228)	550	219
Compensated absences (note 1M)	19,059	884	(1,818)	18,125	1,768
Other obligations (note 13H)	373	--	(61)	312	35
Total other long-term obligations	<u>20,210</u>	<u>884</u>	<u>(2,107)</u>	<u>18,987</u>	<u>2,022</u>
Total Illinois State University	<u>73,490</u>	<u>48,705</u>	<u>(14,490)</u>	<u>107,705</u>	<u>7,448</u>
Northern Illinois University:					
Bonds and notes payable:					
Revenue bonds (note 11)	117,631	1,834	(5,740)	113,725	5,840
Notes payable (note 12)	7,963	1,410	(7,799)	1,574	59
Total bonds and notes payable	<u>125,594</u>	<u>3,244</u>	<u>(13,539)</u>	<u>115,299</u>	<u>5,899</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	18,455	--	(577)	17,878	609
Certificates of participation (note 13B)	5,905	--	(315)	5,590	325
Compensated absences (note 1M)	23,864	426	(645)	23,645	1,957
Other obligations (note 13H)	17,720	2,522	(9,708)	10,534	1,142
Total other long-term obligations	<u>65,944</u>	<u>2,948</u>	<u>(11,245)</u>	<u>57,647</u>	<u>4,033</u>
Total Northern Illinois University	<u>191,538</u>	<u>6,192</u>	<u>(24,784)</u>	<u>172,946</u>	<u>9,932</u>

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

	Balance July 1, 2005 as Restated	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Component Units, continued					
Major Component Units, continued					
Southern Illinois University:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 185,765	\$ 95,155	\$ (38,825)	\$ 242,095	\$ 10,920
Notes payable (note 12)	1,624	--	(865)	759	504
Deferred amount on refundings	(760)	(1,969)	200	(2,529)	(248)
Unamortized premiums	1,616	3,962	(132)	5,446	250
Total bonds and notes payable	<u>188,245</u>	<u>97,148</u>	<u>(39,622)</u>	<u>245,771</u>	<u>11,426</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	4,606	999	(1,325)	4,280	1,406
Certificates of participation (note 13B)	34,965	--	(1,670)	33,295	2,345
Unamortized (discounts)	(83)	--	5	(78)	(5)
Accrued self-insurance (note 19)	16,960	5,638	(8,077)	14,521	5,739
Compensated absences (note 1M)	44,878	4,701	(4,275)	45,304	3,763
Other obligations (note 13H)	25,104	1,202	(1,086)	25,220	685
Total other long-term obligations	<u>126,430</u>	<u>12,540</u>	<u>(16,428)</u>	<u>122,542</u>	<u>13,933</u>
Total Southern Illinois University	<u>314,675</u>	<u>109,688</u>	<u>(56,050)</u>	<u>368,313</u>	<u>25,359</u>
University of Illinois:					
Bonds and notes payable:					
Revenue bonds (note 11)	771,787	131,669	(73,445)	830,011	29,710
Deferred amount on refundings	(13,330)	(4,190)	955	(16,565)	(914)
Unamortized premiums	22,622	--	(816)	21,806	816
Unamortized (discounts)	(807)	--	267	(540)	(26)
Total bonds and notes payable	<u>780,272</u>	<u>127,479</u>	<u>(73,039)</u>	<u>834,712</u>	<u>29,586</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	52,411	8,131	(5,157)	55,385	5,587
Certificates of participation (note 13B)	407,475	81,930	(22,105)	467,300	26,530
Deferred amount on refundings	(16,808)	--	1,222	(15,586)	(1,222)
Unamortized premiums	12,868	1,735	(1,403)	13,200	1,487
Accrued self-insurance (note 19)	130,976	45,563	(34,325)	142,214	34,105
Compensated absences (note 1M)*	206,887	18,450	(17,108)	208,229	17,593
Other obligations (note 13H)	63,950	51,205	(9,192)	105,963	50,483
Total other long-term obligations	<u>857,759</u>	<u>207,014</u>	<u>(88,068)</u>	<u>976,705</u>	<u>134,563</u>
Total University of Illinois	<u>1,638,031</u>	<u>334,493</u>	<u>(161,107)</u>	<u>1,811,417</u>	<u>164,149</u>
Non-Major Component Units					
Bonds and notes payable:					
Revenue bonds (note 11)	198,940	86,100	(48,295)	236,745	11,000
Notes payable (note 12)	8,805	109	(1,358)	7,556	3,224
Deferred amount on refundings	(1,320)	(1,475)	334	(2,461)	(345)
Unamortized premiums	771	345	(167)	949	145
Unamortized (discounts)	(188)	(135)	106	(217)	(20)
Total bonds and notes payable	<u>207,008</u>	<u>84,944</u>	<u>(49,380)</u>	<u>242,572</u>	<u>14,004</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	264	163	(210)	217	108
Installment purchases (note 13D)	3,097	283	(678)	2,702	975
Certificates of participation (note 13B)	28,180	25,350	(1,725)	51,805	1,835
Unamortized premiums	190	--	(52)	138	41
Unamortized (discounts)	(217)	(93)	21	(289)	(20)
Compensated absences (note 1M)	59,052	5,358	(8,043)	56,367	8,774
Other obligations (note 13H)	39,821	157,936	(157,037)	40,720	27,089
Total other long-term obligations	<u>130,387</u>	<u>188,997</u>	<u>(167,724)</u>	<u>151,660</u>	<u>38,802</u>
Total Non-Major Component Units	<u>337,395</u>	<u>273,941</u>	<u>(217,104)</u>	<u>394,232</u>	<u>52,806</u>
Total Component Units	<u>\$ 4,869,666</u>	<u>\$ 1,860,414</u>	<u>\$ (819,170)</u>	<u>\$ 5,910,910</u>	<u>\$ 512,011</u>
* as restated					

9 GENERAL OBLIGATION BONDS

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

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

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2006 are as follows:

Governmental Activities Purpose	Outstanding		Authorized but Unissued	Annual Maturity To
	Interest Rates	Amounts		
Capital Development	2.50 % to 6.10%	\$ 3,582,764	\$ 1,134,964	2034
Transportation	2.50 % to 6.10%	2,731,394	405,366	2034
Anti-Pollution	2.50 % to 11.0%	190,915	23,554	2034
School Construction	2.50 % to 6.10%	2,340,948	192,986	2034
Coal Development	3.00 % to 6.00%	44,329	561,894	2031
Pension Funding Contribution	2.50 % to 5.10%	10,000,000	--	2033
Refunding	2.50 % to 5.50%	2,074,310	791,606	2021
		<u>20,964,660</u>	<u>\$ 3,110,370</u>	
Deferred amount on refundings		(67,230)		
Unamortized premiums		362,680		
Unamortized (discounts)		(2,446)		
		<u>\$ 21,257,664</u>		

Changes in general obligation bonds during the year ended June 30, 2006, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2006 are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2007	\$ 707,576	\$ 968,255	\$ 1,675,831
2008	755,645	953,468	1,709,113
2009	743,897	928,717	1,672,614
2010	728,581	903,639	1,632,220
2011	716,795	876,543	1,593,338
2012-2016	3,366,200	3,980,096	7,346,296
2017-2021	3,236,610	3,232,187	6,468,797
2022-2026	3,874,085	2,392,891	6,266,976
2027-2031	4,869,397	1,333,130	6,202,527
2032-2036	2,310,754	180,806	2,491,560
	<u>21,309,540</u>	<u>\$ 15,749,732</u>	<u>\$ 37,059,272</u>
Less: Unaccrued appreciation	(344,880)		
	<u>20,964,660</u>		
Deferred amount on refundings	(67,230)		
Unamortized premiums	362,680		
Unamortized (discounts)	(2,446)		
Total	<u>\$ 21,257,664</u>		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2006 valuations and risks associated with these bonds are included in Note 14—Derivatives.

10 SPECIAL OBLIGATION BONDS

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

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

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

Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax. Effective July 30, 2004, special obligation bonds are to be redeemed over a period not to exceed 25 years. Previously, bonds have been issued which mature in varying amounts over periods not exceeding 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following

the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued for governmental activities at June 30, 2006, are as follows:

Governmental Activities Purpose	Outstanding		Authorized but Unissued	Annual Maturity To
	Interest Rates	Amounts		
Build Illinois				
Public infrastructure	3.00 % to 6.50%	\$ 1,049,148	\$ 144,829	2031
Business development	3.00 % to 6.25%	123,623	2,699	2029
Education	3.00 % to 6.50%	356,945	304,170	2031
Environment	3.00 % to 6.50%	66,324	20,064	2029
Refunding	4.50 % to 7.00%	809,798	Unlimited	2020
		<u>2,405,838</u>	<u>471,762</u>	
Civic Center:				
Civic centers	6.25 % to 7.40%	57,907	142,404	2020
Libraries	6.25 % to 6.25%	6,625	3,375	2020
Refunding	4.60 % to 6.50%	68,675	Unlimited	2015
		<u>133,207</u>	<u>145,779</u>	
		<u>2,539,045</u>	<u>\$ 617,541</u>	
Deferred amount on refundings		(1,699)		
Unamortized premiums		77,378		
		<u>\$ 2,614,724</u>		

Changes in special obligation bonds during the year ended June 30, 2006, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2006, are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2007	\$ 145,690	\$ 132,374	\$ 278,064
2008	150,615	124,396	275,011
2009	157,665	116,636	274,301
2010	163,275	109,047	272,322
2011	165,070	101,038	266,108
2012-2016	830,210	378,203	1,208,413
2017-2021	586,991	179,140	766,131
2022-2026	276,030	67,450	343,480
2027-2031	105,050	11,368	116,418
	<u>2,580,596</u>	<u>\$ 1,219,652</u>	<u>\$ 3,800,248</u>
Less: Unaccreted appreciation	(41,551)		
	<u>2,539,045</u>		
Deferred amount on refundings	(1,699)		
Unamortized premiums	77,378		
Total	<u>\$ 2,614,724</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, 2006 (except for the Illinois State Toll Highway Authority which is as of December 31, 2005), 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	\$ 248,435	5.000% to 5.500%	2023
Designated Account Purchase Program	<u>4,206,009</u>	4.250% to 17.000%	2045
Total Business-type Activities	<u>\$ 4,454,444</u>		
Component Units			
Major Component Units:			
Illinois Housing Development Authority	\$ 1,422,673	1.450% to 15.000%	2047
Illinois State Toll Highway Authority	1,473,114	4.000% to 6.300%	2023
Illinois State University	88,478	2.375% to 7.350%	2031
Northern Illinois University	113,725	4.000% to 6.550%	2029
Southern Illinois University	245,012	2.200% to 6.200%	2036
University of Illinois	<u>834,712</u>	2.250% to 12.000%	2035
	4,177,714		
Non-Major Component Units	<u>235,016</u>	1.750% to 6.750%	2035
Total Component Units	<u>\$ 4,412,730</u>		

Changes in revenue bonds during the year ended June 30, 2006 are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2006, are as follows:

Table 11-2 (amounts expressed in thousands)

Year Ending June 30	Primary Government		Component Units	
	Business-type Activities		Principal	Interest
	Principal	Interest		
2007	\$ 60,655	\$ 236,847	\$ 160,065	\$ 201,567
2008	17,950	235,055	159,865	195,486
2009	24,645	233,958	161,910	189,917
2010	18,940	232,932	167,510	183,106
2011	102,170	230,650	165,175	176,378
2012-2016	168,645	1,113,879	1,010,170	761,038
2017-2021	55,185	1,082,804	1,129,600	516,123
2022-2026	179,910	1,061,952	857,800	273,803
2027-2031	270,750	996,296	471,295	129,549
2032-2036	1,090,750	851,063	250,135	39,764
2037-2041	1,071,400	516,647	27,760	8,128
2042-2046	1,399,550	190,760	17,130	2,403
2047-2051	--	--	770	29
	4,460,550	<u>\$ 6,982,843</u>	4,579,185	<u>\$ 2,677,291</u>
Less: Unaccreted appreciation	--		(204,582)	
	4,460,550		4,374,603	
Deferred amount on refundings	--		(45,656)	
Unamortized premiums	10,400		99,597	
Unamortized (discounts)	(16,506)		(15,814)	
Total	<u>\$ 4,454,444</u>		<u>\$ 4,412,730</u>	

Included within the \$1,422.7 million of outstanding Illinois Housing Development Authority (IHDA) revenue bonds are \$1,330.2 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.

A. Demand and Variable Rate Bonds

Primary Government

Designated Account Purchase Program (IDAPP)

Included in the \$4,206.0 million of outstanding revenue bonds issued by IDAPP are \$259.7 million of variable rate demand bonds, (Series 1993D, Series 1996B, Series 1997A, Series 1997B, Series 1998A, Series 1998B, Series 1999A and Series 1999B), the proceeds of which were used to purchase and originate student loans. The bonds mature at various dates, bearing interest rates as determined by the remarketing agent that would enable the bonds to be sold at a price equal to their principal amount, but not to exceed 15% per annum for the Series D, Series 1996B, Series 1997B and Series 1998B bonds and 12% per annum for the Series 1997A, Series 1998A, Series 1999A and Series 1999B bonds. Of the \$259.7 million of demand bonds, \$248.6 million are recorded as noncurrent for 2006.

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

Irrevocable letters of credit have been issued by various credit facilities in order to permit the Trustee to draw amounts to pay the tender price of the variable rate demand bonds tendered for

payment under early redemption and demand provisions of the bond issues. Under these letters of credit, the various credit facilities, acting as tender agent, paying agent and bond registrar for the respective bond issues, are entitled to draw the amount needed (a) to pay interest on the bonds on each interest payment date; (b) to pay principal and interest on the bonds called for redemption; (c) to pay principal and interest on the bonds resulting from an acceleration of maturity due to an event of default; and (d) to pay the tender price of bonds tendered or required to be tendered for purchase which is not to be paid from remarketing proceeds or from certain funds held under the indenture. The letters of credit expire at various dates through April 1, 2010. If the remarketing agent is unable to resell any bonds that are “put” within 180 days of the “put” date, IDAPP is required to repay the amounts drawn on the letters of credit for the redemption of these bonds. Repayment of amounts drawn on the letters of credit will be made by IDAPP from the trustee accounts. As of June 30, 2006, the letters of credit have not been drawn upon.

IDAPP has take out agreements with various credit facilities to convert the bonds to an installment loan payable over the terms of the agreements bearing adjustable interest rates between 6.08% and 8.25% as of June 30, 2006. The take out agreements expire at various dates through April 1, 2010. If the take out agreements were to be exercised because all of the \$259.7 million of demand bonds were to be “put” and not resold, IDAPP would be required to pay interest amounts varying from \$19.6 million in fiscal year 2007 to \$12.9 million in fiscal year 2016 assuming the interest rates above.

IDAPP is required to pay to the credit facilities an origination fee based on the line of credit amounts and a quarterly commitment fee thereafter, based on the available amount of the letters of credit. Quarterly commitment fees currently in effect range from .165% to .55% of the available amount of the letters of credit. In addition, the respective remarketing agents receive a quarterly fee ranging from .075% to .10% of the outstanding principal amount of the bonds. As of June 30, 2006, IDAPP has not drawn any funds under the existing agreements.

Also included in the \$4,206.0 million of outstanding revenue bonds are \$4,189.4 million of auction rate bonds. These bonds carry a maximum interest rate ranging from 12% to 17%. The interest rate in effect at June 30, 2006 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 2006. 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.

Component Units

Illinois Housing Development Authority (IHDA)

Included within the IHDA’s outstanding revenue bonds are \$2.9 million of Taxable Multi-Family Variable Rate Demand Bonds Series 1996A, \$54.1 million of Multi-Family Housing Revenue Bonds Series 1997 and Series 2000A and \$10.7 million of Homeowner Mortgage Revenue Bonds Series 2004A3 which are variable rate demand bonds. Interest rates on these bonds are determined weekly at a rate established by the remarketing agents on each rate determination date. In addition, \$22.6 million of Taxable Homeowner Mortgage Revenue Bonds Series 2001D, 2001F and 2002B are also variable rate demand bonds. Interest rates on these bonds are based on a floating rate determined on an annual basis and paid monthly. The IHDA has agreements with

liquidity providers to purchase any bonds tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. Payment of the principal and interest on the bonds when due are insured by a financial guarantee insurance policy. The IHDA has a commitment to reimburse the insurer for any such payments made.

There is a requirement within certain bond agreements and indentures that IHDA must deliver to bond trustees audited financial statements within 120 days after its fiscal year-end. IHDA was unable to meet this requirement in fiscal year 2006. As of the dated date of the IHDA audit, IHDA had not received a notification of default. Based on IHDA management's and outside counsel's review of these covenants, IHDA's failure to deliver its financial statements has not triggered an acceleration of IHDA's payment obligations with respect to the applicable bonds. Additional information regarding IHDA's demand bonds may be obtained from their separately issued annual report.

Illinois State Toll Highway Authority (THA)

As of December 31, 2005, the THA had outstanding 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 have final maturities in 2010 and 2017, respectively, and bear interest rates as determined by the remarketing agents on each rate determination date not to exceed 22% and 25%, respectively. These bonds are subject to redemption if tendered by the holder at a price equal to the principal plus accrued interest upon notice and delivery to the remarketing agent. The THA has agreements with liquidity providers to purchase any bonds so tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. The THA has obtained a financial guarantee insurance policy to guarantee the payment of principal and interest on the scheduled maturity dates. The THA has an obligation to reimburse the insurer for any such payments made.

Derivatives

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

B. Conduit Debt (not included in financial statements)

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

At June 30, 2006, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding as reported by authority officials are as follows:

Table 11-3 (amounts expressed in thousands)

Authority	Amount Outstanding	Annual Maturity To
Illinois Finance Authority	\$ 20,879,876	2045
Illinois Housing Development Authority	395,164	2048
Southwestern Illinois Development Authority	229,238	2038
Upper Illinois River Valley Development Authority	56,595	2040
Will-Kankakee Regional Development Authority	34,730	2033
Illinois Medical District Commission	29,210	2032
Quad Cities Regional Economic Development Authority	30,703	2040
Total	<u>\$ 21,655,516</u>	

12 NOTES/GENERAL OBLIGATION CERTIFICATES PAYABLE

A. Notes Payable

The State’s component units have obtained notes payable, normally secured by specific revenue sources, to provide financing. Outstanding notes payable at June 30, 2006 were as follows:

Table 12-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Component Units			
Major Component Units:			
Illinois State University	\$ 240	4.25% to 7.00%	2007
Northern Illinois University	1,574	6.00% to 7.50%	2012
Southern Illinois University	759	3.00% to 4.33%	2009
	<u>2,573</u>		
Non-Major Component Units	7,556	0.00% to 7.40%	2021
Total Component Units	<u>\$ 10,129</u>		

Changes in notes payable during the year ended June 30, 2006 are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2006, are as follows:

Table 12-2 (amounts expressed in thousands)

Year Ending June 30	Component Units	
	Principal	Interest
2007	\$ 4,027	\$ 908
2008	1,878	342
2009	2,146	189
2010	1,218	75
2011	119	22
2012-2016	432	35
2017-2021	309	9
	<u>\$ 10,129</u>	<u>\$ 1,580</u>

B. General Obligation Certificates Payable

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

On November 22, 2005, the State issued \$1,000.0 million of general obligation certificates, which matured on various dates through June 30, 2006, with an interest rate of 4.5%. The certificates were issued to address timing variations of the State which occur between disbursement and receipt of budgeted funds within a fiscal year. Proceeds from the certificates were deposited as follows: \$1,000.0 million into the General Revenue Account (a sub-account of the General Fund) and \$5.7 million of bond issuance premium into the General Obligation Bond Retirement and Interest Fund (a non-major governmental fund).

Changes in general obligation certificates payable during the year ended June 30, 2006 are as follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Primary Government Governmental Activities				
General obligation certificates payable	\$ --	\$ 1,000,000	\$ (1,000,000)	\$ --
Unamortized premiums	--	5,681	(5,681)	--
Total Governmental Activities	<u>\$ --</u>	<u>\$ 1,005,681</u>	<u>\$ (1,005,681)</u>	<u>\$ --</u>

C. Demand Notes Payable

Component Units

University of Illinois (U of I)

The U of I has a \$28.0 million line of credit to a bank, due on November 30, 2006, with a negotiated interest rate in irregular intervals (5.27% at June 30, 2006). The line of credit is unsecured. The line of credit is to be used to purchase property that is to be held by the University. The entire amount outstanding of \$6.7 million at June 30, 2006, is shown as current for fiscal year 2006.

Illinois Medical District Commission (IMDC)

IMDC (a non-major component unit) has a \$300 thousand unsecured line of credit to a bank, due on May 12, 2007, at a variable interest rate. The line of credit is to be used to pay invoices which will be reimbursed by State appropriations to IMDC. IMDC also has a \$4.0 million line of credit to a bank, due on May 12, 2007, at an interest rate of 6.8%. This line of credit is collateralized by certain IMDC depository accounts and is to be used to make property acquisitions. The entire amount of lines of credit outstanding of \$1.3 million at June 30, 2006, is shown as current for fiscal year 2006.

Eastern Illinois University (EIU)

EIU (a non-major component unit) has entered into a demand note payable. Collateral is provided for this note by the Neal Welcome Center. Of EIU's \$1.7 million notes payable outstanding at June 30, 2006, \$1.5 million, all of which is shown as current for fiscal year 2006, is related to this demand note payable.

Changes in demand notes payable during the year ended June 30, 2006 are as follows:

Component Units	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
University of Illinois	\$ 9,875	\$ --	\$ (3,218)	\$ 6,657
Medical District Commission	--	1,268	--	1,268
Eastern Illinois University	1,512	--	--	1,512
Total Demand Notes Payable	\$ 11,387	\$ 1,268	\$ (3,218)	\$ 9,437

13 OTHER LONG-TERM OBLIGATIONS

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

Primary Government				
Description	Reference	Governmental Activities	Business-type Activities	Fiduciary Funds
Capital lease obligations	(A)	\$ 11.4	\$ --	\$ --
Certificates of participation	(B)	107.6	--	--
Illinois Emergency Management Agency	(C)	17.5	--	--
Installment purchase obligations	(D)	10.6	--	--
Cape Girardeau Bridge - State of Illinois/ State of Missouri Joint Agreement	(E)	3.7	--	--
Obligations to Lottery Prize Winners	(F)	--	1.1	--
Prepaid Tuition Fund obligations	(G)	--	816.2	--
Other obligations	(H)	12.7	11.6	--
Total Other Long-Term Obligations		\$ 163.5	\$ 828.9	\$ --

Component Units									
Description	Reference	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-Major Component Units	Total Component Units
Capital lease obligations	(A)	\$ --	\$ 6.3	\$ 0.5	\$ 17.9	\$ 4.3	\$ 55.4	\$ 0.2	\$ 84.6
Certificates of participation	(B)	--	--	--	5.6	33.2	464.9	51.7	555.4
Installment purchase obligations	(D)	--	--	--	--	--	--	2.7	2.7
Other obligations	(H)	142.2	0.1	0.3	10.5	25.2	106.0	40.7	325.0
Total Other Long-Term Obligations		\$ 142.2	\$ 6.4	\$ 0.8	\$ 34.0	\$ 62.7	\$ 626.3	\$ 95.3	\$ 967.7

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, 2006, assets capitalized under capitalized leases are as follows:

Table 13-3 (amounts expressed in thousands)

Primary Government	Governmental	Business-type	Fiduciary
	Activities	Activities	Funds
Land and land improvements	\$ --	\$ --	\$ --
Buildings and building improvements	14,386	--	--
Equipment	1,859	--	42
	16,245	--	42
Less: Accumulated depreciation	5,948	--	19
	<u>\$ 10,297</u>	<u>\$ --</u>	<u>\$ 23</u>

Table 13-4 (amounts expressed in thousands)

Component Units	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Non-Major Component Units	Total Component Units
Land and land improvements	\$ --	\$ --	\$ --	\$ 5,996	\$ --	\$ 6,471	\$ --	\$ 12,467
Buildings and building improvements	--	--	--	14,842	3,240	30,625	--	48,707
Equipment	--	26,471	927	--	3,375	24,838	438	56,049
	--	26,471	927	20,838	6,615	61,934	438	117,223
Less: Accumulated depreciation	--	15,441	234	2,215	1,671	10,586	170	30,317
	<u>\$ --</u>	<u>\$ 11,030</u>	<u>\$ 693</u>	<u>\$ 18,623</u>	<u>\$ 4,944</u>	<u>\$ 51,348</u>	<u>\$ 268</u>	<u>\$ 86,906</u>

Future minimum commitments for non-cancelable leases as of June 30, 2006 are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Operating Leases	Capitalized Leases						Total
		Governmental Activities		Business-type Activities		Fiduciary Funds		
		Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 105,805	\$ 1,055	\$ 1,023	\$ --	\$ --	\$ 11	\$ 1	\$ 2,090
2008	71,719	1,016	914	--	--	1	--	1,931
2009	66,913	779	825	--	--	--	--	1,604
2010	52,859	770	757	--	--	--	--	1,527
2011	45,366	817	683	--	--	--	--	1,500
2012-2016	123,800	5,164	2,117	--	--	--	--	7,281
2017-2021	--	1,791	171	--	--	--	--	1,962
Total minimum lease payments	<u>\$ 466,462</u>	<u>\$ 11,392</u>	<u>\$ 6,490</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 12</u>	<u>\$ 1</u>	<u>\$ 17,895</u>

Table 13-6 (amounts expressed in thousands)

Component Units				
Year Ending June 30	Operating Leases	Capitalized Leases		
		Principal	Interest	Total
2007	\$ 11,848	\$ 10,203	\$ 3,786	\$ 13,989
2008	9,012	9,723	3,409	13,132
2009	7,086	7,807	2,753	10,560
2010	5,477	5,515	2,446	7,961
2011	3,937	4,562	2,229	6,791
2012-2016	4,013	10,834	9,420	20,254
2017-2021	--	11,414	7,119	18,533
2022-2026	--	24,542	6,238	30,780
Total minimum lease payments	\$ 41,373	\$ 84,600	\$ 37,400	\$ 122,000

Rental payments (amounts expressed in millions) for operating leases charged to operations during the year ended June 30, 2006 aggregated \$302.8 for the primary government and \$28.3 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, 2006 was \$27.6 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, 2006 was \$555.4 million, which includes unamortized premiums of \$13.3 million, unamortized discounts of \$.4 million and deferred amounts on refunding of \$15.6 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, 2006 was \$80.0 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, 2006 are as follows:

Table 13-7 (amounts expressed in thousands)

Year Ending June 30	Certificates of Participation Governmental Activities						Component Units	
	State-Issued		Non-State-Issued		Total		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2007	\$ 1,660	\$ 1,581	\$ 8,665	\$ 4,756	\$ 10,325	\$ 6,337	\$ 31,035	\$ 23,798
2008	1,750	1,487	5,285	3,934	7,035	5,421	32,505	23,140
2009	1,850	1,386	5,565	3,651	7,415	5,037	34,720	21,558
2010	1,945	1,278	5,860	3,348	7,805	4,626	36,485	19,859
2011	2,055	1,162	6,175	3,025	8,230	4,187	38,090	18,129
2012-2016	12,255	3,772	32,460	9,637	44,715	13,409	172,640	65,196
2017-2021	6,055	375	16,000	1,428	22,055	1,803	137,735	32,681
2022-2026	--	--	--	--	--	--	74,780	7,633
	<u>27,570</u>	<u>\$ 11,041</u>	<u>80,010</u>	<u>\$ 29,779</u>	<u>107,580</u>	<u>\$ 40,820</u>	<u>557,990</u>	<u>\$ 211,994</u>
Deferred amount on Refundings	--	--	--	--	--	--	(15,586)	--
Unamortized Premiums	--	--	--	--	--	--	13,338	--
Unamortized (Discounts)	--	--	--	--	--	--	(367)	--
	<u>\$ 27,570</u>	<u>\$ 11,041</u>	<u>\$ 80,010</u>	<u>\$ 29,779</u>	<u>\$ 107,580</u>	<u>\$ 40,820</u>	<u>\$ 555,375</u>	<u>\$ 211,994</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, 2006.

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, 2006 are as follows:

Table 13-8 (amounts expressed in thousands)

Year Ending June 30	Primary Government Governmental Activities			Component Units		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 3,826	\$ 346	\$ 4,172	\$ 975	\$ 88	\$ 1,063
2008	2,796	197	2,993	819	56	875
2009	2,209	108	2,317	481	29	510
2010	1,743	31	1,774	427	11	438
	<u>\$ 10,574</u>	<u>\$ 682</u>	<u>\$ 11,256</u>	<u>\$ 2,702</u>	<u>\$ 184</u>	<u>\$ 2,886</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, 2006, the balance of the Illinois/Missouri Joint Agreement was \$3.7 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, 2006, are as follows:

Table 13-9 (amounts expressed in thousands)

Year Ending June 30	Principal	Interest	Total
2007	\$ 1,802	\$ 198	\$ 2,000
2008	898	102	1,000
2009	945	55	1,000
2010	87	5	92
	<u>\$ 3,732</u>	<u>\$ 360</u>	<u>\$ 4,092</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.

For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of the Department of Revenue, may contract to invest in securities, which provide payments corresponding to its obligation to these winners. The present value of these annuities and the related liabilities owed to prize winners, approximating \$1.1 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 \$708.3 million at year-end, and the net assets are reported as reserved for external investment pool participants.

G. Prepaid Tuition Fund Obligations

Tuition payable in the Illinois Prepaid Tuition Fund as of June 30, 2006, represents net principal payments received for contracts held by the fund in the amount of \$657.8 million, of which \$24.8 million is considered current. In addition, an accretion payable recorded in the same fund in the amount of \$158.4 million of which \$1.9 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 2006 is 7.75% 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, 2006. The Build Illinois Bond Retirement and Interest Fund, a non-major governmental fund, is expected to be used to repay the liability of \$76 thousand from future resources of this fund.

A lawsuit against the City of Chicago and the Illinois State Board of Education (ISBE) has resulted in a settlement requiring the ISBE to pay \$19.25 million over seven years to Chicago Public School District #299 (District) to assist the District in providing special education services to identified eligible children within the least restrictive environment. The settlement, reached in July 1999, required the ISBE to pay \$2.75 million per year through January 2006. Due to the District's failure to disburse an adequate amount of ISBE's portion of the settlement for the intended purpose, ISBE has only paid \$7.73 million of the settlement amount through June 30, 2006. In fiscal year 2005, a federal judge extended the ruling through the end of the 2009-2010 school year. This ruling allowed ISBE to restructure the payments for the remaining \$14.13 million due the District through fiscal year 2010. The ISBE Federal Department of Education Fund, a non-major governmental fund, is expected to be used to repay the liability of \$12.6 million from future resources of this fund.

Primary Government - Business-type Activities

The Self Insurers' Security Fund, a non-major enterprise fund, has recorded a liability of \$11.6 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, 2006, the deposits in escrow were \$142.2 million.

In addition, component units presented other miscellaneous obligations in the amount of \$182.8 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, 2006. 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 demand bonds maturing in years 2020 through 2033 (2003B bonds). To assure the continuing ability to place the variable rate demand bonds with investors, the State secured a liquidity facility from Depfa Bank, PLC (Liquidity Provider) for the principal amount and 35 days interest on the 2003B bonds.

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

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

Subject to continuing basis performance monitoring between the Agreements and the 2003B bonds (certain basis risks described herein), the 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, 2006.

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

Primary Government - Business-type Activities

The Designated Account Purchase Program (IDAPP) has an active interest rate swap contract as of June 30, 2006. This contract is 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 29, 2004 (2004 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, 2005, which was not renewed.

In addition, a second one-year interest rate exchange agreement (2005 swap) was entered into for fiscal year 2006 relating to \$175 million of 2001B bonds. IDAPP did not elect to account for the 2005 swap as a hedge and the amounts to be paid or received under the 2005 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 3.925%, which is paid on a monthly basis. During the fiscal year ended June 30, 2006, IDAPP recorded an offset of \$612 thousand to interest expense related to the 2005 swap. No additional swap has been entered into for fiscal year 2007.

Component Units

Illinois Housing Development Authority (IHDA)

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

Since interest rates have declined since the implementation of the swap and cap agreements, all currently active swaps and cap agreements, except for Multi-Family Variable Rate Demand Bonds Series 1996A and Housing Bonds Series 2004B and 2006C, had a negative fair value as of June 30, 2006. 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, the 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 Series 1993B (\$178 million) and Series 1998B (\$123 million) bond issues. Under the terms of these agreements, the THA each June 30 and December 31, beginning June 1993 and ending with maturity in December 2009 on the Series 1993B bonds will pay a fixed synthetic rate of 4.920% on the outstanding bonds, and each July 1 and January 1, beginning July 1999 and ending with maturity in January 2017 on the Series 1998B bonds will pay a fixed synthetic rate of 4.325% on the outstanding bonds. Both the Series 1993B and Series 1998B bonds' variable rate coupons are based on the BMA Swap Index.

In September 2005, the THA entered into four forward-starting interest rate swap agreements (forward agreements) on an aggregate notional amount of \$700 million to hedge interest rates for planned issuances in November 2006 and November 2007 to support their \$5.3 billion Congestion-Relief Program. Under the terms of these forward agreements, the THA would enter into two floating-to-fixed interest rate swaps, which would commence November 1, 2006, for an aggregate notional amount of \$350 million. As of December 31, 2005 (THA's fiscal year-end), the THA would make payments to each counterparty based on a fixed rate of 3.626% and would receive payments based on 75% of one month LIBOR. The remaining forward agreements, totaling \$350 million in notional principal, are scheduled to commence November 1, 2007. As of December 31, 2005, the THA would make payments to each counterparty based on a fixed rate of 3.674% and would receive payments based on 75% of one month LIBOR.

University of Illinois (U of I)

To facilitate the advance refunding of the UIC South Campus Development Project Series 1999 Bonds and, as a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in February 2006, the U of I entered into two interest rate swap agreements in connection with its \$54 million variable rate bonds (UIC South Campus Development Project) Series 2006A. The intention of the swaps was to effectively change the U of I's variable interest rate on the Bonds to a synthetic fixed rate of 1.03% through August 1, 2007 and 4.292% thereafter, which includes the Bonds' current liquidity facility fee. In addition, there is a 0.07% current remarketing fee.

The Bonds and related swap agreements mature in January 2022, and the swaps' initial notional amount matches the variable rate Bonds (\$54 million). The swaps were entered into at the same time as the Bonds were issued (February 2006). Starting in fiscal year 2011, the notional value of the swaps and the principal amount of the associated Bonds begin to mature. Under the swaps, the U of I pays counterparties a fixed payment of 0.83% through August 1, 2007 and 4.092% thereafter, and receives a variable payment equal to its cost-of-funds through February 2010 and thereafter receives a variable payment equal to 68% of LIBOR.

Additionally, to facilitate the advance refunding of the Certificates of Participation (Utility Infrastructure Projects) Series 2001 A & 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 4.059%, 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). During fiscal year 2006, the notional value of the swap and the principal amount of the associated Certificates began to mature. Under the swap, the U of I pays the counterparty a fixed payment of 3.765% and receives a variable payment computed as 100% of the 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, 2006, IDAPP was exposed to credit risk because the swap has a positive fair value. The swap counterparty was rated AAA/Aa2/AA+ by Standard and Poor's, Moody's Investors Services and Fitch Ratings Services, respectively. To mitigate the potential for credit risk, if the credit ratings of the counterparty fall below A-, A3 and A+, 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. Fair value is a factor only upon termination.

As of June 30, 2006, IHDA was not exposed to credit risk because of the negative fair values of the swaps. Should interest rates change and the fair values become positive, IHDA would be exposed to credit risk in the amount of the swaps' fair value. Fair value is a factor only upon termination.

The THA has adopted an interest rate risk management policy to select counterparties with an initial rating of at least A-/A3 and not fall below BBB+/Baa1 (Standard and Poor's and Moody's Investors Services, respectively). As of December 31, 2005 (THA's fiscal year-end), the three counterparties have credit ratings that exceed the minimum credit rating requirement. If the counterparties, for the Series 1993B, 2006 Forward Swap and 2007 Forward Swap, 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, 2006, the U of I was exposed to credit risk because the swaps have positive fair values. For the Series 2006A bond, the swap counterparty was rated AA-/Aa2 by Standard and Poor's and Moody's Investors Services, respectively, on the first counterparty and A+/Aa3 for the second counterparty. For the 2004 Certificates of Participation, the swap counterparty was rated A+/Aa3. To mitigate the potential for credit risk, if both credit ratings of the counterparties fall below BBB+ and Baa1, respectively, the fair value of the swap will be collateralized by the counterparty with US Treasury Securities, Agency Notes and Municipal Securities. Collateral would be posted with a third party custodian.

Basis risk

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

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 agreements associated with the Series 1993B and 1998B bonds which was designed to provide a synthetic fixed rate and it is not anticipated that, as a result of the strategy, the THA has assumed any additional interest rate risk. The agreements expose the THA to basis risk should the variable interest rate on the bond coupons and the synthetic interest rate change. If a change occurs, the expected cost savings may not be realized. As of December 31, 2005 (THA's fiscal year-end), the BMA rate was 3.41%.

To minimize the potential for basis risk for the 2006A bonds and 2004 Certificates of Participation, the U of I engaged a third party consultant to calculate the "mark-to-market" or "market value" of the swap transactions. As of June 30, 2006, the combined mark to market value of the two swaps associated with the 2006A bonds were \$1.1 million, and the mark to market value of the swap associated with the 2004 Certificates of Participation was \$4.7 million. Since both of these are positive numbers, it represents an approximation of the amount of money that a swap provider would be willing to pay the U of I to terminate the swap. In accordance with governmental accounting standards, these amounts are not required to be included in the accompanying financial statements.

Termination risk

Should the State or a counterparty fail to perform under the terms of the Agreement, there may be a termination of the Agreement. In such an event the State may incur an unhedged variable rate position with its 2003B general obligation bonds and potentially owe a net termination payment if the market value of the contract is against the State. Posting collateral by the counterparty (in the form of cash, unconditional Treasury obligations or Treasury guaranteed agency securities), if required by the credit rating of the counterparty, protects the State's interest against the counterparty's failure when the market value is in favor of the State. The State is never required to post collateral when the value is in favor of the counterparty (as is the case as of June 30, 2006).

IDAPP or the counterparty may terminate the swap agreement if the other party fails to perform under the terms of the swap agreement. 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 \$3.75 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, 2005 (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 \$7.4 million and \$6.9 million for Series 1993B and Series 1998B bonds, respectively. Using the same mark-to-market basis, termination of the THA's forward-starting agreements would require the counterparties to make an estimated termination payment to the THA of approximately \$4.8 million and \$3.1 million for the 2006 forward agreement and 2007 forward agreement, 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 both the Series 2006 bonds and Series 2004 Certificates of Participation swaps early. The U of I or the counterparties 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 individual swaps if both credit ratings of the counterparties fall below BBB+ as issued by Standard and Poor's and Baa1 as issued by Moody's Investors Service for each respective swap. If a swap is terminated, the variable rate Bonds or Certificates, would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, the U of I would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover risk

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

Details of the various debt related derivative agreements in effect as of June 30, 2006 (except for THA which is as of December 31, 2005) 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 6/30/06	Fair Values (2)	Swap Termination Date	Counterparty Credit Rating (3)
Primary Government								
Governmental Activities								
Interest Rate Swap Contracts								
Series 2003B	\$ 384,000	10/03	3.890%	67% of 1 mo. LIBOR ^{^^} ,	4.01%	\$ (3,452)	10/33	AA-/Aa3/A+
General Obligation Bonds	54,000	10/03	3.890%	when 1 mo. LIBOR	4.01%	(684)	10/33	A+/Aa3/A+
	54,000	10/03	3.890%	is ≥ 2.5%, or	4.01%	(445)	10/33	AA/Aa2/AA
	54,000	10/03	3.890%	BMA [^] , when 1 mo.	4.01%	(349)	10/33	A+/Aa3/AA-
	54,000	10/03	3.890%	LIBOR is < 2.5%	4.01%	(668)	10/33	A+/Aa3/AA-
	<u>\$ 600,000</u>					<u>\$ (5,598)</u>		
Business-type Activities								
IDAPP								
Interest Rate Swap Contracts								
RAMS*								
Series 2001B	\$ 175,000	7/05	3.925%	1 mo. LIBOR ^{^^}	5.11%	\$ 184	7/06	AAA/Aa2/AA+
Component Units								
IHDA								
Interest Rate Swap Contracts								
MVRDB**								
Series 1996A	\$ 2,851	12/03	5.467%	1 mo. LIBOR ^{^^}	5.36%	\$ 57	8/26	AAA/Aaa/--
MHRB***								
Series 2000A (Lakeshore Plaza) (4)	39,885	6/00	5.510%	Actual bond rate	4.00%	--	7/27	AAA/Aaa/--
HMRB****								
Series 2001D	4,250	7/01	6.130%	1 mo. LIBOR ^{^^} +30bp ^{^^^}	5.41%	(100)	2/10	AAA/Aaa/--
Series 2001F	10,000	1/02	6.615%	1 mo. LIBOR ^{^^} +40bp ^{^^^}	5.51%	(624)	8/20	A+/Aa3/--
Series 2002B	8,355	5/02	6.145%	1 mo. LIBOR ^{^^} +41.5bp ^{^^^}	5.52%	(75)	2/23	AAA/Aaa/--
Interest Rate Cap								
MHRB***								
Series 1997 (Camelot Development)	14,170	11/97	5.750%	N/A	4.03%	(48)	12/07	AA-/Aa3/--
HB*****								
Series 2004B	9,005	3/04	5.000%	N/A	4.02%	34	4/12	AAA/Aaa/--
Series 2006C	5,660	6/06	4.750%	N/A	4.08%	14	6/21	AA/Aa1/--
	<u>\$ 94,176</u>					<u>\$ (742)</u>		
THA								
Interest Rate Swap Contracts								
Series 1993B	\$ 178,200	6/93	4.920%	BMA [^] Municipal Swap Index	3.41%	\$ (7,400)	12/09	AA-/Aa2/AA-
Series 1998B	67,705	7/99	4.325%	BMA [^] Municipal Swap Index	3.41%	(3,800)	1/17	A+/Aa3/AA-
Series 1998B	55,395	7/99	4.325%	BMA [^] Municipal Swap Index	3.41%	(3,100)	1/17	A/A1/A+
Forward-Starting Interest Rate Swap Agreements								
Forward 2006	175,000	11/06	3.626%	75% of 1 month LIBOR ^{^^}	N/A	--	7/30	A+/Aa3/AA-
Forward 2006	175,000	11/06	3.626%	75% of 1 month LIBOR ^{^^}	N/A	--	7/30	AA+/Aa1/AA+
Forward 2007	262,500	11/07	3.674%	75% of 1 month LIBOR ^{^^}	N/A	--	7/30	AA-/Aa2/AA-
Forward 2007	87,500	11/07	3.674%	75% of 1 month LIBOR ^{^^}	N/A	--	7/30	A+/Aa3/AA-
	<u>\$ 1,001,300</u>					<u>\$ (14,300)</u>		
U of I								
Interest Rate Swap Contracts								
Revenue Bonds								
Series 2006A	\$ 26,850	2/06	1.030%	Cost of Funds	3.98%	\$ 565	1/22	AA-/Aa2/--
Series 2006A	26,850	2/06	1.030%	Cost of Funds	3.98%	\$ 565	1/22	A+/Aa3/--
Certificates of Participation								
Series 2004	143,665	3/04	4.059%	BMA [^] Municipal Swap Index	3.97%	4,527	8/21	A+/Aa3/--
	<u>\$ 197,365</u>					<u>\$ 5,657</u>		
<p>* Reset Auction Mode Securities, Student Loan Revenue Bonds ^ Bond Market Association</p> <p>** Multi-Family Variable Rate Demand Bonds ^^ London Interbank Offered Rate</p> <p>*** Multi-Family Housing Revenue Bonds ^^ basis points</p> <p>**** Homeowner Mortgage Revenue Bonds</p> <p>***** Housing Bonds</p> <p>(1) All bond issues are taxable debt instruments.</p> <p>(2) Includes accrued interest.</p> <p>(3) Credit rating companies: Standard and Poor's (S&P)/Moody's Investors Services/Fitch Rating Services</p> <p>(4) \$550 premium received 9/17/98. IHDA terminated the swap at par on July 1, 2006.</p> <p>(5) Counterparty collateralizes negative market value.</p>								

As of June 30, 2006 (except for THA which is as of December 31, 2005), debt service requirements of outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms are as follows:

Table 14-2 (amounts expressed in thousands)								
Swap Payments and Associated Debt								
Variable Rate Debt								
Primary Government								
Year Ending June 30	Governmental Activities				Business-type Activities Designated Account Purchase Program			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2007	\$ --	\$ 24,060	\$ 1,833	\$ 25,893	\$ 9,800	\$ 1,035	\$ (184)	\$ 10,651
2008	--	24,060	1,833	25,893	--	--	--	--
2009	--	24,060	1,833	25,893	--	--	--	--
2010	--	24,060	1,833	25,893	--	--	--	--
2011	--	24,060	1,833	25,893	--	--	--	--
2012-2016	--	120,300	9,165	129,465	--	--	--	--
2017-2021	32,500	120,300	9,165	161,965	--	--	--	--
2022-2026	247,300	87,659	(11,381)	323,578	--	--	--	--
2027-2031	253,500	43,537	(42,022)	255,015	--	--	--	--
2032-2036	66,700	6,969	(41,296)	32,373	--	--	--	--
Total	\$ 600,000	\$ 499,065	\$ (67,204)	\$ 1,031,861	\$ 9,800	\$ 1,035	\$ (184)	\$ 10,651
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
2007	\$ 2,425	\$ 4,119	\$ 209	\$ 6,753	\$ 30,900	\$ 9,221	\$ 3,351	\$ 43,472
2008	2,510	4,009	169	6,688	32,500	8,112	2,860	43,472
2009	2,585	3,895	142	6,622	34,300	6,943	2,342	43,585
2010	2,755	3,777	138	6,670	36,100	5,712	1,797	43,609
2011	2,945	3,651	127	6,723	44,400	4,198	1,126	49,724
2012-2016	13,095	16,473	617	30,185	53,900	20,989	5,632	80,521
2017-2021	22,955	12,232	280	35,467	69,200	2,360	633	72,193
2022-2026	16,665	7,662	(8)	24,319	--	--	--	--
2027-2031	23,825	2,210	(20)	26,015	--	--	--	--
2032-2036	2,805	586	--	3,391	--	--	--	--
2037-2041	1,620	209	--	1,829	--	--	--	--
Total	\$ 94,185	\$ 58,823	\$ 1,654	\$ 154,662	\$ 301,300	\$ 57,535	\$ 17,741	\$ 376,576
Year Ending June 30	University of Illinois--Revenue Bonds				University of Illinois--Certificates of Participation			
	Principal	Interest	Interest Rate Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2007	\$ --	\$ 2,138	\$ (1,692)	\$ 446	\$ 955	\$ 5,667	\$ (311)	\$ 6,311
2008	--	2,143	(238)	1,905	995	5,629	(309)	6,315
2009	--	2,137	60	2,197	1,035	5,605	(323)	6,317
2010	--	2,137	60	2,197	1,075	5,549	(307)	6,317
2011	215	2,133	61	2,409	6,570	5,506	(408)	11,668
2012-2016	16,490	9,475	309	26,274	37,095	23,411	(1,920)	58,586
2017-2021	29,950	4,585	222	34,757	76,285	13,639	(2,154)	87,770
2022-2026	7,045	153	27	7,225	18,740	369	(16)	19,093
Total	\$ 53,700	\$ 24,901	\$ (1,191)	\$ 77,410	\$ 142,750	\$ 65,375	\$ (5,748)	\$ 202,377

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, 2006, the State issued advanced refunding debt to lower interest rates. These revenue bonds were issued to refund portions of earlier issues. The principal of the refunded debt will be redeemed on various dates through 2012 at redemption prices ranging from 100% to 102%. Proceeds from the sales, together with other funds, were placed in irrevocable trusts that are used to service the future debt requirements of the old debt. As a result, the refunded bonds are considered to be defeased and the liability for this debt has been removed from the financial statements of the State. At June 30, 2006, the outstanding balance of the defeased debt was \$391.1 million. Advance refunding debt issued during fiscal year 2006 was as follows:

Table 15-1 (amounts expressed in millions)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service Reduced by Refunding	Refunding Economic Gain	Accounting (Loss)
Primary Government							
Governmental Activities							
General Obligation - Series June 2006	\$ 275.0	4.5% to 5.0%	\$ 276.1	5.125% to 6.000%	\$ 25.1	\$ 18.6	\$ (9.6)
Component Units							
Major Component Units:							
Illinois State University - Series 2006	\$ 6.0	3.35% to 3.70%	\$ 5.7	5.15% to 5.40%	\$ 0.2	\$ 0.2	\$ (0.2)
Southern Illinois University - Series 2005	14.3	3.25% to 5.00%	15.1	5.150% to 5.875%	3.2	1.1	(1.2)
Southern Illinois University - Series 2006A	13.1	4.00% to 5.25%	15.0	5.00% to 5.75%	3.4	0.6	(0.8)
University of Illinois - Series 2006A	53.7	Variable	49.4	5.75% to 6.25%	5.5	5.0	(4.2)
	87.1		85.2		12.3	6.9	(6.4)
Non-Major Component Units	38.8	3.00% to 5.00%	36.0	4.35% to 6.25%	2.1	1.9	(1.5)
Total Component Units	\$ 125.9		\$ 121.2		\$ 14.4	\$ 8.8	\$ (7.9)

B. Prior Year Refundings

In prior years, the State defeased certain callable maturities of general obligation, special obligation and revenue bonds and certificates of participation by placing the proceeds of new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt is not included in the State's financial statements. At June 30, 2006, the outstanding balances of prior year defeased debt were as follows:

Table 15-2 (amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Component Units
General obligation bonds	\$ 704,820	\$ --	\$ --
Special obligation bonds	32,450	--	--
Revenue bonds	--	--	313,740
Certificates of participation	--	--	191,090
	\$ 737,270	\$ --	\$ 504,830

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 871 local school districts, 137 special districts and 24 other State agencies that contribute to the TRS plan. At June 30, 2006, the TRS had outstanding receivables of \$52 million for payroll deduction agreements with members for optional services, refund repayments and upgrade balances owed to the TRS.

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

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

Effective January 1, 1998, legislation established an alternative defined benefit program known as the Portable Benefit Option Plan within the SURS. This option is offered in addition to the existing traditional benefit option. All members who are eligible for the traditional benefit option are eligible for the portable option. New and existing members are provided a window period in which to make an irrevocable election. The portable option provides an enhanced refund at termination for those who leave SURS with at least five years of service. Offsetting this additional cost is the elimination of the survivor benefit package. This program is designed to be cost-neutral in relation to the traditional option. Approximately 16.7 thousand of the approximately 80.9 thousand members have chosen this option.

Legislation, effective January 1, 1998, also required the SURS to offer a Self-Managed Plan. This is a defined contribution plan and is offered to employees of all SURS employers who elect to participate. All but two SURS employers participate in the Self-Managed Plan. The contribution rate is 8% of their gross earnings. It is a qualified money purchase plan under Section 401(a) of the Internal Revenue Code. The assets are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code. 9.1 thousand of the approximately 80.9 thousand members have chosen this option. \$444.0 million of the \$14.6 billion total assets relate to the Self-Managed Plan. Plan member contributions were \$39.5 million and employer contributions were \$29.6 million for the year ended June 30, 2006.

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

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

Termination Benefits. Public Act 94-0109 provided for an alternative retirement cancellation payment which allowed SERS members in certain employment positions to receive a lump-sum payment of twice their retirement contributions plus regular interest on those contributions if the SERS member terminated employment by October 31, 2005. There were 293 SERS members who participated resulting in payments of \$12.184 million and an actuarial accrued liability savings of \$14.567 million.

Funding Policy and Annual Pension Cost. Member contributions are based on fixed percentages set by statute ranging from 4.0% to 12.5%. The State's funding requirements have been established by statute (Public Act 88-593) effective July 1, 1995 and provide for a systematic 50-year funding plan with an ultimate goal to achieve "90% funding" of the systems' liabilities. In addition, the funding plan provides for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Once the 15-year phase-in period is complete, the State's contribution will then remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. However, Public Act 94-0004 decreased the required funding levels for fiscal years 2006 and 2007 to \$938.4 million and \$1.375 billion, respectively, and requires equal annual increments from fiscal years 2008 to 2010 to ensure that the fiscal year 2006 and 2007 decreases have no long-term effect on contributions. In addition, pursuant to Public Act 93-0002, the State made a contribution from general obligation bond proceeds of \$7.3 billion to the retirement systems to fund a portion of the State's unfunded liability. The State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2006. 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")	\$ 8,593	\$ 62,928	\$ 672,556	\$ 1,679,524	\$ 662,039
Plus: Interest on net pension obligation ("NPO")	3,072	20,878	16,227	610,630	370,760
Adjustment to the ARC	(1,760)	(11,961)	(10,307)	(364,011)	(230,395)
Annual pension cost ("APC")	9,905	71,845	678,476	1,926,143	802,404
Employer contributions	4,175	29,338	210,500	601,472	180,018
Increase in NPO	5,730	42,507	467,976	1,324,671	622,386
NPO at June 30, 2005	38,403	260,974	190,901	7,183,884	4,361,904
NPO at June 30, 2006	\$ 44,133	\$ 303,481	\$ 658,877	\$ 8,508,555	\$ 4,984,290
Required contribution amounts/rates:					
Statutory required contribution *	\$ 4,157	\$ 29,189	\$ 207,815	\$ 601,555	\$ 180,018
Members	11.5%	11%	4% - 12.5%	9.4%	8% - 9.5%
Actuarial valuation date of the ARC	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 94-004 amended Public Act 88-593 by reducing the required contributions for fiscal years 2006 and 2007 and requiring incremental increases for fiscal years 2008 through 2010 in order that the funded ratio in fiscal year 2011 will not be effected.

** Includes inflation rate listed

*** Composite, approximately 6.5%

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

	GARS	JRS	SERS	TRS	SURS
Annual Pension Cost ("APC")					
6/30/2004	\$ 10,800	\$ 74,588	\$ 616,706	\$ 2,047,760	\$ 854,684
6/30/2005	\$ 9,452	\$ 65,522	\$ 723,914	\$ 1,898,305	\$ 737,299
6/30/2006	\$ 9,905	\$ 71,845	\$ 678,476	\$ 1,926,143	\$ 802,404
% of APC Contributed					
6/30/2004	305.11%	239.44%	302.36%	265.35%	205.64%
6/30/2005	49.46%	48.90%	59.04%	52.01%	38.71%
6/30/2006	42.15%	40.84%	31.03%	31.23%	22.43%
Net Pension Obligation (Asset)					
6/30/2004	\$ 33,626	\$ 227,495	\$ (105,578)	\$ 6,272,941	\$ 3,910,005
6/30/2005	\$ 38,403	\$ 260,974	\$ 190,901	\$ 7,183,884	\$ 4,361,904
6/30/2006	\$ 44,133	\$ 303,481	\$ 658,877	\$ 8,508,555	\$ 4,984,290

17 POST-EMPLOYMENT BENEFITS

The State provides health, dental, vision 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, dental and vision benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older. The total cost of all members, including post-employment health, dental and vision and life insurance benefits, is recognized as an expenditure in the accompanying financial statements as claims are reported and are financed on a pay-as-you-go basis. For fiscal year 2006, the cost of providing post-employment health, dental and vision benefits and life insurance benefits for the approximately 103,000 retirees and their dependents was estimated to be \$560.7 million and \$17.2 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 an eight-tenths of one percent of payroll contribution from active teachers, three-fifths 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, 2006, there were 49,263 TRS annuitants enrolled in the health plan. Payments into this plan from active teachers, employers, annuitants, and the State were \$63.9, \$47.9, \$144.0 and \$75.5 million, respectively, for the year ended June 30, 2006. The teachers' health insurance program is administered by the Illinois Department of Healthcare and Family Services (HFS) and 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. HFS is responsible for all purchasing and payment of healthcare provided to the program.

18 FUND DEFICITS

Primary Government - Governmental Activities

Major Governmental Funds

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating \$2.328 billion at June 30, 2006. This deficit results from spending in excess of revenues recognized.

Non-major Governmental Funds

The Local Government Tax Fund of the Department of Revenue has a deficit at June 30, 2006, aggregating \$4.0 million, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

The Personal Property Tax Replacement Fund of the Department of Revenue has a deficit at June 30, 2006, aggregating \$15.9 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, 2006, aggregating \$3.3 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, 2006, aggregating \$14.5 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

Primary Government - Business-type Activities

Major Proprietary Funds

The Prepaid Tuition Fund of the Illinois Student Assistance Commission has a deficit at June 30, 2006, aggregating \$29.1 million, resulting from program costs incurred since the inception of the program which will be paid in subsequent 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.

The State's risk financing of auto liability has been determined using an estimate of claims outstanding. Matured claims have been recorded as a liability in the General Fund and the Road Fund in the amounts of \$291 thousand and \$36 thousand, respectively. The remaining portion of the liability is included in the government-wide financial statements and is expected to be paid from future resources of the General Fund and Road Fund in the amount of \$1.9 million and \$7.3 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 in the amount of \$1.7 million. The remaining portion of the liability, \$179.5 million as of June 30, 2006, is included in the government-wide financial statements and is expected to be paid from future resources of the General Fund with significant reimbursement to the General Fund being made by other funds that accounted for the salaries and wages of the related employees.

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 \$199.4 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, 2006:

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:				
2005				
Auto Liability	\$ 7,051	\$ 1,210	\$ (3,209)	\$ 5,052
Workers' Compensation	158,648	93,687	(83,005)	169,330
Health Insurance	199,833	937,870	(907,800)	229,903
Total	<u>\$ 365,532</u>	<u>\$ 1,032,767</u>	<u>\$ (994,014)</u>	<u>\$ 404,285</u>
2006				
Auto Liability	\$ 5,052	\$ 7,861	\$ (3,686)	\$ 9,227
Workers' Compensation	169,330	104,745	(92,891)	181,184
Health Insurance	229,903	948,966	(979,450)	199,419
Total	<u>\$ 404,285</u>	<u>\$ 1,061,572</u>	<u>\$ (1,076,027)</u>	<u>\$ 389,830</u>
Component Units, (Information for the Toll Highway Authority is as of December 31):				
2005				
Toll Highway Authority	\$ 3,183	\$ 12,011	\$ (10,554)	\$ 4,640
Southern Illinois University	18,781	4,705	(6,526)	16,960
University of Illinois	98,038	79,137	(46,199)	130,976
Total	<u>\$ 120,002</u>	<u>\$ 95,853</u>	<u>\$ (63,279)</u>	<u>\$ 152,576</u>
2006				
Toll Highway Authority	\$ 4,640	\$ 11,138	\$ (9,450)	\$ 6,328
Southern Illinois University	16,960	5,638	(8,077)	14,521
University of Illinois	130,976	45,563	(34,325)	142,214
Total	<u>\$ 152,576</u>	<u>\$ 62,339</u>	<u>\$ (51,852)</u>	<u>\$ 163,063</u>

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 Healthcare and Family Services, 201 South Grand Avenue, Springfield, Illinois, 62763, which administers the plans. The Financial audit report for the Department of Healthcare and Family 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 \$6.3 million at December 31, 2005.

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 \$14.5 million at June 30, 2006.

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 \$142.2 million at June 30, 2006.

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 \$2.196 billion as of June 30, 2006 which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$82.4 million as of June 30, 2006, which will be financed through State reappropriations. The Illinois State Toll Highway Authority, reported on a December 31st year end, has entered into commitments for road construction of \$1.5 billion as of December 31, 2005. The University of Illinois has outstanding construction commitments for various building and building improvement projects of \$152.1 million as of June 30, 2006.

B. Protested Taxes

The State of Illinois has \$274 million in protested tax cases which have not been adjudicated at June 30, 2006. The ultimate disposition of these cases is not determinable at this time.

C. 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, 2006, 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.

D. Tobacco Settlement

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

Because of the novelty of the MSA and of the many related claims and because of the uncertainty inherent in calculation under the MSA, it is not possible to accurately predict the amount of money that will actually be received by the State with reasonable certainty. The State received \$350, \$268, \$312, \$319, \$270, \$274 and \$273 million in fiscal years 2000, 2001, 2002, 2003, 2004, 2005 and 2006, and \$3 million through February 22, 2007 for fiscal year 2007.

E. Excess Fee Charges

There have been several cases filed that challenge the constitutionality of legislation allowing the broader use of fee proceeds that are deposited into special funds the use of which is, by law, otherwise limited to specified purposes. The lead case is Illinois State Chamber of Commerce v. Filan. In the fiscal year 2004 Budget Implementation Act, the legislature authorized the Director of the Governor's Office of Management and Budget to transfer funds from specialized or dedicated funds to the General Fund. Some of these specialized funds are funded by fees. The Chamber of Commerce, as an employer, pays a surcharge (fee) to the Department of Financial and Professional Regulation. The fee is then used by the Workers Compensation Commission (Commission) for the Commission's operations. The stated purpose of the fee is to reduce the amount of the Commission's operating expenses being paid from general tax revenues. However, the surcharge and fee generated more than twice the sum needed for the Commission's operating budget allowing the excess fees to be transferred to the General Fund. The Chamber of Commerce has alleged that this practice violates the tax uniformity clause of the Illinois Constitution, the due process clause of the Illinois Constitution and the United States Constitution, and the due takings clause, claiming the fee is, in effect a disproportional and unfair tax. On November 29, 2004, the Cook County Circuit Court ruled that the fee violated the Uniformity Clause and the Due Process Clause of the Illinois Constitution and ordered all monies currently held or to be collected to be placed in an escrow fund. On October 25, 2005, the circuit court allowed the Commission to withdraw operating funds from the escrow fund on a monthly basis to continue operating while the surcharge's constitutionality continues to be litigated. Appeals filed by the State in the First District Appellate Court are awaiting argument or decision. The State collected surcharges and fees related to the case of \$30.7 million in fiscal year 2004,

\$23.0 million in fiscal year 2005, \$13.6 million in fiscal year 2006 and \$13.9 million through February 22, 2007 for fiscal year 2007.

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

F. Other Legal Proceedings

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

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

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

- A suit (*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 Healthcare and Family Services (Department) 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 Americans with Disabilities Act (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.
- A suit (*Sidell v. Maram*) has been filed alleging the differences between waiver eligibility for medically fragile, technology dependent children versus adults. The case states the reduced benefit levels and services for adults constitute illegal discrimination under Title

II of the ADA and Section 504 of the Rehabilitation Act and violates the integration mandate of the regulations implementing both Acts recognized by the Supreme Court in *Olmstead v. L.C. ex rel. Zimring*, 527 U.S. 581 (1999). The State has filed a motion for summary judgment. The court has yet to rule on the motion.

- A suit (*Ligas v. Maram*) has been filed by nine name plaintiffs and on behalf of a class of Medicaid-eligible developmentally disabled persons seeking more public resources devoted to community services for the developmentally disabled. Plaintiffs allege that they are presently residing in Medicaid-funded institutions, or that they are at risk of institutionalization, because the State failed to provide adequate support services to enable them to live in the community. Plaintiffs claim, among other things, that State does not have an “Olmstead Plan” in place to enable developmentally disabled persons to leave institutions for community placements. Plaintiffs claim that the State’s acts and omissions violate Title II of the ADA, Section 504 of the Rehabilitation Act, the Medicaid Act and 42 U.S.C. § 1983. Class certification has been granted by the District Court. This matter is currently in discovery.
- A similar action to *Ligas* (*Williams v. Blagojevich*) involves resources devoted to the mentally ill rather than the developmentally disabled. However, a motion for class certification is pending. This matter is currently in discovery.

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

G. Illinois Housing Development Authority Bonds (IHDA)

The IHDA, a component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. In the event that the IHDA determines that funds will not be sufficient for the payment of principal and interest on these bonds, the Chairman of the IHDA shall certify to the Governor as soon as practicable the amount required by the IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds to the IHDA. As of June 30, 2006, the outstanding balance of bonds, which the State is morally obligated to repay is \$105.3 million.

H. Metropolitan Pier and Exposition Authority (McCormick Place)

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

fund). Within the Build Illinois Fund are credits to separate accounts, of which one is the "McCormick Place Account" and has first priority credit of the amounts collected.

The bonds are special obligations of the Authority and are payable from and secured by a pledge of revenues derived from dedicated state taxes, discussed above, imposed and collected by the State of Illinois. For State fiscal years in which these bonds are outstanding, the State shall transfer from the McCormick Place Account in the Build Illinois Fund to the Metropolitan Fair and Exposition Authority Improvement Bond Fund (a non-major governmental fund) an amount equal to 150% of the Authority's certified amount for that fiscal year divided by the number of months during that fiscal year in which bonds of the Authority are outstanding. The maximum amount in any fiscal year shall not exceed \$33.5 million or a lesser sum as is actually necessary and required to pay the debt service requirements for that fiscal year after giving effect to net operating revenues of the Authority available for that purpose as certified by Authority. During fiscal year 2006, debt service requirements were \$31.6 million. However, the amount paid to the Authority based on their annual certification was \$31.2 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 \$113 million in fiscal year 2006, \$119 million in fiscal year 2007, \$126 million in fiscal year 2008, \$132 million in fiscal year 2009, \$139 million in fiscal year 2010, and graduating to \$275 million in fiscal year 2023 until fiscal year 2042. During fiscal year 2006, debt service requirements for these bonds were \$102.0 million. The amount paid to the Authority based on their annual certification was \$101.9 million. During fiscal year 2006, only deposits from the Authority's taxes were used to pay to the Authority for the debt service requirements; the State sales tax was not required.

I. Regional Transportation Authority (RTA)

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

The bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State's assistance shall be transferred monthly from the General Fund to the Public Transportation Fund

(a non-major governmental fund) for payment in amount equal to the lesser of monthly debt service on the SCIP bonds or one-twelfth of the amount of the State's assistance as provided in the authorization. The authorization currently provides for \$55 million each fiscal year with an additional \$100 million each fiscal year. During fiscal year 2006, the State provided \$108 million to the RTA, which is below the authorized amount of \$155 million. Although the amount of the State's assistance is measured by the debt service on the SCIP bonds, the assistance is not pledged for payment of, or security for, the SCIP bonds. The State's assistance is paid directly to the Authority and may be spent by the Authority at its discretion.

J. Illinois Sports Facilities Authority (Authority)

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

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

Annually, the Authority is required to certify to the State Comptroller and the State Treasurer their requirements for the next fiscal year. This certification shall be the lesser of 1) the advance amount plus \$10 million and 2) the amount to pay principal and interest and other payments relating to its obligations issued or to be issued during the fiscal year plus the amount anticipated to pay obligations under provisions of any management agreement with respect to facilities owned by the Authority or any assistance agreement with respect to any facility for which financial assistance is provided under the Act plus an amount to pay other capital or operating expenses of the Authority. Under this formula, the maximum advance amount for fiscal year 2006 was \$27.599 million plus \$10 million for a total of \$37.599 million.

The Authority's annual certification for fiscal year 2006 was in the amount of \$34.5 million, which is below the maximum amount authorized. Payments related to the annual certification, which are subject to appropriation by the General Assembly, were paid to the Authority. The Authority repaid the advance amount by the end of the fiscal year.

In future years, the advance amount increases by 105.615% of the preceding advance amount through fiscal year 2032. Including the additional \$10 million, the maximum which could be certified each year is \$39.149 million in fiscal year 2007, \$40.786 million in fiscal year 2008, \$42.515 million in fiscal year 2009, \$44.341 million in fiscal year 2010 and graduating to \$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State's share.

K. Southwestern Illinois Development Authority (SWIDA) Revenue Bonds

The SWIDA, which is a component unit of the State, has issued revenue bonds. The proceeds of these bonds were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear interest at rates ranging from 4.50% 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, 2006 the outstanding balance of bonds, which the State is morally obligated to repay, is \$45.9 million.

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

The UIRVDA, which is a component unit of the State, has issued revenue bonds. The proceeds of which were loaned to various companies to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and these companies. These bonds mature annually through 2030 and bear interest in varying rates between 5.90% and 8.85%. The State has accepted a moral obligation to repay the bonds in the event the UIRVDA and the companies are unable to meet the bonds' repayment commitments. At June 30, 2006 the outstanding balance, which the State is morally obligated to repay, is \$23.1 million.

M. Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$71.8 million for the purchase of various home loans as of June 30, 2006.

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.

Non-Major Component Units

Chicago State University (CSU) has issued revenue bonds with the net revenues pledged to pay the bond interest and principal. The Auxiliary Facilities System segment includes all operations of the University Center Union Building. Its revenues are principally University Center fees, rental and use fees, leased food services, bookstore commissions and parking fees.

The following are the condensed financial statements at June 30, 2006 for the segments described above:

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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	\$ 47,349	\$ 31,105
Noncurrent assets:		
Capital assets, net of accumulated depreciation	91,124	102,610
Other noncurrent assets	53,261	2,085
Total assets	<u>191,734</u>	<u>135,800</u>
Liabilities		
Current liabilities	14,264	10,911
Noncurrent liabilities	85,202	108,103
Total liabilities	<u>99,466</u>	<u>119,014</u>
Net Assets		
Invested in capital assets, net of related debt	34,957	(5,493)
Restricted-other expendable purposes	32,311	--
Unrestricted	25,000	22,279
Total net assets	<u>\$ 92,268</u>	<u>\$ 16,786</u>
Condensed Statement of Revenues, Expenses and Changes in Net Assets:		
Operating revenues	\$ 61,864	\$ 76,683
Operating expenses	(46,481)	(53,701)
Depreciation expense	(3,467)	(4,973)
Operating income (loss)	11,916	18,009
Nonoperating revenues (expenses)	(297)	(5,540)
Other revenues	--	--
Capital and endowment additions	--	--
Increase (decrease) in net assets	11,619	12,469
Net assets (deficit), July 1, 2005	80,649	4,317
Net assets (deficit), June 30, 2006	<u>\$ 92,268</u>	<u>\$ 16,786</u>
Condensed Statement of Cash Flows:		
Net cash flows provided (used) by operating activities	\$ 16,631	\$ 17,978
Net cash flows provided by noncapital financing activities	196	--
Net cash flows provided (used) by capital and related financing activities	23,852	(14,806)
Net cash flows provided (used) by investing activities	(41,784)	1,627
Net increase (decrease) in cash and cash equivalents	(1,105)	4,799
Cash and cash equivalents, July 1, 2005	11,747	13,153
Cash and cash equivalents, June 30, 2006	<u>\$ 10,642</u>	<u>\$ 17,952</u>

Table 21-1 (continued)

Southern Illinois University		University of Illinois			Non-Major Component Unit
Housing and Auxiliary Facilities System	Medical Facilities System	Auxiliary Facilities System	Health Services Facilities System	Willard Airport Facility	
\$ 95,983	\$ 14,914	\$ 236,869	\$ 135,592	\$ 1,695	\$ 6,454
127,508	14,804	575,683	181,513	31,269	15,679
19,403	474	30,761	3,068	279	--
<u>242,894</u>	<u>30,192</u>	<u>843,313</u>	<u>320,173</u>	<u>33,243</u>	<u>22,133</u>
26,321	1,515	72,552	63,285	1,187	1,082
<u>214,627</u>	<u>22,052</u>	<u>679,212</u>	<u>97,278</u>	<u>509</u>	<u>21,420</u>
<u>240,948</u>	<u>23,567</u>	<u>751,764</u>	<u>160,563</u>	<u>1,696</u>	<u>22,502</u>
(32,956)	1,588	(1,536)	101,997	30,524	(6,359)
26,349	1,430	16,304	2,436	408	--
8,553	3,607	76,781	55,177	615	5,990
<u>\$ 1,946</u>	<u>\$ 6,625</u>	<u>\$ 91,549</u>	<u>\$ 159,610</u>	<u>\$ 31,547</u>	<u>\$ (369)</u>
\$ 76,397	\$ 31,236	\$ 227,035	\$ 532,464	\$ 2,539	\$ 6,489
(69,505)	(33,942)	(203,227)	(504,404)	(2,770)	(3,136)
<u>(5,897)</u>	<u>(675)</u>	<u>(16,601)</u>	<u>(19,073)</u>	<u>(1,727)</u>	<u>(483)</u>
995	(3,381)	7,207	8,987	(1,958)	2,870
2,341	6,209	(13,018)	(5,143)	526	(1,255)
854	1,859	--	--	--	--
--	--	--	--	664	--
<u>4,190</u>	<u>4,687</u>	<u>(5,811)</u>	<u>3,844</u>	<u>(768)</u>	<u>1,615</u>
<u>(2,244)</u>	<u>1,938</u>	<u>97,360</u>	<u>155,766</u>	<u>32,315</u>	<u>(1,984)</u>
<u>\$ 1,946</u>	<u>\$ 6,625</u>	<u>\$ 91,549</u>	<u>\$ 159,610</u>	<u>\$ 31,547</u>	<u>\$ (369)</u>
\$ 14,803	\$ 1,096	\$ 35,949	\$ 37,059	\$ (113)	\$ 2,619
1,516	--	1,509	142	424	--
23,303	4,194	(40,581)	(31,616)	(549)	(1,849)
<u>(14,503)</u>	<u>(4,945)</u>	<u>8,475</u>	<u>1,138</u>	<u>21</u>	<u>57</u>
25,119	345	5,352	6,723	(217)	827
<u>23,675</u>	<u>2,267</u>	<u>78,303</u>	<u>40,081</u>	<u>1,007</u>	<u>5,200</u>
<u>\$ 48,794</u>	<u>\$ 2,612</u>	<u>\$ 83,655</u>	<u>\$ 46,804</u>	<u>\$ 790</u>	<u>\$ 6,027</u>

22 SUBSEQUENT EVENTS

General Obligation, Special Obligation, Revenue Bonds, Notes and General Obligation Certificates:

Subsequent to June 30, 2006, the following general obligation, special obligation, revenue bonds, notes and general obligation certificates:

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 certificates:				
February, Series 2007	2/7/2007	\$ 900.0	4.25%	2007
Component Units:				
Bonds payable:				
Illinois Finance Authority:				
Series 2006-B (Bond Bank)	8/3/2006	\$ 1.9	3.75% to 4.90%	2036
Illinois Housing Development Authority:				
Homeowner Mortgage Revenue Bonds				
Series 2006 C-1	7/27/2006	\$ 21.0	3.75% to 4.45%	2017
Series 2006 C-2	7/27/2006	\$ 104.0	4.95% to 5.15%	2037
Housing Bonds				
Series 2006 A (Pineview of Rockford SLF)	8/24/2006	\$ 8.1	3.90% to 5.05%	2038
Series 2006 E (Prairie View Apartments)	10/25/2006	\$ 8.2	3.70% to 4.95%	2042
Series 2006 F (65th Street Apartments)	10/25/2006	\$ 4.0	3.70% to 5.00%	2047
Series 2006 J (Eagle Ridge of Decatur SLF II)	10/25/2006	\$ 3.5	4.50% to 5.00%	2048
Series 2006 D (Sunrise Apartments)	11/29/2006	\$ 6.2	4.85% to 5.00%	2042
Series 2006 G (Multiple Developments)	11/29/2006	\$ 63.3	3.65% to 4.85%	2037
Series 2006 H (Multiple Developments)	11/29/2006	\$ 11.3	5.029% to 6.057%	2028
Series 2006 K (Multiple Developments)	11/29/2006	\$ 25.3	3.70% to 4.60%	2023
Series 2006 M (Ogden Manor)	1/2/2007	\$ 12.5	3.60% to 4.50%	2047
Series 2006 I (Heritage Woods of Batavia)	1/3/2007	\$ 7.2	4.70% to 4.85%	2048
Multi-Family Housing Bonds				
Series 2006 (Buena Visa Townhomes)	12/12/2006	\$ 5.1	5.31%	2038
Single Family Homeowner Mortgage Revenue Bonds				
Series 2006 (Draw Down)	11/30/2006	\$ 300.0	4.25%	2036
University of Illinois				
Series 2006 (Auxiliary Facilities System)	10/5/2006	\$ 318.2	4.00% to 5.00%	2035
Illinois State Toll Highway Authority*				
Series 2006 A-1 (Toll Highway Senior Priority)	6/7/2006	\$ 500.0	5.00%	2026
Series 2006 A-2 (Toll Highway Senior Priority)	6/7/2006	\$ 500.0	5.00%	2031
Notes payable:				
Illinois Housing Development Authority:				
Multi-Family Housing Note				
Series 2006 (65th Street Apartments)	10/1/2006	\$ 0.7	8.00%	2007
* Illinois State Toll Highway Authority fiscal year-end is 12/31/05				

On January 26, 2007 the Illinois Student Assistance Commission sold loans and notes receivable from the Designated Account Purchase Program Fund, a major proprietary fund, of \$646.0 million for \$683.1 million, net of expenses.

Required Supplementary Information

State of Illinois

**Budgetary Comparison Schedule
Major Governmental Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Funds				Road Fund			
	Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
REVENUES:								
Income taxes	\$ 9,309,000	\$ 9,309,000	\$ 10,062,478	\$ 753,478	\$ -	\$ -	\$ -	\$ -
Sales taxes	6,850,000	6,850,000	7,091,589	241,589	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-
Public utility taxes	1,096,000	1,096,000	1,073,847	(22,153)	-	-	-	-
Federal government	4,772,000	4,772,000	4,647,063	(124,937)	965,200	965,200	1,023,912	58,712
Other	2,336,000	2,336,000	2,306,123	(29,877)	939,900	939,900	980,994	41,094
Less:								
Refunds	-	21,937	15,916	(6,021)	-	2,633	2,616	(17)
Total revenues	24,363,000	24,341,063	25,165,184	824,121	1,905,100	1,902,467	2,002,290	99,823
EXPENDITURES:								
Current:								
Health and social services	12,621,513	12,705,365	12,486,779	(218,586)	126,113	126,113	126,113	-
Education	8,961,823	8,949,402	8,909,181	(40,221)	-	-	-	-
General government	650,524	651,681	610,113	(41,568)	127,639	130,739	124,566	(6,173)
Transportation	107,835	105,138	103,599	(1,539)	1,261,220	1,261,678	1,224,436	(37,242)
Public protection and justice	1,676,430	1,735,936	1,678,185	(57,751)	97,310	97,310	97,270	(40)
Employment and economic development	166,293	166,361	158,896	(7,465)	1,900	1,900	1,834	(66)
Environment and business regulation	111,699	112,139	106,379	(5,760)	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Capital outlays	36,265	36,136	33,321	(2,815)	18,803	18,803	14,341	(4,462)
Total expenditures	24,332,382	24,462,158	24,086,453	(375,705)	1,632,985	1,636,543	1,588,560	(47,983)
Excess (deficiency) of revenues over (under) expenditures	30,618	(121,095)	1,078,731	1,199,826	272,115	265,924	413,730	147,806
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Proceeds from short-term borrowings	-	1,000,000	1,000,000	-	-	-	-	-
Transfers-in	5,164,000	5,315,186	5,315,186	-	343,600	337,064	337,064	-
Transfers-out	(5,492,000)	(7,210,769)	(7,210,769)	-	(277,800)	(285,854)	(285,854)	-
Total other sources (uses) of financial resources	(328,000)	(895,583)	(895,583)	-	65,800	51,210	51,210	-
Budgetary funds-nonbudgeted accounts								
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(297,382)	(1,016,678)	183,148	1,199,826	337,915	317,134	464,940	147,806
Budgetary fund balances, July 1, 2005	(474,035)	(474,035)	(474,035)	-	263,963	263,963	263,963	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (771,417)	\$ (1,490,713)	\$ (290,887)	\$ 1,199,826	\$ 601,878	\$ 581,097	\$ 728,903	\$ 147,806

Motor Fuel Tax Fund				State Construction Account			
Original Budget	Final Budget	Actual	Variance Over (Under)	Original Budget	Final Budget	Actual	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,385,600	1,385,600	1,371,819	(13,781)	-	-	-	-
-	-	40	40	-	-	-	-
-	-	908	908	495,000	495,000	480,800	(14,200)
18,300	16,016	16,015	(1)	-	-	-	-
1,367,300	1,369,584	1,356,752	(12,832)	495,000	495,000	480,800	(14,200)
-	-	-	-	-	-	-	-
64,549	64,549	63,632	(917)	-	-	-	-
659,181	659,181	654,362	(4,819)	1,031,618	1,031,618	1,030,937	(681)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
46	46	40	(6)	-	-	-	-
723,776	723,776	718,034	(5,742)	1,031,618	1,031,618	1,030,937	(681)
643,524	645,808	638,718	(7,090)	(536,618)	(536,618)	(550,137)	(13,519)
-	-	-	-	-	-	-	-
(685,200)	(634,887)	(634,887)	-	238,100	235,607	235,607	-
(685,200)	(634,887)	(634,887)	-	(52)	(52)	(52)	-
(685,200)	(634,887)	(634,887)	-	238,048	235,555	235,555	-
(41,676)	10,921	3,831	(7,090)	(298,570)	(301,063)	(314,582)	(13,519)
61,689	61,689	61,689	-	293,633	293,633	293,633	-
\$ 20,013	\$ 72,610	\$ 65,520	\$ (7,090)	\$ (4,937)	\$ (7,430)	\$ (20,949)	\$ (13,519)

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

For the Year Ended June 30, 2006

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. During fiscal year 2006, administrative transfers between transferable appropriation line items within the same treasury held fund generally could not 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 the expenditure is presented for payment during the succeeding two month "lapse period." An exception to the lapse period requirements are expenditures described in Section 25 of the State Finance Act (30 ILCS 105/25). These Section 25 expenditures, mostly related to the reimbursement of hospitals, physicians, and pharmacists for Medicaid patients, are allowed to be paid in the following fiscal year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program that requires additional time for completion.

The original budgeted revenues represent estimates while original budgeted expenditures represent original and continuing appropriations enacted into law by appropriation bills. Generally accepted accounting principles (GAAP) require the final legal budget be reflected in the final budget column, therefore, updated revenue estimates have been reported. Final expenditure budgets represent original and continuing appropriations modified by supplemental and amendatory appropriations. The State's basis of budgeting is essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

The State Budget Law (15 ILCS 20) requires the budget for certain funds, called budgeted funds which include the General Revenue, Common School, and Educational Assistance subaccounts of the General Fund, the Road Fund, and the Motor Fuel Tax Fund, to be prepared:

“. . . on a basis of revenue and expenditure measurement concepts that are in concert with generally accepted accounting principles for governments . . .

. . . The revenue estimates used in the State budget for the budgeted funds shall include the estimated beginning fund balance, plus revenues estimated to be received during the budgeted year, plus the estimated receipts due the State as of June 30 of the budgeted year that are expected to be collected during the lapse period following the budgeted year, minus the receipts collected during the first 2 months of the budgeted year that became due to the State in the year before the budgeted year. Revenues shall also include estimated federal reimbursements associated with the recognition of Section 25 of the State Finance Act liabilities. For any budgeted fund for which current year revenues are anticipated to exceed expenditures, the surplus shall be considered to be a resource available for expenditure in the budgeted fiscal year.

Expenditure estimates for the budgeted funds included in the State budget shall include the costs to be incurred by the State for the budgeted year, to be paid in the next fiscal year, excluding costs paid in the budgeted year which were carried over from the prior year, where the payment is authorized by Section 25 of the State Finance Act. For any budgeted fund for which expenditures are expected to exceed revenues in the current fiscal year, the deficit shall be considered as a use of funds in the budgeted fiscal year.

Revenues and expenditures shall also include transfers between funds that are based on revenues received or costs incurred during the budget year.”

The State has not presented revenue and expenditure estimates in accordance with these provisions.

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

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

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

B. Budgetary-GAAP Reporting Reconciliation

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2006 is presented below for the major governmental funds (amounts expressed in thousands):

	MAJOR GOVERNMENTAL FUNDS			
	General Fund			State Construction Account
	General Fund	Road Fund	Motor Fuel Tax Fund	
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ 183,148	\$ 464,940	\$ 3,831	\$ (314,582)
Reclassifications:				
Budgetary Special State Funds reported as part of the General Fund for GAAP reporting	(77,660)	--	--	--
Adjustments:				
To adjust revenues, related receivables and deferred revenue	(148,275)	(15,919)	53,774	2,022
To adjust expenditures and related liabilities	780,007	(57,368)	(63,937)	26,212
To adjust for lapse period expenditures which were not recorded as liabilities	(1,143)	(11,761)	2	--
Excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources into financial resources (GAAP basis) - budgetary classifications	736,077	379,892	(6,330)	(286,348)
To record excess (deficiency) of revenues over (under) expenditures/expenses and other sources (uses) of financial resources for nonbudgeted accounts	(3)	--	--	--
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	\$ 736,074	\$ 379,892	\$ (6,330)	\$ (286,348)

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, 2004, 2005 and 2006.

	(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						
6/30/2004	\$ 83,208	\$ 207,593	\$ 124,385	40.1%	\$ 12,993	957.3%
6/30/2005	\$ 83,273	\$ 212,906	\$ 129,633	39.1%	\$ 12,851	1008.7%
6/30/2006	\$ 82,255	\$ 221,713	\$ 139,458	37.1%	\$ 12,739	1094.7%
Judges'						
6/30/2004	\$ 534,580	\$ 1,156,093	\$ 621,513	46.2%	\$ 127,200	488.6%
6/30/2005	\$ 564,999	\$ 1,236,512	\$ 671,513	45.7%	\$ 128,700	521.8%
6/30/2006	\$ 599,234	\$ 1,291,395	\$ 692,161	46.4%	\$ 135,400	511.2%
State Employees'						
6/30/2004	\$ 9,990,187	\$ 18,442,665	\$ 8,452,478	54.2%	\$ 3,439,251	245.8%
6/30/2005	\$ 10,494,148	\$ 19,304,647	\$ 8,810,499	54.4%	\$ 3,475,528	253.5%
6/30/2006	\$ 10,899,853	\$ 20,874,542	\$ 9,974,689	52.2%	\$ 3,572,541	279.2%
Teachers'						
6/30/2004	\$ 31,544,729	\$ 50,947,451	\$ 19,402,722	61.9%	\$ 7,280,795	266.5%
6/30/2005	\$ 34,085,218	\$ 56,075,029	\$ 21,989,811	60.8%	\$ 7,550,510	291.2%
6/30/2006	\$ 36,584,889	\$ 58,996,913	\$ 22,412,024	62.0%	\$ 7,765,752	288.6%
State Universities						
6/30/2004	\$ 12,586,305	\$ 19,078,583	\$ 6,492,278	66.0%	\$ 2,814,071	230.7%
6/30/2005	\$ 13,350,278	\$ 20,349,922	\$ 6,999,644	65.6%	\$ 2,939,185	238.1%
6/30/2006	\$ 14,175,147	\$ 21,688,935	\$ 7,513,788	65.4%	\$ 3,054,100	246.0%

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GENERAL FUND

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

SIGNIFICANT GENERAL FUND ACCOUNT DESCRIPTIONS

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

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

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

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

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

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

State of Illinois

Combining Schedule of Accounts

General Fund

June 30, 2006 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	\$ 1,013,438	\$ 472,066	\$ 95,700	\$ 46,055		\$ 1,627,259
Cash and cash equivalents	2,302					2,302
Receivables, net:						
Taxes	819,468	28,647	95,677	4,729		948,521
Intergovernmental	1,150,999			345,779		1,496,778
Other	138,928	15	72	161		139,176
Due from other funds	62,466	805	31	24	\$ (9,205)	54,121
Due from component units	1,092		17	25,144		26,253
Inventories	30,447					30,447
Loans and notes receivable, net	13,018					13,018
Other assets	15,000					15,000
Total assets	\$ 3,247,158	\$ 501,533	\$ 191,497	\$ 421,892	\$ (9,205)	\$ 4,352,875
LIABILITIES						
Accounts payable and accrued liabilities	\$ 3,576,209		\$ 51,743	\$ 92,696		\$ 3,720,648
Intergovernmental payables	1,196,744	\$ 10,385	2,915	269,371		1,479,415
Due to other funds	354,200		65,685	8,976	\$ (9,205)	419,656
Due to component units	19,099	7	188	48,624		67,918
Unavailable revenue	693,718	6,148	9,100	192,793		901,759
Unearned revenue	89,380					89,380
Matured portion of long-term liabilities	1,996					1,996
Total liabilities	5,931,346	16,540	129,631	612,460	(9,205)	6,680,772
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	6,695					6,695
Long-term portion of loans and notes receivable	12,779					12,779
Inventories	30,447					30,447
Unreserved	(2,734,109)	484,993	61,866	(190,568)		(2,377,818)
Total fund balances (deficits)	(2,684,188)	484,993	61,866	(190,568)		(2,327,897)
Total liabilities and fund balances	\$ 3,247,158	\$ 501,533	\$ 191,497	\$ 421,892	\$ (9,205)	\$ 4,352,875

State of Illinois

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2006 (Expressed in Thousands)

	General Revenue Account	Education Assistance Account	Common School Account	Medicaid Provider Assessment Program	Eliminations	Total
REVENUES						
Income taxes	\$ 9,539,997	\$ 731,708				\$ 10,271,705
Sales taxes	5,199,930		\$ 1,765,518			6,965,448
Public utility taxes	958,894		99,944			1,058,838
Other taxes	1,286,821		168,471	\$ 252,482		1,707,774
Federal government	5,022,925			1,295,316		6,318,241
Licenses and fees	271,071		655	479		272,205
Interest and other investment income	163,905		1,024	1,428		166,357
Other	472,219	1,000		968,718		1,441,937
Total revenues	22,915,762	732,708	2,035,612	2,518,423		28,202,505
EXPENDITURES						
Current:						
Health and social services	11,845,434			2,605,557		14,450,991
Education	3,966,889	1,224,142	3,808,381			8,999,412
General government	734,664					734,664
Employment and economic development	147,797					147,797
Transportation	99,754					99,754
Public protection and justice	1,894,204					1,894,204
Environment and business regulations	126,895					126,895
Debt service:						
Principal	3,213					3,213
Interest	1,212					1,212
Capital outlays	10,570					10,570
Total expenditures	18,830,632	1,224,142	3,808,381	2,605,557		26,468,712
Excess (deficiency) of revenues over (under) expenditures	4,085,130	(491,434)	(1,772,769)	(87,134)		1,733,793
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	1,649,025	677,120	1,754,319	128,033	(1,302,135)	2,906,362
Transfers-out	(5,150,341)			(61,470)	1,302,135	(3,909,676)
Capital lease financing	1,295					1,295
Proceeds from disposition of capital assets	4,300					4,300
Net other sources (uses) of financial resources	(3,495,721)	677,120	1,754,319	66,563	-- --	(997,719)
Net change in fund balances	589,409	185,686	(18,450)	(20,571)	-- --	736,074
Fund balances (deficits), July 1, 2005	(3,274,017)	299,307	80,316	(169,997)		(3,064,391)
Increase (decrease) for changes in inventories	420					420
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (2,684,188)	\$ 484,993	\$ 61,866	\$ (190,568)	\$ -- --	\$ (2,327,897)

State of Illinois

Combining Schedule of Accounts - General Fund

Medicaid Provider Assessment Program

June 30, 2006 (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	\$ 20	\$ 8,172	\$ 32,196	\$ 5,667	\$ 46,055
Receivables, net:					
Taxes			4,591	138	4,729
Intergovernmental	32,428	247,842	61,897	3,612	345,779
Other		37	97	27	161
Due from other funds			24		24
Due from component units	25,144				25,144
Total assets	\$ 57,592	\$ 256,051	\$ 98,805	\$ 9,444	\$ 421,892
LIABILITIES					
Accounts payable and accrued liabilities			\$ 85,477	\$ 7,219	\$ 92,696
Intergovernmental payables		\$ 256,051	13,320		269,371
Due to other funds	\$ 8,968		8		8,976
Due to component units	48,624				48,624
Unavailable revenue	17,204	172,476	594	2,519	192,793
Total liabilities	74,796	428,527	99,399	9,738	612,460
FUND BALANCES (DEFICITS)					
Unreserved	(17,204)	(172,476)	(594)	(294)	(190,568)
Total fund balances (deficits)	(17,204)	(172,476)	(594)	(294)	(190,568)
Total liabilities and fund balances	\$ 57,592	\$ 256,051	\$ 98,805	\$ 9,444	\$ 421,892

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, 2006 (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			\$ 232,024	\$ 20,458	\$ 252,482
Federal government	\$ 138,510	\$ 797,739	340,513	18,554	1,295,316
Licenses and fees				479	479
Interest and other investment income		458	662	308	1,428
Other	102,359	795,228	71,131		968,718
Total revenues	240,869	1,593,425	644,330	39,799	2,518,423
EXPENDITURES					
Current:					
Health and social services	228,720	1,611,830	723,778	41,229	2,605,557
Total expenditures	228,720	1,611,830	723,778	41,229	2,605,557
Excess (deficiency) of revenues over (under) expenditures	12,149	(18,405)	(79,448)	(1,430)	(87,134)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	44,700		83,333		128,033
Transfers-out	(58,408)			(3,062)	(61,470)
Net other sources (uses) of financial resources	(13,708)		83,333	(3,062)	66,563
Net change in fund balances	(1,559)	(18,405)	3,885	(4,492)	(20,571)
Fund balances (deficits), July 1, 2005	(15,645)	(154,071)	(4,479)	4,198	(169,997)
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (17,204)	\$ (172,476)	\$ (594)	\$ (294)	\$ (190,568)

State of Illinois

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2006 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Non-major Governmental Funds
ASSETS					
Cash equity with State Treasurer	\$ 2,231,236	\$ 623,226	\$ 552,353	\$ 1,112	\$ 3,407,927
Cash and cash equivalents	18,982	136,731	22,345	218	178,276
Investments	18,335	50,700		1,109	70,144
Receivables, net:					
Taxes	231,577				231,577
Intergovernmental	835,340		1,835		837,175
Other	277,991	2,950		8	280,949
Due from other funds	316,621	9,105	2,120		327,846
Due from component units	276,905				276,905
Inventories	21,141				21,141
Loans and notes receivable, net	61,754	19,361			81,115
Other assets	8,447				8,447
Total assets	\$ 4,298,329	\$ 842,073	\$ 578,653	\$ 2,447	\$ 5,721,502
LIABILITIES					
Accounts payable and accrued liabilities	\$ 479,157		\$ 76,786		\$ 555,943
Intergovernmental payables	1,389,294		18,355		1,407,649
Due to other funds	172,818	\$ 61	1,645	\$ 222	174,746
Due to component units	16,206		4,012		20,218
Unavailable revenue	311,507				311,507
Unearned revenue	172,922		11,813		184,735
Matured portion of long-term liabilities	1,084				1,084
Total liabilities	2,542,988	61	112,611	222	2,655,882
FUND BALANCES					
Reserved for:					
Encumbrances	34,653		68		34,721
Long-term portion of:					
Loans and notes receivable	55,908	18,228			74,136
Other assets	8,175				8,175
Inventories	21,141				21,141
Other purposes	2,948			1,117	4,065
Unreserved:					
Designated for reappropriated accounts	83,587		310,089		393,676
Undesignated	1,548,929	823,784	155,885	1,108	2,529,706
Total fund balances	1,755,341	842,012	466,042	2,225	3,065,620
Total liabilities and fund balances	\$ 4,298,329	\$ 842,073	\$ 578,653	\$ 2,447	\$ 5,721,502

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Fund	Total Non-major Governmental Funds
REVENUES					
Income taxes	\$ 981,456				\$ 981,456
Sales taxes	2,650,483				2,650,483
Motor fuel taxes	74,253				74,253
Public utility taxes	472,368				472,368
Other taxes	1,169,093				1,169,093
Federal government	6,350,217		\$ 17,794		6,368,011
Licenses and fees	535,443	\$ 187			535,630
Interest and other investment income	35,010	41,004		\$ 112	76,126
Other	1,130,280	53	19,498		1,149,831
Total revenues	13,398,603	41,244	37,292	112	13,477,251
EXPENDITURES					
Current:					
Health and social services	3,973,508			28	3,973,536
Education	2,133,318		283,648		2,416,966
General government	215,353	1,962	27,351		244,666
Employment and economic development	748,347	17	169,672		918,036
Transportation	505,181		69,551		574,732
Public protection and justice	307,221		3,701		310,922
Environment and business regulation	540,305		8,557		548,862
Debt service:					
Principal	751	816,494			817,245
Interest	60	1,115,888			1,115,948
Capital outlays	29,591		238,477		268,068
Intergovernmental	4,505,450				4,505,450
Total expenditures	12,959,085	1,934,361	800,957	28	15,694,431
Excess (deficiency) of revenues over (under) expenditures	439,518	(1,893,117)	(763,665)	84	(2,217,180)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued			1,140,000		1,140,000
Premiums on general and special obligation bonds issued			63,780		63,780
General obligation refunding bonds issued		274,950			274,950
Premiums on general obligation refunding bonds issued		11,824			11,824
Payment to refunded bond escrow agent		(285,778)			(285,778)
Transfers-in	2,304,533	2,928,699	63,315		5,296,547
Transfers-out	(2,150,410)	(1,050,667)	(70,373)	(608)	(3,272,058)
Capital lease financing	71				71
Proceeds from disposition of capital assets	1,200				1,200
Net other sources (uses) of financial resources	155,394	1,879,028	1,196,722	(608)	3,230,536
Net change in fund balances	594,912	(14,089)	433,057	(524)	1,013,356
Fund balances, July 1, 2005	1,157,569	856,101	32,985	2,749	2,049,404
Increase (decrease) for changes in inventories	2,860				2,860
FUND BALANCES, JUNE 30, 2006	\$ 1,755,341	\$ 842,012	\$ 466,042	\$ 2,225	\$ 3,065,620

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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

Demutualization Trust Fund--to account for abandoned monies received from property distributable in the course of a demutualization of an insurance company pursuant to the Uniform Disposition of Unclaimed Property Act.

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

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

Department of Commerce and Economic Opportunity

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.

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.

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.

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

Department of Healthcare and Family Services

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

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

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

Department of Revenue

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

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

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

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

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

Local Government Distributive Fund--to receive 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 Children and Family Services

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

Department of Employment Security

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

Department of Financial and Professional Regulation

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

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.

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.

Capital Development Board

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

Illinois Commerce Commission

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

Workers' Compensation Commission

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

Metropolitan Fair and Exposition Authority

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.

Office of the State Fire Marshall

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

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, 2006 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services	Healthcare and Family Services	Revenue
ASSETS						
Cash equity with State Treasurer	\$ 176,468	\$ 54,905	\$ 119,215	\$ 44,653	\$ 48,131	\$ 663,665
Cash and cash equivalents			38	2,028		
Investments		2,172				
Receivables, net						
Taxes					7,211	189,123
Intergovernmental	107,294	20,251	4,398	32,620	62,415	
Other	136,716	120	203	13,296	10,472	671
Due from other funds				23	1	170,149
Due from component units	57	1				276,481
Inventories			3,593			
Loans and notes receivable, net		3,655				
Other assets		8,175		185		
Total assets	\$ 420,535	\$ 89,279	\$ 127,447	\$ 92,805	\$ 128,230	\$ 1,300,089
LIABILITIES						
Accounts payable and accrued liabilities	\$ 136,100	\$ 6,090	\$ 4,306	\$ 60,916	\$ 50,299	\$ 18,974
Intergovernmental payables	1,692	6,293	23,394	2,795	17,148	841,724
Due to other funds	23	9,069	462	2,941	5,569	68,241
Due to component units	372	848	357	2,260		77
Unavailable revenue	136,000		4,462	2,718	33	26,567
Unearned revenue			17	11,061		
Matured portion of long-term liabilities						
Total liabilities	274,187	22,300	32,998	82,691	73,049	955,583
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	245	12		1	10	24,493
Long-term portion of:						
Loans and notes receivable		3,436				
Other assets		8,175				
Inventories			3,593			
Other purposes						
Unreserved:						
Designated for reappropriated accounts	610		54,418			
Unreserved, undesignated	145,493	55,356	36,438	10,113	55,171	320,013
Total fund balances (deficits)	146,348	66,979	94,449	10,114	55,181	344,506
Total liabilities and fund balances	\$ 420,535	\$ 89,279	\$ 127,447	\$ 92,805	\$ 128,230	\$ 1,300,089

Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission		Total
				Federal Student Loan Fund	Other	
\$ 28,674	\$ 75,178 328	\$ 6,344	\$ 182,556	\$ 34,320	\$ 797,127	\$ 2,231,236
					16,588	18,982
					16,163	18,335
			9,189		26,054	231,577
26,243	154,393	296,415	23	26,329	104,959	835,340
30	651	37	37,952	130	77,713	277,991
49,090	13,775	1,249	345	8,201	73,788	316,621
	254	62			50	276,905
	9,174	821			7,553	21,141
27,387					30,712	61,754
					87	8,447
\$ 131,424	\$ 253,753	\$ 304,928	\$ 230,065	\$ 68,980	\$ 1,150,794	\$ 4,298,329
\$ 9,998	\$ 49,691	\$ 6,129	\$ 8,380	\$ 10,236	\$ 118,038	\$ 479,157
78,168	13,403	296,188	2,311	10,931	95,247	1,389,294
77	5,461	2,092	1,060	2,910	74,913	172,818
41	1,279	1,037	114		9,821	16,206
3,266	65,773	7,011	12,857		52,820	311,507
8,980			63,777	44,903	44,184	172,922
		1,084				1,084
100,530	135,607	313,541	88,499	68,980	395,023	2,542,988
	581		68		9,243	34,653
25,661					26,811	55,908
						8,175
	9,174	821			7,553	21,141
					2,948	2,948
1,600					26,959	83,587
3,633	108,391	(9,434)	141,498		682,257	1,548,929
30,894	118,146	(8,613)	141,566		755,771	1,755,341
\$ 131,424	\$ 253,753	\$ 304,928	\$ 230,065	\$ 68,980	\$ 1,150,794	\$ 4,298,329

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services	Healthcare and Family Services	Revenue
REVENUES						
Income taxes						\$ 981,456
Sales taxes						2,494,489
Motor fuel taxes						
Public utility taxes					\$ 85,733	224,632
Other taxes			\$ 48,930			956,849
Federal government	\$ 202,064	\$ 190,066	7,113	\$ 1,997,999	301,280	
Licenses and fees			39,680	3,310		908
Interest and other investment income	3,250	3,862	1,258	384		7,021
Other	487,131	255	4,705	2,934	21,798	334,102
Total revenues	692,445	194,183	101,686	2,004,627	408,811	4,999,457
EXPENDITURES						
Current:						
Health and social services	450,104			2,071,508	438,529	
Education	25					
General government	690					72,701
Employment and economic development	3,294	185,067				31,185
Transportation						
Public protection and justice						
Environment and business regulations	1,093		39,398			
Debt service:						
Principal			16			
Interest			2			
Capital outlays	1,430		1,127	316	229	119
Intergovernmental						4,392,957
Total expenditures	456,636	185,067	40,543	2,071,824	438,758	4,496,962
Excess (deficiency) of revenues over (under) expenditures	235,809	9,116	61,143	(67,197)	(29,947)	502,495
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	868	980		58,250	36,209	1,235,415
Transfers-out	(165,985)	(9,271)	(3,155)	(1,128)	(1,117)	(1,423,253)
Capital lease financing						
Proceeds from disposition of capital assets						
Net other sources (uses) of financial resources	(165,117)	(8,291)	(3,155)	57,122	35,092	(187,838)
Net change in fund balances	70,692	825	57,988	(10,075)	5,145	314,657
Fund balances (deficits), July 1, 2005	75,656	66,154	34,647	20,189	50,036	29,849
Increase (decrease) for changes in inventories			1,814			
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 146,348	\$ 66,979	\$ 94,449	\$ 10,114	\$ 55,181	\$ 344,506

Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Student Assistance Commission		Other	Total
				Federal Student Loan Fund			
			\$ 135,753		\$ 20,241		\$ 981,456
					74,253		2,650,483
			105,989			56,014	74,253
			79,487			83,827	472,368
\$ 89,230	\$ 744,524	\$ 1,812,118	61,929	\$ 143,996		799,898	1,169,093
	186	11,705	26,670			452,984	6,350,217
1,088	905		3,628	1,696		11,918	535,443
3,176	4,992	6,079	2,054	361		262,693	35,010
93,494	750,607	1,829,902	415,510	146,053		1,761,828	1,130,280
	574,922					438,445	3,973,508
	80,000	1,826,170	1,998	146,053		79,072	2,133,318
	6,825		1,226			133,911	215,353
388,436	184,127		101,861			242,813	748,347
						116,745	505,181
			14,323			292,898	307,221
			6,309			493,505	540,305
						735	751
						58	60
	954	62	993			24,361	29,591
			67,403			45,090	4,505,450
388,436	846,828	1,826,232	194,113	146,053		1,867,633	12,959,085
(294,942)	(96,221)	3,670	221,397	--		(105,805)	439,518
292,170	133,397	160	70,333			476,751	2,304,533
(1,539)	(12,292)	(149)	(253,474)			(279,047)	(2,150,410)
						71	71
						1,200	1,200
290,631	121,105	11	(183,141)			198,975	155,394
(4,311)	24,884	3,681	38,256	--		93,170	594,912
35,205	91,977	(11,246)	103,310			661,792	1,157,569
	1,285	(1,048)				809	2,860
\$ 30,894	\$ 118,146	\$ (8,613)	\$ 141,566	\$ --	\$ 755,771	\$ 1,755,341	

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Treasurer

June 30, 2006 (Expressed in Thousands)

	Demutualization Trust Fund	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 69,984	\$ 43,240	\$ 63,244	\$ 176,468
Investments:				
Receivables, net				
Intergovernmental			107,294	107,294
Other			136,716	136,716
Due from component units			57	57
Total assets	\$ 69,984	\$ 43,240	\$ 307,311	\$ 420,535
LIABILITIES				
Accounts payable and accrued liabilities		\$ 280	\$ 135,820	\$ 136,100
Intergovernmental payables			1,692	1,692
Due to other funds			23	23
Due to component units			372	372
Unavailable revenue			136,000	136,000
Total liabilities		280	273,907	274,187
FUND BALANCES				
Reserved for encumbrances			245	245
Unreserved:				
Designated for reappropriated accounts			610	610
Undesignated	\$ 69,984	42,960	32,549	145,493
Total fund balances	69,984	42,960	33,404	146,348
Total liabilities and fund balances	\$ 69,984	\$ 43,240	\$ 307,311	\$ 420,535

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, 2006 (Expressed in Thousands)

	Demutualization Trust Fund	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
REVENUES				
Federal government			\$ 202,064	\$ 202,064
Interest and other investment income			3,250	3,250
Other	\$ 69,984	\$ 144,543	272,604	487,131
Total revenues	69,984	144,543	477,918	692,445
EXPENDITURES				
Current:				
Health and social services			450,104	450,104
Education			25	25
General government			690	690
Employment and economic development			3,294	3,294
Environment and business regulations			1,093	1,093
Capital outlays			1,430	1,430
Total expenditures			456,636	456,636
Excess (deficiency) of revenues over (under) expenditures	69,984	144,543	21,282	235,809
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		868		868
Transfers-out		(152,185)	(13,800)	(165,985)
Net other sources (uses) of financial resources		(151,317)	(13,800)	(165,117)
Net change in fund balances	69,984	(6,774)	7,482	70,692
Fund balances, July 1, 2005		49,734	25,922	75,656
FUND BALANCES, JUNE 30, 2006	\$ 69,984	\$ 42,960	\$ 33,404	\$ 146,348

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Commerce and Economic Opportunity

June 30, 2006 (Expressed in Thousands)

	Fund For Illinois' Future	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 39,703	\$ 615	\$ 14,587	\$ 54,905
Investments:			2,172	2,172
Receivables, net				
Intergovernmental		20,251		20,251
Other	63	1	56	120
Due from component units	1			1
Loans and notes receivable, net			3,655	3,655
Other assets			8,175	8,175
Total assets	\$ 39,767	\$ 20,867	\$ 28,645	\$ 89,279
LIABILITIES				
Accounts payable and accrued liabilities		\$ 4,705	\$ 1,385	\$ 6,090
Intergovernmental payables		6,291	2	6,293
Due to other funds	\$ 36	9,023	10	9,069
Due to component units		848		848
Total liabilities	36	20,867	1,397	22,300
FUND BALANCES				
Reserved for:				
Encumbrances		11	1	12
Long-term portion of:				
Loans and notes receivable			3,436	3,436
Other			8,175	8,175
Unreserved	39,731	(11)	15,636	55,356
Total fund balances	39,731	--	27,248	66,979
Total liabilities and fund balances	\$ 39,767	\$ 20,867	\$ 28,645	\$ 89,279

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, 2006 (Expressed in Thousands)

	Fund For Illinois' Future	Job Training Partnership Fund	Build Illinois Capital Revolving Loan Fund	Total
REVENUES				
Federal government		\$ 190,066		\$ 190,066
Interest and other investment income		10	\$ 3,852	3,862
Other		111	144	255
Total revenues		190,187	3,996	194,183
EXPENDITURES				
Current:				
Employment and economic development	\$ 17,518	161,701	5,848	185,067
Total expenditures	17,518	161,701	5,848	185,067
Excess (deficiency) of revenues over (under) expenditures	(17,518)	28,486	(1,852)	9,116
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in			980	980
Transfers-out		(4,732)	(4,539)	(9,271)
Net other sources (uses) of financial resources		(4,732)	(3,559)	(8,291)
Net change in fund balances	(17,518)	23,754	(5,411)	825
Fund balances (deficits), July 1, 2005	57,249	(23,754)	32,659	66,154
FUND BALANCES, JUNE 30, 2006	\$ 39,731	\$ --	\$ 27,248	\$ 66,979

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Natural Resources

June 30, 2006 (Expressed in Thousands)

	Wildlife and Fish Fund	Open Space Lands Acquisition and Development Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 42,035	\$ 77,180	\$ 119,215
Cash and cash equivalents	38		38
Investments:			
Receivables, net			
Intergovernmental	4,398		4,398
Other	203		203
Inventories	3,593		3,593
Total assets	\$ 50,267	\$ 77,180	\$ 127,447
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,277	\$ 29	\$ 4,306
Intergovernmental payables	52	23,342	23,394
Due to other funds	455	7	462
Due to component units	357		357
Unavailable revenue	4,462		4,462
Unearned revenue	17		17
Total liabilities	9,620	23,378	32,998
FUND BALANCES			
Reserved for inventories	3,593		3,593
Unreserved:			
Designated for reappropriated accounts	616	53,802	54,418
Undesignated	36,438		36,438
Total fund balances	40,647	53,802	94,449
Total liabilities and fund balances	\$ 50,267	\$ 77,180	\$ 127,447

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, 2006 (Expressed in Thousands)

	Wildlife and Fish Fund	Open Space Lands Acquisition and Development Fund	Total
REVENUES			
Other taxes		\$ 48,930	\$ 48,930
Federal government	\$ 7,076	37	7,113
Licenses and fees	39,680		39,680
Interest and other investment income	1,258		1,258
Other	4,705		4,705
Total revenues	52,719	48,967	101,686
EXPENDITURES			
Current:			
Environment and business regulations	39,398		39,398
Debt service:			
Principal	16		16
Interest	2		2
Capital outlays	1,127		1,127
Total expenditures	40,543		40,543
Excess (deficiency) of revenues over (under) expenditures	12,176	48,967	61,143
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out		(3,155)	(3,155)
Net other sources (uses) of financial resources		(3,155)	(3,155)
Net change in fund balances	12,176	45,812	57,988
Fund balances, July 1, 2005	26,657	7,990	34,647
Increase (decrease) for changes in inventories	1,814		1,814
FUND BALANCES, JUNE 30, 2006	\$ 40,647	\$ 53,802	\$ 94,449

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Human Services

June 30, 2006 (Expressed in Thousands)

	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
ASSETS						
Cash equity with State Treasurer	\$ 12,487	\$ 23,131	\$ 5,232	\$ 3,803		\$ 44,653
Cash and cash equivalents				2,028		2,028
Investments:						
Receivables, net						
Intergovernmental	3,885	6,143	17,536	5,056		32,620
Other	263	1	576	12,456		13,296
Due from other funds		4	19			23
Other assets					\$ 185	185
Total assets	\$ 16,635	\$ 29,279	\$ 23,363	\$ 23,343	\$ 185	\$ 92,805
LIABILITIES						
Accounts payable and accrued liabilities	\$ 7,739	\$ 14,123	\$ 18,116	\$ 20,938		\$ 60,916
Intergovernmental payables	56	795	25	1,919		2,795
Due to other funds	1,376	1,203	72	290		2,941
Due to component units	237	1,925	88	10		2,260
Unavailable revenue	24	397	2,297			2,718
Unearned revenue	1,783	7,114	1,793	186	\$ 185	11,061
Total liabilities	11,215	25,557	22,391	23,343	185	82,691
FUND BALANCES						
Reserved for encumbrances	1					1
Unreserved	5,419	3,722	972			10,113
Total fund balances	5,420	3,722	972			10,114
Total liabilities and fund balances	\$ 16,635	\$ 29,279	\$ 23,363	\$ 23,343	\$ 185	\$ 92,805

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, 2006 (Expressed in Thousands)

	Vocational Rehabilitation Fund	DHS Special Purposes Trust Fund	Early Intervention Services Revolving Fund	USDA Women, Infants and Children Fund	Food Stamp and Commodity Fund	Total
REVENUES						
Federal government	\$ 90,620	\$ 171,697	\$ 57,486	\$ 186,997	\$ 1,491,199	\$ 1,997,999
Licenses and fees			3,310			3,310
Interest and other investment income			374	10		384
Other	2,932		2			2,934
Total revenues	93,552	171,697	61,172	187,007	1,491,199	2,004,627
EXPENDITURES						
Current:						
Health and social services	96,840	171,601	124,861	187,007	1,491,199	2,071,508
Capital outlays	316					316
Total expenditures	97,156	171,601	124,861	187,007	1,491,199	2,071,824
Excess (deficiency) of revenues over (under) expenditures	(3,604)	96	(63,689)	-- --	-- --	(67,197)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	209		58,041			58,250
Transfers-out			(1,128)			(1,128)
Net other sources (uses) of financial resources	209		56,913			57,122
Net change in fund balances	(3,395)	96	(6,776)	-- --	-- --	(10,075)
Fund balances, July 1, 2005	8,815	3,626	7,748			20,189
FUND BALANCES, JUNE 30, 2006	\$ 5,420	\$ 3,722	\$ 972	\$ -- --	\$ -- --	\$ 10,114

Combining Balance Sheet - Non-major Special Revenue Funds

Healthcare and Family Services

June 30, 2006 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 11,165	\$ 36,541	\$ 425	\$ 48,131
Investments:				
Receivables, net				
Taxes	7,211			7,211
Intergovernmental		13,302	49,113	62,415
Other		10,472		10,472
Due from other funds		1		1
Total assets	\$ 18,376	\$ 60,316	\$ 49,538	\$ 128,230
LIABILITIES				
Accounts payable and accrued liabilities	\$ 954	\$ 6,389	\$ 42,956	\$ 50,299
Intergovernmental payables	275	10,419	6,454	17,148
Due to other funds	23	5,418	128	5,569
Unavailable revenue		33		33
Total liabilities	1,252	22,259	49,538	73,049
FUND BALANCES				
Reserved for encumbrances		6	4	10
Unreserved	17,124	38,051	(4)	55,171
Total fund balances	17,124	38,057	-- --	55,181
Total liabilities and fund balances	\$ 18,376	\$ 60,316	\$ 49,538	\$ 128,230

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Supplemental Low Income Energy Assistance Fund	Child Support Administration Fund	Low Income Home Energy Assistance Block Grant Fund	Total
REVENUES				
Public utility taxes	\$ 85,733			\$ 85,733
Federal government		\$ 112,300	\$ 188,980	301,280
Other		21,798		21,798
Total revenues	85,733	134,098	188,980	408,811
EXPENDITURES				
Current:				
Health and social services	92,484	157,082	188,963	438,529
Capital outlays	132	80	17	229
Total expenditures	92,616	157,162	188,980	438,758
Excess (deficiency) of revenues over (under) expenditures	(6,883)	(23,064)	-- --	(29,947)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in	5,201	31,008		36,209
Transfers-out		(1,117)		(1,117)
Net other sources (uses) of financial resources	5,201	29,891		35,092
Net change in fund balances	(1,682)	6,827	-- --	5,145
Fund balances, July 1, 2005	18,806	31,230		50,036
FUND BALANCES, JUNE 30, 2006	\$ 17,124	\$ 38,057	\$ -- --	\$ 55,181

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds
Revenue

June 30, 2006 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund	Local Government Distributive Fund
ASSETS						
Cash equity with State Treasurer	\$ 15,493	\$ 39,391	\$ 53,988	\$ 214,358	\$ 45,178	\$ 47
Investments:						
Receivables, net						
Taxes	2,167	15,030	16,091	74,947		
Other						
Due from other funds						121,417
Due from component units					276,481	
Total assets	\$ 17,660	\$ 54,421	\$ 70,079	\$ 289,305	\$ 321,659	\$ 121,464
LIABILITIES						
Accounts payable and accrued liabilities	\$ 458					
Intergovernmental payables	12,843	\$ 10,032	\$ 43,893	\$ 289,305		\$ 120,839
Due to other funds	1,626	40,126	25,779			625
Due to component units	77					
Unavailable revenue		4,263	407	4,046		
Total liabilities	15,004	54,421	70,079	293,351		121,464
FUND BALANCES (DEFICITS)						
Reserved for encumbrances	682				\$ 23,811	
Unreserved	1,974			(4,046)	297,848	
Total fund balances (deficits)	2,656			(4,046)	321,659	
Total liabilities and fund balances	\$ 17,660	\$ 54,421	\$ 70,079	\$ 289,305	\$ 321,659	\$ 121,464

Personal Property Tax Replacement			Build Illinois	Total
Fund	Fund			
\$ 283,759	\$ 11,451	\$		663,665
48,772	32,116			189,123
590	81			671
39,282	9,450			170,149
				276,481
\$ 372,403	\$ 53,098	\$		1,300,089
\$ 7,506	\$ 11,010	\$		18,974
364,812				841,724
85				68,241
				77
15,913	1,938			26,567
388,316	12,948			955,583
				24,493
(15,913)	40,150			320,013
(15,913)	40,150			344,506
\$ 372,403	\$ 53,098	\$		1,300,089

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, 2006 (Expressed in Thousands)

	State Gaming Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund	Local Government Distributive Fund
REVENUES						
Income taxes						
Sales taxes		\$ 223,965	\$ 331,679	\$ 1,520,580		
Public utility taxes						
Other taxes	\$ 800,653				\$ 58,309	
Licenses and fees	873				35	
Interest and other investment income					3,005	
Other					334,102	
Total revenues	801,526	223,965	331,679	1,520,580	395,451	
EXPENDITURES						
Current:						
General government	4,460	2			68,113	\$ 30
Employment and economic development						
Capital outlays	119					
Intergovernmental	121,004	44,793	331,679	1,520,321		1,120,453
Total expenditures	125,583	44,795	331,679	1,520,321	68,113	1,120,483
Excess (deficiency) of revenues over (under) expenditures	675,943	179,170	-- --	259	327,338	(1,120,483)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in						1,125,483
Transfers-out	(677,120)	(179,170)			(5,679)	(5,000)
Net other sources (uses) of financial resources	(677,120)	(179,170)			(5,679)	1,120,483
Net change in fund balances	(1,177)	-- --	-- --	259	321,659	-- --
Fund balances (deficits), July 1, 2005	3,833			(4,305)		
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 2,656	\$ -- --	\$ -- --	\$ (4,046)	\$ 321,659	\$ -- --

Personal Property Tax Replacement Fund	Build Illinois Fund	Total
\$ 981,456	\$ 418,265	\$ 981,456
224,632		2,494,489
	97,887	224,632
		956,849
3,265	751	908
		7,021
		334,102
1,209,353	516,903	4,999,457

96		72,701
	31,185	31,185
		119
1,254,707		4,392,957
1,254,803	31,185	4,496,962

(45,450)	485,718	502,495
----------	---------	---------

39,282	70,650	1,235,415
	(556,284)	(1,423,253)
39,282	(485,634)	(187,838)
(6,168)	84	314,657
(9,745)	40,066	29,849
\$ (15,913)	\$ 40,150	\$ 344,506

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Transportation

June 30, 2006 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 6,893	\$ 7,657	\$ 14,124	\$ 28,674
Receivables, net				
Intergovernmental	26,243			26,243
Other		30		30
Due from other funds	1,288		47,802	49,090
Loans and notes receivable, net		27,387		27,387
Total assets	\$ 34,424	\$ 35,074	\$ 61,926	\$ 131,424
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,923	\$ 75		\$ 9,998
Intergovernmental payables	15,403	839	\$ 61,926	78,168
Due to other funds	77			77
Due to component units	41			41
Unavailable revenue	3,266			3,266
Unearned revenue	8,980			8,980
Total liabilities	37,690	914	61,926	100,530
FUND BALANCES (DEFICITS)				
Reserved for:				
Long-term portion of loans and notes receivable		25,661		25,661
Unreserved:				
Designated for reappropriated accounts		1,600		1,600
Undesignated	(3,266)	6,899		3,633
Total fund balances (deficits)	(3,266)	34,160		30,894
Total liabilities and fund balances	\$ 34,424	\$ 35,074	\$ 61,926	\$ 131,424

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, 2006 (Expressed in Thousands)

	Federal/Local Airport Fund	State Rail Freight Loan Repayment Fund	Public Transportation Fund	Total
REVENUES				
Federal government	\$ 89,230			\$ 89,230
Interest and other investment income		\$ 1,088		1,088
Other	3,176			3,176
Total revenues	92,406	1,088		93,494
EXPENDITURES				
Current:				
Transportation	93,980	2,686	\$ 291,770	388,436
Total expenditures	93,980	2,686	291,770	388,436
Excess (deficiency) of revenues over (under) expenditures	(1,574)	(1,598)	(291,770)	(294,942)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		400	291,770	292,170
Transfers-out	(391)	(1,148)		(1,539)
Net other sources (uses) of financial resources	(391)	(748)	291,770	290,631
Net change in fund balances	(1,965)	(2,346)	-- --	(4,311)
Fund balances (deficits), July 1, 2005	(1,301)	36,506		35,205
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (3,266)	\$ 34,160	\$ -- --	\$ 30,894

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Other Departments Funds

June 30, 2006 (Expressed in Thousands)

	Children and Family Services	Employment Security	Financial and Professional Regulation	Public Health	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	State Pensions Fund	Public Health Services Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 1,197	\$ 17,857	\$ 52,557	\$ 3,567	\$ 75,178
Cash and cash equivalents	323	5			328
Investments:					
Receivables, net					
Intergovernmental	128,395	7,289		18,709	154,393
Other		70		581	651
Due from other funds		10,409		3,366	13,775
Due from component units				254	254
Inventories		1,555		7,619	9,174
Total assets	\$ 129,915	\$ 37,185	\$ 52,557	\$ 34,096	\$ 253,753
LIABILITIES					
Accounts payable and accrued liabilities	\$ 34,653	\$ 5,618	\$ 170	\$ 9,250	\$ 49,691
Intergovernmental payables	370	274	6	12,753	13,403
Due to other funds	91	4,893	7	470	5,461
Due to component units	138	63		1,078	1,279
Unavailable revenue	60,371	53		5,349	65,773
Total liabilities	95,623	10,901	183	28,900	135,607
FUND BALANCES					
Reserved for:					
Encumbrances	29	99		453	581
Inventories		1,555		7,619	9,174
Unreserved	34,263	24,630	52,374	(2,876)	108,391
Total fund balances	34,292	26,284	52,374	5,196	118,146
Total liabilities and fund balances	\$ 129,915	\$ 37,185	\$ 52,557	\$ 34,096	\$ 253,753

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, 2006 (Expressed in Thousands)

	Children and Family Services	Employment Security	Financial and Professional Regulation	Public Health	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	State Pensions Fund	Public Health Services Fund	Total
REVENUES					
Federal government	\$ 428,794	\$ 168,851		\$ 146,879	\$ 744,524
Licenses and fees		186			186
Interest and other investment income		905			905
Other	2,974	1,585		433	4,992
Total revenues	431,768	171,527		147,312	750,607
EXPENDITURES					
Current:					
Health and social services	428,697			146,225	574,922
Education			\$ 80,000		80,000
General government			6,825		6,825
Employment and economic development		184,127			184,127
Capital outlays	416	538			954
Total expenditures	429,113	184,665	86,825	146,225	846,828
Excess (deficiency) of revenues over (under) expenditures	2,655	(13,138)	(86,825)	1,087	(96,221)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	3,778	10,016	119,603		133,397
Transfers-out	(12,292)				(12,292)
Net other sources (uses) of financial resources	(8,514)	10,016	119,603		121,105
Net change in fund balances	(5,859)	(3,122)	32,778	1,087	24,884
Fund balances, July 1, 2005	40,151	29,546	19,596	2,684	91,977
Increase (decrease) for changes in inventories		(140)		1,425	1,285
FUND BALANCES, JUNE 30, 2006	\$ 34,292	\$ 26,284	\$ 52,374	\$ 5,196	\$ 118,146

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

State Board of Education

June 30, 2006 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 1,846	\$ 861	\$ 3,637	\$ 6,344
Investments:				
Receivables, net				
Intergovernmental	505	31,679	264,231	296,415
Other	19	18		37
Due from other funds	1,091	41	117	1,249
Due from component units			62	62
Inventories		821		821
Total assets	\$ 3,461	\$ 33,420	\$ 268,047	\$ 304,928
LIABILITIES				
Accounts payable and accrued liabilities			\$ 6,129	\$ 6,129
Intergovernmental payables	\$ 17,930	\$ 28,021	250,237	296,188
Due to other funds		356	1,736	2,092
Due to component units		76	961	1,037
Unavailable revenue		54	6,957	7,011
Matured portion of long-term liabilities			1,084	1,084
Total liabilities	17,930	28,507	267,104	313,541
FUND BALANCES (DEFICITS)				
Reserved for inventories		821		821
Unreserved	(14,469)	4,092	943	(9,434)
Total fund balances (deficits)	(14,469)	4,913	943	(8,613)
Total liabilities and fund balances	\$ 3,461	\$ 33,420	\$ 268,047	\$ 304,928

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, 2006 (Expressed in Thousands)

	Drivers Education Fund	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
REVENUES				
Federal government		\$ 483,187	\$ 1,328,931	\$ 1,812,118
Licenses and fees	\$ 11,705			11,705
Other	5,870	94	115	6,079
Total revenues	17,575	483,281	1,329,046	1,829,902
EXPENDITURES				
Current:				
Education	17,988	479,690	1,328,492	1,826,170
Capital outlays		7	55	62
Total expenditures	17,988	479,697	1,328,547	1,826,232
Excess (deficiency) of revenues over (under) expenditures	(413)	3,584	499	3,670
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in			160	160
Transfers-out	(76)		(73)	(149)
Net other sources (uses) of financial resources	(76)		87	11
Net change in fund balances	(489)	3,584	586	3,681
Fund balances (deficits), July 1, 2005	(13,980)	2,377	357	(11,246)
Increase (decrease) for changes in inventories		(1,048)		(1,048)
FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (14,469)	\$ 4,913	\$ 943	\$ (8,613)

State of Illinois

Combining Balance Sheet - Non-major Special Revenue Funds

Other Agencies, Boards and Authorities Funds

June 30, 2006 (Expressed in Thousands)

	Capital Development Board	Illinois Commerce Commission	Workers' Compensation Commission	Metropolitan Fair and Exposition Authority	State Board of Elections	Office of the State Fire Marshal		
	School Infrastructure Fund	Wireless Carrier Reimbursement Fund	Workers' Compensation Commission Operations Fund	McCormick Place Expansion Project Fund	Help Illinois Vote Fund	Fire Prevention Fund		Total
ASSETS								
Cash equity with State Treasurer	\$ 14,793	\$ 30,429	\$ 27,886	\$ 10,176	\$ 63,782	\$ 35,490	\$	\$ 182,556
Investments:								
Receivables, net								
Taxes	1,224	2,065		5,897		3		9,189
Intergovernmental						23		23
Other			37,266		231	455		37,952
Due from other funds					343	2		345
Total assets	\$ 16,017	\$ 32,494	\$ 65,152	\$ 16,073	\$ 64,356	\$ 35,973	\$	\$ 230,065
LIABILITIES								
Accounts payable and accrued liabilities	\$ 5,790	\$ 4	\$ 1,086		\$ 182	\$ 1,318	\$	\$ 8,380
Intergovernmental payables			38		397	1,876		2,311
Due to other funds		4	362			694		1,060
Due to component units						114		114
Unavailable revenue	424		12,422			11		12,857
Unearned revenue					63,777			63,777
Total liabilities	6,214	8	13,908		64,356	4,013		88,499
FUND BALANCES								
Reserved for encumbrances	1	6				61		68
Unreserved	9,802	32,480	51,244	16,073		31,899		141,498
Total fund balances	9,803	32,486	51,244	16,073		31,960		141,566
Total liabilities and fund balances	\$ 16,017	\$ 32,494	\$ 65,152	\$ 16,073	\$ 64,356	\$ 35,973	\$	\$ 230,065

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, 2006 (Expressed in Thousands)

	Capital Development Board	Illinois Commerce Commission	Workers' Compensation Commission	Metropolitan Fair and Exposition Authority	State Board of Elections	Office of the State Fire Marshal	
	School Infrastructure Fund	Wireless Carrier Reimbursement Fund	Workers' Compensation Operations Fund	McCormick Place Expansion Project Fund	Help Illinois Vote Fund	Fire Prevention Fund	Total
REVENUES							
Sales taxes				\$ 135,753			\$ 135,753
Public utility taxes	\$ 86,969	\$ 19,020					105,989
Other taxes	60,000					\$ 19,487	79,487
Federal government					\$ 61,837	92	61,929
Licenses and fees			\$ 23,600			3,070	26,670
Interest and other investment income					3,628		3,628
Other			2,011			43	2,054
Total revenues	146,969	19,020	25,611	135,753	65,465	22,692	415,510
EXPENDITURES							
Current:							
Education						1,998	1,998
General government	590				542	94	1,226
Employment and economic development				101,861			101,861
Public protection and justice						14,323	14,323
Environment and business regulations		5,900	409				6,309
Capital outlays			16		8	969	993
Intergovernmental					67,403		67,403
Total expenditures	590	5,900	425	101,861	67,953	17,384	194,113
Excess (deficiency) of revenues over (under) expenditures	146,379	13,120	25,186	33,892	(2,488)	5,308	221,397
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in	70,333						70,333
Transfers-out	(225,226)			(28,030)		(218)	(253,474)
Net other sources (uses) of financial resources	(154,893)			(28,030)		(218)	(183,141)
Net change in fund balances	(8,514)	13,120	25,186	5,862	(2,488)	5,090	38,256
Fund balances, July 1, 2005	18,317	19,366	26,058	10,211	2,488	26,870	103,310
FUND BALANCES, JUNE 30, 2006	\$ 9,803	\$ 32,486	\$ 51,244	\$ 16,073	\$ --	\$ 31,960	\$ 141,566

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DEBT SERVICE FUNDS

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

SIGNIFICANT 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.

Governor's Office of Management and Budget

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

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

State of Illinois

Combining Balance Sheet
 Non-major Debt Service Funds

June 30, 2006 (Expressed in Thousands)

	Treasurer			Total
	General Obligation Bond Retirement and Interest Fund	Governor's Office of Management and Budget	Other	
ASSETS				
Cash equity with State Treasurer	\$ 613,167	\$ 10,059		\$ 623,226
Cash and cash equivalents	5,527	124,392	\$ 6,812	136,731
Investments		48,782	1,918	50,700
Other receivables, net	2,390	551	9	2,950
Due from other funds	9,105			9,105
Loans and notes receivable, net	19,361			19,361
Total assets	\$ 649,550	\$ 183,784	\$ 8,739	\$ 842,073
LIABILITIES				
Due to other funds	\$ 61			\$ 61
Total liabilities	61			61
FUND BALANCES				
Reserved for long-term portion of loans and notes receivable	18,228			18,228
Unreserved	631,261	\$ 183,784	\$ 8,739	823,784
Total fund balances	649,489	183,784	8,739	842,012
Total liabilities and fund balances	\$ 649,550	\$ 183,784	\$ 8,739	\$ 842,073

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Debt Service Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Treasurer			Total
	General Obligation Bond Retirement and Interest Fund	Governor's Office of Management and Budget	Other	
REVENUES				
Licenses and fees	\$ 187			\$ 187
Interest and other investment income	33,472	\$ 7,250	\$ 282	41,004
Other	8	19	26	53
Total revenues	33,667	7,269	308	41,244
EXPENDITURES				
Current:				
General government	1,480	163	319	1,962
Employment and economic development		17		17
Debt service:				
Principal	688,145	123,630	4,719	816,494
Interest	983,957	128,624	3,307	1,115,888
Total expenditures	1,673,582	252,434	8,345	1,934,361
Excess (deficiency) of revenues over (under) expenditures	(1,639,915)	(245,165)	(8,037)	(1,893,117)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation refunding bonds issued	274,950			274,950
Premiums on general obligation refunding bonds issued	11,824			11,824
Transfers-in	2,615,992	302,526	10,181	2,928,699
Transfers-out	(1,005,681)	(43,693)	(1,293)	(1,050,667)
Payments to refunded bond escrow agent	(285,778)			(285,778)
Net other sources (uses) of financial resources	1,611,307	258,833	8,888	1,879,028
Net change in fund balances	(28,608)	13,668	851	(14,089)
Fund balances, July 1, 2005	678,097	170,116	7,888	856,101
FUND BALANCES, JUNE 30, 2006	\$ 649,489	\$ 183,784	\$ 8,739	\$ 842,012

State of Illinois

Combining Balance Sheet - Non-major Debt Service Funds

Governor's Office of Management and Budget

June 30, 2006 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 7,593	\$ 2,466	\$ 10,059
Cash and cash equivalents	15,294	109,098	124,392
Investments		48,782	48,782
Other receivables, net	30	521	551
Total assets	<u>\$ 22,917</u>	<u>\$ 160,867</u>	<u>\$ 183,784</u>
FUND BALANCES			
Unreserved	\$ 22,917	\$ 160,867	\$ 183,784
Total fund balances	<u>22,917</u>	<u>160,867</u>	<u>183,784</u>
Total liabilities and fund balances	<u>\$ 22,917</u>	<u>\$ 160,867</u>	<u>\$ 183,784</u>

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Illinois Civic Center Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Total
REVENUES			
Interest and other investment income	\$ 569	\$ 6,681	\$ 7,250
Other		19	19
Total revenues	569	6,700	7,269
EXPENDITURES			
Current:			
General government		163	163
Employment and economic development	17		17
Debt service:			
Principal	6,790	116,840	123,630
Interest	7,058	121,566	128,624
Total expenditures	13,865	238,569	252,434
Excess (deficiency) of revenues over (under) expenditures	(13,296)	(231,869)	(245,165)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	14,045	288,481	302,526
Transfers-out		(43,693)	(43,693)
Net other sources (uses) of financial resources	14,045	244,788	258,833
Net change in fund balances	749	12,919	13,668
Fund balances, July 1, 2005	22,168	147,948	170,116
FUND BALANCES, JUNE 30, 2006	\$ 22,917	\$ 160,867	\$ 183,784

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CAPITAL PROJECTS FUNDS

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

SIGNIFICANT NON-MAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS DESCRIPTIONS

Department of Commerce and Economic Opportunity

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

Department of Transportation

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

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

Capital Development Board

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

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

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

State of Illinois

**Combining Balance Sheet
Non-major Capital Projects Funds**

June 30, 2006 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board		Other	Total
	Build Illinois Bond Fund	Transportation				
ASSETS						
Cash equity with State Treasurer	\$ 198,960	\$ 147,456	\$ 194,342	\$ 11,595	\$ 7	\$ 552,353
Cash and cash equivalents	1,175	9,648	11,515			22,345
Intergovernmental receivables, net			1,835			1,835
Due from other funds			2,015	105		2,120
Total assets	\$ 200,135	\$ 157,104	\$ 209,707	\$ 11,707		\$ 578,653
LIABILITIES						
Accounts payable and accrued liabilities	\$ 7,834	\$ 18,760	\$ 49,821	\$ 371		\$ 76,786
Intergovernmental payables	911	12,430	5,014			18,355
Due to other funds		1,227	418			1,645
Due to component units	4,012					4,012
Unearned revenue			11,813			11,813
Total liabilities	12,757	32,417	67,066	371		112,611
FUND BALANCES						
Reserved for encumbrances			68			68
Unreserved:						
Designated for reappropriated accounts	51,084	113,120	141,568	4,317		310,089
Undesignated	136,294	11,567	1,005	7,019		155,885
Total fund balances	187,378	124,687	142,641	11,336		466,042
Total liabilities and fund balances	\$ 200,135	\$ 157,104	\$ 209,707	\$ 11,707		\$ 578,653

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Capital Projects Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board	Other	Total
	Build Illinois Bond Fund	Transportation			
REVENUES					
Federal government			\$ 17,794		\$ 17,794
Other			19,498		19,498
Total revenues			37,292		37,292
EXPENDITURES					
Current:					
Education	\$ 19,640		264,008		283,648
General government	6,740		20,588	\$ 23	27,351
Employment and economic development	144,533		21,358	3,781	169,672
Transportation		\$ 68,339		1,212	69,551
Public protection and justice			3,688	13	3,701
Environment and business regulations	8,557				8,557
Capital outlays	1,234	147,767	88,585	891	238,477
Total expenditures	180,704	216,106	398,227	5,920	800,957
Excess (deficiency) of revenues over (under) expenditures	(180,704)	(216,106)	(360,935)	(5,920)	(763,665)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued	215,000	258,200	660,000	6,800	1,140,000
Premiums on general and special obligation bonds issued	9,350	13,937	40,109	384	63,780
Transfers-in		61,998		1,317	63,315
Transfers-out	(8,300)		(62,042)	(31)	(70,373)
Net other sources (uses) of financial resources	216,050	334,135	638,067	8,470	1,196,722
Net change in fund balances	35,346	118,029	277,132	2,550	433,057
Fund balances (deficits), July 1, 2005	152,032	6,658	(134,491)	8,786	32,985
FUND BALANCES, JUNE 30, 2006	\$ 187,378	\$ 124,687	\$ 142,641	\$ 11,336	\$ 466,042

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds

Transportation

June 30, 2006 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 86,054	\$ 61,402	\$ 147,456
Cash and cash equivalents	9,634	14	9,648
Total assets	\$ 95,688	\$ 61,416	\$ 157,104
LIABILITIES			
Accounts payable and accrued liabilities	\$ 17,209	\$ 1,551	\$ 18,760
Intergovernmental payables		12,430	12,430
Due to other funds		1,227	1,227
Total liabilities	17,209	15,208	32,417
FUND BALANCES			
Unreserved:			
Designated for reappropriated accounts	66,912	46,208	113,120
Undesignated	11,567		11,567
Total fund balances	78,479	46,208	124,687
Total liabilities and fund balances	\$ 95,688	\$ 61,416	\$ 157,104

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, 2006 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Total
EXPENDITURES			
Current:			
Transportation	\$ 574	\$ 67,765	\$ 68,339
Capital outlays	144,840	2,927	147,767
Total expenditures	<u>145,414</u>	<u>70,692</u>	<u>216,106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(145,414)</u>	<u>(70,692)</u>	<u>(216,106)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
General and special obligation bonds issued	125,200	133,000	258,200
Premiums on general and special obligation bonds issued	6,436	7,501	13,937
Transfers-in	61,998		61,998
Net other sources (uses) of financial resources	<u>193,634</u>	<u>140,501</u>	<u>334,135</u>
Net change in fund balances	<u>48,220</u>	<u>69,809</u>	<u>118,029</u>
Fund balances (deficits), July 1, 2005	<u>30,259</u>	<u>(23,601)</u>	<u>6,658</u>
FUND BALANCES, JUNE 30, 2006	<u>\$ 78,479</u>	<u>\$ 46,208</u>	<u>\$ 124,687</u>

State of Illinois

Combining Balance Sheet - Non-major Capital Projects Funds

Capital Development Board

June 30, 2006 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 121,309	\$ 58,450	\$ 14,583	\$ 194,342
Cash and cash equivalents	11,281		234	11,515
Intergovernmental receivables, net			1,835	1,835
Due from other funds			2,015	2,015
Total assets	\$ 132,590	\$ 58,450	\$ 18,667	\$ 209,707
LIABILITIES				
Accounts payable and accrued liabilities	\$ 43,972		\$ 5,849	\$ 49,821
Intergovernmental payables	4,238	\$ 776		5,014
Due to other funds	418			418
Unearned revenue			11,813	11,813
Total liabilities	48,628	776	17,662	67,066
FUND BALANCES				
Reserved for encumbrances	68			68
Unreserved:				
Designated for reappropriated accounts	83,894	57,674		141,568
Undesignated			1,005	1,005
Total fund balances	83,962	57,674	1,005	142,641
Total liabilities and fund balances	\$ 132,590	\$ 58,450	\$ 18,667	\$ 209,707

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, 2006 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
REVENUES				
Federal government			\$ 17,794	\$ 17,794
Other			19,498	19,498
Total revenues			37,292	37,292
EXPENDITURES				
Current:				
Education	\$ 114,655	\$ 131,273	18,080	264,008
General government	20,588			20,588
Employment and economic development	21,358			21,358
Public protection and justice	3,688			3,688
Environment and business regulations				
Capital outlays	70,422		18,163	88,585
Total expenditures	230,711	131,273	36,243	398,227
Excess (deficiency) of revenues over (under) expenditures	(230,711)	(131,273)	1,049	(360,935)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General and special obligation bonds issued	423,000	237,000		660,000
Premiums on general and special obligation bonds issued	25,060	15,049		40,109
Transfers-out	(61,998)		(44)	(62,042)
Net other sources (uses) of financial resources	386,062	252,049	(44)	638,067
Net change in fund balances	155,351	120,776	1,005	277,132
Fund balances (deficits), July 1, 2005	(71,389)	(63,102)		(134,491)
FUND BALANCES, JUNE 30, 2006	\$ 83,962	\$ 57,674	\$ 1,005	\$ 142,641

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ENTERPRISE FUNDS

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

SIGNIFICANT NON-MAJOR ENTERPRISE FUNDS DESCRIPTIONS

Department of Healthcare and Family 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.

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

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.

State of Illinois

Combining Statement of Net Assets

Non-major Enterprise Funds

June 30, 2006 (Expressed in Thousands)

	Revenue			Total
	Healthcare and Family Services	State Lottery Fund	Other	
ASSETS				
Cash equity with State Treasurer	\$ 83,427	\$ 14,958	\$ 73,903	\$ 172,288
Cash and cash equivalents	9,847	4,965	1,398	16,210
Investments		129	20,632	20,761
Receivables, net:				
Intergovernmental	11,259		2,261	13,520
Other	14,114	12,946	8,271	35,331
Due from other funds		66,725	2,048	68,773
Inventories		1,291		1,291
Prepaid expenses		80	186	266
Total current assets	118,647	101,094	108,699	328,440
Investments		975	3,900	4,875
Capital assets not being depreciated			190	190
Capital assets being depreciated, net		695	2,150	2,845
Total noncurrent assets		1,670	6,240	7,910
Total assets	118,647	102,764	114,939	336,350
LIABILITIES				
Accounts payable and accrued liabilities	39,655	67,664	18,373	125,692
Intergovernmental payables	2	286	1	289
Due to other funds	34	3,554	8,361	11,949
Due to component units		2		2
Unearned revenue	10	2,365	8,996	11,371
Current portion of long-term obligations	2	150	11,990	12,142
Total current liabilities	39,703	74,021	47,721	161,445
Noncurrent portion of long-term obligations	120	2,181	5,082	7,383
Total liabilities	39,823	76,202	52,803	168,828
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt		695	2,340	3,035
Net assets restricted for education		25,867		25,867
Unrestricted	78,824		59,796	138,620
Total net assets (deficit)	\$ 78,824	\$ 26,562	\$ 62,136	\$ 167,522

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Revenue			Total
	Healthcare and Family Services	State Lottery Fund	Other	
OPERATING REVENUES				
Charges for sales and services	\$ 410,456	\$ 1,964,255	\$ 96,378	\$ 2,471,089
Interest and other investment income			20	20
Other	11,494	4,500		15,994
Total operating revenues	421,950	1,968,755	96,398	2,487,103
OPERATING EXPENSES				
Cost of sales and services		144,984	27,835	172,819
Benefit payments and refunds	407,361			407,361
Prizes and claims		1,133,130		1,133,130
General and administrative	2,365	55,960	54,436	112,761
Depreciation		285	415	700
Other			10,941	10,941
Total operating expenses	409,726	1,334,359	93,627	1,837,712
Operating income (loss)	12,224	634,396	2,771	649,391
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	3,300	110	3,445	6,855
Interest expense			(3)	(3)
Federal government	11,259			11,259
Other revenues		3		3
Other expenses		(14)	(3)	(17)
Income (loss) before transfers	26,783	634,495	6,210	667,488
Transfers-in				
Transfers-out		(645,919)	(5,607)	(651,526)
Net income (loss)	26,783	(11,424)	603	15,962
Net assets (deficit), July 1, 2005	52,041	37,986	61,533	151,560
NET ASSETS (DEFICIT), JUNE 30, 2006	\$ 78,824	\$ 26,562	\$ 62,136	\$ 167,522

State of Illinois

Combining Statement of Cash Flows

Non-major Enterprise Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Revenue			Total
	Healthcare and Family Services	State Lottery Fund	Other	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	\$ 411,644		\$ 99,979	\$ 511,623
Cash received from lottery sales (net of \$839,982 cash prizes paid by agents and \$99,248 commissions retained by agents)		\$ 1,018,856		1,018,856
Cash payments to suppliers for goods and services	(416,243)		(9,150)	(425,393)
Cash payments to employees for services	(1,813)	(103,654)	(60,377)	(165,844)
Cash payments for lottery prizes		(271,341)		(271,341)
Cash receipts from other operating activities	9,975	4,500	20	14,495
Cash payments for other operating activities			(20,443)	(20,443)
Net cash provided by operating activities	3,563	648,361	10,029	661,953
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers-out to other funds		(674,503)	(5,619)	(680,122)
Net cash (used) by noncapital financing activities		(674,503)	(5,619)	(680,122)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(292)	(465)	(757)
Principal paid on capital debt			(24)	(24)
Interest paid on capital debt			(3)	(3)
Net cash (used) by capital and related financing activities		(292)	(492)	(784)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities			(33,298)	(33,298)
Proceeds from sale and maturities of investment securities			32,969	32,969
Interest and dividends on investments	3,186	110	3,391	6,687
Net cash provided (used) by investing activities	3,186	110	3,062	6,358
Net increase (decrease) in cash and cash equivalents	6,749	(26,324)	6,980	(12,595)
Cash and cash equivalents, July 1, 2005	86,525	46,247	68,321	201,093
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 93,274	\$ 19,923	\$ 75,301	\$ 188,498
Reconciliation of cash and cash equivalents to the statement of net assets:				
Total cash and cash equivalents per statement of net assets	\$ 9,847	\$ 4,965	\$ 1,398	\$ 16,210
Add: cash equity with State Treasurer	83,427	14,958	73,903	172,288
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 93,274	\$ 19,923	\$ 75,301	\$ 188,498

(continued)

State of Illinois

Combining Statement of Cash Flows

Non-major Enterprise Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

(continued)

	Revenue			
	Healthcare and Family Services	State Lottery Fund	Other	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ 12,224	\$ 634,396	\$ 2,771	\$ 649,391
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		285	415	700
Provision for uncollectible accounts		893		893
Amortization			(93)	(93)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(4,114)	(6,465)	287	(10,292)
(Increase) decrease in intergovernmental receivables	103		267	370
(Increase) decrease in due from other funds	272	(329)	(129)	(186)
(Increase) decrease in inventory		320		320
(Increase) decrease in prepaid expenses		36	(11)	25
Increase (decrease) in accounts payable and accrued liabilities	(4,964)	19,215	5,011	19,262
Increase (decrease) in intergovernmental payables	2	19	(1)	20
Increase (decrease) in due to other funds	19	463	634	1,116
Increase (decrease) in due to component units		1		1
Increase (decrease) in unearned revenue	10	(605)	(635)	(1,230)
Increase (decrease) in other liabilities	11	132	1,513	1,656
Total adjustments	(8,661)	13,965	7,258	12,562
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,563	\$ 648,361	\$ 10,029	\$ 661,953
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Loss on disposal of assets		\$ (14)	\$ (3)	\$ (17)
Transfer of assets to/from other state funds		3		3
Increase (decrease) in fair value of investments			(89)	(89)
Total noncash investing, capital and financing activities	\$ --	\$ (11)	\$ (92)	\$ (103)

State of Illinois

Combining Statement of Net Assets - Non-major Enterprise Funds

Healthcare and Family Services

June 30, 2006 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Community College Health Insurance Security Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 7,255	\$ 66,256	\$ 9,916	\$ 83,427
Cash and cash equivalents	2,191	6,760	896	9,847
Receivables, net:				
Intergovernmental	70	10,313	876	11,259
Other	464	12,891	759	14,114
Total assets	9,980	96,220	12,447	118,647
LIABILITIES				
Accounts payable and accrued liabilities	5,539	31,545	2,571	39,655
Intergovernmental payables	1	1		2
Due to other funds	16	16	2	34
Unearned revenue	10			10
Current portion of long-term obligations		2		2
Total current liabilities	5,566	31,564	2,573	39,703
Noncurrent portion of long-term obligations	59	57	4	120
Total liabilities	5,625	31,621	2,577	39,823
NET ASSETS				
Unrestricted	4,355	64,599	9,870	78,824
Total net assets	\$ 4,355	\$ 64,599	\$ 9,870	\$ 78,824

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Community College Health Insurance Security Fund	Total
OPERATING REVENUES				
Charges for sales and services	\$ 66,589	\$ 324,182	\$ 19,685	\$ 410,456
Other	746	9,936	812	11,494
Total operating revenues	67,335	334,118	20,497	421,950
OPERATING EXPENSES				
Benefit payments and refunds	64,665	320,267	22,429	407,361
General and administrative	835	1,212	318	2,365
Total operating expenses	65,500	321,479	22,747	409,726
Operating income (loss)	1,835	12,639	(2,250)	12,224
NONOPERATING REVENUES				
Interest and investment income	415	2,406	479	3,300
Federal government	70	10,313	876	11,259
Income (loss) before transfers	2,320	25,358	(895)	26,783
Transfers-out				
Net income (loss)	2,320	25,358	(895)	26,783
Net assets, July 1, 2005	2,035	39,241	10,765	52,041
NET ASSETS, JUNE 30, 2006	\$ 4,355	\$ 64,599	\$ 9,870	\$ 78,824

State of Illinois

Combining Statement of Cash Flows - Non-major Enterprise Funds

Healthcare and Family Services

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Local Government Health Insurance Reserve Fund	Teacher Health Insurance Security Fund	Community College Health Insurance Security Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	\$ 66,770	\$ 324,917	\$ 19,957	\$ 411,644
Cash payments to suppliers for goods and services	(68,459)	(324,018)	(23,766)	(416,243)
Cash payments to employees for services	(690)	(849)	(274)	(1,813)
Cash receipts from other operating activities	1,076	7,912	987	9,975
Net cash provided (used) by operating activities	(1,303)	7,962	(3,096)	3,563
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends on investments	412	2,301	473	3,186
Net cash provided by investing activities	412	2,301	473	3,186
Net increase (decrease) in cash and cash equivalents	(891)	10,263	(2,623)	6,749
Cash and cash equivalents, July 1, 2005	10,337	62,753	13,435	86,525
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 9,446	\$ 73,016	\$ 10,812	\$ 93,274
Reconciliation of cash and cash equivalents to the statement of net assets:				
Total cash and cash equivalents per statement of net assets	\$ 2,191	\$ 6,760	\$ 896	\$ 9,847
Add: cash equity with State Treasurer	7,255	66,256	9,916	83,427
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 9,446	\$ 73,016	\$ 10,812	\$ 93,274
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ 1,835	\$ 12,639	\$ (2,250)	\$ 12,224
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(145)	(3,700)	(269)	(4,114)
(Increase) decrease in intergovernmental receivables	103			103
(Increase) decrease in due from other funds			272	272
Increase (decrease) in accounts payable and accrued liabilities	(3,130)	(998)	(836)	(4,964)
Increase (decrease) in intergovernmental payables	1	1		2
Increase (decrease) in due to other funds	1	16	2	19
Increase (decrease) in unearned revenue	10			10
Increase (decrease) in other liabilities	22	4	(15)	11
Total adjustments	(3,138)	(4,677)	(846)	(8,661)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (1,303)	\$ 7,962	\$ (3,096)	\$ 3,563

INTERNAL SERVICE FUNDS

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

SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

Department of Central Management Services

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 charges from user agencies.

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

Department of Corrections

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

Department of Healthcare and Family Services

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

State of Illinois

Combining Statement of Net Assets

Internal Service Funds

June 30, 2006 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
ASSETS					
Cash equity with State Treasurer	\$ 58,576	\$ 1,206	\$ 16,986	\$ 11,858	\$ 88,626
Cash and cash equivalents	3,441		69,660		73,101
Receivables, net:					
Intergovernmental	637	24	19,668		20,329
Other	272	248	11,318	22	11,860
Due from other funds	89,501	5,577	75,486	658	171,222
Due from component units	596	10	7,887	726	9,219
Inventories	1,333	8,571		34	9,938
Prepaid expenses	762	8			770
Total current assets	155,118	15,644	201,005	13,298	385,065
Capital assets not being depreciated	36,693	49			36,742
Capital assets being depreciated, net	247,176	6,449			253,625
Total noncurrent assets	283,869	6,498			290,367
Total assets	438,987	22,142	201,005	13,298	675,432
LIABILITIES					
Accounts payable and accrued liabilities	34,042	2,532	199,737	4,585	240,896
Intergovernmental payables	1,290		5		1,295
Due to other funds	6,363	502	958	46	7,869
Due to component units	680	1			681
Current portion of long-term liabilities	6,252	229	55	52	6,588
Total current liabilities	48,627	3,264	200,755	4,683	257,329
Noncurrent portion of long-term liabilities	52,419	1,290	250	557	54,516
Total liabilities	101,046	4,554	201,005	5,240	311,845
NET ASSETS					
Invested in capital assets, net of related debt	236,022	6,495			242,517
Restricted for debt service	3,441				3,441
Unrestricted	98,478	11,093		8,058	117,629
Total net assets	\$ 337,941	\$ 17,588	\$ -- --	\$ 8,058	\$ 363,587

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
OPERATING REVENUES					
Charges for sales and services	\$ 479,390	\$ 37,302	\$ 1,563,866	\$ 31,850	\$ 2,112,408
Other	197		18,411		18,608
Total operating revenues	479,587	37,302	1,582,277	31,850	2,131,016
OPERATING EXPENSES					
Cost of sales and services	381,008	30,607		25,175	436,790
Benefit payments and refunds			1,575,736		1,575,736
General and administrative	26,030	6,636	13,534	2,270	48,470
Depreciation	23,816	1,570			25,386
Other	11,667				11,667
Total operating expenses	442,521	38,813	1,589,270	27,445	2,098,049
Operating income (loss)	37,066	(1,511)	(6,993)	4,405	32,967
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income	471		4,101	342	4,914
Interest expense	(2,707)	(1)			(2,708)
Federal government			19,668		19,668
Other expenses	(2,545)	(100)			(2,645)
Income (loss) before contributions and transfers	32,285	(1,612)	16,776	4,747	52,196
Contributions of capital assets, net	8,561				8,561
Transfers-in	7				7
Transfers-out	(21,636)	(3,905)	(16,776)	(2,681)	(44,998)
Net income (loss)	19,217	(5,517)	-- --	2,066	15,766
Net assets, July 1, 2005	318,724	23,105		5,992	347,821
NET ASSETS, JUNE 30, 2006	\$ 337,941	\$ 17,588	\$ -- --	\$ 8,058	\$ 363,587

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	\$ 23,084	\$ 11,422	\$ 250,093	\$ 1,691	\$ 286,290
Cash received from transactions with other funds	433,458	25,351	1,406,661	30,739	1,896,209
Cash payments to suppliers for goods and services	(341,166)	(18,684)	(1,633,999)	(18,685)	(2,012,534)
Cash payments to employees for services	(98,524)	(14,656)	(3,263)	(8,099)	(124,542)
Cash receipts from other operating activities	197	454	29,155		29,806
Cash payments for other operating activities		(1,872)			(1,872)
Net cash provided (used) by operating activities	17,049	2,015	48,647	5,646	73,357
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers-in from other funds	7				7
Transfers-out to other funds	(23,060)	(3,905)	(16,776)	(3,341)	(47,082)
Net cash provided (used) by noncapital financing activities	(23,053)	(3,905)	(16,776)	(3,341)	(47,075)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(11,901)	(849)			(12,750)
Principal paid on capital debt	(6,118)	(9)			(6,127)
Interest paid on capital debt	(2,707)	(1)			(2,708)
Net cash (used) by capital and related financing activities	(20,726)	(859)			(21,585)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments	449		3,967	324	4,740
Net cash provided by investing activities	449		3,967	324	4,740
Net increase (decrease) in cash and cash equivalents	(26,281)	(2,749)	35,838	2,629	9,437
Cash and cash equivalents, July 1, 2005	88,298	3,955	50,808	9,229	152,290
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 62,017	\$ 1,206	\$ 86,646	\$ 11,858	\$ 161,727
Reconciliation of cash and cash equivalents to the statement of net assets:					
Total cash and cash equivalents per statement of net assets	\$ 3,441	\$ --	\$ 69,660	\$ --	\$ 73,101
Add: cash equity with State Treasurer	58,576	1,206	16,986	11,858	88,626
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 62,017	\$ 1,206	\$ 86,646	\$ 11,858	\$ 161,727

(continued)

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)
(continued)

	Central Management Services	Corrections Working Capital Revolving Fund	Healthcare and Family Services Health Insurance Reserve Fund	Other	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	\$ 37,066	\$ (1,511)	\$ (6,993)	\$ 4,405	\$ 32,967
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	23,816	1,570			25,386
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(183)	84	(2,940)	(1)	(3,040)
(Increase) decrease in intergovernmental receivables	(130)	214			84
(Increase) decrease in due from other funds	(22,588)	(469)	90,212	316	67,471
(Increase) decrease in due from component units	(69)	17	3,225	265	3,438
(Increase) decrease in inventories	257	1,203		143	1,603
(Increase) decrease in prepaid expenses	138	9			147
Increase (decrease) in accounts payable and accrued liabilities	(25,092)	251	(34,478)	579	(58,740)
Increase (decrease) in intergovernmental payables	(484)		(5)		(489)
Increase (decrease) in due to other funds	3,374	276	(417)		3,233
Increase (decrease) in due to component units	174	1			175
Increase (decrease) in other liabilities	770	370	43	(61)	1,122
Total adjustments	(20,017)	3,526	55,640	1,241	40,390
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 17,049	\$ 2,015	\$ 48,647	\$ 5,646	\$ 73,357
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Cost of installment purchases	\$ 533				\$ 533
Loss on disposal of capital assets	(2,537)	(14)			(2,551)
Transfer of assets from (to) other state funds	9,586	(86)			9,500
Transfer of capital asset related debt from other state funds	(1,033)				(1,033)
Total noncash investing, capital and financing activities	\$ 6,549	\$ (100)	\$ --	\$ --	\$ 6,449

State of Illinois

Combining Statement of Net Assets - Internal Service Funds

Central Management Services

June 30, 2006 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 1,831	\$ 25,667	\$ 21,217	\$ 9,861	\$ 58,576
Cash and cash equivalents				3,441	3,441
Receivables, net:					
Intergovernmental	23		614		637
Other	6		239	27	272
Due from other funds	6,394	34,702	20,985	27,420	89,501
Due from component units	2	17	541	36	596
Inventories	1,333				1,333
Prepaid expenses		762			762
Total current assets	9,589	61,148	43,596	40,785	155,118
Capital assets not being depreciated				36,693	36,693
Capital assets being depreciated, net	265	4,983	23,043	218,885	247,176
Total noncurrent assets	265	4,983	23,043	255,578	283,869
Total assets	9,854	66,131	66,639	296,363	438,987
LIABILITIES					
Accounts payable and accrued liabilities	3,273	7,051	8,699	15,019	34,042
Intergovernmental payables	1	132	18	1,139	1,290
Due to other funds	750	3,024	2,295	294	6,363
Due to component units			1	679	680
Current portion of long-term liabilities	160	1,134	2,057	2,901	6,252
Total current liabilities	4,184	11,341	13,070	20,032	48,627
Noncurrent portion of long-term liabilities	1,628	5,979	6,618	38,194	52,419
Total liabilities	5,812	17,320	19,688	58,226	101,046
NET ASSETS					
Invested in capital assets, net of related debt		3,690	15,423	216,909	236,022
Restricted for debt service				3,441	3,441
Unrestricted	4,042	45,121	31,528	17,787	98,478
Total net assets	\$ 4,042	\$ 48,811	\$ 46,951	\$ 238,137	\$ 337,941

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, 2006 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Total
OPERATING REVENUES					
Charges for sales and services	\$ 36,463	\$ 134,124	\$ 107,840	\$ 200,963	\$ 479,390
Other	197				197
Total operating revenues	36,660	134,124	107,840	200,963	479,587
OPERATING EXPENSES					
Cost of sales and services	27,237	118,864	65,720	169,187	381,008
General and administrative	7,615	2,988	10,378	5,049	26,030
Depreciation	69	3,756	8,390	11,601	23,816
Other	375		11,292		11,667
Total operating expenses	35,296	125,608	95,780	185,837	442,521
Operating income (loss)	1,364	8,516	12,060	15,126	37,066
NONOPERATING REVENUES (EXPENSES)					
Interest and investment income				471	471
Interest expense		(78)	(299)	(2,330)	(2,707)
Other expenses		(725)	(1,820)		(2,545)
Income (loss) before contributions and transfers	1,364	7,713	9,941	13,267	32,285
Contributions of capital assets, net	2	425		8,134	8,561
Transfers-in				7	7
Transfers-out		(3,636)	(18,000)		(21,636)
Net income (loss)	1,366	4,502	(8,059)	21,408	19,217
Net assets, July 1, 2005	2,676	44,309	55,010	216,729	318,724
NET ASSETS, JUNE 30, 2006	\$ 4,042	\$ 48,811	\$ 46,951	\$ 238,137	\$ 337,941

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2006 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	\$ 778	\$ 6,061	\$ 15,485	\$ 760	\$ 23,084
Cash received from transactions with other funds	35,477	123,957	89,427	184,597	433,458
Cash payments to suppliers for goods and services	(25,095)	(68,215)	(80,281)	(167,575)	(341,166)
Cash payments to employees for services	(11,354)	(53,224)	(14,648)	(19,298)	(98,524)
Cash receipts from other operating activities	197				197
Net cash provided (used) by operating activities	3	8,579	9,983	(1,516)	17,049
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers-in from other funds				7	7
Transfers-out to other funds	(3)	(3,650)	(19,226)	(181)	(23,060)
Net cash provided (used) by noncapital financing activities	(3)	(3,650)	(19,226)	(174)	(23,053)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(7)	(1,697)	(10,191)	(6)	(11,901)
Principal paid on bond maturities and equipment contracts	(5)	(1,671)	(1,885)	(2,557)	(6,118)
Interest paid on bond maturities and equipment contracts		(78)	(299)	(2,330)	(2,707)
Net cash (used) by capital and related financing activities	(12)	(3,446)	(12,375)	(4,893)	(20,726)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments				449	449
Net cash provided by investing activities				449	449
Net increase (decrease) in cash and cash equivalents	(12)	1,483	(21,618)	(6,134)	(26,281)
Cash and cash equivalents, July 1, 2005	1,843	24,184	42,835	19,436	88,298
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 1,831	\$ 25,667	\$ 21,217	\$ 13,302	\$ 62,017
Reconciliation of cash and cash equivalents to the statement of net assets:					
Total cash and cash equivalents per statement of net assets				\$ 3,441	\$ 3,441
Add: cash equity with State Treasurer	\$ 1,831	\$ 25,667	\$ 21,217	9,861	58,576
CASH AND CASH EQUIVALENTS, JUNE 30, 2006	\$ 1,831	\$ 25,667	\$ 21,217	\$ 13,302	\$ 62,017
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
OPERATING INCOME (LOSS)	\$ 1,364	\$ 8,516	\$ 12,060	\$ 15,126	\$ 37,066
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	69	3,756	8,390	11,601	23,816
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	2		(180)	(5)	(183)
(Increase) decrease in intergovernmental receivables	2		(132)		(130)
(Increase) decrease in due from other funds	(232)	(4,128)	(2,659)	(15,569)	(22,588)
(Increase) decrease in due from component units	1	14	(48)	(36)	(69)
(Increase) decrease in inventories	215	42			257
(Increase) decrease in prepaid expenses		138			138
Increase (decrease) in accounts payable and accrued liabilities	(1,830)	(2,740)	(8,176)	(12,346)	(25,092)
Increase (decrease) in intergovernmental payables		87	15	(586)	(484)
Increase (decrease) in due to other funds	380	2,663	514	(183)	3,374
Increase (decrease) in due to component units	(11)		(1)	186	174
Increase (decrease) in other liabilities	43	231	200	296	770
Total adjustments	(1,361)	63	(2,077)	(16,642)	(20,017)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3	\$ 8,579	\$ 9,983	\$ (1,516)	\$ 17,049
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Cost of installment purchases	\$ 285	\$ 248			\$ 533
Loss on disposal of capital assets		(725)	(1,812)		(2,537)
Transfer of assets from (to) other state funds	2	425	(8)	9,167	9,586
Transfer of capital asset related debt from other state funds				(1,033)	(1,033)
Total noncash investing, capital and financing activities	\$ 287	\$ (52)	\$ (1,820)	\$ 8,134	\$ 6,549

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

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

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS DESCRIPTIONS

Department of Central Management Services

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

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

See Note 16 on page 111 for description of retirement systems.

State of Illinois

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

June 30, 2006 (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	\$ 4,718	\$ 3,314	\$ 16,364	\$ 226,751	\$ 3,568		
Cash and cash equivalents	3,371				1,183,077	\$ 934,742	
Investments:							
Equities	2,067,911				20,030,664	9,667,767	\$ 394,024
Fixed income	557,425				9,634,610	3,801,448	47,822
Real estate					3,946,280	131,494	76
Other					2,542,549	2,775	
Equity in Illinois State Board of Investments		79,017	582,604	10,654,864			
Securities lending collateral					4,401,016	1,791,458	
Receivables, net:							
Members		12	141		97,149	13,742	1,156
Employers					10,285	616	937
Investment income	396	13	57	911	243,067	278,204	
Other	761	3	41	10,823		617	
Due from other funds			63				
Due from primary government funds				17,772	194	99	
Due from component units						887	
Prepaid expenses					1,355	18	
Capital assets not being depreciated				905	238	532	
Capital assets being depreciated, net		3	4	1,981	2,096	7,611	
Total assets	2,634,582	82,362	599,274	10,914,007	42,096,148	16,632,010	444,015
LIABILITIES							
Accounts payable and accrued liabilities	1,172	24	9	4,234	1,108,509	20,963	
Due to other funds		63					
Due to primary government funds	15		1	9,077	358		
Other liabilities					4,401,016	2,434,973	
Long term obligations:							
Due within one year				11			
Due subsequent to one year	126	20	30	832	1,376	927	
Total liabilities	1,313	107	40	14,154	5,511,259	2,456,863	
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS	\$ 2,633,269	\$ 82,255	\$ 599,234	\$ 10,899,853	\$ 36,584,889	\$ 14,175,147	\$ 444,015

Total

\$ 254,715
2,121,190
32,160,366
14,041,305
4,077,850
2,545,324
11,316,485
6,192,474
112,200
11,838
522,648
12,245
63
18,065
887
1,373
1,675
11,695
73,402,398

1,134,911
63
9,451
6,835,989

11
3,311
7,983,736

\$ 65,418,662

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Central Management Services					State Universities Retirement System	
	Deferred Compensation Plan	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System	Teachers' Retirement System	Defined Benefit	Defined Contribution
ADDITIONS							
Contributions:							
Employer State		\$ 4,175	\$ 29,338	\$ 210,500	\$ 69,645	\$ 37,822	\$ 5,188
Members	\$ 152,081	1,492	13,833	214,109	799,034	252,922	39,471
Other	4,436				56,376		
Total contributions	156,517	5,667	43,171	424,609	1,456,882	432,940	69,104
Investment income:							
Interest and other investment income	111,428	2,297	16,561	301,119	1,341,442	314,563	
Net increase in fair value of investments	115,602	5,786	46,320	840,493	2,971,530	1,247,218	34,715
Less investment expense	(1,389)	(210)	(1,551)	(28,381)	(319,682)	(29,686)	
Net investment income	225,641	7,873	61,330	1,113,231	3,993,290	1,532,095	34,715
Other additions	1,128						
Total additions	383,286	13,540	104,501	1,537,840	5,450,172	1,965,035	103,819
DEDUCTIONS							
Benefit payments	137,476	14,066	68,997	1,110,586	2,877,231	1,085,384	1,182
Refunds		187	822	13,410	57,967	42,619	8,802
Interest expense						180	
Depreciation		1	1	270	303	1,488	
General and administration	1,246	304	446	7,869	15,000	10,495	
Total deductions	138,722	14,558	70,266	1,132,135	2,950,501	1,140,166	9,984
Net additions (deductions)	244,564	(1,018)	34,235	405,705	2,499,671	824,869	93,835
Net assets held in trust for pension and other employee benefits, July 1, 2005	2,388,705	83,273	564,999	10,494,148	34,085,218	13,350,278	350,180
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER EMPLOYEE BENEFITS, JUNE 30, 2006	\$ 2,633,269	\$ 82,255	\$ 599,234	\$ 10,899,853	\$ 36,584,889	\$ 14,175,147	\$ 444,015

Total

\$	356,668
	698,468
	1,472,942
	60,812
	<u>2,588,890</u>
	2,087,410
	5,261,664
	(380,899)
	<u>6,968,175</u>
	1,128
	<u>9,558,193</u>
	5,294,922
	123,807
	180
	2,063
	35,360
	<u>5,456,332</u>
	4,101,861
	61,316,801
	<u><u>\$ 65,418,662</u></u>

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INVESTMENT TRUST FUNDS

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

INVESTMENT TRUST FUNDS DESCRIPTIONS

Treasurer

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

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, 2006 (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			\$ 1,547		\$ 1,547
Cash and cash equivalents	\$ 3,699,419	\$ 6,789			3,706,208
Investments:					
Equities		1,827,454			1,827,454
Fixed income	341,730		708,282		1,050,012
Investment income receivables, net	4,092	11,324	1		15,417
Total assets	4,045,241	1,845,567	709,830		6,600,638
LIABILITIES					
Accounts payable and accrued liabilities	172				172
Due to primary government funds	285		1,040		1,325
Other liabilities		3,304	507		3,811
Total liabilities	457	3,304	1,547		5,308
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS	\$ 4,044,784	\$ 1,842,263	\$ 708,283		\$ 6,595,330

State of Illinois

Combining Statement of Changes in Fiduciary Net Assets
Investment Trust Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Treasurer		Revenue		Total			
	Public Treasurers' External Investment		College Savings Pool	Deferred Prize Winners' Trust				
	Pool	Fund	Fund	Fund				
ADDITIONS								
Participant deposits	\$	8,785,273	\$	713,181	\$	12,790	\$	9,511,244
Investment income:								
Interest and other investment income		156,281		31,634		49,721		237,636
Net increase (decrease) in fair value of investments				89,022		(55,385)		33,637
Less investment expense		(3,829)						(3,829)
Net investment income		152,452		120,656		(5,664)		267,444
Total additions		8,937,725		833,837		7,126		9,778,688
DEDUCTIONS								
Participant withdrawals		8,498,584		432,716		169,203		9,100,503
Distribution to pool investors		152,268		6				152,274
General and administration				5,358				5,358
Total deductions		8,650,852		438,080		169,203		9,258,135
Net additions (deductions)		286,873		395,757		(162,077)		520,553
Net assets held in trust for pool participants, July 1, 2005		3,757,911		1,446,506		870,360		6,074,777
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS, JUNE 30, 2006	\$	4,044,784	\$	1,842,263	\$	708,283	\$	6,595,330

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AGENCY FUNDS

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

SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

Department of Financial and Professional Regulation

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

Department of Healthcare and Family Services

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

Department of Revenue

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

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

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

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

State of Illinois

Combining Statement of Fiduciary Net Assets

Agency Funds

June 30, 2006 (Expressed in Thousands)

	Financial and Professional Regulation	Healthcare and Family Services	Child Support Enforcement Trust Fund- Administrative	Revenue	Other	Total
	Security Deposit Fund					
ASSETS						
Cash equity with State Treasurer		\$ 8,527		\$ 208,321	\$ 75,430	\$ 292,278
Cash and cash equivalents	\$ 586	195			20,659	21,440
Investments	879,170				6,425	885,595
Receivables, net:						
Taxes				89,047	23,499	112,546
Intergovernmental					410	410
Other		157,657		298	1,355	159,310
Due from other funds				25,779	6,217	31,996
Due from component units					329	329
Other assets					44,123	44,123
Total assets	\$ 879,756	\$ 166,379		\$ 323,445	\$ 178,447	\$ 1,548,027
LIABILITIES						
Accounts payable and accrued liabilities		\$ 9,385		\$ 13,090	\$ 20,716	\$ 43,191
Intergovernmental payables				310,355	80,572	390,927
Due to component units					27	27
Other obligations, current	\$ 879,756	156,994			77,132	1,113,882
Total liabilities	\$ 879,756	\$ 166,379		\$ 323,445	\$ 178,447	\$ 1,548,027

State of Illinois

Combining Statement of Fiduciary Net Assets - Agency Funds

Revenue

June 30, 2006 (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	\$ 60,524	\$ 39,458	\$ 38,428	\$ 69,911	\$ 208,321
Receivables, net:					
Taxes	38,304	14,600	8,531	27,612	89,047
Other	53	91		154	298
Due from other funds				25,779	25,779
Total assets	\$ 98,881	\$ 54,149	\$ 46,959	\$ 123,456	\$ 323,445
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,456		\$ 11,634		\$ 13,090
Intergovernmental payables	97,425	\$ 54,149	35,325	\$ 123,456	310,355
Total liabilities	\$ 98,881	\$ 54,149	\$ 46,959	\$ 123,456	\$ 323,445

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Assets						
	Cash equity with State Treasurer	Cash and cash equivalents	Investments	Receivables, net			
Taxes				Intergovernmental	Other	Due from other funds	
AGENCY/FUND							
Financial and Professional Regulation:							
Security Deposit							
Balance July 1, 2005		\$ 4,066	\$ 1,164,212				
Additions		38,579	240,312				
Deductions		42,059	525,354				
Balance June 30, 2006		586	879,170				
Healthcare and Family Services:							
Child Support Enforcement Trust							
Balance July 1, 2005	\$ 8,383	309				\$ 142,515	
Additions	147,799	195				157,657	
Deductions	147,655	309				142,515	
Balance June 30, 2006	8,527	195				157,657	
Revenue:							
Home Rule Municipal Retailers							
Occupation Tax							
Balance July 1, 2005	61,648			\$ 35,565			74
Additions	647,280			38,304			53
Deductions	648,404			35,565			74
Balance June 30, 2006	60,524			38,304			53
Home Rule County Retailers							
Occupation Tax							
Balance July 1, 2005	28,361			17,125			40
Additions	314,566			14,600			91
Deductions	303,469			17,125			40
Balance June 30, 2006	39,458			14,600			91
Municipal Telecommunications							
Fund							
Balance July 1, 2005	42,148			5,658			
Additions	275,566			8,531			
Deductions	279,286			5,658			
Balance June 30, 2006	38,428			8,531			
RTA Sales Tax Trust							
Balance July 1, 2005	42,717			32,387		59	\$ 23,529
Additions	714,842			27,612		154	25,779
Deductions	687,648			32,387		59	23,529
Balance June 30, 2006	69,911			27,612		154	25,779
Other:							
Balance July 1, 2005	66,935	17,776	5,465	22,554	\$ 275	1,379	3,092
Additions	1,654,978	1,043,690	4,334	23,499	410	1,643	5,468
Deductions	1,646,483	1,040,807	3,374	22,554	275	1,667	2,343
Balance June 30, 2006	75,430	20,659	6,425	23,499	410	1,355	6,217
Total-All Agency Funds:							
Balance July 1, 2005	250,192	22,151	1,169,677	113,289	275	144,067	26,621
Additions	3,755,031	1,082,464	244,646	112,546	410	159,598	31,247
Deductions	3,712,945	1,083,175	528,728	113,289	275	144,355	25,872
Balance June 30, 2006	\$ 292,278	\$ 21,440	\$ 885,595	\$ 112,546	\$ 410	\$ 159,310	\$ 31,996

Liabilities

Due from component units	Other assets	Total assets	Accounts payable and accrued liabilities	Intergovernmental payables	Due to component units	Depository and other liabilities	Total liabilities	
		\$ 1,168,278				\$ 1,168,278	\$ 1,168,278	
		278,891				278,891	278,891	
		567,413				567,413	567,413	
		<u>879,756</u>				<u>879,756</u>	<u>879,756</u>	
		151,207	\$ 9,021			142,186	151,207	
		305,651	9,385			156,994	166,379	
		290,479	9,021			142,186	151,207	
		<u>166,379</u>	<u>9,385</u>			<u>156,994</u>	<u>166,379</u>	
		97,287	1,311	\$ 95,976			97,287	
		685,637	1,456	97,425			98,881	
		684,043	1,311	95,976			97,287	
		<u>98,881</u>	<u>1,456</u>	<u>97,425</u>			<u>98,881</u>	
		45,526		45,526			45,526	
		329,257		54,149			54,149	
		320,634		45,526			45,526	
		<u>54,149</u>		<u>54,149</u>			<u>54,149</u>	
		47,806	13,233	34,573			47,806	
		284,097	11,634	35,325			46,959	
		284,944	13,233	34,573			47,806	
		<u>46,959</u>	<u>11,634</u>	<u>35,325</u>			<u>46,959</u>	
		98,692		98,692			98,692	
		768,387		123,456			123,456	
		743,623		98,692			98,692	
		<u>123,456</u>		<u>123,456</u>			<u>123,456</u>	
\$	463	\$ 18,026	135,965	20,319	70,323	\$ 241	45,082	135,965
	329	32,721	2,767,072	1,046,571	916,257	206	413,729	2,376,763
	463	6,624	2,724,590	1,046,174	906,008	420	381,679	2,334,281
	329	44,123	178,447	20,716	80,572	27	77,132	178,447
	463	18,026	1,744,761	43,884	345,090	241	1,355,546	1,744,761
	329	32,721	5,418,992	1,069,046	1,226,612	206	849,614	3,145,478
	463	6,624	5,615,726	1,069,739	1,180,775	420	1,091,278	3,342,212
\$	329	\$ 44,123	\$ 1,548,027	\$ 43,191	\$ 390,927	\$ 27	\$ 1,113,882	\$ 1,548,027

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.

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 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, 2006 (Expressed in Thousands)

	Illinois Literacy Foundation	Illinois Grain Insurance Corporation	Illinois Conservation Foundation	Comprehensive Health Insurance Board	East St. Louis Financial Advisory Authority
ASSETS					
Cash and cash equivalents	\$ 27	\$ 4,667	\$ 767	\$ 74,575	\$ 250
Investments			2,702		5,798
Receivables, net:					
Intergovernmental			123	1	
Other			25	75	
Due from primary government		8			2
Inventories			12		
Prepaid expenses			8	3	
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					
Capital assets being depreciated, net				47	
Total assets	27	4,675	3,637	74,701	6,050
LIABILITIES					
Accounts payable and accrued liabilities		1	122	1,440	3
Intergovernmental payables					
Due to primary government				4	
Unearned revenue		2	53	15,093	
Short-term notes payable					
Long-term obligations:					
Due within one year				25,105	3
Due subsequent to one year				237	
Total liabilities		3	175	41,879	6
NET ASSETS					
Invested in capital assets, net of related debt				47	
Restricted for:					
Debt service					
Nonexpendable purposes			71		
Other purposes			1,907	32,775	
Unrestricted	27	4,672	1,484		6,044
Total net assets	\$ 27	\$ 4,672	\$ 3,462	\$ 32,822	\$ 6,044

Illinois Finance Authority	Illinois Medical District Commission	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	Total
\$ 25,382	\$ 13,878	\$ 105	\$ 2,689	\$ 272	\$ 3	\$ 1,173	\$ 123,788
8,375	17,089			46		1,813	35,823
	531						655
468	279		35			91	973
	14					64	88
							12
171	572		5			2	761
941	804						1,745
21,093	7,693		1,852				30,638
19,733							19,733
4,806							4,806
8,506			192				8,698
1,360							1,360
61,000			4,000				65,000
	39,939		100				40,039
149	12,483		386				13,065
151,984	93,282	105	9,259	318	3	3,143	347,184
1,881	2,218		12			1	5,678
172						17	193
988			4,000			25	20,161
	1,268						1,268
4,710	186	10	10				30,024
56,183	40,085	8	11				96,524
63,934	43,757	18	4,033			43	153,848
149	31,925		486				32,607
2,876							2,876
							71
30,756	7,194					1,701	74,333
54,269	10,406	87	4,740	318	3	1,399	83,449
\$ 88,050	\$ 49,525	\$ 87	\$ 5,226	\$ 318	\$ 3	\$ 3,100	\$ 193,336

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Illinois Literacy Foundation	\$ 319		\$ 193	
Illinois Grain Insurance Corporation	17	\$ 2,206	139	
Illinois Conservation Foundation	4,471	95	1,583	\$ 2,161
Comprehensive Health Insurance Board	163,746	101,505	939	
East St. Louis Financial Advisory Authority	211			
Illinois Finance Authority	9,087	9,275		
Illinois Medical District Commission	6,349	2,371	1,536	292
Quad Cities Regional Economic Development Authority	87	45		
Southwestern Illinois Development Authority	347	165	440	
Upper Illinois River Valley Development Authority	243	167		
Will-Kankakee Regional Development Authority	20	4		
IMSA Fund for Advancement of Education	783		408	
Total	\$ 185,680	\$ 115,833	\$ 5,238	\$ 2,453

General revenues						
Net (expense) revenue	State appropriations	Interest and investment income	Other	Change in net assets	Net assets, July 1, 2005, as restated	Net assets, June 30, 2006
\$ (126)	\$ 119			\$ (7)	\$ 34	\$ 27
2,328		\$ 126		2,454	2,218	4,672
(632)		210		(422)	3,884	3,462
(61,302)		3,092	\$ 49,910	(8,300)	41,122	32,822
(211)	211	248		248	5,796	6,044
188	3,800	2,976		6,964	81,086	88,050
(2,150)	196	810	207	(937)	50,462	49,525
(42)		2		(40)	127	87
258		94		352	4,874	5,226
(76)		2		(74)	392	318
(16)				(16)	19	3
(375)		111	532	268	2,832	3,100
<u>\$ (62,156)</u>	<u>\$ 4,326</u>	<u>\$ 7,671</u>	<u>\$ 50,649</u>	<u>\$ 490</u>	<u>\$ 192,846</u>	<u>\$ 193,336</u>

State of Illinois

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

June 30, 2006 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University	Western Illinois University
ASSETS					
Cash and cash equivalents	\$ 10,921	\$ 12,046	\$ 14,999	\$ 3,128	\$ 32,033
Investments		4,486		19,285	31,403
Receivables, net:					
Intergovernmental			2,245	2,905	551
Other	4,876	9,680	1,118	5,249	4,438
Due from component units					29
Due from primary government	4,456	115	342	696	2,319
Inventories	59	1,540	34	124	3,070
Prepaid expenses	223	188		233	3
Unamortized bond issuance costs		425		821	1,029
Loans and notes receivable, net	891	5,871	3,326	2,426	1,866
Restricted assets:					
Cash and cash equivalents	2,771	18,279	111	9,101	297
Investments	1,915	47,323			20,167
Other assets		310		25	
Capital assets not being depreciated	59,734	50,277	2,825	10,642	7,186
Capital assets being depreciated, net	76,662	130,147	53,626	93,572	121,905
Total assets	162,508	280,687	78,626	148,207	226,296
LIABILITIES					
Accounts payable and accrued liabilities	10,447	8,315	5,150	6,316	13,299
Intergovernmental payables			3,214		78
Due to component units	19				
Due to primary government	970	497			71
Unearned revenue	1,617	3,175	2,340	3,225	3,501
Short-term notes payable		1,512			
Long-term obligations:					
Due within one year	4,151	7,197	1,552	4,175	5,707
Due subsequent to one year	29,907	89,169	8,281	43,463	74,082
Total liabilities	47,111	109,865	20,537	57,179	96,738
NET ASSETS					
Invested in capital assets, net of related debt	112,469	120,495	52,897	80,570	89,359
Restricted for:					
Debt service	2,317	893		1,638	
Nonexpendable purposes	1,871	20,518	772	2,345	18,342
Other expendable purposes	2,725	29,225	1,197	7,030	3,960
Unrestricted	(3,985)	(309)	3,223	(555)	17,897
Total net assets	\$ 115,397	\$ 170,822	\$ 58,089	\$ 91,028	\$ 129,558

Total

\$	73,127
	55,174
	5,701
	25,361
	29
	7,928
	4,827
	647
	2,275
	14,380
	30,559
	69,405
	335
	130,664
	475,912
	<u>896,324</u>
	43,527
	3,292
	19
	1,538
	13,858
	1,512
	22,782
	244,902
	<u>331,430</u>
	455,790
	4,848
	43,848
	44,137
	16,271
\$	<u><u>564,894</u></u>

State of Illinois

Combining Statement of Activities
Component Units - Other Universities

For the Year Ended June 30, 2006 (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	\$ 108,763	\$ 30,118	\$ 27,859		\$ (50,786)
Eastern Illinois University	185,936	102,087	15,303	\$ 54	(68,492)
Governors State University	67,295	26,150	7,770		(33,375)
Northeastern Illinois University	123,662	39,323	26,683		(57,656)
Western Illinois University	219,256	112,579	20,740	2,666	(83,271)
Total	<u>\$ 704,912</u>	<u>\$ 310,257</u>	<u>\$ 98,355</u>	<u>\$ 2,720</u>	<u>\$ (293,580)</u>

General revenues			Additions to permanent endowments	Change in net assets	Net assets, July 1, 2005	Net assets, June 30, 2006
State appropriations	Interest and investment income	Other				
\$ 84,629	\$ 158		\$ 17	\$ 34,018	\$ 81,379	\$ 115,397
94,132	4,410	\$ 3,035	1,315	34,400	136,422	170,822
34,748	546		27	1,946	56,143	58,089
55,796	558	794	60	(448)	91,476	91,028
87,177	3,917	784	1,343	9,950	119,608	129,558
<u>\$ 356,482</u>	<u>\$ 9,589</u>	<u>\$ 4,613</u>	<u>\$ 2,762</u>	<u>\$ 79,866</u>	<u>\$ 485,028</u>	<u>\$ 564,894</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 Hospital Provider Fund Special Education Medicaid Matching Fund Health and Human Services Medicaid Trust Fund Drug Rebate Fund Medicaid Provider Relief Fund Income Tax Refund Fund and 19 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, 2006 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 9,309,000	\$ 10,062,478	\$ 753,478			
Sales taxes	6,850,000	7,091,589	241,589			
Motor fuel taxes				\$ 1,385,600	\$ 1,371,819	\$ (13,781)
Public utility taxes	1,096,000	1,073,847	(22,153)			
Federal government	4,772,000	4,647,063	(124,937)	965,200	1,023,952	58,752
Other	2,336,000	2,306,123	(29,877)	1,434,900	1,462,705	27,805
Less:						
Refunds	21,937	15,916	(6,021)	18,649	18,631	(18)
Total revenues	24,341,063	25,165,184	824,121	3,767,051	3,839,845	72,794
EXPENDITURES:						
Current:						
Health and social services	12,705,365	12,486,779	(218,586)	126,113	126,113	-
Education	8,949,402	8,909,181	(40,221)			
General government	651,681	610,113	(41,568)	195,288	188,198	(7,090)
Transportation	105,138	103,599	(1,539)	2,972,394	2,928,115	(44,279)
Public protection and justice	1,735,936	1,678,185	(57,751)	97,310	97,270	(40)
Employment and economic development	166,361	158,896	(7,465)	1,900	1,834	(66)
Environment and business regulation	112,139	106,379	(5,760)			
Debt service:						
Principal						
Interest						
Capital outlays	36,136	33,321	(2,815)	18,849	14,381	(4,468)
Total expenditures	24,462,158	24,086,453	(375,705)	3,411,854	3,355,911	(55,943)
Excess (deficiency) of revenues over (under) expenditures	(121,095)	1,078,731	1,199,826	355,197	483,934	128,737
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from short-term borrowings	1,000,000	1,000,000	-			
Proceeds from general and special obligation bond issues						
Operating transfers-in	5,315,186	5,315,186	-	1,237,933	1,237,933	-
Operating transfers-out	(7,210,769)	(7,210,769)	-	(1,561,307)	(1,561,307)	-
Total other sources (uses) of financial resources	(895,583)	(895,583)	-	(323,374)	(323,374)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(1,016,678)	183,148	1,199,826	31,823	160,560	128,737
Budgetary fund balances (deficits), July 1, 2005, as previously reported	(474,035)	(474,035)	-	628,451	628,451	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2005, as reclassified	(474,035)	(474,035)	-	628,451	628,451	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (1,490,713)	\$ (290,887)	\$ 1,199,826	\$ 660,274	\$ 789,011	\$ 128,737

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)
\$ 2,297,863	\$ 2,505,761	\$ 207,898						
741,099	802,353	61,254						
74,539	74,248	(291)						
418,425	471,618	53,193						
3,656,554	2,965,275	(691,279)						
6,902,672	6,377,000	(525,672)				\$ 131,844	\$ 118,358	\$ (13,486)
1,446,105	1,434,782	(11,323)						
12,645,047	11,761,473	(883,574)				131,844	118,358	(13,486)
8,761,031	6,788,347	(1,972,684)						
181,163	154,319	(26,844)	\$ 23,807	\$ 23,790	\$ (17)			
3,405,516	3,275,745	(129,771)	226,339	225,330	(1,009)			
409,683	371,557	(38,126)	239,751	239,063	(688)			
205,455	138,243	(67,212)	5,312	5,312	-			
646,278	488,615	(157,663)	193,945	171,022	(22,923)			
771,983	633,582	(138,401)	37,326	37,326	-			
						2,156,809	2,153,739	(3,070)
						1,116,754	1,113,124	(3,630)
27,451	21,243	(6,208)	201,011	192,247	(8,764)			
14,408,560	11,871,651	(2,536,909)	927,491	894,090	(33,401)	3,273,563	3,266,863	(6,700)
(1,763,513)	(110,178)	1,653,335	(927,491)	(894,090)	33,401	(3,141,719)	(3,148,505)	(6,786)
			1,198,341	1,198,341	-	285,778	285,778	-
3,209,879	3,209,879	-	61,998	61,998	-	2,841,338	2,841,338	-
(3,162,141)	(3,162,141)	-	(62,056)	(62,056)	-			
47,738	47,738	-	1,198,283	1,198,283	-	3,127,116	3,127,116	-
(1,314)	(1,314)	-						
(1,717,089)	(63,754)	1,653,335	270,792	304,193	33,401	(14,603)	(21,389)	(6,786)
1,846,918	1,846,918	-	227,938	227,938	-	647,599	647,599	-
6,004	6,004	-						
1,852,922	1,852,922	-	227,938	227,938	-	647,599	647,599	-
\$ 135,833	\$ 1,789,168	\$ 1,653,335	\$ 498,730	\$ 532,131	\$ 33,401	\$ 632,996	\$ 626,210	\$ (6,786)

(continued)

State of Illinois

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

For the Year Ended June 30, 2006 (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	\$ 3,479,556	\$ 3,461,994	\$ (17,562)	\$ 1,377	\$ 2,995	\$ 1,618
Other	218,530	222,590	4,060	558,749	491,839	(66,910)
Less:						
Refunds	2,340	40	(2,300)	15,633	1,082	(14,551)
Total revenues	3,695,746	3,684,544	(11,202)	544,493	493,752	(50,741)
EXPENDITURES:						
Current:						
Health and social services	1,570,918	1,164,453	(406,465)			
Education	2,432,269	1,993,920	(438,349)			
General government	12,626	9,561	(3,065)	834,887	557,487	(277,400)
Transportation	155,341	125,199	(30,142)	800	693	(107)
Public protection and justice	639,718	174,697	(465,021)	48,021	35,599	(12,422)
Employment and economic development	450,448	278,017	(172,431)			
Environment and business regulation	164,503	71,114	(93,389)			
Debt service:						
Principal						
Interest						
Capital outlays	12,793	1,772	(11,021)	5,002	941	(4,061)
Total expenditures	5,438,616	3,818,733	(1,619,883)	888,710	594,720	(293,990)
Excess (deficiency) of revenues over (under) expenditures	(1,742,870)	(134,189)	1,608,681	(344,217)	(100,968)	243,249
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from short-term borrowings						
Proceeds from general and special obligation bond issues						
Operating transfers-in	50,065	50,065	-	128,604	128,604	-
Operating transfers-out	(39,470)	(39,470)	-	(36,404)	(36,404)	-
Total other sources (uses) of financial resources	10,595	10,595	-	92,200	92,200	-
Budgetary funds-nonbudgeted accounts	(18,195)	(18,195)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(1,750,470)	(141,789)	1,608,681	(252,017)	(8,768)	243,249
Budgetary fund balances (deficits), July 1, 2005, as previously reported	(175,910)	(175,910)	-	20,021	20,021	-
Reclassifications between budgetary/nonbudgetary funds-net	(8,637)	(8,637)	-	2,367	2,367	-
Budgetary fund balances (deficits), July 1, 2005, as reclassified	(184,547)	(184,547)	-	22,388	22,388	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (1,935,017)	\$ (326,336)	\$ 1,608,681	\$ (229,629)	\$ 13,620	\$ 243,249

State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 688,823	\$ 633,390	\$ (55,433)	\$ 11,606,863	\$ 12,568,239	\$ 961,376
32,117	30,561	(1,556)	8,279,922	8,527,332	247,410
275,532	275,795	263	1,492,256	1,476,628	(15,628)
104,995	143,361	38,366	1,789,957	1,821,260	31,303
2,257,558	2,572,477	314,919	12,979,682	12,244,640	(735,042)
			13,840,253	13,551,092	(289,161)
398	154	(244)	1,505,062	1,470,605	(34,457)
3,358,627	3,655,430	296,803	48,483,871	48,718,586	234,715
270,972	213,426	(57,546)	23,434,399	20,779,118	(2,655,281)
17,925	15,799	(2,126)	11,604,566	11,097,009	(507,557)
315,217	183,405	(131,812)	5,641,554	5,049,839	(591,715)
			3,883,107	3,768,226	(114,881)
3,050	1,220	(1,830)	2,734,802	2,130,526	(604,276)
25	20	(5)	1,458,957	1,098,404	(360,553)
19,111	10,556	(8,555)	1,105,062	858,957	(246,105)
			2,156,809	2,153,739	(3,070)
			1,116,754	1,113,124	(3,630)
795	283	(512)	302,037	264,188	(37,849)
627,095	424,709	(202,386)	53,438,047	48,313,130	(5,124,917)
2,731,532	3,230,721	499,189	(4,954,176)	405,456	5,359,632
			1,000,000	1,000,000	-
			1,484,119	1,484,119	-
			12,845,003	12,845,003	-
(425,166)	(425,166)	-	(12,497,313)	(12,497,313)	-
(425,166)	(425,166)	-	2,831,809	2,831,809	-
(2,777,816)	(2,777,816)	-	(2,797,325)	(2,797,325)	-
(471,450)	27,739	499,189	(4,919,692)	439,940	5,359,632
358,050	358,050	-	3,079,032	3,079,032	-
1,733	1,733	-	1,467	1,467	-
359,783	359,783	-	3,080,499	3,080,499	-
\$ (111,667)	\$ 387,522	\$ 499,189	\$ (1,839,193)	\$ 3,520,439	\$ 5,359,632

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, 2006 (Expressed in Thousands)

	General Revenue			Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 8,629,000	\$ 9,327,911	\$ 698,911			
Sales taxes	5,138,000	5,317,418	179,418	\$ 1,712,000	\$ 1,774,171	\$ 62,171
Public utility taxes	993,000	972,765	(20,235)			
Federal government	4,772,000	4,647,063	(124,937)			
Other	2,170,000	2,140,446	(29,554)			
Less:						
Refunds	21,937	15,916	(6,021)			
Total revenues	21,680,063	22,389,687	709,624	1,712,000	1,774,171	62,171
EXPENDITURES:						
Current:						
Health and social services	12,705,365	12,486,779	(218,586)			
Education	3,903,598	3,876,830	(26,768)			
General government	651,681	610,113	(41,568)			
Transportation	105,138	103,599	(1,539)			
Public protection and justice	1,735,936	1,678,185	(57,751)			
Employment and economic development	166,361	158,896	(7,465)			
Environment and business regulation	112,139	106,379	(5,760)			
Capital outlays	36,136	33,321	(2,815)			
Total expenditures	19,416,354	19,054,102	(362,252)			
Excess (deficiency) of revenues over (under) expenditures	2,263,709	3,335,585	1,071,876	1,712,000	1,774,171	62,171
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from short-term borrowings	1,000,000	1,000,000	-			
Operating transfers-in	1,096,925	1,096,925	-			
Operating transfers-out	(5,461,538)	(5,461,538)	-	(1,748,958)	(1,748,958)	-
Total other sources (uses) of financial resources	(3,364,613)	(3,364,613)	-	(1,748,958)	(1,748,958)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,100,904)	(29,028)	1,071,876	(36,958)	25,213	62,171
Budgetary fund balances (deficits), July 1, 2005	(772,948)	(772,948)	-	16,285	16,285	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (1,873,852)	\$ (801,976)	\$ 1,071,876	\$ (20,673)	\$ 41,498	\$ 62,171

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 680,000	\$ 734,567	\$ 54,567				\$ 9,309,000	\$ 10,062,478	\$ 753,478
			\$ 103,000	\$ 101,082	\$ (1,918)	6,850,000	7,091,589	241,589
						1,096,000	1,073,847	(22,153)
						4,772,000	4,647,063	(124,937)
1,000	1,000	-	165,000	164,677	(323)	2,336,000	2,306,123	(29,877)
						21,937	15,916	(6,021)
681,000	735,567	54,567	268,000	265,759	(2,241)	24,341,063	25,165,184	824,121
						12,705,365	12,486,779	(218,586)
1,227,917	1,224,123	(3,794)	3,817,887	3,808,228	(9,659)	8,949,402	8,909,181	(40,221)
						651,681	610,113	(41,568)
						105,138	103,599	(1,539)
						1,735,936	1,678,185	(57,751)
						166,361	158,896	(7,465)
						112,139	106,379	(5,760)
						36,136	33,321	(2,815)
1,227,917	1,224,123	(3,794)	3,817,887	3,808,228	(9,659)	24,462,158	24,086,453	(375,705)
(546,917)	(488,556)	58,361	(3,549,887)	(3,542,469)	7,418	(121,095)	1,078,731	1,199,826
686,170	686,170	-	3,532,091	3,532,091	-	1,000,000	1,000,000	-
(101)	(101)	-	(172)	(172)	-	5,315,186	5,315,186	-
686,069	686,069	-	3,531,919	3,531,919	-	(7,210,769)	(7,210,769)	-
139,152	197,513	58,361	(17,968)	(10,550)	7,418	(1,016,678)	183,148	1,199,826
255,030	255,030	-	27,598	27,598	-	(474,035)	(474,035)	-
\$ 394,182	\$ 452,543	\$ 58,361	\$ 9,630	\$ 17,048	\$ 7,418	\$ (1,490,713)	\$ (290,887)	\$ 1,199,826

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Road			Motor Fuel Tax-State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 1,385,600	\$ 1,371,819	\$ (13,781)
Federal government	\$ 965,200	\$ 1,023,912	\$ 58,712	-	40	40
Other	939,900	980,994	41,094	-	908	908
Less:						
Refunds	2,633	2,616	(17)	16,016	16,015	(1)
Total revenues	1,902,467	2,002,290	99,823	1,369,584	1,356,752	(12,832)
EXPENDITURES:						
Current:						
Health and social services	126,113	126,113	-			
General government	130,739	124,566	(6,173)	64,549	63,632	(917)
Transportation	1,261,678	1,224,436	(37,242)	8,481	8,046	(435)
Public protection and justice	97,310	97,270	(40)			
Employment and economic development	1,900	1,834	(66)			
Capital outlays	18,803	14,341	(4,462)	46	40	(6)
Total expenditures	1,636,543	1,588,560	(47,983)	73,076	71,718	(1,358)
Excess (deficiency) of revenues over (under) expenditures	265,924	413,730	147,806	1,296,508	1,285,034	(11,474)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	337,064	337,064	-	1	1	-
Operating transfers-out	(285,854)	(285,854)	-	(1,273,149)	(1,273,149)	-
Total other sources (uses) of financial resources	51,210	51,210	-	(1,273,148)	(1,273,148)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	317,134	464,940	147,806	23,360	11,886	(11,474)
Budgetary fund balances (deficits), July 1, 2005	263,963	263,963	-	111,775	111,775	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 581,097	\$ 728,903	\$ 147,806	\$ 135,135	\$ 123,661	\$ (11,474)

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)
\$ -	\$ 3	\$ 3						
-	3	3						
19,917	18,380	(1,537)	\$ 227,800	\$ 226,275	(1,525)	\$ 319,500	\$ 317,341	(2,159)
19,917	18,380	(1,537)	227,800	226,275	(1,525)	319,500	317,341	(2,159)
(19,917)	(18,377)	1,540	(227,800)	(226,275)	1,525	(319,500)	(317,341)	2,159
27,000	27,000	-	223,455	223,455	-	313,386	313,386	-
(2,252)	(2,252)	-						
24,748	24,748	-	223,455	223,455	-	313,386	313,386	-
4,831	6,371	1,540	(4,345)	(2,820)	1,525	(6,114)	(3,955)	2,159
9,166	9,166	-	(17,535)	(17,535)	-	(24,593)	(24,593)	-
\$ 13,997	\$ 15,537	\$ 1,540	\$ (21,880)	\$ (20,355)	\$ 1,525	\$ (30,707)	\$ (28,548)	\$ 2,159

(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, 2006 (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				\$ 495,000	\$ 480,800	\$ (14,200)
Less:						
Refunds						
Total revenues				<u>495,000</u>	<u>480,800</u>	<u>(14,200)</u>
EXPENDITURES:						
Current:						
Health and social services						
General government						
Transportation	\$ 103,400	\$ 102,700	\$ (700)	1,031,618	1,030,937	(681)
Public protection and justice						
Employment and economic development						
Capital outlays						
Total expenditures	<u>103,400</u>	<u>102,700</u>	<u>(700)</u>	<u>1,031,618</u>	<u>1,030,937</u>	<u>(681)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(103,400)</u>	<u>(102,700)</u>	<u>700</u>	<u>(536,618)</u>	<u>(550,137)</u>	<u>(13,519)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	101,420	101,420	-	235,607	235,607	-
Operating transfers-out				(52)	(52)	-
Total other sources (uses) of financial resources	<u>101,420</u>	<u>101,420</u>	<u>-</u>	<u>235,555</u>	<u>235,555</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(1,980)</u>	<u>(1,280)</u>	<u>700</u>	<u>(301,063)</u>	<u>(314,582)</u>	<u>(13,519)</u>
Budgetary fund balances (deficits), July 1, 2005	(7,958)	(7,958)	-	293,633	293,633	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	<u>\$ (9,938)</u>	<u>\$ (9,238)</u>	<u>\$ 700</u>	<u>\$ (7,430)</u>	<u>\$ (20,949)</u>	<u>\$ (13,519)</u>

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,385,600	\$ 1,371,819	\$ (13,781)
965,200	1,023,952	58,752
1,434,900	1,462,705	27,805
18,649	18,631	(18)
3,767,051	3,839,845	72,794
126,113	126,113	-
195,288	188,198	(7,090)
2,972,394	2,928,115	(44,279)
97,310	97,270	(40)
1,900	1,834	(66)
18,849	14,381	(4,468)
3,411,854	3,355,911	(55,943)
355,197	483,934	128,737
1,237,933	1,237,933	-
(1,561,307)	(1,561,307)	-
(323,374)	(323,374)	-
31,823	160,560	128,737
628,451	628,451	-
\$ 660,274	\$ 789,011	\$ 128,737

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, 2006 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 2,297,640	\$ 2,505,761	\$ 208,121
Sales taxes				721,879	782,006	60,127
Motor fuel taxes						
Public utility taxes				264,054	310,170	46,116
Federal government	\$ 189,097	\$ 103,956	\$ (85,141)	3,220,878	2,755,670	(465,208)
Other	283,616	275,372	(8,244)	5,688,395	5,068,039	(620,356)
Less:						
Refunds				1,442,848	1,433,089	(9,759)
Total revenues	472,713	379,328	(93,385)	10,749,998	9,988,557	(761,441)
EXPENDITURES:						
Current:						
Health and social services	549,970	464,016	(85,954)	7,989,829	6,207,367	(1,782,462)
Education	80,000	80,000	-			
General government	10,579	7,526	(3,053)	2,941,077	2,919,643	(21,434)
Transportation				389,521	351,923	(37,598)
Public protection and justice				90,739	58,341	(32,398)
Employment and economic development	3,500	3,385	(115)	474,236	356,537	(117,699)
Environment and business regulation	1,168	1,092	(76)	87,598	77,658	(9,940)
Capital outlays	2,700	1,461	(1,239)	5,691	3,241	(2,450)
Total expenditures	647,917	557,480	(90,437)	11,978,691	9,974,710	(2,003,981)
Excess (deficiency) of revenues over (under) expenditures	(175,204)	(178,152)	(2,948)	(1,228,693)	13,847	1,242,540
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	395,307	395,307	-	2,452,071	2,452,071	-
Operating transfers-out	(275,728)	(275,728)	-	(2,443,207)	(2,443,207)	-
Total other sources (uses) of financial resources	119,579	119,579	-	8,864	8,864	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(55,625)	(58,573)	(2,948)	(1,219,829)	22,711	1,242,540
Budgetary fund balances, July 1, 2005, as previously reported	311,828	311,828	-	419,983	419,983	-
Reclassifications				5,708	5,708	-
Budgetary fund balances, July 1, 2005, as reclassified	311,828	311,828	-	425,691	425,691	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 256,203	\$ 253,255	\$ (2,948)	\$ (794,138)	\$ 448,402	\$ 1,242,540

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 223	\$ -	\$ (223)	\$ 2,297,863	\$ 2,505,761	\$ 207,898
\$ 74,539	\$ 74,248	\$ (291)	19,220	20,347	1,127	741,099	802,353	61,254
122,435	125,376	2,941	31,936	36,072	4,136	418,425	471,618	53,193
101,600	21,852	(79,748)	144,979	83,797	(61,182)	3,656,554	2,965,275	(691,279)
244,670	295,612	50,942	685,991	737,977	51,986	6,902,672	6,377,000	(525,672)
153	3	(150)	3,104	1,690	(1,414)	1,446,105	1,434,782	(11,323)
543,091	517,085	(26,006)	879,245	876,503	(2,742)	12,645,047	11,761,473	(883,574)
			221,232	116,964	(104,268)	8,761,031	6,788,347	(1,972,684)
93	48	(45)	101,070	74,271	(26,799)	181,163	154,319	(26,844)
215,226	154,221	(61,005)	238,634	194,355	(44,279)	3,405,516	3,275,745	(129,771)
			20,162	19,634	(528)	409,683	371,557	(38,126)
3,292	2,676	(616)	111,424	77,226	(34,198)	205,455	138,243	(67,212)
31,577	31,184	(393)	136,965	97,509	(39,456)	646,278	488,615	(157,663)
339,146	304,940	(34,206)	344,071	249,892	(94,179)	771,983	633,582	(138,401)
450	169	(281)	18,610	16,372	(2,238)	27,451	21,243	(6,208)
589,784	493,238	(96,546)	1,192,168	846,223	(345,945)	14,408,560	11,871,651	(2,536,909)
(46,693)	23,847	70,540	(312,923)	30,280	343,203	(1,763,513)	(110,178)	1,653,335
131,517	131,517	-	230,984	230,984	-	3,209,879	3,209,879	-
(253,703)	(253,703)	-	(189,503)	(189,503)	-	(3,162,141)	(3,162,141)	-
(122,186)	(122,186)	-	41,481	41,481	-	47,738	47,738	-
			(1,314)	(1,314)	-	(1,314)	(1,314)	-
(168,879)	(98,339)	70,540	(272,756)	70,447	343,203	(1,717,089)	(63,754)	1,653,335
573,296	573,296	-	541,811	541,811	-	1,846,918	1,846,918	-
			296	296	-	6,004	6,004	-
573,296	573,296	-	542,107	542,107	-	1,852,922	1,852,922	-
\$ 404,417	\$ 474,957	\$ 70,540	\$ 269,351	\$ 612,554	\$ 343,203	\$ 135,833	\$ 1,789,168	\$ 1,653,335

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, 2006 (Expressed in Thousands)

	Comptroller			Treasurer		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 189,097	\$ 103,956	\$ (85,141)
Other				283,616	275,372	(8,244)
Total revenues				472,713	379,328	(93,385)
EXPENDITURES:						
Current:						
Health and social services				549,970	464,016	(85,954)
Education				80,000	80,000	-
General government				10,579	7,526	(3,053)
Employment and economic development				3,500	3,385	(115)
Environment and business regulation				1,168	1,092	(76)
Capital outlays				2,700	1,461	(1,239)
Total expenditures				647,917	557,480	(90,437)
(Deficiency) of revenues (under) expenditures				(175,204)	(178,152)	(2,948)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	\$ 275,704	\$ 275,704	\$ -	119,603	119,603	-
Operating transfers-out	(275,705)	(275,705)	-	(23)	(23)	-
Total other sources (uses) of financial resources	(1)	(1)	-	119,580	119,580	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(1)	(1)	-	(55,624)	(58,572)	(2,948)
Budgetary fund balances, July 1, 2005	275,705	275,705	-	36,123	36,123	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 275,704	\$ 275,704	\$ -	\$ (19,501)	\$ (22,449)	\$ (2,948)

Total		
Final Budget	Actual	Variance Over (Under)
\$ 189,097	\$ 103,956	\$ (85,141)
283,616	275,372	(8,244)
472,713	379,328	(93,385)

549,970	464,016	(85,954)
80,000	80,000	-
10,579	7,526	(3,053)
3,500	3,385	(115)
1,168	1,092	(76)
2,700	1,461	(1,239)
647,917	557,480	(90,437)
(175,204)	(178,152)	(2,948)

395,307	395,307	-
(275,728)	(275,728)	-
119,579	119,579	-

(55,625)	(58,573)	(2,948)
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311,828	311,828	-
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\$ 256,203	\$ 253,255	\$ (2,948)
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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 - State Treasurer

For the Year Ended June 30, 2006 (Expressed in Thousands)

	State Pensions			Tobacco Settlement Recovery		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 189,097	\$ 103,956	\$ (85,141)
Other				283,616	275,372	(8,244)
Total revenues				472,713	379,328	(93,385)
EXPENDITURES:						
Current:						
Health and social services				549,970	464,016	(85,954)
Education	\$ 80,000	\$ 80,000	\$ -			
General government	8,299	6,819	(1,480)	2,280	707	(1,573)
Public protection and justice						
Employment and economic development				3,500	3,385	(115)
Environment and business regulation				1,168	1,092	(76)
Capital outlays	19	5	(14)	2,681	1,456	(1,225)
Total expenditures	88,318	86,824	(1,494)	559,599	470,656	(88,943)
(Deficiency) of revenues (under) expenditures	(88,318)	(86,824)	1,494	(86,886)	(91,328)	(4,442)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	119,603	119,603	-			
Operating transfers-out				(23)	(23)	-
Total other sources (uses) of financial resources	119,603	119,603	-	(23)	(23)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	31,285	32,779	1,494	(86,909)	(91,351)	(4,442)
Budgetary fund balances, July 1, 2005	19,595	19,595	-	16,528	16,528	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 50,880	\$ 52,374	\$ 1,494	\$ (70,381)	\$ (74,823)	\$ (4,442)

Total		
Final Budget	Actual	Variance Over (Under)
\$ 189,097	\$ 103,956	\$ (85,141)
283,616	275,372	(8,244)
472,713	379,328	(93,385)

549,970	464,016	(85,954)
80,000	80,000	-
10,579	7,526	(3,053)
3,500	3,385	(115)
1,168	1,092	(76)
2,700	1,461	(1,239)
647,917	557,480	(90,437)
(175,204)	(178,152)	(2,948)

119,603	119,603	-
(23)	(23)	-
119,580	119,580	-

(55,624)	(58,572)	(2,948)
36,123	36,123	-
\$ (19,501)	\$ (22,449)	\$ (2,948)

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, 2006 (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						
Federal government	\$ 532	\$ 779	\$ 247	\$ 205,819	\$ 174,482	\$ (31,337)
Other	1,687,042	1,672,027	(15,015)	51	5,175	5,124
Less:						
Refunds						
Total revenues	1,687,574	1,672,806	(14,768)	205,870	179,657	(26,213)
EXPENDITURES:						
Current:						
Health and social services	1,683,284	1,612,466	(70,818)			
General government	18,864	10,477	(8,387)			
Transportation						
Public protection and justice						
Employment and economic development				312,817	199,413	(113,404)
Environment and business regulation						
Capital outlays	12	-	(12)	97	74	(23)
Total expenditures	1,702,160	1,622,943	(79,217)	312,914	199,487	(113,427)
Excess (deficiency) of revenues over (under) expenditures	(14,586)	49,863	64,449	(107,044)	(19,830)	87,214
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				75,465	75,465	-
Operating transfers-out	(17,015)	(17,015)	-	(44,829)	(44,829)	-
Total other sources (uses) of financial resources	(17,015)	(17,015)	-	30,636	30,636	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(31,601)	32,848	64,449	(76,408)	10,806	87,214
Budgetary fund balances (deficits), July 1, 2005, as previously reported	(76,229)	(76,229)	-	4,597	4,597	-
Reclassifications	(1,287)	(1,287)	-			
Budgetary fund balances (deficits), July 1, 2005, as reclassified	(77,516)	(77,516)	-	4,597	4,597	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (109,117)	\$ (44,668)	\$ 64,449	\$ (71,811)	\$ 15,403	\$ 87,214

Natural Resources			Human Services			Healthcare and Family Services		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 86,100	\$ 83,784	\$ (2,316)
\$ 7,423	\$ 7,035	\$ (388)	\$ 70,042	\$ 79,690	\$ 9,648	2,451,876	2,022,660	(429,216)
70,713	85,205	14,492	27,039	28,856	1,817	2,081,363	1,301,477	(779,886)
1,150	989	(161)	100	6	(94)	4,750	16	(4,734)
76,986	91,251	14,265	96,981	108,540	11,559	4,614,589	3,407,905	(1,206,684)
			111,076	88,412	(22,664)	5,734,342	4,080,348	(1,653,994)
2	2	-	12	12	-	2,323	2,046	(277)
53,581	50,096	(3,485)						
970	829	(141)				2,495	772	(1,723)
54,553	50,927	(3,626)	111,088	88,424	(22,664)	5,739,160	4,083,166	(1,655,994)
22,433	40,324	17,891	(14,107)	20,116	34,223	(1,124,571)	(675,261)	449,310
3	3	-	3	3	-	670,713	670,713	-
(3,323)	(3,323)	-	(13,033)	(13,033)	-	(76,440)	(76,440)	-
(3,320)	(3,320)	-	(13,030)	(13,030)	-	594,273	594,273	-
19,113	37,004	17,891	(27,137)	7,086	34,223	(530,298)	(80,988)	449,310
75,029	75,029	-	(6,141)	(6,141)	-	72,159	72,159	-
			6,995	6,995	-			
75,029	75,029	-	854	854	-	72,159	72,159	-
\$ 94,142	\$ 112,033	\$ 17,891	\$ (26,283)	\$ 7,940	\$ 34,223	\$ (458,139)	\$ (8,829)	\$ 449,310

(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, 2006 (Expressed in Thousands)

(continued)

	Revenue			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 2,297,640	\$ 2,505,761	\$ 208,121			
Sales taxes	721,879	782,006	60,127			
Public utility taxes	177,954	226,386	48,432			
Federal government	15,434	15,434	-			
Other	1,769,799	1,927,884	158,085			
Less:						
Refunds	1,436,848	1,432,078	(4,770)			
Total revenues	3,545,858	4,025,393	479,535			
EXPENDITURES:						
Current:						
Health and social services	960	684	(276)			
General government	2,917,261	2,905,544	(11,717)			
Transportation				\$ 389,521	\$ 351,923	\$ (37,598)
Public protection and justice						
Employment and economic development	139,591	136,361	(3,230)			
Environment and business regulation						
Capital outlays	408	345	(63)			
Total expenditures	3,058,220	3,042,934	(15,286)	389,521	351,923	(37,598)
Excess (deficiency) of revenues over (under) expenditures	487,638	982,459	494,821	(389,521)	(351,923)	37,598
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1,289,296	1,289,296	-	359,940	359,940	-
Operating transfers-out	(2,258,887)	(2,258,887)	-	(9,083)	(9,083)	-
Total other sources (uses) of financial resources	(969,591)	(969,591)	-	350,857	350,857	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(481,953)	12,868	494,821	(38,664)	(1,066)	37,598
Budgetary fund balances (deficits), July 1, 2005, as previously reported	357,887	357,887	-	20,973	20,973	-
Reclassifications						
Budgetary fund balances (deficits), July 1, 2005, as reclassified	357,887	357,887	-	20,973	20,973	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (124,066)	\$ 370,755	\$ 494,821	\$ (17,691)	\$ 19,907	\$ 37,598

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 2,297,640	\$ 2,505,761	\$ 208,121
			721,879	782,006	60,127
			264,054	310,170	46,116
\$ 469,752	\$ 455,590	\$ (14,162)	3,220,878	2,755,670	(465,208)
52,388	47,415	(4,973)	5,688,395	5,068,039	(620,356)
			1,442,848	1,433,089	(9,759)
522,140	503,005	(19,135)	10,749,998	9,988,557	(761,441)
460,167	425,457	(34,710)	7,989,829	6,207,367	(1,782,462)
2,615	1,562	(1,053)	2,941,077	2,919,643	(21,434)
			389,521	351,923	(37,598)
90,739	58,341	(32,398)	90,739	58,341	(32,398)
21,828	20,763	(1,065)	474,236	356,537	(117,699)
34,017	27,562	(6,455)	87,598	77,658	(9,940)
1,709	1,221	(488)	5,691	3,241	(2,450)
611,075	534,906	(76,169)	11,978,691	9,974,710	(2,003,981)
(88,935)	(31,901)	57,034	(1,228,693)	13,847	1,242,540
56,651	56,651	-	2,452,071	2,452,071	-
(20,597)	(20,597)	-	(2,443,207)	(2,443,207)	-
36,054	36,054	-	8,864	8,864	-
(52,881)	4,153	57,034	(1,219,829)	22,711	1,242,540
(28,292)	(28,292)	-	419,983	419,983	-
			5,708	5,708	-
(28,292)	(28,292)	-	425,691	425,691	-
\$ (81,173)	\$ (24,139)	\$ 57,034	\$ (794,138)	\$ 448,402	\$ 1,242,540

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, 2006 (Expressed in Thousands)

	Workers' Compensation			Health Insurance Reserve		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 532	\$ 779	\$ 247
Other				1,687,042	1,672,027	(15,015)
Total revenues				1,687,574	1,672,806	(14,768)
EXPENDITURES:						
Current:						
Health and social services				1,683,284	1,612,466	(70,818)
General government				18,864	10,477	(8,387)
Capital outlays				12	-	(12)
Total expenditures				1,702,160	1,622,943	(79,217)
Excess (deficiency) of revenues over (under) expenditures				(14,586)	49,863	64,449
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(17,015)	(17,015)	-
Total other (uses) of financial resources				(17,015)	(17,015)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources				(31,601)	32,848	64,449
Budgetary fund balances (deficits), July 1, 2005, as previously reported	\$ 1,287	\$ 1,287	\$ -	(77,516)	(77,516)	-
Reclassifications	(1,287)	(1,287)	-			
Budgetary (deficits), July 1, 2005, as reclassified	-	-	-	(77,516)	(77,516)	-
BUDGETARY (DEFICITS), JUNE 30, 2006	\$ -	\$ -	\$ -	\$ (109,117)	\$ (44,668)	\$ 64,449

Total		
Final Budget	Actual	Variance Over (Under)
\$ 532	\$ 779	\$ 247
1,687,042	1,672,027	(15,015)
1,687,574	1,672,806	(14,768)
1,683,284	1,612,466	(70,818)
18,864	10,477	(8,387)
12	-	(12)
1,702,160	1,622,943	(79,217)
(14,586)	49,863	64,449
(17,015)	(17,015)	-
(17,015)	(17,015)	-
(31,601)	32,848	64,449
(76,229)	(76,229)	-
(1,287)	(1,287)	-
(77,516)	(77,516)	-
\$ (109,117)	\$ (44,668)	\$ 64,449

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, 2006 (Expressed in Thousands)

	Metropolitan Exposition Auditorium and Office Building			Tourism Promotion		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government						
Other				\$ -	\$ 5,001	\$ 5,001
Total revenues				-	5,001	5,001
EXPENDITURES:						
Current:						
General government						
Employment and economic development				37,817	35,073	(2,744)
Capital outlays				97	74	(23)
Total expenditures				37,914	35,147	(2,767)
Excess (deficiency) of revenues over (under) expenditures				(37,914)	(30,146)	7,768
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	\$ 37,923	\$ 37,923	\$ -	37,542	37,542	-
Operating transfers-out	(37,927)	(37,927)	-	(3,241)	(3,241)	-
Total other sources (uses) of financial resources	(4)	(4)	-	34,301	34,301	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(4)	(4)	-	(3,613)	4,155	7,768
Budgetary fund balances (deficits), July 1, 2005	16,875	16,875	-	6,817	6,817	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 16,871	\$ 16,871	\$ -	\$ 3,204	\$ 10,972	\$ 7,768

Federal Workforce Training			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 205,819	\$ 174,482	\$ (31,337)	\$ 205,819	\$ 174,482	\$ (31,337)
51	174	123	51	5,175	5,124
205,870	174,656	(31,214)	205,870	179,657	(26,213)
275,000	164,340	(110,660)	312,817	199,413	(113,404)
			97	74	(23)
275,000	164,340	(110,660)	312,914	199,487	(113,427)
(69,130)	10,316	79,446	(107,044)	(19,830)	87,214
			75,465	75,465	-
(3,661)	(3,661)	-	(44,829)	(44,829)	-
(3,661)	(3,661)	-	30,636	30,636	-
(72,791)	6,655	79,446	(76,408)	10,806	87,214
(19,095)	(19,095)	-	4,597	4,597	-
\$ (91,886)	\$ (12,440)	\$ 79,446	\$ (71,811)	\$ 15,403	\$ 87,214

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, 2006 (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	\$ -	\$ 37	\$ 37	\$ 7,423	\$ 6,998	\$ (425)
Other	37,360	40,808	3,448	33,353	44,397	11,044
Less:						
Refunds				1,150	989	(161)
Total revenues	37,360	40,845	3,485	39,626	50,406	10,780
EXPENDITURES:						
Current:						
General government				2	2	-
Environment and business regulation	13,050	12,866	(184)	40,531	37,230	(3,301)
Capital outlays				970	829	(141)
Total expenditures	13,050	12,866	(184)	41,503	38,061	(3,442)
Excess (deficiency) of revenues over (under) expenditures	24,310	27,979	3,669	(1,877)	12,345	14,222
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1	1	-	2	2	-
Operating transfers-out	(3,204)	(3,204)	-	(119)	(119)	-
Total other sources (uses) of financial resources	(3,203)	(3,203)	-	(117)	(117)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	21,107	24,776	3,669	(1,994)	12,228	14,222
Budgetary fund balances, July 1, 2005	51,302	51,302	-	23,727	23,727	-
BUDGETARY FUND BALANCES, JUNE 30, 2006	\$ 72,409	\$ 76,078	\$ 3,669	\$ 21,733	\$ 35,955	\$ 14,222

Total		
Final Budget	Actual	Variance Over (Under)
\$ 7,423	\$ 7,035	\$ (388)
70,713	85,205	14,492
1,150	989	(161)
76,986	91,251	14,265
2	2	-
53,581	50,096	(3,485)
970	829	(141)
54,553	50,927	(3,626)
22,433	40,324	17,891
3	3	-
(3,323)	(3,323)	-
(3,320)	(3,320)	-
19,113	37,004	17,891
75,029	75,029	-
\$ 94,142	\$ 112,033	\$ 17,891

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, 2006 (Expressed in Thousands)

	Mental Health			Community Mental Health Medicaid Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 26,981	\$ 28,173	\$ 1,192	\$ 70,042	\$ 79,690	\$ 9,648
Other				58	683	625
Less:						
Refunds	100	6	(94)			
Total revenues	26,881	28,167	1,286	70,100	80,373	10,273
EXPENDITURES:						
Current:						
Health and social services	15,386	13,170	(2,216)	95,690	75,242	(20,448)
General government				12	12	-
Total expenditures	15,386	13,170	(2,216)	95,702	75,254	(20,448)
Excess (deficiency) of revenues over (under) expenditures	11,495	14,997	3,502	(25,602)	5,119	30,721
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1	1	-	2	2	-
Operating transfers-out	(13,008)	(13,008)	-	(25)	(25)	-
Total other sources (uses) of financial resources	(13,007)	(13,007)	-	(23)	(23)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,512)	1,990	3,502	(25,625)	5,096	30,721
Budgetary fund balances (deficits), July 1, 2005, as previously reported	(84)	(84)	-	938	938	-
Reclassifications						
Budgetary fund balances (deficits), July 1, 2005, as reclassified	(84)	(84)	-	938	938	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (1,596)	\$ 1,906	\$ 3,502	\$ (24,687)	\$ 6,034	\$ 30,721

Prevention and Treatment of Alcohol and Substance Abuse			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 70,042	\$ 79,690	\$ 9,648
			27,039	28,856	1,817
			100	6	(94)
			96,981	108,540	11,559
			111,076	88,412	(22,664)
			12	12	-
			111,088	88,424	(22,664)
			(14,107)	20,116	34,223
			3	3	-
			(13,033)	(13,033)	-
			(13,030)	(13,030)	-
			(27,137)	7,086	34,223
\$ (6,995)	\$ (6,995)	\$ -	(6,141)	(6,141)	-
6,995	6,995	-	6,995	6,995	-
-	-	-	854	854	-
\$ -	\$ -	\$ -	\$ (26,283)	\$ 7,940	\$ 34,223

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	University of Illinois Hospital Services			County Provider Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes						
Federal government	\$ 121,350	\$ 140,853	\$ 19,503	\$ 953,212	\$ 813,781	\$ (139,431)
Other	87,350	95,066	7,716	992,119	816,631	(175,488)
Less:						
Refunds				1,000	-	(1,000)
Total revenues	208,700	235,919	27,219	1,944,331	1,630,412	(313,919)
EXPENDITURES:						
Current:						
Health and social services	228,400	228,370	(30)	1,981,619	1,610,448	(371,171)
General government						
Capital outlays						
Total expenditures	228,400	228,370	(30)	1,981,619	1,610,448	(371,171)
Excess (deficiency) of revenues over (under) expenditures	(19,700)	7,549	27,249	(37,288)	19,964	57,252
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	44,700	44,700	-			
Operating transfers-out	(52,252)	(52,252)	-			
Total other sources (uses) of financial resources	(7,552)	(7,552)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(27,252)	(3)	27,249	(37,288)	19,964	57,252
Budgetary fund balances (deficits), July 1, 2005	23	23	-	(51,494)	(51,494)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (27,229)	\$ 20	\$ 27,249	\$ (88,782)	\$ (31,530)	\$ 57,252

Care Provider Fund for Persons with Developmental Disabilities			Long Term Care Provider			Hospital Provider		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 20,750	\$ 19,743	\$ (1,007)	\$ 358,000	\$ 341,742	\$ (16,258)	\$ 427,200	\$ 78,957	\$ (348,243)
19,923	20,712	789	362,950	305,782	(57,168)	556,400	65	(556,335)
1,000	-	(1,000)	2,750	16	(2,734)			
39,673	40,455	782	718,200	647,508	(70,692)	983,600	79,022	(904,578)
40,094	39,942	(152)	822,730	801,763	(20,967)	1,385,500	166,603	(1,218,897)
12	12	-						
40,106	39,954	(152)	822,730	801,763	(20,967)	1,385,500	166,603	(1,218,897)
(433)	501	934	(104,530)	(154,255)	(49,725)	(401,900)	(87,581)	314,319
1	1	-	83,353	83,353	-	83,333	83,333	-
(2,707)	(2,707)	-	(33)	(33)	-	(1,909)	(1,909)	-
(2,706)	(2,706)	-	83,320	83,320	-	81,424	81,424	-
(3,139)	(2,205)	934	(21,210)	(70,935)	(49,725)	(320,476)	(6,157)	314,319
5,542	5,542	-	18,877	18,877	-	10	10	-
\$ 2,403	\$ 3,337	\$ 934	\$ (2,333)	\$ (52,058)	\$ (49,725)	\$ (320,466)	\$ (6,147)	\$ 314,319

(continued)

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

(continued)

	Special Education Medicaid Matching			Supplemental Low Income Energy		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes				\$ 86,100	\$ 83,784	\$ (2,316)
Federal government	\$ 139,999	\$ 132,339	\$ (7,660)			
Other						
Less:						
Refunds						
Total revenues	139,999	132,339	(7,660)	86,100	83,784	(2,316)
EXPENDITURES:						
Current:						
Health and social services	140,000	135,979	(4,021)	101,100	92,432	(8,668)
General government						
Capital outlays						
Total expenditures	140,000	135,979	(4,021)	101,100	92,432	(8,668)
Excess (deficiency) of revenues over (under) expenditures	(1)	(3,640)	(3,639)	(15,000)	(8,648)	6,352
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				5,201	5,201	-
Operating transfers-out	(5)	(5)	-			
Total other sources (uses) of financial resources	(5)	(5)	-	5,201	5,201	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(6)	(3,645)	(3,639)	(9,799)	(3,447)	6,352
Budgetary fund balances (deficits), July 1, 2005	(4,468)	(4,468)	-	10,901	10,901	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (4,474)	\$ (8,113)	\$ (3,639)	\$ 1,102	\$ 7,454	\$ 6,352

Drug Rebate			Child Support Administrative			Family Care		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 310,416	\$ 398,089	\$ 87,673	\$ 116,949	\$ 97,156	\$ (19,793)	\$ 4,000	\$ -	\$ (4,000)
300	1,911	1,611	31,111	31,034	(77)	31,210	30,276	(934)
310,716	400,000	89,284	148,060	128,190	(19,870)	35,210	30,276	(4,934)
822,800	822,788	(12)	172,099	152,898	(19,201)	40,000	29,125	(10,875)
			2,311	2,034	(277)			
			2,495	772	(1,723)			
822,800	822,788	(12)	176,905	155,704	(21,201)	40,000	29,125	(10,875)
(512,084)	(422,788)	89,296	(28,845)	(27,514)	1,331	(4,790)	1,151	5,941
424,125	424,125	-	30,000	30,000	-			
(17,333)	(17,333)	-	(2,178)	(2,178)	-	(23)	(23)	-
406,792	406,792	-	27,822	27,822	-	(23)	(23)	-
(105,292)	(15,996)	89,296	(1,023)	308	1,331	(4,813)	1,128	5,941
105,247	105,247	-	(12,302)	(12,302)	-	(177)	(177)	-
\$ (45)	\$ 89,251	\$ 89,296	\$ (13,325)	\$ (11,994)	\$ 1,331	\$ (4,990)	\$ 951	\$ 5,941

(continued)

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Public utility taxes	\$ 86,100	\$ 83,784	\$ (2,316)
Federal government	2,451,876	2,022,660	(429,216)
Other	2,081,363	1,301,477	(779,886)
Less:			
Refunds	4,750	16	(4,734)
Total revenues	4,614,589	3,407,905	(1,206,684)
EXPENDITURES:			
Current:			
Health and social services	5,734,342	4,080,348	(1,653,994)
General government	2,323	2,046	(277)
Capital outlays	2,495	772	(1,723)
Total expenditures	5,739,160	4,083,166	(1,655,994)
Excess (deficiency) of revenues over (under) expenditures	(1,124,571)	(675,261)	449,310
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	670,713	670,713	-
Operating transfers-out	(76,440)	(76,440)	-
Total other sources (uses) of financial resources	594,273	594,273	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(530,298)	(80,988)	449,310
Budgetary fund balances (deficits), July 1, 2005	72,159	72,159	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (458,139)	\$ (8,829)	\$ 449,310

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State of Illinois

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

For the Year Ended June 30, 2006 (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				\$ 198,948	\$ 227,831	\$ 28,883
Public utility taxes						
Federal government						
Other	\$ 730,244	\$ 813,480	\$ 83,236			
Less:						
Refunds	50	25	(25)			
Total revenues	730,194	813,455	83,261	198,948	227,831	28,883
EXPENDITURES:						
Current:						
Health and social services	960	684	(276)			
General government	119,825	118,649	(1,176)	43,383	43,383	-
Employment and economic development						
Capital outlays	176	126	(50)			
Total expenditures	120,961	119,459	(1,502)	43,383	43,383	-
Excess (deficiency) of revenues over (under) expenditures	609,233	693,996	84,763	155,565	184,448	28,883
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(685,060)	(685,060)	-	(179,491)	(179,491)	-
Total other sources (uses) of financial resources	(685,060)	(685,060)	-	(179,491)	(179,491)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(75,827)	8,936	84,763	(23,926)	4,957	28,883
Budgetary fund balances (deficits), July 1, 2005	(4,722)	(4,722)	-	24,134	24,134	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (80,549)	\$ 4,214	\$ 84,763	\$ 208	\$ 29,091	\$ 28,883

Illinois Sports Facilities			Income Tax Refund			McCormick Place Expansion Project		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 1,532,945	\$ 1,532,945	\$ -	\$ 102,584	\$ 133,713	\$ 31,129
			15,434	15,434	-			
\$ 33,000	\$ 34,500	\$ 1,500						
			1,436,750	1,432,006	(4,744)			
33,000	34,500	1,500	111,629	116,373	4,744	102,584	133,713	31,129
37,599	34,500	(3,099)				101,992	101,861	(131)
37,599	34,500	(3,099)				101,992	101,861	(131)
(4,599)	-	4,599	111,629	116,373	4,744	592	31,852	31,260
			5,870	5,870	-			
			(139,280)	(139,280)	-	(28,030)	(28,030)	-
			(133,410)	(133,410)	-	(28,030)	(28,030)	-
(4,599)	-	4,599	(21,781)	(17,037)	4,744	(27,438)	3,822	31,260
			139,312	139,312	-	6,354	6,354	-
\$ (4,599)	\$ -	\$ 4,599	\$ 117,531	\$ 122,275	\$ 4,744	\$ (21,084)	\$ 10,176	\$ 31,260

(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, 2006 (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				\$ 907,848	\$ 980,557	\$ 72,709
Less:						
Refunds				48	47	(1)
Total revenues				907,800	980,510	72,710
EXPENDITURES:						
Current:						
Health and social services						
General government	\$ 1,118,748	\$ 1,118,748	\$ -	353,042	342,826	(10,216)
Employment and economic development						
Capital outlays				211	208	(3)
Total expenditures	1,118,748	1,118,748	-	353,253	343,034	(10,219)
Excess (deficiency) of revenues over (under) expenditures	(1,118,748)	(1,118,748)	-	554,547	637,476	82,929
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1,118,945	1,118,945	-	-	-	-
Operating transfers-out	(30)	(30)	-	(670,616)	(670,616)	-
Total other sources (uses) of financial resources	1,118,915	1,118,915	-	(670,616)	(670,616)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	167	167	-	(116,069)	(33,140)	82,929
Budgetary fund balances (deficits), July 1, 2005	(13,135)	(13,135)	-	20,669	20,669	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (12,968)	\$ (12,968)	-	\$ (95,400)	\$ (12,471)	\$ 82,929

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)
\$ 764,695	\$ 972,816	\$ 208,121				\$ 2,297,640	\$ 2,505,761	\$ 208,121
			\$ 420,347	\$ 420,462	\$ 115	721,879	782,006	60,127
177,954	226,386	48,432				177,954	226,386	48,432
						15,434	15,434	-
2,351	2,991	640	96,356	96,356	-	1,769,799	1,927,884	158,085
						1,436,848	1,432,078	(4,770)
945,000	1,202,193	257,193	516,703	516,818	115	3,545,858	4,025,393	479,535
						960	684	(276)
1,282,263	1,281,938	(325)				2,917,261	2,905,544	(11,717)
						139,591	136,361	(3,230)
21	11	(10)				408	345	(63)
1,282,284	1,281,949	(335)				3,058,220	3,042,934	(15,286)
(337,284)	(79,756)	257,528	516,703	516,818	115	487,638	982,459	494,821
125,015	125,015	-	39,466	39,466	-	1,289,296	1,289,296	-
(96)	(96)	-	(556,284)	(556,284)	-	(2,258,887)	(2,258,887)	-
124,919	124,919	-	(516,818)	(516,818)	-	(969,591)	(969,591)	-
(212,365)	45,163	257,528	(115)	-	115	(481,953)	12,868	494,821
185,275	185,275	-				357,887	357,887	-
\$ (27,090)	\$ 230,438	\$ 257,528	\$ (115)	\$ -	\$ 115	\$ (124,066)	\$ 370,755	\$ 494,821

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, 2006 (Expressed in Thousands)

	Public Transportation			Downstate Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	\$ 317,300	\$ 286,998	\$ (30,302)	\$ 72,221	\$ 64,925	\$ (7,296)
Total expenditures	317,300	286,998	(30,302)	72,221	64,925	(7,296)
(Deficiency) of revenues (under) expenditures	(317,300)	(286,998)	30,302	(72,221)	(64,925)	7,296
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	287,719	287,719	-	72,221	72,221	-
Operating transfers-out	(721)	(721)	-	(8,362)	(8,362)	-
Total other sources (uses) of financial resources	286,998	286,998	-	63,859	63,859	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	(30,302)	-	30,302	(8,362)	(1,066)	7,296
Budgetary fund balances, July 1, 2005				20,973	20,973	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (30,302)	\$ -	\$ 30,302	\$ 12,611	\$ 19,907	\$ 7,296

Total		
Final Budget	Actual	Variance Over (Under)
\$ 389,521	\$ 351,923	\$ (37,598)
389,521	351,923	(37,598)
(389,521)	(351,923)	37,598
359,940	359,940	-
(9,083)	(9,083)	-
350,857	350,857	-
(38,664)	(1,066)	37,598
20,973	20,973	-
\$ (17,691)	\$ 19,907	\$ 37,598

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, 2006 (Expressed in Thousands)

	Agriculture			Children and Family Services		
	Agriculture Premium			DCFS Children's Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 445,137	\$ 428,506	\$ (16,631)
Other	\$ 1,295	\$ 1,630	\$ 335	2,250	2,734	484
Total revenues	1,295	1,630	335	447,387	431,240	(16,147)
EXPENDITURES:						
Current:						
Health and social services				460,167	425,457	(34,710)
General government	1,106	98	(1,008)	1,500	1,455	(45)
Public protection and justice						
Employment and economic development	21,828	20,763	(1,065)			
Environment and business regulation	1,128	870	(258)			
Capital outlays	905	864	(41)			
Total expenditures	24,967	22,595	(2,372)	461,667	426,912	(34,755)
Excess (deficiency) of revenues over (under) expenditures	(23,672)	(20,965)	2,707	(14,280)	4,328	18,608
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	25,365	25,365	-	3,778	3,778	-
Operating transfers-out	(570)	(570)	-	(13,650)	(13,650)	-
Total other sources (uses) of financial resources	24,795	24,795	-	(9,872)	(9,872)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	1,123	3,830	2,707	(24,152)	(5,544)	18,608
Budgetary fund balances (deficits), July 1, 2005	(1,413)	(1,413)	-	(28,509)	(28,509)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (290)	\$ 2,417	\$ 2,707	\$ (52,661)	\$ (34,053)	\$ 18,608

Corrections			Financial and Professional Regulation			State Police		
Corrections Reimbursements			Professional Indirect Cost			State Police Services		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 24,415	\$ 27,006	\$ 2,591				\$ 200	\$ 78	\$ (122)
19,532	16,369	(3,163)	\$ 58	\$ 99	\$ 41	29,253	26,583	(2,670)
43,947	43,375	(572)	58	99	41	29,453	26,661	(2,792)
60,000	37,652	(22,348)	9	9	-	30,739	20,689	(10,050)
			32,889	26,692	(6,197)			
			804	357	(447)			
60,000	37,652	(22,348)	33,702	27,058	(6,644)	30,739	20,689	(10,050)
(16,053)	5,723	21,776	(33,644)	(26,959)	6,685	(1,286)	5,972	7,258
3	3	-	27,505	27,505	-			
(4,636)	(4,636)	-	(79)	(79)	-	(1,662)	(1,662)	-
(4,633)	(4,633)	-	27,426	27,426	-	(1,662)	(1,662)	-
(20,686)	1,090	21,776	(6,218)	467	6,685	(2,948)	4,310	7,258
(1,785)	(1,785)	-	(782)	(782)	-	4,197	4,197	-
\$ (22,471)	\$ (695)	\$ 21,776	\$ (7,000)	\$ (315)	\$ 6,685	\$ 1,249	\$ 8,507	\$ 7,258

(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 Code Departments

For the Year Ended June 30, 2006 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 469,752	\$ 455,590	\$ (14,162)
Other	52,388	47,415	(4,973)
Total revenues	522,140	503,005	(19,135)
EXPENDITURES:			
Current:			
Health and social services	460,167	425,457	(34,710)
General government	2,615	1,562	(1,053)
Public protection and justice	90,739	58,341	(32,398)
Employment and economic development	21,828	20,763	(1,065)
Environment and business regulation	34,017	27,562	(6,455)
Capital outlays	1,709	1,221	(488)
Total expenditures	611,075	534,906	(76,169)
Excess (deficiency) of revenues over (under) expenditures	(88,935)	(31,901)	57,034
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	56,651	56,651	-
Operating transfers-out	(20,597)	(20,597)	-
Total other sources (uses) of financial resources	36,054	36,054	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(52,881)	4,153	57,034
Budgetary fund balances (deficits), July 1, 2005	(28,292)	(28,292)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (81,173)	\$ (24,139)	\$ 57,034

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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 - Agencies, Boards and Commissions

For the Year Ended June 30, 2006 (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	\$ 74,539	\$ 74,248	\$ (291)			
Public utility taxes				\$ 122,435	\$ 125,376	\$ 2,941
Federal government	101,600	21,662	(79,938)	-	190	190
Other	123,497	160,784	37,287	121,173	134,828	13,655
Less:						
Refunds	153	3	(150)			
Total revenues	299,483	256,691	(42,792)	243,608	260,394	16,786
EXPENDITURES:						
Current:						
Education				93	48	(45)
General government	3,718	3,418	(300)	211,508	150,803	(60,705)
Public protection and justice	3,292	2,676	(616)			
Employment and economic development				31,577	31,184	(393)
Environment and business regulation	296,246	267,858	(28,388)	42,900	37,082	(5,818)
Capital outlays	450	169	(281)			
Total expenditures	303,706	274,121	(29,585)	286,078	219,117	(66,961)
Excess (deficiency) of revenues over (under) expenditures	(4,223)	(17,430)	(13,207)	(42,470)	41,277	83,747
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	30,000	30,000	-	101,517	101,517	-
Operating transfers-out	(22,673)	(22,673)	-	(231,030)	(231,030)	-
Total other sources (uses) of financial resources	7,327	7,327	-	(129,513)	(129,513)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	3,104	(10,103)	(13,207)	(171,983)	(88,236)	83,747
Budgetary fund balances, July 1, 2005	389,900	389,900	-	183,396	183,396	-
BUDGETARY FUND BALANCES, JUNE 30, 2006	\$ 393,004	\$ 379,797	\$ (13,207)	\$ 11,413	\$ 95,160	\$ 83,747

Total		
Final Budget	Actual	Variance Over (Under)
\$ 74,539	\$ 74,248	\$ (291)
122,435	125,376	2,941
101,600	21,852	(79,748)
244,670	295,612	50,942
153	3	(150)
543,091	517,085	(26,006)
93	48	(45)
215,226	154,221	(61,005)
3,292	2,676	(616)
31,577	31,184	(393)
339,146	304,940	(34,206)
450	169	(281)
589,784	493,238	(96,546)
(46,693)	23,847	70,540
131,517	131,517	-
(253,703)	(253,703)	-
(122,186)	(122,186)	-
(168,879)	(98,339)	70,540
573,296	573,296	-
\$ 404,417	\$ 474,957	\$ 70,540

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, 2006 (Expressed in Thousands)

	Underground Storage Tank			Water Revolving		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes	\$ 74,539	\$ 74,248	\$ (291)			
Federal government				\$ 95,000	\$ 21,662	\$ (73,338)
Other	80	80	-	95,000	118,435	23,435
Less:						
Refunds	133	3	(130)			
Total revenues	74,486	74,325	(161)	190,000	140,097	(49,903)
EXPENDITURES:						
Current:						
General government	826	792	(34)			
Public protection and justice	3,292	2,676	(616)			
Environment and business regulation	66,282	58,545	(7,737)	142,301	139,400	(2,901)
Capital outlays	270	112	(158)			
Total expenditures	70,670	62,125	(8,545)	142,301	139,400	(2,901)
Excess (deficiency) of revenues over (under) expenditures	3,816	12,200	8,384	47,699	697	(47,002)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(14,047)	(14,047)	-			
Total other sources (uses) of financial resources	(14,047)	(14,047)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(10,231)	(1,847)	8,384	47,699	697	(47,002)
Budgetary fund balances, July 1, 2005	4,929	4,929	-	370,319	370,319	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (5,302)	\$ 3,082	\$ 8,384	\$ 418,018	\$ 371,016	\$ (47,002)

Solid Waste Management			Vehicle Inspection			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 6,600	\$ -	\$ (6,600)	\$ 74,539	\$ 74,248	\$ (291)
\$ 28,246	\$ 25,162	\$ (3,084)	171	17,107	16,936	101,600	21,662	(79,938)
						123,497	160,784	37,287
20	-	(20)				153	3	(150)
28,226	25,162	(3,064)	6,771	17,107	10,336	299,483	256,691	(42,792)
156	156	-	2,736	2,470	(266)	3,718	3,418	(300)
						3,292	2,676	(616)
26,294	18,461	(7,833)	61,369	51,452	(9,917)	296,246	267,858	(28,388)
85	32	(53)	95	25	(70)	450	169	(281)
26,535	18,649	(7,886)	64,200	53,947	(10,253)	303,706	274,121	(29,585)
1,691	6,513	4,822	(57,429)	(36,840)	20,589	(4,223)	(17,430)	(13,207)
(8,625)	(8,625)	-	30,000	30,000	-	30,000	30,000	-
(8,625)	(8,625)	-	(1)	(1)	-	(22,673)	(22,673)	-
(8,625)	(8,625)	-	29,999	29,999	-	7,327	7,327	-
(6,934)	(2,112)	4,822	(27,430)	(6,841)	20,589	3,104	(10,103)	(13,207)
1,632	1,632	-	13,020	13,020	-	389,900	389,900	-
\$ (5,302)	\$ (480)	\$ 4,822	\$ (14,410)	\$ 6,179	\$ 20,589	\$ 393,004	\$ 379,797	\$ (13,207)

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, 2006 (Expressed in Thousands)

	Commerce Commission			Housing Development Authority		
	Wireless Service Emergency			Illinois Affordable Housing Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes	\$ 31,800	\$ 36,344	\$ 4,544			
Federal government						
Other				\$ 59,710	\$ 71,116	\$ 11,406
Total revenues	31,800	36,344	4,544	59,710	71,116	11,406
EXPENDITURES:						
Current:						
Education						
General government				82,850	82,308	(542)
Employment and economic development						
Environment and business regulation	42,900	37,082	(5,818)			
Total expenditures	42,900	37,082	(5,818)	82,850	82,308	(542)
Excess (deficiency) of revenues over (under) expenditures	(11,100)	(738)	10,362	(23,140)	(11,192)	11,948
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(4)	(4)	-	(5,800)	(5,800)	-
Total other sources (uses) of financial resources	(4)	(4)	-	(5,800)	(5,800)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(11,104)	(742)	10,362	(28,940)	(16,992)	11,948
Budgetary fund balances, July 1, 2005	746	746	-	36,843	36,843	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (10,358)	\$ 4	\$ 10,362	\$ 7,903	\$ 19,851	\$ 11,948

Capital Development Board			Metropolitan Pier and Exposition Authority			State Board of Elections		
School Infrastructure			MFEA Improvement Bond			Help Illinois Vote		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 90,635	\$ 89,032	\$ (1,603)				\$ -	\$ 190	\$ 190
61,080	60,000	(1,080)				383	3,712	3,329
151,715	149,032	(2,683)				383	3,902	3,519
93	48	(45)						
713	543	(170)				127,945	67,952	(59,993)
			\$ 31,577	\$ 31,184	\$ (393)			
806	591	(215)	31,577	31,184	(393)	127,945	67,952	(59,993)
150,909	148,441	(2,468)	(31,577)	(31,184)	393	(127,562)	(64,050)	63,512
70,333	70,333	-	31,184	31,184	-			
(225,226)	(225,226)	-						
(154,893)	(154,893)	-	31,184	31,184	-			
(3,984)	(6,452)	(2,468)	(393)	-	393	(127,562)	(64,050)	63,512
18,548	18,548	-	5	5	-	127,254	127,254	-
\$ 14,564	\$ 12,096	\$ (2,468)	\$ (388)	\$ 5	\$ 393	\$ (308)	\$ 63,204	\$ 63,512

(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, 2006 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Public utility taxes	\$ 122,435	\$ 125,376	\$ 2,941
Federal government	-	190	190
Other	121,173	134,828	13,655
Total revenues	243,608	260,394	16,786
EXPENDITURES:			
Current:			
Education	93	48	(45)
General government	211,508	150,803	(60,705)
Employment and economic development	31,577	31,184	(393)
Environment and business regulation	42,900	37,082	(5,818)
Total expenditures	286,078	219,117	(66,961)
Excess (deficiency) of revenues over (under) expenditures	(42,470)	41,277	83,747
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	101,517	101,517	-
Operating transfers-out	(231,030)	(231,030)	-
Total other sources (uses) of financial resources	(129,513)	(129,513)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(171,983)	(88,236)	83,747
Budgetary fund balances, July 1, 2005	183,396	183,396	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 11,413	\$ 95,160	\$ 83,747

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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**

For the Year Ended June 30, 2006 (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	\$ 14,501	\$ 14,501	\$ -			
General government	6,740	6,740	-			
Transportation				\$ 239,751	\$ 239,063	\$ (688)
Public protection and justice						
Employment and economic development	140,057	139,160	(897)			
Environment and business regulation	23,876	23,876	-			
Capital outlays	3,542	3,542	-			
Total expenditures	188,716	187,819	(897)	239,751	239,063	(688)
(Deficiency) of revenues (under) expenditures	(188,716)	(187,819)	897	(239,751)	(239,063)	688
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	222,991	222,991	-	271,036	271,036	-
Operating transfers-in				61,998	61,998	-
Operating transfers-out						
Total other sources (uses) of financial resources	222,991	222,991	-	333,034	333,034	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	34,275	35,172	897	93,283	93,971	688
Budgetary fund balances, July 1, 2005	163,784	163,784	-	53,483	53,483	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 198,059	\$ 198,956	\$ 897	\$ 146,766	\$ 147,454	\$ 688

Capital Development Board			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 9,306	\$ 9,289	\$ (17)				\$ 23,807	\$ 23,790	\$ (17)
219,599	218,590	(1,009)				226,339	225,330	(1,009)
						239,751	239,063	(688)
5,312	5,312	-				5,312	5,312	-
26,368	26,342	(26)	\$ 27,520	\$ 5,520	\$ (22,000)	193,945	171,022	(22,923)
12,816	12,816	-	634	634	-	37,326	37,326	-
197,030	188,310	(8,720)	439	395	(44)	201,011	192,247	(8,764)
470,431	460,659	(9,772)	28,593	6,549	(22,044)	927,491	894,090	(33,401)
(470,431)	(460,659)	9,772	(28,593)	(6,549)	22,044	(927,491)	(894,090)	33,401
697,153	697,153	-	7,161	7,161	-	1,198,341	1,198,341	-
						61,998	61,998	-
(62,056)	(62,056)	-				(62,056)	(62,056)	-
635,097	635,097	-	7,161	7,161	-	1,198,283	1,198,283	-
164,666	174,438	9,772	(21,432)	612	22,044	270,792	304,193	33,401
4,529	4,529	-	6,142	6,142	-	227,938	227,938	-
\$ 169,195	\$ 178,967	\$ 9,772	\$ (15,290)	\$ 6,754	\$ 22,044	\$ 498,730	\$ 532,131	\$ 33,401

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, 2006 (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	\$ 160,135	\$ 159,447	\$ (688)	\$ 79,616	\$ 79,616	\$ -
Total expenditures	160,135	159,447	(688)	79,616	79,616	-
(Deficiency) of revenues (under) expenditures	(160,135)	(159,447)	688	(79,616)	(79,616)	-
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	131,084	131,084	-	139,952	139,952	-
Operating transfers-in	61,998	61,998	-			
Total other sources of financial resources	193,082	193,082	-	139,952	139,952	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	32,947	33,635	688	60,336	60,336	-
Budgetary fund balances, July 1, 2005	52,417	52,417	-	1,066	1,066	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 85,364	\$ 86,052	\$ 688	\$ 61,402	\$ 61,402	\$ -

Total		
Final Budget	Actual	Variance Over (Under)
\$ 239,751	\$ 239,063	\$ (688)
239,751	239,063	(688)
(239,751)	(239,063)	688
271,036	271,036	-
61,998	61,998	-
333,034	333,034	-
93,283	93,971	688
53,483	53,483	-
\$ 146,766	\$ 147,454	\$ 688

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, 2006 (Expressed in Thousands)

	Capital Development			School Construction		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Education	\$ 9,306	\$ 9,289	\$ (17)			
General government	27,093	26,084	(1,009)	\$ 192,506	\$ 192,506	\$ -
Public protection and justice	5,312	5,312	-			
Employment and economic development	26,368	26,342	(26)			
Environment and business regulation	12,816	12,816	-			
Capital outlays	197,030	188,310	(8,720)			
Total expenditures	277,925	268,153	(9,772)	192,506	192,506	-
(Deficiency) of revenues (under) expenditures	(277,925)	(268,153)	9,772	(192,506)	(192,506)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general obligation bond issues	446,197	446,197	-	250,956	250,956	-
Operating transfers-out	(62,056)	(62,056)	-			
Total other sources (uses) of financial resources	384,141	384,141	-	250,956	250,956	-
(Deficiency) of revenues (under) expenditures and other sources (uses) of financial resources	106,216	115,988	9,772	58,450	58,450	-
Budgetary fund balances, July 1, 2005	4,529	4,529	-			
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 110,745	\$ 120,517	\$ 9,772	\$ 58,450	\$ 58,450	\$ -

Total		
Final Budget	Actual	Variance Over (Under)
\$ 9,306	\$ 9,289	\$ (17)
219,599	218,590	(1,009)
5,312	5,312	-
26,368	26,342	(26)
12,816	12,816	-
197,030	188,310	(8,720)
470,431	460,659	(9,772)
(470,431)	(460,659)	9,772
697,153	697,153	-
(62,056)	(62,056)	-
635,097	635,097	-
164,666	174,438	9,772
4,529	4,529	-
\$ 169,195	\$ 178,967	\$ 9,772

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, 2006 (Expressed in Thousands)

	General Obligation Bond, Retirement and Interest			Build Illinois Bond, Retirement and Interest		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ 131,503	\$ 118,167	\$ (13,336)	\$ 156	\$ 156	\$ -
Total revenues	131,503	118,167	(13,336)	156	156	-
EXPENDITURES:						
Debt service:						
Principal	1,853,828	1,851,228	(2,600)	288,481	288,481	-
Interest	1,116,754	1,113,124	(3,630)			
Total expenditures	2,970,582	2,964,352	(6,230)	288,481	288,481	-
(Deficiency) of revenues (under) expenditures	(2,839,079)	(2,846,185)	(7,106)	(288,325)	(288,325)	-
OTHER SOURCES OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	285,778	285,778	-			
Operating transfers-in	2,538,813	2,538,813	-	288,481	288,481	-
Total other sources of financial resources	2,824,591	2,824,591	-	288,481	288,481	-
(Deficiency) of revenues (under) expenditures and other sources of financial resources	(14,488)	(21,594)	(7,106)	156	156	-
Budgetary fund balances, July 1, 2005	634,761	634,761	-	2,311	2,311	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ 620,273	\$ 613,167	\$ (7,106)	\$ 2,467	\$ 2,467	\$ -

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 185	\$ 35	\$ (150)	\$ 131,844	\$ 118,358	\$ (13,486)
185	35	(150)	131,844	118,358	(13,486)
14,500	14,030	(470)	2,156,809	2,153,739	(3,070)
			1,116,754	1,113,124	(3,630)
14,500	14,030	(470)	3,273,563	3,266,863	(6,700)
(14,315)	(13,995)	320	(3,141,719)	(3,148,505)	(6,786)
			285,778	285,778	-
14,044	14,044	-	2,841,338	2,841,338	-
14,044	14,044	-	3,127,116	3,127,116	-
(271)	49	320	(14,603)	(21,389)	(6,786)
10,527	10,527	-	647,599	647,599	-
\$ 10,256	\$ 10,576	\$ 320	\$ 632,996	\$ 626,210	\$ (6,786)

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, 2006 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,198,104	\$ 1,219,248	\$ 21,144	\$ 1,966,599	\$ 1,918,607	\$ (47,992)
Other	86,063	96,764	10,701	-	18	18
Less:						
Refunds	1,650	10	(1,640)			
Total revenues	1,282,517	1,316,002	33,485	1,966,599	1,918,625	(47,974)
EXPENDITURES:						
Current:						
Health and social services	1,240,202	1,014,280	(225,922)	2,100	880	(1,220)
Education				2,156,596	1,784,732	(371,864)
General government	981	932	(49)	39	39	-
Transportation	102,042	101,939	(103)	7,766	7,766	-
Public protection and justice				587,366	144,136	(443,230)
Employment and economic development	407,729	251,280	(156,449)			
Environment and business regulation				58,030	38,319	(19,711)
Capital outlays	9,244	1,075	(8,169)	1,528	446	(1,082)
Total expenditures	1,760,198	1,369,506	(390,692)	2,813,425	1,976,318	(837,107)
(Deficiency) of revenues (under) expenditures	(477,681)	(53,504)	424,177	(846,826)	(57,693)	789,133
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	20,787	20,787	-	160	160	-
Operating transfers-out	(10,505)	(10,505)	-	(21,250)	(21,250)	-
Total other sources (uses) of financial resources	10,282	10,282	-	(21,090)	(21,090)	-
Budgetary funds-nonbudgeted accounts	(7,714)	(7,714)	-	(2,787)	(2,787)	-
(Deficiency) of revenues (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(475,113)	(50,936)	424,177	(870,703)	(81,570)	789,133
Budgetary fund balances (deficits), July 1, 2005, as previously reported	(21,521)	(21,521)	-	(212,627)	(212,627)	-
Reclassifications	(6,995)	(6,995)	-			
Budgetary fund balances (deficits), July 1, 2005, as reclassified	(28,516)	(28,516)	-	(212,627)	(212,627)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (503,629)	\$ (79,452)	\$ 424,177	\$ (1,083,330)	\$ (294,197)	\$ 789,133

Higher Education								
Illinois Student Assistance Commission			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 63,368	\$ 81,801	\$ 18,433	\$ 251,485	\$ 242,338	\$ (9,147)	\$ 3,479,556	\$ 3,461,994	\$ (17,562)
106,862	107,761	899	25,605	18,047	(7,558)	218,530	222,590	4,060
			690	30	(660)	2,340	40	(2,300)
170,230	189,562	19,332	276,400	260,355	(16,045)	3,695,746	3,684,544	(11,202)
			328,616	149,293	(179,323)	1,570,918	1,164,453	(406,465)
257,434	200,671	(56,763)	18,239	8,517	(9,722)	2,432,269	1,993,920	(438,349)
			11,606	8,590	(3,016)	12,626	9,561	(3,065)
			45,533	15,494	(30,039)	155,341	125,199	(30,142)
			52,352	30,561	(21,791)	639,718	174,697	(465,021)
			42,719	26,737	(15,982)	450,448	278,017	(172,431)
			106,473	32,795	(73,678)	164,503	71,114	(93,389)
539	51	(488)	1,482	200	(1,282)	12,793	1,772	(11,021)
257,973	200,722	(57,251)	607,020	272,187	(334,833)	5,438,616	3,818,733	(1,619,883)
(87,743)	(11,160)	76,583	(330,620)	(11,832)	318,788	(1,742,870)	(134,189)	1,608,681
			29,118	29,118	-	50,065	50,065	-
(4)	(4)	-	(7,711)	(7,711)	-	(39,470)	(39,470)	-
(4)	(4)	-	21,407	21,407	-	10,595	10,595	-
			(7,694)	(7,694)	-	(18,195)	(18,195)	-
(87,747)	(11,164)	76,583	(316,907)	1,881	318,788	(1,750,470)	(141,789)	1,608,681
52,849	52,849	-	5,389	5,389	-	(175,910)	(175,910)	-
			(1,642)	(1,642)	-	(8,637)	(8,637)	-
52,849	52,849	-	3,747	3,747	-	(184,547)	(184,547)	-
\$ (34,898)	\$ 41,685	\$ 76,583	\$ (313,160)	\$ 5,628	\$ 318,788	\$ (1,935,017)	\$ (326,336)	\$ 1,608,681

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, 2006 (Expressed in Thousands)

	Commerce and Economic Opportunity			Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 83,115	\$ 68,076	\$ (15,039)	\$ 589,248	\$ 563,375	\$ (25,873)
Other				67,398	70,838	3,440
Less:						
Refunds	470	1	(469)	205	-	(205)
Total revenues	82,645	68,075	(14,570)	656,441	634,213	(22,228)
EXPENDITURES:						
Current:						
Health and social services				789,841	650,748	(139,093)
General government				239	226	(13)
Transportation						
Employment and economic development	162,819	67,874	(94,945)			
Capital outlays	37	1	(36)	3,264	569	(2,695)
Total expenditures	162,856	67,875	(94,981)	793,344	651,543	(141,801)
Excess (deficiency) of revenues over (under) expenditures	(80,211)	200	80,411	(136,903)	(17,330)	119,573
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				20,787	20,787	-
Operating transfers-out	(63)	(63)	-	(6,241)	(6,241)	-
Total other sources (uses) of financial resources	(63)	(63)	-	14,546	14,546	-
Budgetary funds-nonbudgeted accounts				(7,617)	(7,617)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(80,274)	137	80,411	(129,974)	(10,401)	119,573
Budgetary (deficits), July 1, 2005, as previously reported	(4,333)	(4,333)	-	(599)	(599)	-
Reclassifications				(6,995)	(6,995)	-
Budgetary (deficits), July 1, 2005, as reclassified	(4,333)	(4,333)	-	(7,594)	(7,594)	-
BUDGETARY (DEFICITS), JUNE 30, 2006	\$ (84,607)	\$ (4,196)	\$ 80,411	\$ (137,568)	\$ (17,995)	\$ 119,573

Other Code Departments			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 525,741	\$ 587,797	\$ 62,056	\$ 1,198,104	\$ 1,219,248	\$ 21,144
18,665	25,926	7,261	86,063	96,764	10,701
975	9	(966)	1,650	10	(1,640)
543,431	613,714	70,283	1,282,517	1,316,002	33,485
450,361	363,532	(86,829)	1,240,202	1,014,280	(225,922)
742	706	(36)	981	932	(49)
102,042	101,939	(103)	102,042	101,939	(103)
244,910	183,406	(61,504)	407,729	251,280	(156,449)
5,943	505	(5,438)	9,244	1,075	(8,169)
803,998	650,088	(153,910)	1,760,198	1,369,506	(390,692)
(260,567)	(36,374)	224,193	(477,681)	(53,504)	424,177
(4,201)	(4,201)	-	20,787	20,787	-
(4,201)	(4,201)	-	(10,505)	(10,505)	-
(97)	(97)	-	10,282	10,282	-
(97)	(97)	-	(7,714)	(7,714)	-
(264,865)	(40,672)	224,193	(475,113)	(50,936)	424,177
(16,589)	(16,589)	-	(21,521)	(21,521)	-
(16,589)	(16,589)	-	(6,995)	(6,995)	-
(16,589)	(16,589)	-	(28,516)	(28,516)	-
\$ (281,454)	\$ (57,261)	\$ 224,193	\$ (503,629)	\$ (79,452)	\$ 424,177

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, 2006 (Expressed in Thousands)

	Community Services Block Grant			Community Development/ Small Cities Block Grant		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 36,510	\$ 29,653	\$ (6,857)	\$ 46,605	\$ 38,423	\$ (8,182)
Less:						
Refunds	170	-	(170)	300	1	(299)
Total revenues	36,340	29,653	(6,687)	46,305	38,422	(7,883)
EXPENDITURES:						
Current:						
Employment and economic development	50,807	29,362	(21,445)	112,012	38,512	(73,500)
Capital outlays	23	1	(22)	14	-	(14)
Total expenditures	50,830	29,363	(21,467)	112,026	38,512	(73,514)
Excess (deficiency) of revenues over (under) expenditures	(14,490)	290	14,780	(65,721)	(90)	65,631
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(63)	(63)	-
Total other (uses) of financial resources				(63)	(63)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(14,490)	290	14,780	(65,784)	(153)	65,631
Budgetary (deficits), July 1, 2005	(2,248)	(2,248)	-	(2,085)	(2,085)	-
BUDGETARY (DEFICITS), JUNE 30, 2006	\$ (16,738)	\$ (1,958)	\$ 14,780	\$ (67,869)	\$ (2,238)	\$ 65,631

Total		
Final Budget	Actual	Variance Over (Under)
\$ 83,115	\$ 68,076	\$ (15,039)
470	1	(469)
82,645	68,075	(14,570)
162,819	67,874	(94,945)
37	1	(36)
162,856	67,875	(94,981)
(80,211)	200	80,411
(63)	(63)	-
(63)	(63)	-
(80,274)	137	80,411
(4,333)	(4,333)	-
\$ (84,607)	\$ (4,196)	\$ 80,411

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, 2006 (Expressed in Thousands)

	Prevention and Treatment of Alcohol and Substance Abuse Block Grant			Vocational Rehabilitation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 68,325	\$ 66,919	\$ (1,406)	\$ 111,421	\$ 105,252	\$ (6,169)
Other	-	1	1	321	3,647	3,326
Less:						
Refunds				5	-	(5)
Total revenues	68,325	66,920	(1,405)	111,737	108,899	(2,838)
EXPENDITURES:						
Current:						
Health and social services	78,735	69,845	(8,890)	133,621	99,657	(33,964)
General government	2	2	-	232	219	(13)
Capital outlays	14	9	(5)	1,151	491	(660)
Total expenditures	78,751	69,856	(8,895)	135,004	100,367	(34,637)
Excess (deficiency) of revenues over (under) expenditures	(10,426)	(2,936)	7,490	(23,267)	8,532	31,799
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	2	2	-			
Operating transfers-out	(146)	(146)	-	(3,928)	(3,928)	-
Total other sources (uses) of financial resources	(144)	(144)	-	(3,928)	(3,928)	-
Budgetary funds-nonbudgeted accounts				(6)	(6)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(10,570)	(3,080)	7,490	(27,201)	4,598	31,799
Budgetary fund balances (deficits), July 1, 2005, as previously reported				4,352	4,352	-
Reclassifications	(6,995)	(6,995)	-			
Budgetary fund balances (deficits), July 1, 2005, as reclassified	(6,995)	(6,995)	-	4,352	4,352	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (17,565)	\$ (10,075)	\$ 7,490	\$ (22,849)	\$ 8,950	\$ 31,799

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)
\$ 156,836	\$ 151,764	\$ (5,072)	\$ 61,575	\$ 60,972	\$ (603)	\$ 191,091	\$ 178,468	\$ (12,623)
						67,077	67,190	113
						200	-	(200)
156,836	151,764	(5,072)	61,575	60,972	(603)	257,968	245,658	(12,310)
220,054	164,897	(55,157)	78,741	59,196	(19,545)	278,690	257,153	(21,537)
2	2	-	3	3	-			
			1,820	68	(1,752)	279	1	(278)
220,056	164,899	(55,157)	80,564	59,267	(21,297)	278,969	257,154	(21,815)
(63,220)	(13,135)	50,085	(18,989)	1,705	20,694	(21,001)	(11,496)	9,505
20,785	20,785	-						
(306)	(306)	-	(1,652)	(1,652)	-	(209)	(209)	-
20,479	20,479	-	(1,652)	(1,652)	-	(209)	(209)	-
(7,611)	(7,611)	-						
(50,352)	(267)	50,085	(20,641)	53	20,694	(21,210)	(11,705)	9,505
5,614	5,614	-	(2,907)	(2,907)	-	(7,658)	(7,658)	-
5,614	5,614	-	(2,907)	(2,907)	-	(7,658)	(7,658)	-
\$ (44,738)	\$ 5,347	\$ 50,085	\$ (23,548)	\$ (2,854)	\$ 20,694	\$ (28,868)	\$ (19,363)	\$ 9,505

(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, 2006 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 589,248	\$ 563,375	\$ (25,873)
Other	67,398	70,838	3,440
Less:			
Refunds	205	-	(205)
Total revenues	<u>656,441</u>	<u>634,213</u>	<u>(22,228)</u>
EXPENDITURES:			
Current:			
Health and social services	789,841	650,748	(139,093)
General government	239	226	(13)
Capital outlays	3,264	569	(2,695)
Total expenditures	<u>793,344</u>	<u>651,543</u>	<u>(141,801)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136,903)</u>	<u>(17,330)</u>	<u>119,573</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	20,787	20,787	-
Operating transfers-out	(6,241)	(6,241)	-
Total other sources (uses) of financial resources	<u>14,546</u>	<u>14,546</u>	<u>-</u>
Budgetary funds-nonbudgeted accounts	<u>(7,617)</u>	<u>(7,617)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	<u>(129,974)</u>	<u>(10,401)</u>	<u>119,573</u>
Budgetary fund balances (deficits), July 1, 2005, as previously reported	(599)	(599)	-
Reclassifications	(6,995)	(6,995)	-
Budgetary fund balances (deficits), July 1, 2005, as reclassified	<u>(7,594)</u>	<u>(7,594)</u>	<u>-</u>
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	<u>\$ (137,568)</u>	<u>\$ (17,995)</u>	<u>\$ 119,573</u>

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State of Illinois

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

For the Year Ended June 30, 2006 (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	\$ 195,000	\$ 174,714	\$ (20,286)	\$ 126,684	\$ 115,097	\$ (11,587)
Other	10,550	12,767	2,217	1,115	695	(420)
Less:						
Refunds	300	9	(291)	75	-	(75)
Total revenues	205,250	187,472	(17,778)	127,724	115,792	(11,932)
EXPENDITURES:						
Current:						
Health and social services				162,190	112,978	(49,212)
General government	347	328	(19)	395	378	(17)
Transportation						
Employment and economic development	244,910	183,406	(61,504)			
Capital outlays	4,107	329	(3,778)	1,690	152	(1,538)
Total expenditures	249,364	184,063	(65,301)	164,275	113,508	(50,767)
Excess (deficiency) of revenues over (under) expenditures	(44,114)	3,409	47,523	(36,551)	2,284	38,835
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(4,076)	(4,076)	-	(123)	(123)	-
Total other (uses) of financial resources	(4,076)	(4,076)	-	(123)	(123)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(48,190)	(667)	47,523	(36,674)	2,161	38,835
Budgetary fund balances (deficits), July 1, 2005	7,579	7,579	-	(12,834)	(12,834)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (40,611)	\$ 6,912	\$ 47,523	\$ (49,508)	\$ (10,673)	\$ 38,835

Transportation			Aging			Healthcare and Family Services		
Federal/Local Airport			Services for Older Americans			Low Income Home Energy Block Grant		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 98,000	\$ 92,376	\$ (5,624)	\$ -	\$ 60,255	\$ 60,255	\$ 106,057	\$ 145,355	\$ 39,298
7,000	12,464	5,464						
						600	-	(600)
105,000	104,840	(160)	-	60,255	60,255	105,457	145,355	39,898
			72,449	61,596	(10,853)	215,722	188,958	(26,764)
102,042	101,939	(103)						
			1	1	-	145	23	(122)
102,042	101,939	(103)	72,450	61,597	(10,853)	215,867	188,981	(26,886)
2,958	2,901	(57)	(72,450)	(1,342)	71,108	(110,410)	(43,626)	66,784
						(2)	(2)	-
						(2)	(2)	-
			(97)	(97)	-			
2,958	2,901	(57)	(72,547)	(1,439)	71,108	(110,412)	(43,628)	66,784
3,858	3,858	-	(9,706)	(9,706)	-	(5,486)	(5,486)	-
\$ 6,816	\$ 6,759	\$ (57)	\$ (82,253)	\$ (11,145)	\$ 71,108	\$ (115,898)	\$ (49,114)	\$ 66,784

(continued)

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 525,741	\$ 587,797	\$ 62,056
Other	18,665	25,926	7,261
Less:			
Refunds	975	9	(966)
Total revenues	543,431	613,714	70,283
EXPENDITURES:			
Current:			
Health and social services	450,361	363,532	(86,829)
General government	742	706	(36)
Transportation	102,042	101,939	(103)
Employment and economic development	244,910	183,406	(61,504)
Capital outlays	5,943	505	(5,438)
Total expenditures	803,998	650,088	(153,910)
Excess (deficiency) of revenues over (under) expenditures	(260,567)	(36,374)	224,193
OTHER (USES) OF FINANCIAL RESOURCES:			
Operating transfers-out	(4,201)	(4,201)	-
Total other (uses) of financial resources	(4,201)	(4,201)	-
Budgetary funds-nonbudgeted accounts	(97)	(97)	-
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(264,865)	(40,672)	224,193
Budgetary fund balances (deficits), July 1, 2005	(16,589)	(16,589)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (281,454)	\$ (57,261)	\$ 224,193

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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, 2006 (Expressed in Thousands)

	State Board of Education			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,738,349	\$ 1,715,448	\$ (22,901)	\$ 228,250	\$ 203,159	\$ (25,091)
Other	-	2	2	-	16	16
Total revenues	1,738,349	1,715,450	(22,899)	228,250	203,175	(25,075)
EXPENDITURES:						
Current:						
Health and social services				2,100	880	(1,220)
Education	2,156,596	1,784,732	(371,864)			
General government	7	7	-	32	32	-
Transportation				7,766	7,766	-
Public protection and justice				587,366	144,136	(443,230)
Environment and business regulation				58,030	38,319	(19,711)
Capital outlays	455	144	(311)	1,073	302	(771)
Total expenditures	2,157,058	1,784,883	(372,175)	656,367	191,435	(464,932)
Excess (deficiency) of revenues over (under) expenditures	(418,709)	(69,433)	349,276	(428,117)	11,740	439,857
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	160	160	-			
Operating transfers-out	(20,664)	(20,664)	-	(586)	(586)	-
Total other sources (uses) of financial resources	(20,504)	(20,504)	-	(586)	(586)	-
Budgetary funds-nonbudgeted accounts	(2,687)	(2,687)	-	(100)	(100)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(441,900)	(92,624)	349,276	(428,803)	11,054	439,857
Budgetary (deficits), July 1, 2005	(189,419)	(189,419)	-	(23,208)	(23,208)	-
BUDGETARY (DEFICITS), JUNE 30, 2006	\$ (631,319)	\$ (282,043)	\$ 349,276	\$ (452,011)	\$ (12,154)	\$ 439,857

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,966,599	\$ 1,918,607	\$ (47,992)
-	18	18
1,966,599	1,918,625	(47,974)

2,100	880	(1,220)
2,156,596	1,784,732	(371,864)
39	39	-
7,766	7,766	-
587,366	144,136	(443,230)
58,030	38,319	(19,711)
1,528	446	(1,082)
2,813,425	1,976,318	(837,107)
(846,826)	(57,693)	789,133

160	160	-
(21,250)	(21,250)	-
(21,090)	(21,090)	-
(2,787)	(2,787)	-

(870,703)	(81,570)	789,133
(212,627)	(212,627)	-
\$ (1,083,330)	\$ (294,197)	\$ 789,133

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, 2006 (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	\$ 458,469	\$ 458,005	\$ (464)	\$ 1,279,880	\$ 1,257,443	\$ (22,437)
Other				-	2	2
Total revenues	458,469	458,005	(464)	1,279,880	1,257,445	(22,435)
EXPENDITURES:						
Current:						
Education	457,725	452,665	(5,060)	1,698,871	1,332,067	(366,804)
General government	1	1	-	6	6	-
Capital outlays	75	48	(27)	380	96	(284)
Total expenditures	457,801	452,714	(5,087)	1,699,257	1,332,169	(367,088)
Excess (deficiency) of revenues over (under) expenditures	668	5,291	4,623	(419,377)	(74,724)	344,653
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				160	160	-
Operating transfers-out				(20,664)	(20,664)	-
Total other sources (uses) of financial resources				(20,504)	(20,504)	-
Budgetary funds-nonbudgeted accounts	(15)	(15)	-	(2,672)	(2,672)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	653	5,276	4,623	(442,553)	(97,900)	344,653
Budgetary (deficits), July 1, 2005	(32,871)	(32,871)	-	(156,548)	(156,548)	-
BUDGETARY (DEFICITS), JUNE 30, 2006	\$ (32,218)	\$ (27,595)	\$ 4,623	\$ (599,101)	\$ (254,448)	\$ 344,653

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,738,349	\$ 1,715,448	\$ (22,901)
-	2	2
1,738,349	1,715,450	(22,899)

2,156,596	1,784,732	(371,864)
7	7	-
455	144	(311)
2,157,058	1,784,883	(372,175)

(418,709)	(69,433)	349,276
160	160	-
(20,664)	(20,664)	-
(20,504)	(20,504)	-
(2,687)	(2,687)	-

(441,900)	(92,624)	349,276
(189,419)	(189,419)	-
\$ (631,319)	\$ (282,043)	\$ 349,276

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, 2006 (Expressed in Thousands)

	Environmental Protection Agency U. S. Environmental Protection			Criminal Justice Information Authority Criminal Justice Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 44,660	\$ 36,477	\$ (8,183)	\$ 57,365	\$ 55,724	\$ (1,641)
Other	-	2	2	-	14	14
Total revenues	44,660	36,479	(8,181)	57,365	55,738	(1,627)
EXPENDITURES:						
Current:						
Health and social services						
General government				32	32	-
Transportation						
Public protection and justice				96,979	54,521	(42,458)
Environment and business regulation	56,836	37,348	(19,488)			
Capital outlays	1,073	302	(771)			
Total expenditures	57,909	37,650	(20,259)	97,011	54,553	(42,458)
Excess (deficiency) of revenues over (under) expenditures	(13,249)	(1,171)	12,078	(39,646)	1,185	40,831
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(417)	(417)	-	(205)	(205)	-
Total other (uses) of financial resources	(417)	(417)	-	(205)	(205)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds - non budgeted accounts	(13,666)	(1,588)	12,078	(39,851)	980	40,831
Budgetary fund balances (deficits), July 1, 2005	2,771	2,771	-	(4,753)	(4,753)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (10,895)	\$ 1,183	\$ 12,078	\$ (44,604)	\$ (3,773)	\$ 40,831

Illinois Emergency Management Federal Civil Preparedness Administration						Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)			
\$ 126,225	\$ 110,958	\$ (15,267)	\$ 228,250	\$ 203,159	\$ (25,091)			
			-	16	16			
126,225	110,958	(15,267)	228,250	203,175	(25,075)			
2,100	880	(1,220)	2,100	880	(1,220)			
			32	32	-			
7,766	7,766	-	7,766	7,766	-			
490,387	89,615	(400,772)	587,366	144,136	(443,230)			
1,194	971	(223)	58,030	38,319	(19,711)			
			1,073	302	(771)			
501,447	99,232	(402,215)	656,367	191,435	(464,932)			
(375,222)	11,726	386,948	(428,117)	11,740	439,857			
36	36	-	(586)	(586)	-			
36	36	-	(586)	(586)	-			
(100)	(100)	-	(100)	(100)	-			
(375,286)	11,662	386,948	(428,803)	11,054	439,857			
(21,226)	(21,226)	-	(23,208)	(23,208)	-			
\$ (396,512)	\$ (9,564)	\$ 386,948	\$ (452,011)	\$ (12,154)	\$ 439,857			

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, 2006 (Expressed in Thousands)

	Federal Student Loan			Student Loan Operation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 63,368	\$ 81,801	\$ 18,433			
Other	65,716	69,966	4,250	\$ 41,146	\$ 37,795	\$ (3,351)
Total revenues	129,084	151,767	22,683	41,146	37,795	(3,351)
EXPENDITURES:						
Current:						
Education	190,000	163,838	(26,162)	67,434	36,833	(30,601)
Capital outlays				539	51	(488)
Total expenditures	190,000	163,838	(26,162)	67,973	36,884	(31,089)
Excess (deficiency) of revenues over (under) expenditures	(60,916)	(12,071)	48,845	(26,827)	911	27,738
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(4)	(4)	-
Total other (uses) of financial resources				(4)	(4)	-
Excess (deficiency) of revenues over (under) expenditures and other (uses) of financial resources	(60,916)	(12,071)	48,845	(26,831)	907	27,738
Budgetary fund balances, July 1, 2005	33,796	33,796	-	19,053	19,053	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (27,120)	\$ 21,725	\$ 48,845	\$ (7,778)	\$ 19,960	\$ 27,738

Total		
Final Budget	Actual	Variance Over (Under)
\$ 63,368	\$ 81,801	\$ 18,433
106,862	107,761	899
170,230	189,562	19,332
257,434	200,671	(56,763)
539	51	(488)
257,973	200,722	(57,251)
(87,743)	(11,160)	76,583
(4)	(4)	-
(4)	(4)	-
(87,747)	(11,164)	76,583
52,849	52,849	-
\$ (34,898)	\$ 41,685	\$ 76,583

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, 2006 (Expressed in Thousands)

	Central Management Services			Corrections Working Capital		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,377	\$ 2,995	\$ 1,618			
Other	498,875	431,377	(67,498)	\$ 45,000	\$ 37,728	\$ (7,272)
Less:						
Refunds	15,603	1,073	(14,530)	20	8	(12)
Total revenues	484,649	433,299	(51,350)	44,980	37,720	(7,260)
EXPENDITURES:						
Current:						
General government	805,983	535,170	(270,813)	9	9	-
Transportation						
Public protection and justice				48,021	35,599	(12,422)
Capital outlays	2,130	584	(1,546)	2,600	325	(2,275)
Total expenditures	808,113	535,754	(272,359)	50,630	35,933	(14,697)
Excess (deficiency) of revenues over (under) expenditures	(323,464)	(102,455)	221,009	(5,650)	1,787	7,437
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	113,383	113,383	-	5	5	-
Operating transfers-out	(24,544)	(24,544)	-	(4,085)	(4,085)	-
Total other sources (uses) of financial resources	88,839	88,839	-	(4,080)	(4,080)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(234,625)	(13,616)	221,009	(9,730)	(2,293)	7,437
Budgetary fund balances (deficits), July 1, 2005, as previously reported	18,921	18,921	-	(383)	(383)	-
Reclassifications	1,287	1,287	-			
Budgetary fund balances (deficits), July 1, 2005, as reclassified	20,208	20,208	-	(383)	(383)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (214,417)	\$ 6,592	\$ 221,009	\$ (10,113)	\$ (2,676)	\$ 7,437

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 1,377	\$ 2,995	\$ 1,618
\$ 14,874	\$ 22,734	\$ 7,860	558,749	491,839	(66,910)
10	1	(9)	15,633	1,082	(14,551)
14,864	22,733	7,869	544,493	493,752	(50,741)
28,895	22,308	(6,587)	834,887	557,487	(277,400)
800	693	(107)	800	693	(107)
			48,021	35,599	(12,422)
272	32	(240)	5,002	941	(4,061)
29,967	23,033	(6,934)	888,710	594,720	(293,990)
(15,103)	(300)	14,803	(344,217)	(100,968)	243,249
15,216	15,216	-	128,604	128,604	-
(7,775)	(7,775)	-	(36,404)	(36,404)	-
7,441	7,441	-	92,200	92,200	-
(7,662)	7,141	14,803	(252,017)	(8,768)	243,249
1,483	1,483	-	20,021	20,021	-
1,080	1,080	-	2,367	2,367	-
2,563	2,563	-	22,388	22,388	-
\$ (5,099)	\$ 9,704	\$ 14,803	\$ (229,629)	\$ 13,620	\$ 243,249

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, 2006 (Expressed in Thousands)

	State Garage			Statistical Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 7	\$ 21	\$ 14	\$ -	\$ 8	\$ 8
Other	34,632	36,367	1,735	68,700	122,209	53,509
Less:						
Refunds	10	-	(10)	7,593	-	(7,593)
Total revenues	34,629	36,388	1,759	61,107	122,217	61,110
EXPENDITURES:						
Current:						
General government	36,683	34,654	(2,029)	169,015	124,871	(44,144)
Capital outlays	350	243	(107)	781	260	(521)
Total expenditures	37,033	34,897	(2,136)	169,796	125,131	(44,665)
Excess (deficiency) of revenues over (under) expenditures	(2,404)	1,491	3,895	(108,689)	(2,914)	105,775
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				6,061	6,061	-
Operating transfers-out	(96)	(96)	-	(5,077)	(5,077)	-
Total other sources (uses) of financial resources	(96)	(96)	-	984	984	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(2,500)	1,395	3,895	(107,705)	(1,930)	105,775
Budgetary fund balances (deficits), July 1, 2005, as previously reported	(3,683)	(3,683)	-	14,081	14,081	-
Reclassifications						
Budgetary fund balances (deficits), July 1, 2005, as reclassified	(3,683)	(3,683)	-	14,081	14,081	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (6,183)	\$ (2,288)	\$ 3,895	\$ (93,624)	\$ 12,151	\$ 105,775

Communications			Facilities Management			Workers' Compensation		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,370	\$ 2,962	\$ 1,592	\$ -	\$ 4	\$ 4	\$ 750	\$ 1,724	\$ 974
113,370	101,202	(12,168)	281,423	169,875	(111,548)			
8,000	1,073	(6,927)						
106,740	103,091	(3,649)	281,423	169,879	(111,544)	750	1,724	974
163,633	100,348	(63,285)	335,168	179,564	(155,604)	101,484	95,733	(5,751)
169	53	(116)	828	28	(800)	2	-	(2)
163,802	100,401	(63,401)	335,996	179,592	(156,404)	101,486	95,733	(5,753)
(57,062)	2,690	59,752	(54,573)	(9,713)	44,860	(100,736)	(94,009)	6,727
526	526	-	13,702	13,702	-	93,094	93,094	-
(18,851)	(18,851)	-				(520)	(520)	-
(18,325)	(18,325)	-	13,702	13,702	-	92,574	92,574	-
(75,387)	(15,635)	59,752	(40,871)	3,989	44,860	(8,162)	(1,435)	6,727
22,258	22,258	-	(13,735)	(13,735)	-	1,287	1,287	-
22,258	22,258	-	(13,735)	(13,735)	-	1,287	1,287	-
\$ (53,129)	\$ 6,623	\$ 59,752	\$ (54,606)	\$ (9,746)	\$ 44,860	\$ (6,875)	\$ (148)	\$ 6,727

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State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 1,377	\$ 2,995	\$ 1,618
Other	498,875	431,377	(67,498)
Less:			
Refunds	15,603	1,073	(14,530)
Total revenues	484,649	433,299	(51,350)
EXPENDITURES:			
Current:			
General government	805,983	535,170	(270,813)
Capital outlays	2,130	584	(1,546)
Total expenditures	808,113	535,754	(272,359)
Excess (deficiency) of revenues over (under) expenditures	(323,464)	(102,455)	221,009
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	113,383	113,383	-
Operating transfers-out	(24,544)	(24,544)	-
Total other sources (uses) of financial resources	88,839	88,839	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(234,625)	(13,616)	221,009
Budgetary fund balances (deficits), July 1, 2005, as previously reported	18,921	18,921	-
Reclassifications	1,287	1,287	-
Budgetary fund balances (deficits), July 1, 2005, as reclassified	20,208	20,208	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (214,417)	\$ 6,592	\$ 221,009

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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)
State Trust Funds**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Code Departments			Other Agencies, Boards and Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes	\$ 688,823	\$ 633,390	\$ (55,433)			
Motor fuel taxes	32,117	30,561	(1,556)			
Public utility taxes	275,532	275,795	263			
Federal government	62,805	102,985	40,180	\$ 37,965	\$ 27,699	\$ (10,266)
Other	847,790	1,298,363	450,573	1,229,845	1,230,682	837
Less:						
Refunds	398	154	(244)			
Total revenues	1,906,669	2,340,940	434,271	1,267,810	1,258,381	(9,429)
EXPENDITURES:						
Current:						
Health and social services	258,167	206,717	(51,450)			
Education						
General government	81,502	80,954	(548)	230,193	99,812	(130,381)
Public protection and justice						
Employment and economic development						
Environment and business regulation						
Capital outlays	792	282	(510)			
Total expenditures	340,461	287,953	(52,508)	230,193	99,812	(130,381)
Excess of revenues over expenditures	1,566,208	2,052,987	486,779	1,037,617	1,158,569	120,952
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(416,851)	(416,851)	-			
Total other (uses) of financial resources	(416,851)	(416,851)	-			
Budgetary funds-nonbudgeted accounts	(1,640,846)	(1,640,846)	-	(1,128,651)	(1,128,651)	-
Excess of revenues over expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(491,489)	(4,710)	486,779	(91,034)	29,918	120,952
Budgetary fund balances, July 1, 2005, as previously reported	132,739	132,739	-	188,182	188,182	-
Reclassifications						
Budgetary fund balances July 1, 2005, as reclassified	132,739	132,739	-	188,182	188,182	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (358,750)	\$ 128,029	\$ 486,779	\$ 97,148	\$ 218,100	\$ 120,952

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 688,823	\$ 633,390	\$ (55,433)
			32,117	30,561	(1,556)
			275,532	275,795	263
\$ 4,225	\$ 12,677	\$ 8,452	104,995	143,361	38,366
179,923	43,432	(136,491)	2,257,558	2,572,477	314,919
			398	154	(244)
184,148	56,109	(128,039)	3,358,627	3,655,430	296,803
12,805	6,709	(6,096)	270,972	213,426	(57,546)
17,925	15,799	(2,126)	17,925	15,799	(2,126)
3,522	2,639	(883)	315,217	183,405	(131,812)
3,050	1,220	(1,830)	3,050	1,220	(1,830)
25	20	(5)	25	20	(5)
19,111	10,556	(8,555)	19,111	10,556	(8,555)
3	1	(2)	795	283	(512)
56,441	36,944	(19,497)	627,095	424,709	(202,386)
127,707	19,165	(108,542)	2,731,532	3,230,721	499,189
(8,315)	(8,315)	-	(425,166)	(425,166)	-
(8,315)	(8,315)	-	(425,166)	(425,166)	-
(8,319)	(8,319)	-	(2,777,816)	(2,777,816)	-
111,073	2,531	(108,542)	(471,450)	27,739	499,189
37,129	37,129	-	358,050	358,050	-
1,733	1,733	-	1,733	1,733	-
38,862	38,862	-	359,783	359,783	-
\$ 149,935	\$ 41,393	\$ (108,542)	\$ (111,667)	\$ 387,522	\$ 499,189

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, 2006 (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	\$ 12	\$ 25	\$ 13	\$ 62,793	\$ 64,383	\$ 1,590
Other	311,438	300,417	(11,021)	64,694	62,428	(2,266)
Less:						
Refunds				300	154	(146)
Total revenues	311,450	300,442	(11,008)	127,187	126,657	(530)
EXPENDITURES:						
Current:						
Health and social services	96,301	66,790	(29,511)	134,978	119,209	(15,769)
General government	80,602	80,082	(520)	14	14	-
Capital outlays	18	-	(18)			
Total expenditures	176,921	146,872	(30,049)	134,992	119,223	(15,769)
Excess (deficiency) of revenues over (under) expenditures	134,529	153,570	19,041	(7,805)	7,434	15,239
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(69)	(69)	-	(1,200)	(1,200)	-
Total other (uses) of financial resources	(69)	(69)	-	(1,200)	(1,200)	-
Budgetary funds-nonbudgeted accounts	(156,661)	(156,661)	-			
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(22,201)	(3,160)	19,041	(9,005)	6,234	15,239
Budgetary fund balances (deficits), July 1, 2005	5,597	5,597	-	(9,473)	(9,473)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (16,604)	\$ 2,437	\$ 19,041	\$ (18,478)	\$ (3,239)	\$ 15,239

Healthcare and Family Services			Revenue			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 688,823	\$ 633,390	\$ (55,433)	\$ 688,823	\$ 633,390	\$ (55,433)
			32,117	30,561	(1,556)	32,117	30,561	(1,556)
			275,532	275,795	263	275,532	275,795	263
\$ -	\$ 38,577	\$ 38,577				62,805	102,985	40,180
471,658	934,255	462,597	-	1,263	1,263	847,790	1,298,363	450,573
			98	-	(98)	398	154	(244)
471,658	972,832	501,174	996,374	941,009	(55,365)	1,906,669	2,340,940	434,271
26,888	20,718	(6,170)				258,167	206,717	(51,450)
2	2	-	884	856	(28)	81,502	80,954	(548)
774	282	(492)				792	282	(510)
27,664	21,002	(6,662)	884	856	(28)	340,461	287,953	(52,508)
443,994	951,830	507,836	995,490	940,153	(55,337)	1,566,208	2,052,987	486,779
(415,582)	(415,582)	-				(416,851)	(416,851)	-
(415,582)	(415,582)	-				(416,851)	(416,851)	-
(526,867)	(526,867)	-	(957,318)	(957,318)	-	(1,640,846)	(1,640,846)	-
(498,455)	9,381	507,836	38,172	(17,165)	(55,337)	(491,489)	(4,710)	486,779
47,252	47,252	-	89,363	89,363	-	132,739	132,739	-
\$ (451,203)	\$ 56,633	\$ 507,836	\$ 127,535	\$ 72,198	\$ (55,337)	\$ (358,750)	\$ 128,029	\$ 486,779

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, 2006 (Expressed in Thousands)

	Local Government Health Insurance Reserve			Group Insurance Premium		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 12	\$ 25	\$ 13
Other	\$ 84,835	\$ 67,395	\$ (17,440)	68,604	75,023	6,419
Total revenues	84,835	67,395	(17,440)	68,616	75,048	6,432
EXPENDITURES:						
Current:						
Health and social services	96,301	66,790	(29,511)			
General government				78,904	78,880	(24)
Capital outlays	18	-	(18)			
Total expenditures	96,319	66,790	(29,529)	78,904	78,880	(24)
Excess (deficiency) of revenues over (under) expenditures	(11,484)	605	12,089	(10,288)	(3,832)	6,456
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(12)	(12)	-	(10)	(10)	-
Total other (uses) of financial resources	(12)	(12)	-	(10)	(10)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other (uses) of financial resources and budgetary funds- nonbudgeted accounts	(11,496)	593	12,089	(10,298)	(3,842)	6,456
Budgetary fund balances (deficits), July 1, 2005	2,886	2,886	-	(829)	(829)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (8,610)	\$ 3,479	\$ 12,089	\$ (11,127)	\$ (4,671)	\$ 6,456

State Employees Deferred Compensation Plan			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 157,999	\$ 157,999	\$ -	\$ 311,438	\$ 300,417	\$ (11,021)
157,999	157,999	-	311,450	300,442	(11,008)
1,698	1,202	(496)	96,301	66,790	(29,511)
			80,602	80,082	(520)
			18	-	(18)
1,698	1,202	(496)	176,921	146,872	(30,049)
156,301	156,797	496	134,529	153,570	19,041
(47)	(47)	-	(69)	(69)	-
(47)	(47)	-	(69)	(69)	-
(156,661)	(156,661)	-	(156,661)	(156,661)	-
(407)	89	496	(22,201)	(3,160)	19,041
3,540	3,540	-	5,597	5,597	-
\$ 3,133	\$ 3,629	\$ 496	\$ (16,604)	\$ 2,437	\$ 19,041

**Combining Schedule of Revenues, Expenditures and Changes
in Budgetary Fund Balances - Budget and Actual (Non-GAAP),
State Trust Funds - Department of Healthcare and Family Services**

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Public Aid Recoveries Trust			Child Support Enforcement Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ -	\$ 38,577	\$ 38,577			
Other	316,592	778,982	462,390	\$ 155,066	\$ 155,273	\$ 207
Total revenues	316,592	817,559	500,967	155,066	155,273	207
EXPENDITURES:						
Current:						
Health and social services	26,888	20,718	(6,170)			
General government				2	2	-
Capital outlays	774	282	(492)			
Total expenditures	27,662	21,000	(6,662)	2	2	-
Excess of revenues over expenditures	288,930	796,559	507,629	155,064	155,271	207
OTHER (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(385,582)	(385,582)	-	(30,000)	(30,000)	-
Total other (uses) of financial resources	(385,582)	(385,582)	-	(30,000)	(30,000)	-
Budgetary funds-nonbudgeted accounts	(402,533)	(402,533)	-	(124,334)	(124,334)	-
Excess of revenues over expenditures, other (uses) of financial resources and budgetary funds-nonbudgeted accounts	(499,185)	8,444	507,629	730	937	207
Budgetary fund balances, July 1, 2005	7,899	7,899	-	39,353	39,353	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2006	\$ (491,286)	\$ 16,343	\$ 507,629	\$ 40,083	\$ 40,290	\$ 207

Total		
Final Budget	Actual	Variance Over (Under)
\$ -	\$ 38,577	\$ 38,577
471,658	934,255	462,597
471,658	972,832	501,174

26,888	20,718	(6,170)
2	2	-
774	282	(492)
27,664	21,002	(6,662)

443,994	951,830	507,836
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(415,582)	(415,582)	-
(415,582)	(415,582)	-

(526,867)	(526,867)	-
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(498,455)	9,381	507,836
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47,252	47,252	-
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\$ (451,203)	\$ 56,633	\$ 507,836
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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, 2006 (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	\$ 688,823	\$ 633,390	\$ (55,433)			
Motor fuel taxes				\$ 32,117	\$ 30,561	\$ (1,556)
Public utility taxes						
Other	-	1,051	1,051	-	212	212
Less:						
Refunds						
Total revenues	688,823	634,441	(54,382)	32,117	30,773	(1,344)
EXPENDITURES:						
Current:						
General government	395	391	(4)	489	465	(24)
Total expenditures	395	391	(4)	489	465	(24)
Excess of revenues over expenditures	688,428	634,050	(54,378)	31,628	30,308	(1,320)
Budgetary funds-nonbudgeted accounts	(648,026)	(648,026)	-	(30,006)	(30,006)	-
Excess of revenues over expenditures and budgetary funds-nonbudgeted accounts	40,402	(13,976)	(54,378)	1,622	302	(1,320)
Budgetary fund balances, July 1, 2005	47,229	47,229	-	5,458	5,458	-
BUDGETARY FUND BALANCES, JUNE 30, 2006	\$ 87,631	\$ 33,253	\$ (54,378)	\$ 7,080	\$ 5,760	\$ (1,320)

Municipal Telecommunications			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 688,823	\$ 633,390	\$ (55,433)
			32,117	30,561	(1,556)
\$ 275,532	\$ 275,795	\$ 263	275,532	275,795	263
			-	1,263	1,263
98	-	(98)	98	-	(98)
275,434	275,795	361	996,374	941,009	(55,365)
			884	856	(28)
			884	856	(28)
275,434	275,795	361	995,490	940,153	(55,337)
(279,286)	(279,286)	-	(957,318)	(957,318)	-
(3,852)	(3,491)	361	38,172	(17,165)	(55,337)
36,676	36,676	-	89,363	89,363	-
\$ 32,824	\$ 33,185	\$ 361	\$ 127,535	\$ 72,198	\$ (55,337)

State of Illinois

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

For the Year Ended June 30, 2006 (Expressed in Thousands)

	Illinois Housing Development Authority			State Employees' Retirement System		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 37,965	\$ 27,699	\$ (10,266)			
Other	1,736	2,573	837	\$ 1,228,109	\$ 1,228,109	\$ -
Total revenues	39,701	30,272	(9,429)	1,228,109	1,228,109	-
EXPENDITURES:						
Current:						
General government	30,193	30,193	-	200,000	69,619	(130,381)
Total expenditures	30,193	30,193	-	200,000	69,619	(130,381)
Excess of revenues over expenditures	9,508	79	(9,429)	1,028,109	1,158,490	130,381
Budgetary funds-nonbudgeted accounts				(1,128,651)	(1,128,651)	-
Excess of revenues over expenditures and budgetary funds-nonbudgeted accounts	9,508	79	(9,429)	(100,542)	29,839	130,381
Budgetary fund balances, July 1, 2005	162	162	-	188,020	188,020	-
BUDGETARY FUND BALANCES, JUNE 30, 2006	\$ 9,670	\$ 241	\$ (9,429)	\$ 87,478	\$ 217,859	\$ 130,381

Total		
Final Budget	Actual	Variance Over (Under)
\$ 37,965	\$ 27,699	\$ (10,266)
1,229,845	1,230,682	837
1,267,810	1,258,381	(9,429)
230,193	99,812	(130,381)
230,193	99,812	(130,381)
1,037,617	1,158,569	120,952
(1,128,651)	(1,128,651)	-
(91,034)	29,918	120,952
188,182	188,182	-
\$ 97,148	\$ 218,100	\$ 120,952

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Statistical Section

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Net Assets by Component

Last Five Fiscal Year Ends

(Accrual Basis of Accounting, Amounts in Thousands)

	June 30,				
	2002	2003	2004	2005	2006
Governmental Activities					
Invested in capital assets, net of related debt	\$ 11,138,126	\$ 11,588,045	11,809,115	\$ 11,972,631	\$ 12,448,979
Restricted	1,596,793	1,855,032	912,938	942,154	956,926
Unrestricted	(21,991,559)	(26,366,582)	(28,131,989)	(30,475,401)	(31,735,644)
Total governmental activities net assets	<u>(9,256,640)</u>	<u>(12,923,505)</u>	<u>(15,409,936)</u>	<u>(17,560,616)</u>	<u>(18,329,739)</u>
Business-type activities					
Invested in capital assets, net of related debt	4,288	3,615	3,539	3,110	3,114
Restricted	2,890,295	1,976,093	2,322,443	2,543,836	3,878,704
Unrestricted	178,307	137,542	(352,806)	170,619	(111,414)
Total business-type activities net assets	<u>3,072,890</u>	<u>2,117,250</u>	<u>1,973,176</u>	<u>2,717,565</u>	<u>3,770,404</u>
Primary government					
Invested in capital assets, net of related debt	11,142,414	11,591,660	11,812,654	11,975,741	12,452,093
Restricted	4,487,088	3,831,125	3,235,381	3,485,990	4,835,630
Unrestricted	(21,813,252)	(26,229,040)	(28,484,795)	(30,304,782)	(31,847,058)
Total primary government net assets	<u>\$ (6,183,750)</u>	<u>\$ (10,806,255)</u>	<u>\$ (13,436,760)</u>	<u>\$ (14,843,051)</u>	<u>\$ (14,559,335)</u>

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002.

Fund Balances, Governmental Funds

Last Five Fiscal Year Ends

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	June 30,				
	2002	2003	2004	2005	2006
General fund					
Reserved	\$ 101,881	\$ 275,203	\$ 145,766	\$ 50,375	\$ 49,921
Unreserved	(3,408,120)	(4,440,975)	(2,641,208)	(3,114,766)	(2,377,818)
Total general fund	<u>(3,306,239)</u>	<u>(4,165,772)</u>	<u>(2,495,442)</u>	<u>(3,064,391)</u>	<u>(2,327,897)</u>
All other governmental funds					
Reserved	158,720	166,137	316,714	158,571	180,970
Unreserved, reported in:					
Special revenue funds	2,613,582	11,108,679	1,850,173	1,901,255	2,573,641
Capital projects funds	142,562	37,208	(21,857)	32,959	465,974
Debt service funds	638,407	1,217,431	792,078	836,740	823,784
Permanent trust funds	2,931	2,897	539	418	1,108
Total all other governmental funds	<u>\$ 3,556,202</u>	<u>\$ 12,532,352</u>	<u>\$ 2,937,647</u>	<u>\$ 2,929,943</u>	<u>\$ 4,045,477</u>

Notes: Due to changes in the State's fund structure initiated when the State implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002, comparable fund balance information is not available for fiscal years prior to 2002.

The dramatic increase in unreserved fund balances reported in special revenue funds in fiscal year 2003 was the result of the \$10 billion general obligation bond for funding and reimbursing a portion of the State's contributions to the State's retirement system issued just prior to the end of fiscal year 2003. The majority of the bond issue was not distributed until fiscal year 2004.

Changes in Net Assets

Last Five Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Governmental Activities:					
Expenses					
Health and social services	\$ 15,658,235	\$ 16,260,209	\$ 17,490,345	\$ 19,275,862	\$ 18,591,748
Education	12,212,263	12,826,979	13,291,120	13,401,805	13,377,381
General government	1,403,372	1,662,069	1,473,901	1,506,948	1,482,830
Employment and economic development	1,269,370	1,334,820	1,209,536	959,397	1,091,298
Transportation	3,727,275	3,732,420	3,457,647	3,530,414	3,530,782
Public protection and justice	2,382,819	2,276,390	2,319,109	2,571,632	2,537,651
Environment and business regulation	802,707	888,822	755,900	878,348	733,128
Intergovernmental-revenue sharing	3,728,891	3,483,426	3,692,077	4,178,818	4,505,450
Interest	547,583	672,707	1,149,157	1,218,077	1,222,382
Total governmental activities expenses	41,732,515	43,137,842	44,838,792	47,521,301	47,072,650
Program revenues					
Charges for service:					
Health and social services	130,104	96,670	102,745	110,330	119,559
Education	2,306	2,306	10,630	6,685	4,381
General government	1,601,352	1,614,665	1,855,274	1,986,302	1,968,930
Employment and economic development	17,851	24,983	19,992	20,351	22,933
Transportation	20,945	20,685	21,632	28,829	30,483
Public protection and justice	111,918	81,633	79,504	87,934	92,988
Environment and business regulation	249,163	232,659	390,085	377,194	365,324
Operating grants and contributions	10,982,234	11,941,579	13,162,576	14,018,577	13,642,275
Capital grants and contributions	805,023	719,759	862,165	866,924	1,040,220
Total governmental activities program revenues	13,920,896	14,734,939	16,504,603	17,503,126	17,287,093
Total governmental activities net program expense	(27,811,619)	(28,402,903)	(28,334,189)	(30,018,175)	(29,785,557)
General revenues and other changes in net assets					
Taxes					
Income taxes	8,590,870	8,390,241	9,059,096	10,391,204	11,224,605
Sales taxes	8,298,954	8,350,714	8,947,876	9,148,739	9,629,241
Motor fuel taxes	1,353,947	1,325,748	1,402,081	1,425,794	1,426,605
Public utility taxes	1,512,085	1,616,763	1,535,299	1,519,954	1,521,393
Other taxes	2,335,980	2,591,336	2,652,067	3,485,062	2,875,159
Interest and investment income	225,548	125,184	91,255	145,601	272,987
Other revenues	755,939	1,344,446	1,547,298	1,109,719	1,405,335
Transfers	534,207	528,711	568,802	641,422	661,109
Total general revenues and other changes in net assets	23,607,530	24,273,143	25,803,774	27,867,495	29,016,434
Total governmental activities change in net assets	(4,204,089)	(4,129,760)	(2,530,415)	(2,150,680)	(769,123)

Note: The State did not begin reporting government-wide statements until it implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002.

Changes in Net Assets

Last Five Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Business-Type Activities:					
Expenses					
Unemployment compensation trust	2,667,222	3,054,290	2,672,436	1,982,556	1,731,262
Water revolving	9,472	15,828	18,519	23,988	22,620
Designated account purchase program	105,345	112,153	110,961	167,074	267,707
Insurance programs	275,249	280,822	319,136	353,961	409,726
Lottery	1,033,457	1,054,094	1,144,936	1,196,982	1,334,373
Prepaid tuition program	15,864	25,825	35,771	41,148	50,730
Other	146,635	147,856	110,330	121,683	93,633
Total business-type activities expenses	4,253,244	4,690,868	4,412,089	3,887,392	3,910,051
Program revenues					
Charges for service:					
Unemployment compensation trust	1,422,942	2,009,704	2,336,187	2,602,747	2,678,643
Water revolving	34,147	38,169	38,018	49,833	55,557
Designated account purchase program	96,556	91,748	89,077	107,734	163,023
Insurance programs	276,975	305,126	343,455	357,775	421,950
Lottery	1,598,982	1,589,846	1,712,831	1,818,422	1,968,755
Prepaid tuition program	(6,410)	13,615	50,263	49,979	52,090
Other	140,453	159,253	118,992	139,754	96,398
Operating grants and contributions:	510,857	155,607	140,484	120,347	140,578
Total business-type activities program revenues	4,074,502	4,363,068	4,829,307	5,246,591	5,576,994
Total business-type activities net program program revenue (expense)	(178,742)	(327,800)	417,218	1,359,199	1,666,943
General revenues and other changes in net assets					
Interest and investment income	89,048	32,870	7,375	26,533	47,002
Other revenues	100	114	135	79	3
Transfers	(534,207)	(528,711)	(568,802)	(641,422)	(661,109)
Total business-type activities general revenues and other changes in net assets	(445,059)	(495,727)	(561,292)	(614,810)	(614,104)
Total business-type activities change in net assets	(623,801)	(823,527)	(144,074)	744,389	1,052,839
Total primary government change in net assets	\$ (4,827,890)	\$ (4,953,287)	\$ (2,674,489)	\$ (1,406,291)	\$ 283,716

Changes in Fund Balances, Governmental Funds

Last Five Fiscal Years

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
Revenues					
Income taxes	\$ 8,644,140	\$ 8,385,257	\$ 9,029,052	\$ 10,382,711	\$ 11,253,161
Sales taxes	8,306,372	8,350,521	8,943,652	9,146,970	9,615,931
Motor fuel taxes	1,355,665	1,377,995	1,408,961	1,425,776	1,426,963
Public utility taxes	1,537,288	1,613,052	1,489,459	1,523,083	1,531,206
Other taxes	2,319,230	2,602,379	2,651,400	3,489,815	2,876,867
Federal government	11,072,398	11,873,142	13,189,532	13,466,452	13,712,157
Licenses and fees	1,707,395	1,675,796	2,098,169	2,153,560	2,133,112
Interest and other investment income	223,729	124,535	90,767	143,944	268,073
Other revenues	1,722,982	2,162,727	2,374,839	2,409,793	2,670,356
Total revenues	36,889,199	38,165,404	41,275,831	44,142,104	45,487,826
Expenditures					
Health and social services	15,645,061	16,241,363	17,758,184	19,169,691	18,424,527
Education	11,299,007	11,557,850	17,912,039	11,971,719	11,416,378
General government	1,177,215	1,426,814	1,380,922	1,222,101	1,162,511
Employment and economic development	1,266,387	1,336,202	1,239,031	948,756	1,065,833
Transportation	2,905,516	2,867,232	2,663,758	2,597,995	2,533,507
Public protection and justice	2,295,295	2,213,086	2,632,775	2,378,797	2,302,396
Environment and business regulation	784,966	873,929	806,468	826,467	675,757
Debt service:					
Principal	663,553	735,430	662,936	775,756	820,486
Interest	405,449	490,854	1,026,546	1,083,680	1,117,167
Capital outlay	1,787,562	1,754,708	1,629,097	1,397,108	1,544,912
Intergovernmental	3,728,891	3,483,426	3,692,077	4,178,818	4,505,450
Total expenditures	41,958,902	42,980,894	51,403,833	46,550,888	45,568,924
Excess of revenues over (under) expenditures	(5,069,703)	(4,815,490)	(10,128,002)	(2,408,784)	(81,098)
Other Financing Sources (Uses)					
General and special obligation bonds issued	1,650,000	11,894,304	1,525,000	1,075,000	1,140,000
Premiums on general and special obligation bonds issued	67,192	116,805	76,773	73,513	63,780
Discounts on general obligation bonds issued	-	(2,869)	-	-	-
General and special obligation refunding bonds issued	654,045	695,025	617,175	-	274,950
Premiums on general and special obligation refunding bonds issued	50,269	65,573	63,171	-	11,824
Transfers-in	5,332,536	7,483,702	10,483,919	10,013,285	8,782,625
Transfers-out	(4,799,657)	(6,954,991)	(9,887,809)	(9,327,291)	(8,076,525)
Payment to refunded bond escrow agent	(697,084)	(757,330)	(678,668)	-	(285,778)
Capital lease financing	21,829	4,415	2,512	3,232	1,366
Proceeds from disposition of capital assets	-	-	-	-	5,500
Total other financing sources (uses)	2,279,130	12,544,634	2,202,073	1,837,739	1,917,742
Net change in fund balances	\$ (2,790,573)	\$ 7,729,144	\$ (7,925,929)	\$ (571,045)	\$ 1,836,644
Debt service as a percentage of noncapital expenditures	2.66%	2.97%	3.39%	4.12%	4.40%

Note: Due to changes in the State's fund structure initiated when the State implemented GASB Statement No. 34 for the fiscal year ended June 30, 2002, comparable fund balance information is not available for fiscal years prior to 2002.

The dramatic increase in net change in fund balances reported in fiscal year 2003 was the result of the \$10 billion general obligation bond issued for funding and reimbursing a portion of the State's contributions to the State's retirement systems. The majority of the bond issue was shown as expenditures in fiscal year 2004 causing a corresponding decrease in net change in fund balance.

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

	For the Calendar Year Ended				
	1996	1997	1998	1999	2000
Farm earnings	\$ 2,345,497	\$ 2,167,098	\$ 1,487,423	\$ 934,981	\$ 1,337,793
Agricultural/forestry, fishing, and other	1,060,525	1,192,182	1,330,134	1,453,704	1,573,006
Mining	839,927	850,746	884,433	956,772	1,055,400
Construction/utilities	12,812,767	13,556,953	14,738,185	16,603,565	17,834,336
Manufacturing	47,909,838	51,034,036	52,433,443	53,772,896	55,608,143
Transportation and public utilities	18,898,984	19,248,811	20,155,472	21,593,836	22,568,437
Wholesale trade	17,427,270	18,327,373	19,768,398	21,183,680	22,928,211
Retail trade	19,202,145	20,127,410	21,226,136	22,548,889	23,511,976
Finance, insurance, and real estate	23,565,808	26,109,093	28,830,206	32,038,963	34,896,045
Services	68,482,920	73,270,409	81,062,463	84,848,817	91,566,625
Federal, civilian	6,129,083	6,094,895	6,183,558	6,314,985	6,758,220
Military	1,839,947	1,870,375	1,934,042	2,007,022	2,069,468
State and local government	25,545,905	26,674,115	28,173,128	29,771,272	31,316,032
Other	74,020,395	77,373,525	81,887,521	79,355,258	87,349,588
Total personal income	\$ 320,081,011	\$ 337,897,021	\$ 360,094,542	\$ 373,384,640	\$ 400,373,280
Tax liability	\$ 5,716,464	\$ 5,986,056	\$ 6,425,611	\$ 6,745,011	\$ 7,135,222
Average effective rate	1.79%	1.77%	1.78%	1.81%	1.78%

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

Source: U.S. Bureau of Economic Analysis

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

	For the Fiscal Year Ended June 30,				
	1997	1998	1999	2000	2001
General merchandise	\$ 13,136,218	\$ 14,042,618	\$ 14,860,016	\$ 15,719,843	\$ 16,571,654
Food	15,653,473	15,630,911	16,306,925	17,167,623	2,165,371
Drinking and eating places	10,994,759	11,652,572	12,616,435	7,627,704	14,030,965
Apparel	4,290,356	4,358,040	4,424,325	4,615,902	4,832,152
Furniture, household, and radio	7,046,672	7,582,837	8,492,471	8,937,271	8,828,065
Lumber, building, and hardware	6,066,754	6,312,571	7,033,619	7,603,666	7,638,291
Automotive and filling stations	6,653,214	7,495,482	26,378,978	29,911,280	29,693,612
Drugs and other retail	13,450,766	14,615,237	5,040,001	17,048,416	18,202,310
Agriculture and extractives	19,837,583	19,588,114	21,273,933	21,889,025	20,974,205
Manufacturing	4,770,748	4,634,637	4,671,091	3,330,505	4,568,658
Total	\$ 101,900,543	\$ 105,913,019	\$ 121,097,794	\$ 133,851,235	\$ 127,505,283

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

Source: Department of Revenue

Schedule 5

December 31,				
2001	2002	2003	2004	2005
\$ 1,128,921	\$ 407,582	\$ 1,330,414	\$ 3,071,418	\$ 907,413
334,309	324,781	351,447	361,340	357,176
1,643,287	1,834,033	2,241,171	2,454,080	3,254,144
22,083,170	22,935,639	23,237,587	24,034,261	25,196,256
46,710,593	46,667,283	47,162,830	48,410,175	50,284,071
13,080,935	13,034,758	13,077,086	13,833,132	14,374,285
20,517,368	20,359,083	20,889,876	22,161,588	23,084,007
18,654,357	19,063,948	19,296,875	19,948,921	20,392,076
35,551,295	37,008,808	38,622,618	41,602,250	42,275,455
116,355,031	118,176,414	119,676,176	126,836,799	136,530,476
6,639,827	6,967,149	7,066,487	7,637,855	7,904,139
2,177,901	2,378,957	2,610,174	2,737,080	2,842,366
33,294,753	35,266,504	43,646,590	37,992,809	39,839,494
89,081,848	89,285,814	87,793,210	90,290,869	95,615,816
<u>\$ 407,253,595</u>	<u>\$ 413,710,753</u>	<u>\$ 427,002,541</u>	<u>\$ 441,372,577</u>	<u>\$ 462,857,174</u>
<u>\$ 6,773,749</u>	<u>\$ 6,500,463</u>	<u>\$ 6,797,980</u>	<u>\$ 7,394,901</u>	<u>\$ 7,729,649</u>
<u>1.66%</u>	<u>1.57%</u>	<u>1.59%</u>	<u>1.68%</u>	<u>1.67%</u>

Schedule 6

2002	2003	2004	2005	2006
\$ 17,766,204	\$ 17,988,962	\$ 18,626,322	\$ 19,088,864	\$ 19,600,033
18,259,623	18,433,453	18,741,796	18,362,003	18,832,493
13,746,083	14,036,937	14,968,004	15,652,501	16,627,151
4,681,229	4,806,953	5,159,596	5,528,017	5,827,022
8,492,443	8,529,475	9,224,073	9,897,051	10,441,898
8,334,140	8,582,184	9,593,743	10,414,709	10,879,756
25,372,775	30,501,503	30,975,760	32,207,314	35,803,644
18,403,946	25,348,617	20,414,099	111,211,837	22,775,595
51,228,642	21,010,315	20,922,639	31,350,034	25,522,299
3,885,721	4,059,975	3,896,955	4,639,168	4,927,891
<u>\$ 170,170,806</u>	<u>\$ 153,298,374</u>	<u>\$ 152,522,987</u>	<u>\$ 258,351,498</u>	<u>\$ 171,237,782</u>
1.00%	1.00%	1.00%	1.00%	1.00%
6.25%	6.25%	6.25%	6.25%	6.25%

Personal Income Tax Filers and Liability by Income Level
Calendar Years 1996 and 2005
(Amounts in Thousands)

For the Calendar Year Ended December 31, 1996

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	29	0.55%	\$ 824,342	14.42%
\$100,001 - \$500,000	329	6.21%	1,357,212	23.74%
\$50,001 - \$100,000	1,059	20.01%	1,760,248	30.79%
\$25,001 - \$50,000	1,362	25.73%	1,174,790	20.55%
\$15,001 - \$25,000	844	15.95%	368,245	6.44%
\$5,001 - \$15,000	1,022	19.31%	198,722	3.48%
\$5,000 and lower	622	11.75%	31,882	0.56%
Less than zero	26	0.49%	1,023	0.02%
Total	5,293	100.00%	\$ 5,716,464	100.00%

For the Calendar Year Ended December 31, 2005

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	39	0.73%	\$ 1,752,919	22.68%
\$100,001 - \$500,000	623	11.62%	2,522,434	32.63%
\$50,001 - \$100,000	1,263	23.56%	1,992,439	25.78%
\$25,001 - \$50,000	1,293	24.12%	1,014,157	13.12%
\$15,001 - \$25,000	741	13.82%	281,642	3.64%
\$5,001 - \$15,000	886	16.53%	146,838	1.90%
\$5,000 and lower	466	8.69%	19,019	0.25%
Less than zero	50	0.93%	201	0.00%
Total	5,361	100.00%	\$ 7,729,649	100.00%

Note: Generally, the tax liability for a filer (an individual or married couple) is calculated by taking the filer(s)'s federal adjusted gross income and subtracting the number of exemptions and multiplying the result by the State's income tax rate of 3%. The State exemption amount was \$1,000 for calendar year 1996 and \$2,000 for calendar year 2005. An exemption is allowed on a return for each filer(s) and dependent(s). Additional exemptions are allowed for each filer(s) who is 65 or older and for each filer(s) who is legally blind.

Source: Department of Revenue

Sales Tax Revenue Payers by Industry
Fiscal Years 1997 and 2006
(Amounts in Thousands)

	For the Fiscal Year Ended June 30, 1997			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	1,334	0.53%	\$ 862,936	13.08%
Food	9,899	3.91%	474,154	7.18%
Drinking and eating places	26,245	10.37%	809,728	12.27%
Apparel	6,755	2.67%	327,338	4.96%
Furniture, household, and radio	18,238	7.21%	511,848	7.76%
Lumber, building, and hardware	13,271	5.25%	442,281	6.70%
Automotive and filling stations	18,607	7.35%	460,592	6.98%
Drugs and other retail	64,580	25.53%	817,971	12.40%
Agriculture and extractives	79,142	31.29%	1,499,125	22.72%
Manufacturing	14,891	5.89%	392,329	5.95%
Total	252,962	100.00%	\$ 6,598,302	100.00%

	For the Fiscal Year Ended June 30, 2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,356	0.82%	\$ 1,356	0.01%
Food	8,879	3.08%	693,588	6.88%
Drinking and eating places	26,864	9.31%	1,277,492	12.66%
Apparel	8,929	3.09%	459,373	4.55%
Furniture, household, and radio	17,226	5.97%	786,137	7.79%
Lumber, building, and hardware	14,159	4.90%	835,841	8.29%
Automotive and filling stations	58,580	20.30%	2,466,911	24.45%
Drugs and other retail	67,909	23.53%	1,279,345	12.68%
Agriculture and extractives	70,824	24.54%	1,871,559	18.55%
Manufacturing	12,870	4.46%	416,985	4.14%
Total	288,596	100.00%	\$ 10,088,587	100.00%

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

Source: Department of Revenue

State of Illinois

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

	For the Fiscal Year Ended June 30,					
	1997	1998	1999	2000	2001	2002
Governmental activities						
General obligation bonds	\$ 5,654,397	\$ 5,886,104	\$ 6,126,444	\$ 6,599,444	\$ 7,350,525	\$ 8,405,437
Special obligation bonds	1,885,167	1,832,306	1,827,664	1,883,343	1,932,440	2,003,353
Capital leases	27,653	19,391	16,086	17,532	14,704	21,775
Installment purchases	25,939	21,758	24,713	21,422	26,637	29,166
Certificates of participation	131,665	129,715	124,925	155,305	147,915	138,090
Total governmental activities	7,724,821	7,889,274	8,119,832	8,677,046	9,472,221	10,597,821
Business-type activities						
Revenue bonds	956,707	1,146,212	1,310,680	1,465,850	1,891,235	2,650,830
Notes payable	95,954	95,954	100,794	100,594	100,494	100,294
Capital leases	2,951	2,382	1,839	921	770	75
Installment purchases	16,844	10,416	3,595	4,167	7,781	38
Total business-type activities	1,072,456	1,254,964	1,416,908	1,571,532	2,000,280	2,751,237
Total primary government	\$ 8,797,277	\$ 9,144,238	\$ 9,536,740	\$ 10,248,578	\$ 11,472,501	\$ 13,349,058
Total primary government debt as a percentage of personal income	2.75%	2.71%	2.65%	2.74%	2.87%	3.28%
Total amount of primary government debt per capita	\$ 0.727	\$ 0.750	\$ 0.777	\$ 0.829	\$ 0.922	\$ 1.066

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

Schedule 9

2003	2004	2005	2006
\$ 19,599,971	\$ 20,334,929	\$ 20,647,639	\$ 20,964,660
2,091,170	2,345,599	2,442,525	2,539,045
19,022	13,895	11,139	11,392
19,859	10,217	16,123	10,574
130,720	122,965	114,805	107,580
<u>21,860,742</u>	<u>22,827,605</u>	<u>23,232,231</u>	<u>23,633,251</u>
3,260,400	3,785,870	4,675,455	4,460,550
100,294	685,469	-	-
75	50	24	-
29	4	-	-
<u>3,360,798</u>	<u>4,471,393</u>	<u>4,675,479</u>	<u>4,460,550</u>
<u>\$ 25,221,540</u>	<u>\$ 27,298,998</u>	<u>\$ 27,907,710</u>	<u>\$ 28,093,801</u>
<u>6.10%</u>	<u>6.39%</u>	<u>6.32%</u>	<u>6.07%</u>
<u>\$ 2.004</u>	<u>\$ 2.158</u>	<u>\$ 2.195</u>	<u>\$ 2.201</u>

State of Illinois

Ratios of General Bonded Debt Outstanding and Debt Limitations

Last Ten Fiscal Years

(Amounts in Thousands)

	For the Fiscal Year Ended June 30,					
	1997	1998	1999	2000	2001	2002
General bonded debt						
General obligation bonds	\$ 5,654,397	\$ 5,886,104	\$ 6,126,444	\$ 6,599,444	\$ 7,350,525	\$ 8,405,437
Special obligation bonds	1,885,167	1,832,306	1,827,664	1,883,343	1,932,440	2,003,353
	<u>7,539,564</u>	<u>7,718,410</u>	<u>7,954,108</u>	<u>8,482,787</u>	<u>9,282,965</u>	<u>10,408,790</u>
Less: Amounts restricted for debt service	631,129	733,968	817,622	925,236	809,384	648,156
Net total general bonded debt	<u>\$ 6,908,435</u>	<u>\$ 6,984,442</u>	<u>\$ 7,136,486</u>	<u>\$ 7,557,551</u>	<u>\$ 8,473,581</u>	<u>\$ 9,760,634</u>
Total general bonded debt as a percentage of personal income	<u>2.16%</u>	<u>2.07%</u>	<u>1.98%</u>	<u>2.02%</u>	<u>2.12%</u>	<u>2.40%</u>
Total general bonded debt as a percentage of taxable sales	<u>6.78%</u>	<u>6.59%</u>	<u>5.89%</u>	<u>5.65%</u>	<u>6.65%</u>	<u>5.74%</u>
Total amount of general obligation debt per capita	<u>\$ 0.571</u>	<u>\$ 0.573</u>	<u>\$ 0.582</u>	<u>\$ 0.612</u>	<u>\$ 0.681</u>	<u>\$ 0.780</u>
Authorized general bonded debt						
General obligation bonds	\$ 13,235,508	\$ 15,325,296	\$ 20,607,848	\$ 21,466,658	\$ 22,534,032	\$ 24,927,174
Special obligation bonds	2,324,625	2,343,450	3,101,100	3,163,565	3,854,585	4,121,024
Total authorized general bonded debt	<u>\$ 15,560,133</u>	<u>\$ 17,668,746</u>	<u>\$ 23,708,948</u>	<u>\$ 24,630,223</u>	<u>\$ 26,388,617</u>	<u>\$ 29,048,198</u>
Issued general bonded debt						
General obligation bonds	\$ 11,607,817	\$ 12,326,148	\$ 13,098,482	\$ 13,958,482	\$ 15,236,337	\$ 15,633,634
Special obligation bonds	2,098,008	2,098,008	2,158,008	2,283,008	2,408,008	2,558,008
Total issued general bonded debt	<u>\$ 13,705,825</u>	<u>\$ 14,424,156</u>	<u>\$ 15,256,490</u>	<u>\$ 16,241,490</u>	<u>\$ 17,644,345</u>	<u>\$ 18,191,642</u>
General bonded debt margin						
General obligation bonds	\$ 1,627,691	\$ 2,999,148	\$ 7,509,366	\$ 7,508,176	\$ 7,297,695	\$ 9,293,540
Special obligation bonds	226,617	245,442	943,092	880,557	1,446,577	1,563,016
Total general bonded debt margin	<u>\$ 1,854,308</u>	<u>\$ 3,244,590</u>	<u>\$ 8,452,458</u>	<u>\$ 8,388,733</u>	<u>\$ 8,744,272</u>	<u>\$ 10,856,556</u>
Issued bonded debt to authorized bonded debt ratio						
General obligation bonds	87.70%	80.43%	63.56%	65.02%	67.61%	62.72%
Special obligation bonds	90.25%	89.53%	69.59%	72.17%	62.47%	62.07%
Total issued bonded debt to authorized bonded debt ratio	88.08%	81.64%	64.35%	65.94%	66.86%	62.63%

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

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

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

Schedule 10

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 19,599,971	\$ 20,334,929	\$ 20,647,639	\$ 20,964,660
2,091,170	2,345,599	2,442,525	2,539,045
<u>21,691,141</u>	<u>22,680,528</u>	<u>23,090,164</u>	<u>23,503,705</u>
745,023	799,825	848,213	833,273
<u>\$ 20,946,118</u>	<u>\$ 21,880,703</u>	<u>\$ 22,241,951</u>	<u>\$ 22,670,432</u>
<u>5.06%</u>	<u>5.12%</u>	<u>5.04%</u>	<u>4.90%</u>
<u>13.66%</u>	<u>14.35%</u>	<u>8.61%</u>	<u>13.24%</u>
<u>\$ 1.664</u>	<u>\$ 1.730</u>	<u>\$ 1.750</u>	<u>\$ 1.776</u>
\$ 34,927,174	\$ 34,196,174	\$ 34,196,174	\$ 34,196,174
4,122,774	4,122,774	4,122,774	4,122,774
<u>\$ 39,049,948</u>	<u>\$ 38,318,948</u>	<u>\$ 38,318,948</u>	<u>\$ 38,318,948</u>
\$ 27,722,187	\$ 29,280,828	\$ 30,028,803	\$ 31,085,805
2,740,233	3,090,233	3,290,233	3,505,233
<u>\$ 30,462,420</u>	<u>\$ 32,371,061</u>	<u>\$ 33,319,036</u>	<u>\$ 34,591,038</u>
\$ 7,204,987	\$ 4,915,346	\$ 4,167,371	\$ 3,110,369
1,382,541	1,032,541	832,541	617,541
<u>\$ 8,587,528</u>	<u>\$ 5,947,887</u>	<u>\$ 4,999,912</u>	<u>\$ 3,727,910</u>
79.37%	85.63%	87.81%	90.90%
66.47%	74.96%	79.81%	85.02%
78.01%	84.48%	86.95%	90.27%

**Revenue Bond Coverage
Proprietary
Last Ten Fiscal Years**

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 - Pledged revenue of loans receivable repayments							
2002	(a) \$ 34,792	\$ 8,741	\$ 26,051	\$ -	\$ -	\$ -	-
2003	38,169	9,626	28,543	3,085	5,153	8,238	3.46
2004	38,018	11,580	26,438	8,350	7,423	15,773	1.68
2005	49,833	11,855	37,978	14,075	12,086	26,161	1.45
2006	55,557	11,495	44,062	16,455	12,834	29,289	1.50
Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments							
1997	\$ 144,930 (b)	\$ 20,078	\$ 124,852	\$ 76,165 (b)	\$ 51,995	\$ 128,160	0.97
1998	107,397 (c)	21,125	86,272	29,995 (c)	57,604	87,599	0.98
1999	130,741 (d)	22,613	108,128	39,320 (d)	63,494	102,814	1.05
2000	149,636 (e)	24,956	124,680	39,765 (e)	21,832	61,597	2.02
2001	170,779 (f)	29,161	141,618	42,845 (f)	17,804	60,649	2.34
2002	130,634 (g)	37,869	92,765	44,405 (g)	49,855	94,260	0.98
2003	91,748	55,401	36,347	137,345	40,900	178,245	0.20
2004	139,577 (h)	65,449	74,128	130,875 (h)	31,478	162,353	0.46
2005	107,734	76,197	31,537	97,340	60,100	157,440	0.20
2006	163,023	91,585	71,438	130,475	132,548	263,023	0.27
MAJOR COMPONENT UNITS							
Illinois Housing Development Authority - Pledged revenue of loans receivable repayments							
1997	\$ 162,470	\$ 9,970	\$ 152,500	\$ 194,067	\$ 132,541	\$ 326,608	0.47
1998	291,916	174,521	117,395	387,165	145,732	532,897	0.22
1999	269,691	161,769	107,922	234,080	127,247	361,327	0.30
2000	294,546	186,199	108,347	119,344	130,889	250,233	0.43
2001	294,102	183,971	110,131	192,297	130,376	322,673	0.34
2002	298,581	174,720	123,861	233,165	123,066	356,231	0.35
2003	266,521	174,674	91,847	392,805	124,411	517,216	0.18
2004	252,688	177,096	75,592	138,455	94,098	232,553	0.33
2005	243,994	174,615	69,379	436,937	80,311	517,248	0.13
2006	242,222	175,399	66,823	292,869	72,646	365,515	0.18
Illinois State Toll Highway Authority - Pledged revenue of toll fees							
1997	\$ 460,329 (i)	\$ 178,901	\$ 281,428	\$ 174,590 (i)	\$ 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
2005	418,721	200,525	218,196	13,455	24,797	38,252	5.70
2006	612,236	215,796	396,440	45,035	46,603	91,638	4.33

(a) The first year a Water Revolving Fund Bond was issued, dated June 27, 2002.

(b) The Commission redeemed \$68.0 million of principal with bond issuance proceeds of \$23.7 million in February 1997 and \$44.3 million in May 1997.

(c) The Commission redeemed \$19.3 million of principal with bond issuance proceeds in February 1998.

(d) The Commission redeemed \$34.6 million of principal with bond issuance proceeds in February 1999.

(e) The Commission redeemed \$34.8 million of principal with bond issuance proceeds in February 2000.

(f) The Commission redeemed \$29.5 million of principal with bond issuance proceeds in November 2000.

(g) The Commission redeemed \$33.6 million of principal with bond issuance proceeds in January 2002.

(h) The Commission redeemed \$50.5 million of principal with bond issuance proceeds in October 2003.

(i) The Authority issued \$148.3 million of revenue bonds in October 1996, to current refund of \$144.3 million of revenue bonds.

**Revenue Bond Coverage
Proprietary
Last Ten Fiscal Years**

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
MAJOR COMPONENT UNITS (continued)							
Illinois State University - Pledged revenue of usage fees and rental income							
1997	\$ 43,155	\$ 34,389	\$ 8,766	\$ 2,870	\$ 1,787	\$ 4,657	1.88
1998	47,625	36,692	10,933	3,025	2,029	5,054	2.16
1999	48,183	35,784	12,399	3,850	1,856	5,706	2.17
2000	49,152	37,498	11,654	4,070	1,637	5,707	2.04
2001	51,120	40,352	10,768	4,305	1,337	5,642	1.91
2002	54,881	46,773	8,108	4,560	1,145	5,705	1.42
2003	56,249	44,860	11,389	4,595	1,111	5,706	2.00
2004	58,448	45,921	12,527	4,790	1,302	6,092	2.06
2005	57,753	46,088	11,665	4,770	1,219	5,989	1.95
2006	61,864	49,947	11,917	5,095	1,175	6,270	1.90
Northern Illinois University - Pledged revenue of usage fees and rental income							
1997	\$ 41,018	\$ 35,404	\$ 5,614	\$ 1,341	\$ 2,694	\$ 4,035	1.39
1998	44,917	35,846	9,071	905	2,871	3,776	2.40
1999	48,602	38,837	9,765	1,390	4,063	5,453	1.79
2000	50,730	42,233	8,497	1,337	5,221	6,558	1.30
2001	57,405	47,148	10,257	2,733	5,193	7,926	1.29
2002	61,549	45,329	16,220	6,095	3,914	10,009	1.62
2003	64,132	49,394	14,738	5,015	5,128	10,143	1.45
2004	66,653	51,240	15,413	5,295	4,846	10,141	1.52
2005	67,645	51,008	16,637	5,595	4,549	10,144	1.64
2006	72,426	53,745	18,681	5,740	4,406	10,146	1.84
Southern Illinois University - Pledged revenue of usage fees, rental income, and medical fees							
1997	\$ 45,652	\$ 40,778	\$ 4,874	\$ 2,300	\$ 2,134	\$ 4,434	1.10
1998	72,005	65,254	6,751	3,440	6,171	9,611	0.70
1999	76,099	65,668	10,431	4,680	5,363	10,043	1.04
2000	75,835	67,246	8,589	5,630	4,981	10,611	0.81
2001	81,183	67,667	13,516	9,385	3,333	12,718	1.06
2002	80,968	64,612	16,356	7,160	4,007	11,167	1.46
2003	81,515	65,836	15,679	7,465	4,098	11,563	1.36
2004	90,316	73,753	16,563	7,465	4,098	11,563	1.43
2005	97,859	79,784	18,075	8,260	4,478	12,738	1.42
2006	104,713	86,382	18,331	8,735	5,392	14,127	1.30
University of Illinois - Pledged revenue of usage fees, rental income, and medical fees							
1997	\$ 593,763	\$ 526,499	\$ 67,264	\$ 17,575	\$ 21,101	\$ 38,676	1.74
1998	599,392	531,053	68,339	20,945	22,985	43,930	1.56
1999	599,397	548,008	51,389	17,945	22,495	40,440	1.27
2000	713,905	654,264	59,641	18,985	25,658	44,643	1.34
2001	665,320	604,468	60,852	18,990	29,275	48,265	1.26
2002	613,413	540,832	72,581	24,785	26,928	51,713	1.40
2003	660,059	578,082	81,977	15,755	27,240	42,995	1.91
2004	810,251	609,442	200,809	22,560	29,395	51,955	3.87
2005	752,592	674,645	77,947	25,425	30,029	55,454	1.41
2006	793,906	712,608	81,298	24,080	33,224	57,304	1.42

State of Illinois**Demographic and Economic Statistics****Last Ten Calendar Years (expressed in thousands)**

	For the Calendar Year				
	1996	1997	1998	1999	2000
Population					
State	12,102	12,186	12,272	12,359	12,440
Percentage change	0.78%	0.69%	0.71%	0.71%	0.66%
National	269,394	272,647	275,854	279,040	282,193
Percentage change	1.17%	1.21%	1.18%	1.15%	1.13%
Total Personal Income					
State	\$ 320,081,011	\$ 337,897,021	\$ 360,094,542	\$ 373,384,640	\$ 400,373,280
Percentage change	6.10%	5.57%	6.57%	3.69%	7.23%
National	\$ 6,512,485,000	\$ 6,907,332,000	\$ 7,415,709,000	\$ 7,796,137,000	\$ 8,422,074,000
Percentage change	5.98%	6.06%	7.36%	5.13%	8.03%
Per Capita Personal Income					
State	\$ 26,449	\$ 27,728	\$ 29,343	\$ 30,212	\$ 32,184
Percentage change	5.28%	4.84%	5.82%	2.96%	6.53%
National	\$ 24,175	\$ 25,334	\$ 26,883	\$ 27,939	\$ 29,845
Percentage change	4.76%	4.80%	6.11%	3.93%	6.82%
Labor force					
State Labor Force	6,239	6,291	6,331	6,430	6,468
Employed	5,907	5,988	6,047	6,144	6,177
Unemployed	332	303	284	286	291
Unemployment rate	5.3%	4.8%	4.5%	4.4%	4.5%

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

Schedule 12

Ended,

	2001	2002	2003	2004	2005
	12,519	12,587	12,650	12,712	12,763
	0.64%	0.54%	0.50%	0.49%	0.40%
	285,108	287,985	290,850	293,657	296,410
	1.03%	1.01%	0.99%	0.97%	0.94%
\$	407,253,595	\$ 413,710,753	\$ 427,002,541	\$ 441,372,577	\$ 462,857,174
	1.72%	1.59%	3.21%	3.37%	4.87%
\$	8,716,992,000	\$ 8,872,871,000	\$ 9,150,908,000	\$ 9,717,173,000	\$ 10,224,761,000
	3.50%	1.79%	3.13%	6.19%	5.22%
\$	32.531	\$ 32.868	\$ 33.755	\$ 34.721	\$ 36.266
	1.08%	1.04%	2.70%	2.86%	4.45%
\$	30.574	\$ 30.810	\$ 31.463	\$ 33.090	\$ 34.495
	2.44%	0.77%	2.12%	5.17%	4.25%
	6,465	6,383	6,367	6,406	6,469
	6,114	5,966	5,940	6,008	6,100
	351	417	427	398	369
	5.4%	6.5%	6.7%	6.2%	5.7%

State of Illinois
Principal Employers
Current Year

Schedule 13

Employer	2006	
	Employees	Percentage of Total State Employment
U.S. Government	88,200	0.88%
State of Illinois	72,903	0.73%
Chicago School Board	41,900	0.42%
Wal-Mart	41,100	0.41%
City of Chicago	38,900	0.39%
Jewel-Osco	33,500	0.34%
University of Illinois	28,500	0.29%
Cook County	25,500	0.26%
Advocate Health Care	25,300	0.25%
Caterpillar	24,500	0.25%
Total	420,303	4.20%

Source: Department of Commerce and Economic Opportunity

State of Illinois
Employees by Function
Last Ten Fiscal Years

	Employees				
	1997	1998	1999	2000	2001
Health and social services	29,552	29,413	31,177	30,722	30,595
Education	1,039	1,079	1,082	1,114	1,056
General government	12,164	12,029	12,363	13,048	13,277
Employment and economic development	3,652	3,564	3,755	3,819	3,775
Transportation	10,040	9,627	9,894	10,082	10,167
Public protection and justice	20,906	21,541	22,931	23,104	23,854
Environment and business regulation	6,352	6,334	6,517	6,598	6,373
Total	83,705	83,587	87,719	88,487	89,097

Schedule 14

as of June 30,

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
29,016	24,134	24,262	22,767	23,230
964	806	767	766	763
13,198	11,804	11,934	12,256	12,999
3,829	3,412	3,576	3,394	3,366
10,138	9,336	8,760	8,261	8,098
23,958	20,320	20,819	20,414	19,603
<u>6,318</u>	<u>5,434</u>	<u>5,294</u>	<u>4,788</u>	<u>4,844</u>
<u>87,421</u>	<u>75,246</u>	<u>75,412</u>	<u>72,646</u>	<u>72,903</u>

State of Illinois**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	1997	1998	1999
Health and Social Services			
Child abuse and neglect			
Calls to abuse/neglect hotline	355,579	339,649	304,945
Children investigated	119,447	114,011	106,903
Elder abuse			
Total cases received	5,833	6,213	7,157
Estimated number of cases substantiated	N/A	N/A	N/A
Immunization rates of children under age two	N/A	76%	76%
General government			
Taxes			
Number of individual income tax returns processed	5,368,278	5,404,670	5,699,948
Percent of individual income tax returns filed electronically	10.60%	11.42%	12.57%
Total payments processed through State Treasury	\$ 16,564,663	\$ 14,042,540	\$ 13,809,108
Education			
Elementary and secondary education			
Public school enrollment	1,931,871	1,951,998	1,962,026
Graduation rate	81.60%	81.80%	81.90%
Dropout rate	6.4%	6.2%	5.9%
Higher education			
Enrollment	728,805	731,595	735,038
Degrees conferred	123,406	125,089	125,877
Transportation			
Miles of pavement maintained/improved	1,304	701	1,128
Number of bridges maintained/improved	318	315	380
Employment and economic development			
Unemployment insurance *			
Number of claims	718,938	652,052	600,164
Average duration (weeks)	17.13	16.91	16.34
State Fair			
State Fair attendees	790,028	798,799	826,648
DuQuoin State Fair attendees	378,000	400,000	400,633
Tourism			
Historic site attendance (in thousands)	2,500	2,785	2,847
Abraham Lincoln Presidential Library and Museum**	N/A	N/A	N/A
Public protection and justice			
Crime Rates			
Violent crime rates per 100,000 in population *	918	880	827
Property crime rates per 100,000 in population *	4,481	4,399	4,197
Total crime per 100,000 in population	5,399	5,279	5,024
Violent crime arrest rate per 100,000 in population *	268	256	243
Property crime arrest rate per 100,000 in population *	914	899	778
Total crime arrest rate per 100,000 in population	1,182	1,155	1,021
Corrections			
End-of-year adult inmate population	40,425	42,140	44,355
End-of-year juvenile population	2,121	2,154	2,199
Environment and business regulation			
Professional Regulation			
Professional complaints received	10,848	9,058	8,742
Licenses placed on probation	Not available	Not available	404

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

** The Presidential Library opened October, 2004 and the Presidential Museum opened April, 2005.

For the Fiscal Year Ended or as of June 30,

2000	2001	2002	2003	2004	2005	2006
306,818	306,506	304,804	293,292	277,295	249,764	257,481
103,577	100,448	98,181	97,413	104,236	111,828	110,235
7,372	7,359	7,425	7,672	8,359	8,641	9,304
4,202	4,213	4,290	4,461	4,766	4,804	5,303
78%	77%	76%	80%	85%	86%	85%
5,621,775	5,700,000	5,831,078	5,782,567	5,757,659	5,798,585	5,712,563
19.19%	22.33%	27.70%	33.41%	37.54%	41.84%	44.37%
\$ 14,884,506	\$ 15,988,446	\$ 14,078,664	\$ 15,979,883	\$ 15,157,741	\$ 14,896,011	\$ 15,092,629
2,027,600	2,048,792	2,071,391	2,084,490	2,060,008	2,062,912	2,111,706
82.60%	83.20%	85.20%	86%	86.5%	87.4%	87.80%
5.8%	5.7%	5.1%	6.0%	4.6%	4.0%	3.5%
742,949	752,753	781,190	799,216	801,548	805,764	Not available
129,044	134,833	139,154	149,865	155,216	160,806	Not available
1,219	1,815	1,555	1,561	1,155	919	820
254	501	333	319	219	206	255
604,070	636,532	825,811	875,777	855,658	766,032	702,725
17.60	15.77	15.37	19.01	19.01	18.92	18.23
1,063,059	1,162,000	1,130,000	1,264,750	725,000	671,334	672,615
411,749	393,088	447,955	500,854	270,346	315,731	298,286
2,915	2,664	2,656	2,665	2,680	2,772	2,498
N/A	N/A	N/A	6,662	5,724	45,469	85,715
703	669	653	625	573	562	568
3,901	3,681	3,586	3,519	3,382	3,282	3,159
4,603	4,350	4,239	4,144	3,955	3,844	3,727
238	220	215	211	206	205	212
800	762	745	699	653	622	599
1,038	982	960	910	859	827	811
44,819	45,629	43,142	43,186	44,379	44,669	45,440
2,071	1,940	1,668	1,565	1,603	1,434	1,497
10,372	9,702	9,165	11,085	9,781	9,195	9,024
504	572	436	603	590	488	419

State of Illinois

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

	For the Fiscal Year				
	1997	1998	1999	2000	2001
Health and social services					
Mental health facilities	20	20	20	20	20
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	16,832	16,793	16,782	16,717	16,650
Bridges	8,217	8,215	8,229	8,251	8,239
Public protection and justice					
Adult correctional facilities	26	26	26	26	27
Juvenile correctional facilities	7	7	7	8	8
Environment and business regulation					
State park acreage	403,000	403,303	406,100	402,302	417,475
Protected natural area acreage	45,000	45,764	58,550	63,821	66,649

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

Schedule 16

Ended or as of June 30,

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
20	18	18	18	18
4	4	4	4	4
16,601	16,538	16,513	16,459	16,430
8,230	8,227	8,222	8,232	8,296
27	26	27	27	27
9	8	8	8	8
440,465	450,814	456,039	387,753	499,515
71,163	76,179	82,957	85,375	87,731