



STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR
ENDED JUNE 30, 2016



ILLINOIS

ILLINOISCOMPTROLLER.GOV

STATE OF ILLINOIS

Comprehensive Annual Financial Report

~ 2016 ~

For Fiscal Year Ended June 30, 2016

Comptroller Susana A. Mendoza

This Page Left Intentionally Blank

Introductory Section

This Page Left Intentionally Blank

**Comprehensive Annual Financial Report
Table of Contents**

	Page
I. Introductory Section	
Table of Contents.....	I-IV
Comptroller Letter of Transmittal.....	1 - 6
Certificate of Achievement.....	8
Organizational Chart.....	9
II. Financial Section	
Independent Auditors' Report.....	13 - 15
Management's Discussion and Analysis.....	16 - 30
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	32 - 33
Statement of Activities.....	34 - 35
Governmental Funds Financial Statements	
Balance Sheet.....	36
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	37
Statement of Revenues, Expenditures and Changes in Fund Balances.....	38
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities.....	39
Proprietary Funds Financial Statements	
Statement of Net Position.....	40
Statement of Revenues, Expenses and Changes in Fund Net Position.....	41
Statement of Cash Flows.....	42 - 43
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position.....	44
Statement of Changes in Fiduciary Net Position.....	45
Component Units Financial Statements	
Statement of Net Position.....	46 - 47
Statement of Activities.....	48 - 49
Notes to the Financial Statements.....	51 - 179
Required Supplementary Information Other Than Management's Discussion and Analysis	
Budgetary Comparison Schedule - Major Governmental Funds.....	181
Notes to Budgetary Comparison Schedule - Major Governmental Funds.....	182 - 184
Defined Benefit Pension Plans.....	185 - 191
Defined Benefit Other Postemployment Benefit Plans - Schedule of Funding Progress.....	192
Combining and Individual Fund Financial Statements/Schedules	
General Fund	
Significant General Fund Account Descriptions.....	193
Combining Schedule of Accounts - General Fund.....	194
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund.....	195
Combining Schedule of Accounts - General Fund - Medicaid Provider Assessment Program.....	196
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund - Medicaid Provider Assessment Program.....	197
Nonmajor Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds.....	198
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	199
Special Revenue Funds	
Significant Nonmajor Governmental Special Revenue Funds Descriptions.....	201 - 203
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	204 - 205

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	206 - 207
Combining Balance Sheet - Treasurer.....	208
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Treasurer.....	209
Combining Balance Sheet - Commerce and Economic Opportunity.....	210
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Commerce and Economic Opportunity.....	211
Combining Balance Sheet - Natural Resources.....	212
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Natural Resources.....	213
Combining Balance Sheet - Human Services.....	214
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Human Services.....	215
Combining Balance Sheet - Public Health.....	216
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Public Health.....	217
Combining Balance Sheet - Revenue.....	218 - 219
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Revenue.....	220 - 221
Combining Balance Sheet - Transportation.....	222
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Transportation.....	223
Combining Balance Sheet - Other Departments.....	224
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Departments.....	225
Combining Balance Sheet - State Board of Education.....	226
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - State Board of Education.....	227
Combining Balance Sheet - Other Agencies, Boards and Authorities.....	228
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Agencies, Boards and Authorities.....	229
Debt Service Funds	
Significant Nonmajor Governmental Debt Service Funds Descriptions.....	231
Combining Balance Sheet - Nonmajor Debt Service Funds.....	232
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds.....	233
Capital Projects Funds	
Significant Nonmajor Governmental Capital Projects Funds Descriptions.....	235
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	236
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	237
Combining Balance Sheet - Transportation.....	238
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Transportation.....	239
Combining Balance Sheet - Capital Development Board.....	240
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Capital Development Board.....	241
Permanent Funds	
Significant Nonmajor Governmental Permanent Funds Descriptions.....	243
Combining Balance Sheet - Nonmajor Permanent Funds.....	244
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds.....	245
Combining Balance Sheet - Natural Resources.....	246
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Natural Resources.....	247
Combining Balance Sheet - Human Services.....	248
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Human Services.....	249
Nonmajor Enterprise Funds	
Significant Nonmajor Enterprise Funds Descriptions.....	251
Combining Statement of Net Position - Nonmajor Enterprise Funds.....	252
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds.....	253
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	254 - 255
Combining Statement of Net Position - Student Assistance Commission.....	256
Combining Statement of Revenues, Expenses and Changes in Net Position - Student Assistance Commission.....	257
Combining Statement of Cash Flows - Student Assistance Commission.....	258

	Page
Internal Service Funds	
Significant Internal Service Funds Descriptions.....	259
Combining Statement of Net Position - Internal Service Funds.....	260
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds.....	261
Combining Statement of Cash Flows - Internal Service Funds.....	262 - 263
Combining Statement of Net Position - Central Management Services.....	264
Combining Statement of Revenues, Expenses and Changes in Net Position - Central Management Services.....	265
Combining Statement of Cash Flows - Central Management Services.....	266
Pension (and Other Employee Benefit) Trust Funds	
Pension (and Other Employee Benefit) Trust Funds Descriptions.....	267
Combining Statement of Fiduciary Net Position - Pension (and Other Employee Benefit) Trust Funds.....	268 - 269
Combining Statement of Changes in Fiduciary Net Position - Pension (and Other Employee Benefit) Trust Funds.....	270 - 271
Private-Purpose Trust Funds	
Significant Private-Purpose Trust Fund Description.....	273
Combining Statement of Fiduciary Net Position - Private-Purpose Trust Funds.....	274
Combining Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Funds.....	275
Agency Funds	
Significant Agency Funds Descriptions.....	277
Combining Statement of Fiduciary Net Position - Agency Funds.....	278
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	279 - 280
Combining Statement of Fiduciary Net Position - Revenue.....	281
Combining Statement of Changes in Assets and Liabilities - Revenue.....	282 - 283
Component Units	
Nonmajor Component Units Descriptions.....	285
Combining Statement of Net Position - Other Authorities.....	286 - 287
Combining Statement of Activities - Other Authorities.....	288 - 289
Combining Statement of Net Position - Other Universities.....	290 - 291
Combining Statement of Activities - Other Universities.....	292 - 293
Budgetary Schedules	
Budgetary Schedule Descriptions.....	295
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.....	296 - 299
..General Funds.....	300 - 301
..Highway Funds.....	302 - 304
..Special State Funds.....	306 - 307
....Code Departments.....	308 - 310
.....Healthcare and Family Services.....	312 - 314
.....Revenue.....	316 - 317
.....Transportation.....	318 - 319
.....Other Code Departments.....	320 - 321
....Agencies, Boards and Commissions.....	322 - 323
.....State Board of Education.....	324 - 325
..Bond Financed Funds.....	326 - 327
....Transportation.....	328 - 329
..Debt Service Funds.....	330 - 331
..Federal Trust Funds.....	332 - 333
....Human Services.....	334 - 335
....State Board of Education.....	336 - 337

Page

..State Trust Funds..... 338 - 339
....Code Departments..... 340 - 341

III. Statistical Section

Table of Contents..... 345
Schedule 1 - Net Position by Component, Last Ten Fiscal Year Ends..... 346 - 347
Schedule 2 - Fund Balances, Governmental Funds, Last Ten Fiscal Year Ends..... 346 - 347
Schedule 3 - Changes in Net Position, Last Ten Fiscal Years..... 348 - 351
Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years..... 352 - 353
Schedule 5 - Personal Income by Industry, Last Ten Calendar Years..... 354 - 355
Schedule 6 - Taxable Sales by Industry, Last Ten Fiscal Years..... 354 - 355
Schedule 7 - Personal Income Tax Filers and Liability by Income Level, Calendar Years 2015 and 2006..... 356
Schedule 8 - Sales Tax Revenue Payers by Industry, Fiscal Years 2016 and 2007..... 357
Schedule 9 - Ratios of Outstanding Debt by Type, Last Ten Fiscal Years..... 358 - 359
Schedule 10 - Ratios of General Bonded Debt Outstanding and Debt Limitations, Last Ten Fiscal Years..... 360 - 361
Schedule 11 - Pledged Revenue Coverage, Last Ten Fiscal Years..... 362 - 364
Schedule 12 - Demographic and Economic Statistics, Last Ten Calendar Years..... 366 - 367
Schedule 13 - Principal Employers, Fiscal Years 2016 and 2007..... 368
Schedule 14 - Employees by Function, Last Ten Fiscal Years..... 370 - 371
Schedule 15 - Operating Indicators by Function/Program, Last Ten Fiscal Years..... 372 - 373
Schedule 16 - Capital Asset and Infrastructure Statistics by Function/Program, Last Ten Fiscal Years..... 374 - 375



STATE OF ILLINOIS
COMPTROLLER

SUSANA A. MENDOZA

February 28, 2017

To the Citizens of the State of Illinois,
Honorable Bruce Rauner, Governor and
Honorable Members of the General Assembly:

I am pleased to present to you the *State of Illinois Comprehensive Annual Financial Report (CAFR)* for the year ended June 30, 2016. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2016, and results of operations during the fiscal year. The report is intended to provide the State's taxpayers, managers, investors, creditors, lawmakers, and other users with information in accordance with generally accepted accounting principles (GAAP). Responsibility for the accuracy of the data as well as the completeness and fairness of presentation of this report rests with my Office and other State agency management.

The Management's Discussion and Analysis (MD&A), which begins on page 16 of this report, provides a narrative introduction, overview, and analysis to the accompanying basic financial statements. This letter is intended to complement the MD&A and should be read in conjunction with the MD&A. The accompanying basic financial statements are prepared in conformity with GAAP applicable to State governments as prescribed by the Governmental Accounting Standards Board (GASB). This Office supports the GASB, contributed to its formation, and participates in the development of pronouncements by submitting comments and recommendations as proposed standards are distributed for exposure.

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

The financial activities of the State are organized on the basis of individual funds, each of which is a separate accounting entity segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions, and limitations. Major funds are the focus of the State's financial statements and include the General Fund (including the General Revenue Account, the Education Assistance Account, the Common School Account, and the Medicaid Provider Assessment Accounts), the Road Fund, the State Construction Account, the Unemployment Compensation Trust Fund, the Water Revolving Fund, and the Prepaid Tuition Fund. The reporting entity, major funds, and fund types are described in detail in Note 1 to the financial statements. To ensure readability of the financial statements,

generally only funds with total assets and deferred outflows of resources, liabilities and deferred inflows of resources, fund balances/net position, revenues, or expenditures/expenses greater than 2% of the total for that fund type are presented separately in the individual fund financial statements, except component units where all component units are presented, and special revenue funds where funds greater than 1% of the total are presented. Combination of funds is necessary due to the existence of approximately 800 funds in the State's reporting entity. Funds used by more than one agency are classified with what is determined to be the primary administering agency.

Internal Controls

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

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

Independent Audit

The Illinois Auditor General has performed an audit of the accompanying basic financial statements in accordance with generally accepted auditing standards in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. His unmodified opinion appears at the beginning of the financial section of this report. In addition, the Illinois Auditor General conducts an annual audit pursuant to the requirements set forth in Title 2 of the U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). This report is issued separately.

PROFILE OF THE STATE

Illinois, located in the Midwest, became the twenty-first state in 1818. The State has 56,400 square miles and is the 24th largest state in size. Per the 2010 census, Illinois is the 5th largest state in population with approximately 12.8 million residents.

Illinois' government is divided into three branches: executive, legislative, and judicial. An organizational chart, showing the relationships between the Citizens of the State of Illinois, the three branches of Illinois State government, and those of the various agencies, boards, commissions, and universities which provide a full range of State government services, is presented on page 9.

The State provides a full range of services including: the construction and maintenance of highways and infrastructure, education, social and health services, public safety, conservation of

natural resources, economic development, and recreation facilities and development. The State of Illinois is also financially accountable for three separate entities which have been included as a part of the State's financial statements. In addition, the State of Illinois is financially accountable for 16 legally separate entities which have been reported separately within the State's financial statements. Additional information on all of these legally separate entities can be found in the notes to the financial statements.

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

The State of Illinois has a two-month "lapse period." During this time, July 1 to August 31, State agencies can expend funds appropriated in the prior fiscal year if encumbered by June 30. For all fund types, goods or services received prior to June 30 are recorded as liabilities and expenditures or expenses, whichever is appropriate. For governmental fund types, lapse period expenditures for goods encumbered as of June 30 and received prior to August 31 are reported within the existing fund balance classifications at June 30 and not as liabilities or expenditures. Public Act 97-0691 extended the lapse period to December 31 for fiscal year 2013 and future fiscal years for medical assistance payments of the Department of Healthcare and Family Services.

Many State programs are accounted for in the General Fund. As analyzed in the MD&A, the GAAP basis financial position of the General Fund at June 30, 2016, decreased from June 30, 2015. The fund deficit in the State's General Fund increased by \$2.738 billion on a GAAP basis, from a deficit of \$6.853 billion to a deficit of \$9.591 billion. On the *budgetary basis*, there was a \$3.542 billion fund deficit at June 30, 2016, compared to a \$2.900 billion fund deficit at June 30, 2015, resulting in a \$642 million increase in the budgetary deficit.

FACTORS AFFECTING FINANCIAL CONDITION

Economy

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

According to the U.S. Bureau of Labor Statistics, Illinois averaged 5.988 million nonfarm payroll jobs and an unemployment rate of 6.1% in fiscal year 2016.

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.

Technology Initiative

In January, 2016 the Governor issued Executive Order 2016-01, creating the Department of Innovation and Technology. As of July 1, 2016, the Information Technology Office was reconstituted as a new principal department of the Executive Branch of the State, to further consolidate and centralize the information technology functions across all state agencies.

Transfers to Defray Operating Costs

During fiscal year 2015, under the authority of Public Act 98-0682, the Governor elected to utilize interfund borrowing to transfer approximately \$454 million to the General Fund from various other state funds. At the time of the borrowing, the Act required repayment of the funds within 18 months from the date borrowed. However, Public Act 99-0523, which became effective June 30, 2016, removed the requirement for repayment by the General Fund to those state funds except in instances where a state fund has insufficient cash to cover expenditures properly supported by appropriations.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The fiscal year 2016 CAFR reveals continuing underlying financial weaknesses which significantly impact the State's overall fiscal health in regards to deferred liabilities, ongoing operational concerns related to cash management and long-term concerns related to pension and other postemployment obligations.

Deferred Liabilities

Section 25 of the State Finance Act permits the payment of selected prior year expenses, primarily Medicaid, in the current fiscal year. The section was originally created to address billing and adjudication issues connected with such expenditures. Over the past two decades, however, it has become a common practice to defer liabilities utilizing Section 25, effectively reducing the appropriation levels needed to fund certain programs within any given fiscal year and pushing expenditures into the next fiscal year. The State ended fiscal year 2016 with \$4.262 billion in such costs. This represents an increase of \$2.349 billion from the fiscal year 2015 balance of \$1.913 billion.

Cash Management

Cash flow continues to be an issue as Illinois has had a running General Revenue Fund deficit defined as bills on hand exceeding available cash, with few exceptions, since November of 2000. Cash management practices are greatly affected by the aforementioned budgetary practices in relation to deferred liabilities which place additional pressure in the first and second quarters of the year to pay those expenses. Additionally, the majority of the State's tax collections are

received in the second half of the fiscal year with large income tax collections arriving in the spring of each year which further contributes to the payment delays seen within the fiscal year.

In 2000, legislation was enacted to create the State's Budget Stabilization Fund in order to assist the State in meeting cash flow deficits as needed. The statutory goal for funding this reserve was set at five percent of General Fund's revenues in any given year. As of June 30, 2016, the balance in the Budget Stabilization Fund was \$276.5 million, an amount insufficient in practical terms to address the State's annual cash management needs and timing variations between spending and revenues, both recent and historical, and significantly less than the amount envisioned when the Act was created.

Public Act 99-0524, which became effective June 30, 2016, appropriated \$275 million of the balance in the Budget Stabilization Fund across approximately 40 agencies to help defray operating costs through December 31, 2016.

Pension Obligations

Legislation enacted in 1995 set a long-term funded ratio (assets to actuarial accrued liabilities) target for the State's five retirement systems at 90% and established a plan for contributions in order for the State to reach this target by fiscal year 2045. For fiscal year 2006 through fiscal year 2007, the relevant State statutes were amended to allow for significantly lower State contribution levels to the retirement systems with levels increasing in fiscal years 2008, 2009, and 2010 before returning to the mandated levels of the 1995 law for fiscal year 2011. Additionally, in fiscal year 2004, 2010, and 2011, general obligation pension bonds were issued in the amounts of \$10.0 billion, \$3.5 billion and \$3.7 billion, respectively. As of June 30, 2016, the State reported a net pension liability totaling \$116.024 billion.

Other Postemployment Obligations

The State performs actuarial valuations for postemployment benefits relating to health, dental, vision, and life insurance on a biannual basis, and beginning in fiscal year 2015, the actuarial valuation is calculated as of June 30, of the prior fiscal year end. As of June 30, 2014, the valuation reported a \$33.051 billion actuarial liability with no assets currently set aside to fund the liability as the State uses a "pay-as-you go" method to make payments for retirees' benefits.

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.

Public Act 99-0523, effective June 30, 2016, suspended some of the restrictions for general obligation bonds issued in fiscal year 2017. Under Public Act 99-0523, the requirements that at least 25% of the refunding general obligation bonds issued within a fiscal year must be sold pursuant to notice of sale and public bid, and that general obligation bonds must be issued with principal or mandatory redemption amounts in equal amounts in each fiscal year beginning the year following issuance, do not apply to refunding general obligation issued in fiscal year 2017. Also under Public Act 99-0523, the requirement that general obligation bonds may not be issued if, after their issuance, in the next State 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, does not apply to general obligation bonds issued for new money purposes in an aggregate principal amount of up to \$2 billion or to general obligation bonds issued for refunding purposes in an aggregate principal amount of up to \$2 billion in fiscal year 2017.

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, 2015, which was the thirty-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,

Susana A. Mendoza
Comptroller

This Page Left Intentionally Blank



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

State of Illinois

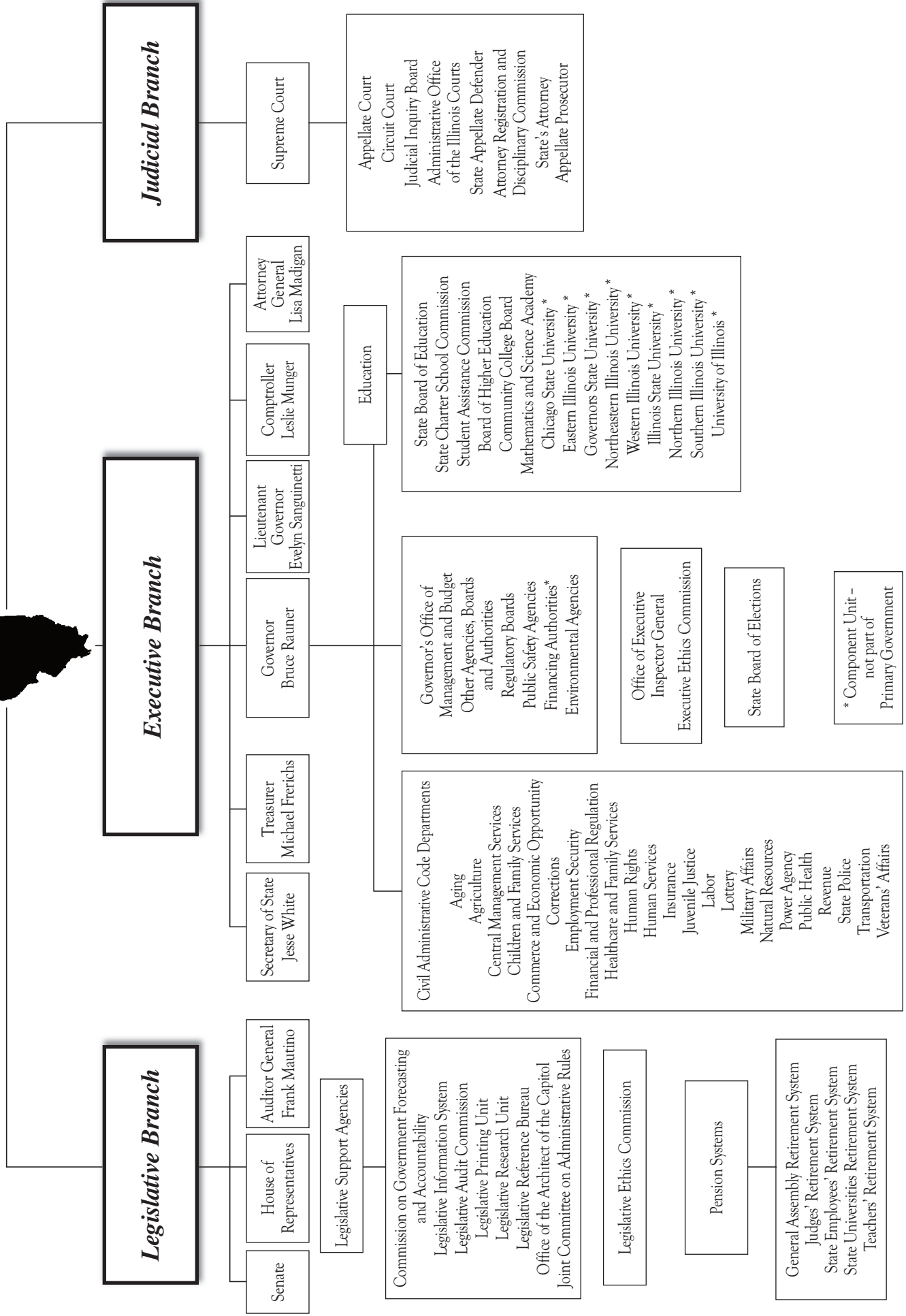
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

STATE OF ILLINOIS

Organizational Chart
June 30, 2016



This Page Left Intentionally Blank

Financial Section

This Page Left Intentionally Blank

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046

FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE 5-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL

FRANK J. MAUTINO

INDEPENDENT AUDITORS' REPORT

Honorable Michael J. Madigan, Speaker of the House
Honorable John J. Cullerton, President of the Senate
Members of the General Assembly
Honorable Bruce Rauner, Governor
Honorable Susana Mendoza, Comptroller

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State of Illinois' basic financial statements as listed in the Table of Contents for Section II of the Illinois Comprehensive Annual Financial Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain university related organizations, which represent 10%, 20%, 3%, and 4%, respectively, of the total assets and deferred outflows of resources, total net position, total revenues, and total expenses of the aggregate discretely presented component unit amounts. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these university related organizations, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Illinois, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 2 to the financial statements, the financial statements have been restated as of July 1, 2015, for the implementation of GASB Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, and GASB Statement 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

The deficit for net position of governmental activities in Fiscal Year 2016 continued to increase by \$6,262,045,000, from \$125,307,177,000 at June 30, 2015, to \$131,569,222,000 at June 30, 2016. This deficit, which is presented on an accrual basis, is the excess of total liabilities and deferred inflows of resources over total assets and deferred outflows of resources and represents a deferral of current and prior year costs to future periods. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Defined Benefit Pension Plan Schedules and Defined Benefit Other Postemployment Benefit Plans - Schedules of Funding Progress on pages 16-30, 181-184, 185-191 and 192 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois' basic financial statements. The combining and individual fund financial statements and schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2017, on our consideration of the State of Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois' internal control over financial reporting and compliance.



FRANK J. MAUTINO
Auditor General
State of Illinois



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

Springfield, IL
February 28, 2017

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, 2016. Please read it in conjunction with the transmittal letter and with the State's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The Statement of Net Position (pages 32 and 33) presents net position as the difference between the State's non-fiduciary assets plus deferred outflows of resources less liabilities less deferred inflows of resources. Over time, increases and decreases in net position measure whether the State's financial position is improving or deteriorating.

The Statement of Activities (pages 34 and 35) presents all of the State's non-fiduciary revenues and expenses with the difference showing how the State's net position changed during the current fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and unused accrued absences).

Both statements report three activities:

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

Included within the basic financial statements are two schedules (pages 37 and 39) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (accrual accounting). Modified accrual accounting focuses on current financial resources, which are the

resources available for spending in the near future (defined by the State as 60 days). Accrual accounting reports the total economic resources similar to a private-sector business. The following summarizes some of the differences in modified accrual and accrual accounting:

- Capital assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds statements.
- Prepaid expenses for governmental activities are current uses of financial resources of funds, and therefore, are not reported in the governmental funds statements.
- Deferred insurance costs are capitalized and amortized as governmental activities, but reported as expenditures in the governmental funds statements.
- Internal service funds are reported as governmental activities, but reported as proprietary funds in the fund financial 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 and related deferred outflows/inflows of resources, such as capital lease obligations, installment purchases agreements, compensated absences, certificates of participation, net pension liabilities, net other postemployment benefit obligations, and bonds and notes payable appear as liabilities and related deferred outflows/inflows of resources in the government-wide statements, but are not reported in the governmental funds statements.
- Capital outlay spending results in recording capital assets on the government-wide statements, but is reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities on the government-wide statements, but are recorded as other financing sources on the governmental fund statements.
- Certain other outflows represent either increases or decreases in liabilities on the government-wide statements, but are reported as expenditures on the governmental funds statements.

The Notes to the Basic Financial Statements provide additional information that is integral to understanding the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 51 of this report.

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

The fund financial statements begin on page 36 and provide more detail than the government-wide financial statements, concentrating on information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. In addition to the major funds, individual fund data for the nonmajor funds is presented beginning on page 193. The State's funds are divided into three categories – governmental, proprietary, and fiduciary – with each using a different accounting method.

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

liabilities that are due in the current period. Governmental funds include the General Fund and special revenue, capital project, debt service, and permanent funds.

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

Fiduciary funds – The State acts as a trustee or fiduciary for its employee pension plans. The State is also responsible for other assets that, because of a trust arrangement or other contractual arrangement, can be used only for the trust beneficiaries. The State’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 44. These funds, which include pension (and other employee benefit) trust, private-purpose trust, investment trust, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and do not represent discretionary assets of the State to finance its operations.

Additional Required Supplementary Information

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

Other Supplementary Information

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

FINANCIAL ANALYSIS OF THE STATE

The State’s combined net position decreased \$5.744 billion or 4.7% during the current fiscal year. The net position of the State’s governmental activities decreased \$6.262 billion or 5.0% and the net position of the State’s business-type activities increased \$518 million or 12.0%. The following condensed financial information was derived from the government-wide Statement of Net Position and reflects the State’s financial position as of June 30, 2016 and 2015:

Net Position as of June 30 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Assets and deferred outflows of resources:						
Current and other non-current assets	\$ 19,295	\$ 19,089	\$ 7,952	\$ 8,105	\$ 27,247	\$ 27,194
Capital assets	22,531	21,976	5	6	22,536	21,982
Deferred outflows of resources	12,382	10,563	39	50	12,421	10,613
Total assets and deferred outflow of resources	54,208	51,628	7,996	8,161	62,204	59,789
Liabilities and deferred inflows of resources:						
Other liabilities	20,932	18,046	675	957	21,607	19,003
Long-term liabilities	161,682	153,042	2,385	2,820	164,067	155,862
Deferred inflows of resources	3,163	5,847	94	60	3,257	5,907
Total liabilities and deferred inflows of resources	185,777	176,935	3,154	3,837	188,931	180,772
Net position:						
Invested in capital assets	15,583	15,181	5	6	15,588	15,187
Restricted	3,437	3,441	5,371	5,240	8,808	8,681
Unrestricted	(150,589)	(143,929)	(534)	(922)	(151,123)	(144,851)
Total net position	\$ (131,569)	\$ (125,307)	\$ 4,842	\$ 4,324	\$ (126,727)	\$ (120,983)

The State's largest asset is its capital assets (\$22.536 billion) consisting of land, buildings, equipment, infrastructure, and other items with estimated useful lives of greater than one year. The largest portion of the State's long-term liabilities is its net pension liability (\$116.024 billion) and bonds payable obligation (\$31.225 billion), including unamortized premiums and discounts. The State's net position includes the State's investment in capital assets, less any related debt that was recorded to acquire or construct the assets. The restricted net position balance consists of resources subject to external restrictions or enabling legislation as to their use. The remaining portion, unrestricted net position, is the net position available to be used at the State's discretion or need, to be replenished by revenues in future periods.

The State's assets and deferred outflows of resources increased \$2.415 billion from \$59.789 billion at June 30, 2015, to \$62.204 billion at June 30, 2016, due mainly to \$1.846 billion more in cash held at the State Treasury and \$1.808 billion more in deferred outflows of resources, offset by a decrease of \$1.332 billion in securities lending collateral of the State Treasurer. The State's increase in liabilities and deferred inflows of resources of \$8.159 billion from \$180.772 billion at June 30, 2015, to \$188.931 billion at June 30, 2016, resulted mainly from an increase in net pension liabilities of \$7.359 billion. More detailed information regarding the net pension liability and related amounts is presented in Note 16 of the financial statements on page 135. Other significant changes included increases in the State's net other postemployment benefit obligation of \$2.230 billion offset by a decrease in bonds payable of \$1.271 billion.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2016	2015	2016	2015	2016	2015	2015 to 2016
Revenues							
Program revenues							
Charges for services	\$ 3,216	\$ 3,022	\$ 5,334	\$ 5,510	\$ 8,550	\$ 8,532	0.2%
Operating grants and contributions	20,956	21,882	238	270	21,194	22,152	(4.3%)
Capital grants and contributions	1,531	1,524	-	-	1,531	1,524	0.5%
General revenues							
Income taxes	16,898	19,882	-	-	16,898	19,882	(15.0%)
Sales taxes	11,165	10,997	-	-	11,165	10,997	1.5%
Motor fuel taxes	1,322	1,292	-	-	1,322	1,292	2.3%
Public utility taxes	1,427	1,461	-	-	1,427	1,461	(2.3%)
Riverboat taxes	485	498	-	-	485	498	(2.6%)
Medical providers assessment taxes	1,376	1,401	-	-	1,376	1,401	(1.8%)
Other taxes	2,743	2,843	-	-	2,743	2,843	(3.5%)
Interest and investment earnings	72	64	65	51	137	115	19.1%
Other revenue	763	777	-	-	763	777	(1.8%)
Total revenues	61,954	65,643	5,637	5,831	67,591	71,474	(5.4%)
Expenses							
Health and social services	28,911	29,745	-	-	28,911	29,745	(2.8%)
Education	19,277	19,302	-	-	19,277	19,302	(0.1%)
General government	2,826	2,717	-	-	2,826	2,717	4.0%
Employment and economic development	835	1,251	-	-	835	1,251	(33.3%)
Transportation	4,702	5,133	-	-	4,702	5,133	(8.4%)
Public protection and justice	3,931	3,601	-	-	3,931	3,601	9.2%
Environment and business regulation	801	1,104	-	-	801	1,104	(27.4%)
Unemployment compensation fund	-	-	1,904	1,842	1,904	1,842	3.4%
Water revolving fund	-	-	39	44	39	44	(11.4%)
Prepaid tuition programs	-	-	58	28	58	28	107.1%
Designated account purchase program fund	-	-	14	15	14	15	(6.7%)
Lottery	-	-	2,150	2,139	2,150	2,139	0.5%
Federal student loans	-	-	133	133	133	133	0.0%
Student loan operating fund	-	-	17	27	17	27	(37.0%)
Other business-type activities	-	-	87	84	87	84	3.6%
Intergovernmental	5,906	5,956	-	-	5,906	5,956	(0.8%)
Interest	1,762	1,709	-	-	1,762	1,709	3.1%
Total expenses	68,951	70,518	4,402	4,312	73,353	74,830	(2.0%)
Excess (deficiency) before transfers	(6,997)	(4,875)	1,235	1,519	(5,762)	(3,356)	(71.7%)
Transfers	735	779	(735)	(779)	-	-	0.0%
Increase (decrease) in net position	(6,262)	(4,096)	500	740	(5,762)	(3,356)	(71.7%)
Net position - beginning, as restated *	(125,307)	(121,211)	4,342	3,584	(120,965)	(117,627)	(2.8%)
Net position - ending	<u>\$ (131,569)</u>	<u>\$ (125,307)</u>	<u>\$ 4,842</u>	<u>\$ 4,324</u>	<u>\$ (126,727)</u>	<u>\$ (120,983)</u>	<u>(4.7%)</u>

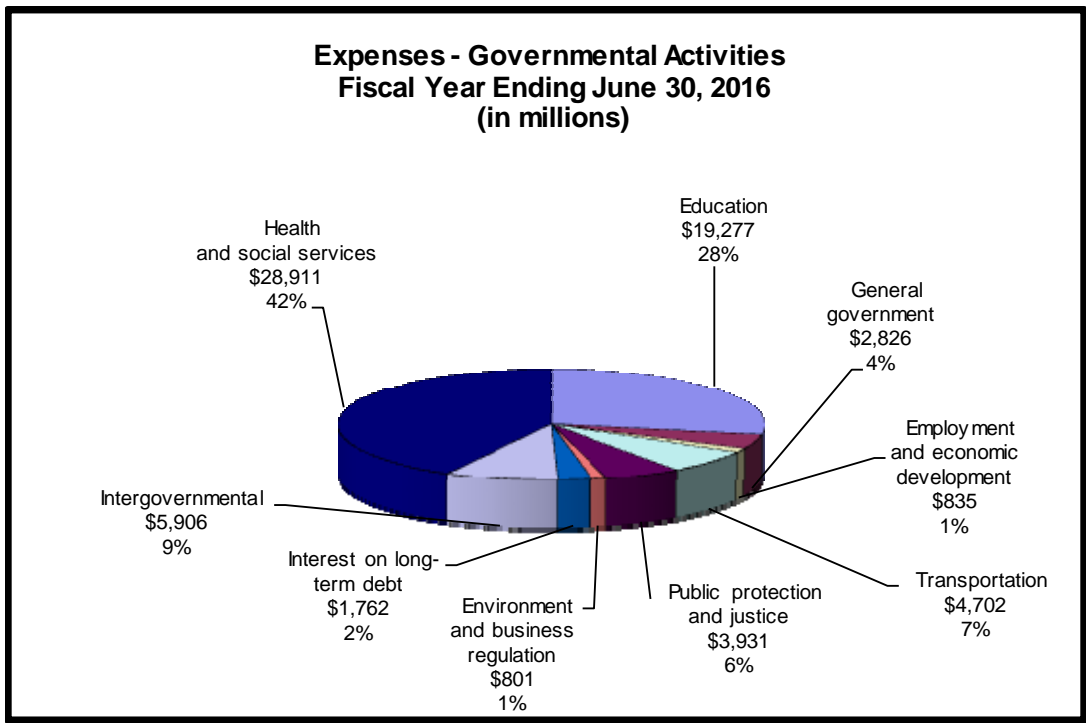
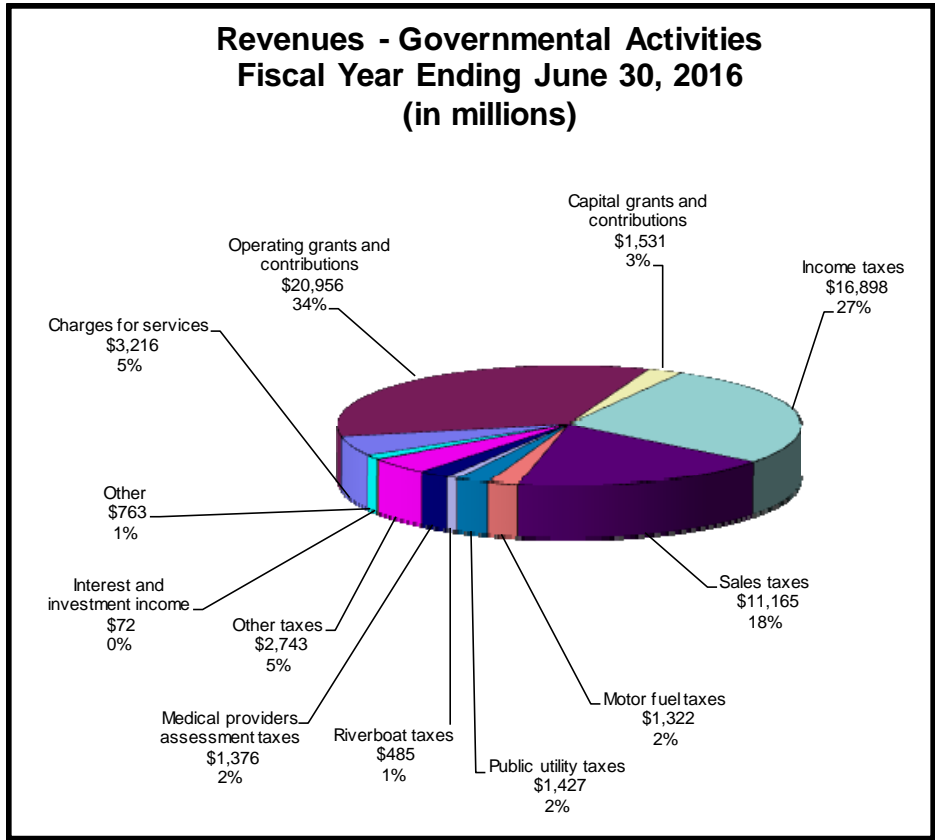
*The 2016 beginning net position has been restated to reflect the implementation of GASB 72 "Fair Value Measurement and Application," and the 2015 beginning net position has been restated to reflect the implementation of GASB 68 "Accounting and Financial Reporting for Pensions."

Governmental Activities:

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

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

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



The State's governmental activities revenues decreased \$3.689 billion (5.6%) during fiscal year 2016 with the largest revenue decrease consisting of \$2.984 billion in income taxes.

The State's governmental activities expenses decreased \$1.567 billion (2.2%) during fiscal year 2016, due mostly to a decrease in health and social service program expenses of \$834 million.

Business-type Activities:

Net position of business-type activities increased \$518 million during the fiscal year 2016. This increase was attributed mainly to a \$330 million increase in net position of the Unemployment Compensation Trust Fund, which had a decrease of \$260 in revenue bonds outstanding at year end.

FINANCIAL ANALYSIS OF THE STATE'S MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund accounts for resources obtained and used for those services traditionally provided by the State which are not accounted for in another fund. Accordingly, the majority of the State's tax revenues and program support expenses are accounted for in the General Fund. For financial reporting purposes, the General Fund consists of several accounts of the State which are described on page 193. For budgetary purposes the General Funds consist of the General Revenue, Common School-Special, Education Assistance, and Common School Accounts.

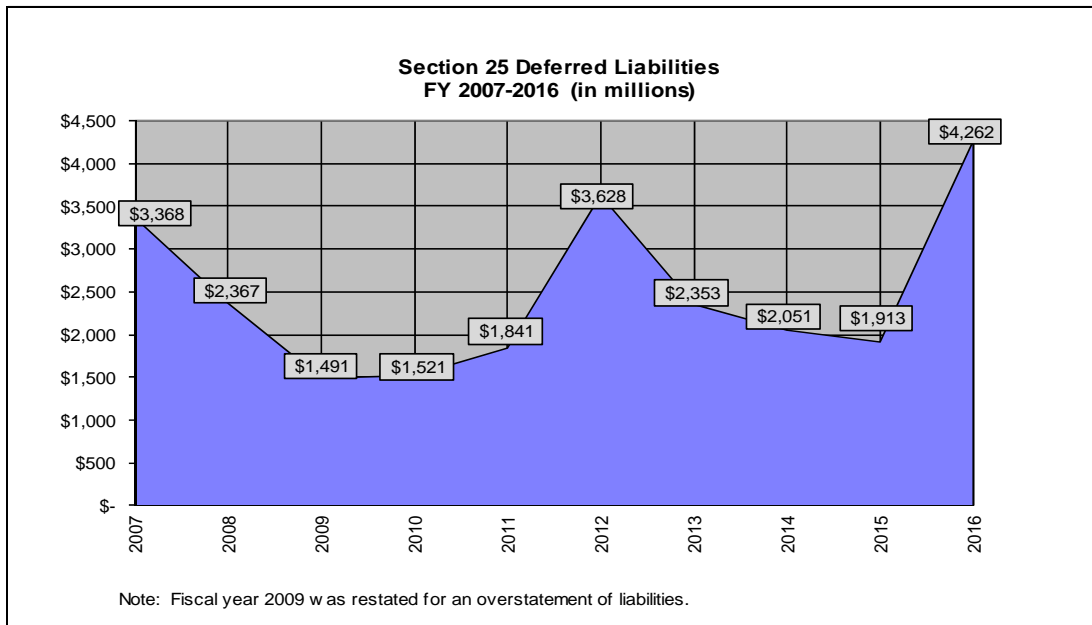
The State's General Funds' budgetary fund balance ended fiscal year 2016 with a deficit for the fifteenth consecutive year. At June 30, 2016, the General Funds' budgetary fund balance was a deficit of \$3.542 billion compared to a \$2.900 billion deficit recorded at June 30, 2015. The final budget projected a \$2.127 billion deficit.

The majority of the \$1.415 billion decrease in the General Funds' budgetary balance between the final budget and the actual results was due to \$1.595 billion less in actual revenues than budgeted revenues, offset by \$180 million less in actual expenditures than budgeted expenditures. Actual income tax revenues and federal government revenues were \$654 million and \$675 million less than budgeted, respectively.

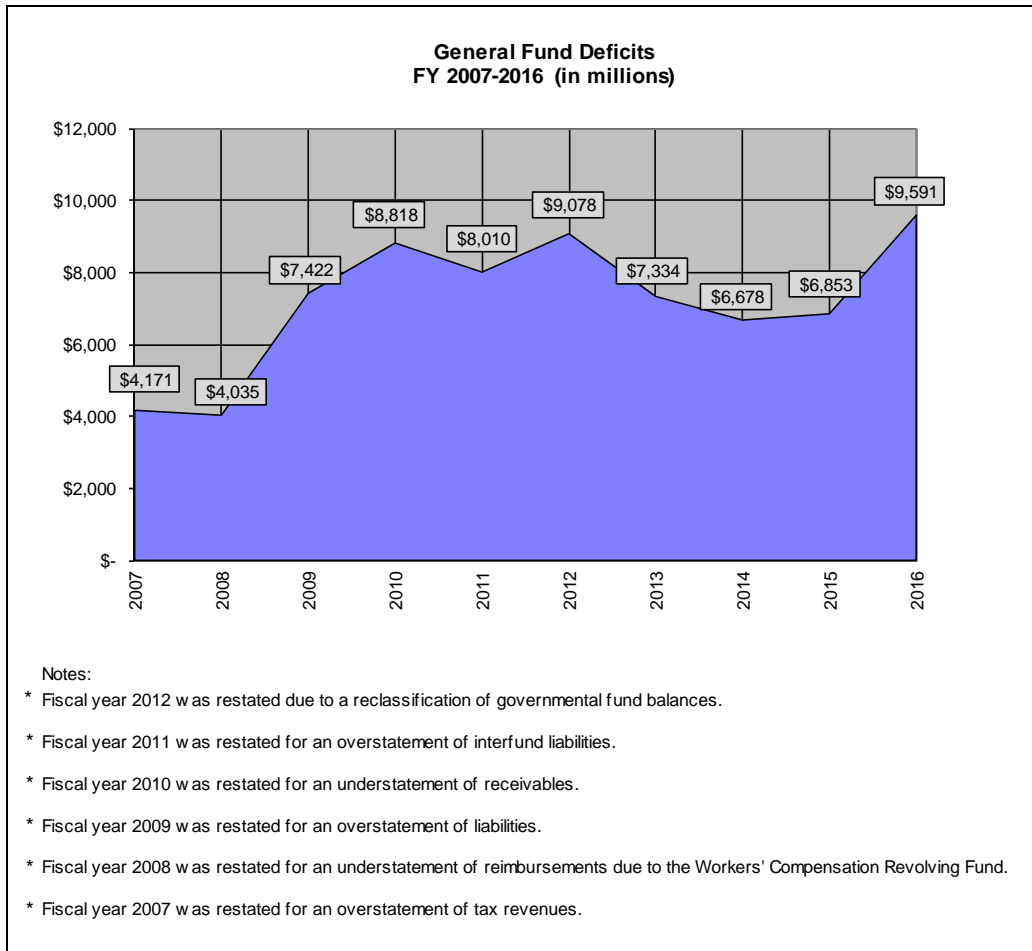
The General Fund’s assets at June 30, 2016, were \$7.220 billion, which is a decrease of \$1.223 billion from the June 30, 2015, balance of \$8.443 billion. Securities lending collateral balances and intergovernmental receivables decreased \$778 million and \$813 million, respectively, offset by an increase in cash equity with the State Treasurer of \$321 million.

The General Fund’s liabilities and deferred inflows of resources at June 30, 2016, were \$16.812 billion, which is an increase of \$1.515 billion from the June 30, 2015, balance of \$15.296 billion. The increase was due in part from limitations on the fiscal year 2016 appropriations. During fiscal year 2016, the State of Illinois operated without a complete budget. On June 30, 2016, the Governor signed into law Public Act 99-0524, which provided appropriations for fiscal year 2016 and the first six months of fiscal year 2017, affecting the timing of approval of expenditures and resulting in increased payables at year end.

A factor that determines a significant portion of the General Fund liabilities is the accrued liabilities payable from future year’s appropriations. One of the largest components of those liabilities is Section 25 of the State Finance Act (Section 25) deferrals which consist mostly of self-insurance and Medicaid program liabilities. These statutory deferrals allow expenses incurred during one fiscal year to be paid for from the subsequent fiscal year’s budget in limited situations. Section 25 deferrals increased \$2.349 billion from \$1.913 billion at June 30, 2015, to \$4.262 billion at June 30, 2016.



During fiscal year 2016, the General Fund’s fund deficit increased from \$6.853 billion to \$9.591 billion, a \$2.738 billion increase.



During fiscal year 2016, General Fund revenues decreased \$3.098 billion to \$39.076 billion. A decrease in income tax revenues of \$3.143 billion was the largest decrease in revenues. In January 2015, individual income tax rates dropped from 5% to 3.75%, while corporate income tax rates dropped from 7% to 5.25%. This tax rate drop affected fiscal year 2015 midway through the year, while a full year's affect was shown in fiscal year 2016.

General Fund expenditures decreased \$1.494 billion to \$40.675 billion in fiscal year 2016 due mainly to decreased spending on health and social services and education programs of \$738 million and \$710 million, respectively. Cash flow problems caused the State to hold over \$4.938 billion in payments and interfund transfers from the General Fund at June 30, 2016.

Transfers in to the General Fund decreased \$993 million to \$1.864 billion in fiscal year 2016, mainly due to one-time transfers in fiscal year 2015, pursuant to Public Act 99-0002, of approximately \$1.284 billion from various other state funds to help defray operating costs.

Road Fund

The Road Fund incurred a \$123 million increase in fund balance in the current year and has a \$659 million fund balance. Revenues increased \$12 million to \$2.899 billion in fiscal year 2016, and expenditures decreased \$139 million to \$2.436 billion. Transfers out decreased \$263 million due mostly to significant transfers made to the General Fund in fiscal year 2015 of \$250 million, as a result of Public Act 99-0002.

State Construction Account

The State Construction Account's fund balance decreased \$62 million in the current year, with a fund balance of \$373 million. Transportation and capital outlay expenditures increased by \$91 million and \$154 million, respectively, in fiscal year 2016 compared to fiscal year 2015. This was offset by a decrease in transfers out of \$50 million, relating to a one-time transfer of \$50 million to the General Fund in fiscal year 2015 as a result of Public Act 99-0002.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2016, the State had \$22.536 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	
	2016	2015	2016	2015	2016	2015
Land and land improvements	\$ 3,450	\$ 3,410	\$ -	\$ -	\$ 3,450	\$ 3,410
Site improvements	271	276	-	-	271	276
Buildings and building improvements	1,825	1,918	2	2	1,827	1,920
Equipment	216	265	1	1	217	266
Intangible assets	400	354	2	3	402	357
Infrastructure	16,125	15,568	-	-	16,125	15,568
Other	39	39	-	-	39	39
Subtotal	22,326	21,830	5	6	22,331	21,836
Construction in progress	205	146	-	-	205	146
Total	\$ 22,531	\$ 21,976	\$ 5	\$ 6	\$ 22,536	\$ 21,982

Infrastructure assets consist of 72% of the State's net capital assets and comprise \$1.663 billion of the \$1.898 billion (88%) of the current year additions to capital assets of governmental activities. The State capitalizes and depreciates its roads and road improvements over a twenty-year period and its bridges over a forty-year period. More detailed information regarding the State's capital assets is presented in Note 7 of the financial statements on page 91.

Debt Administration:

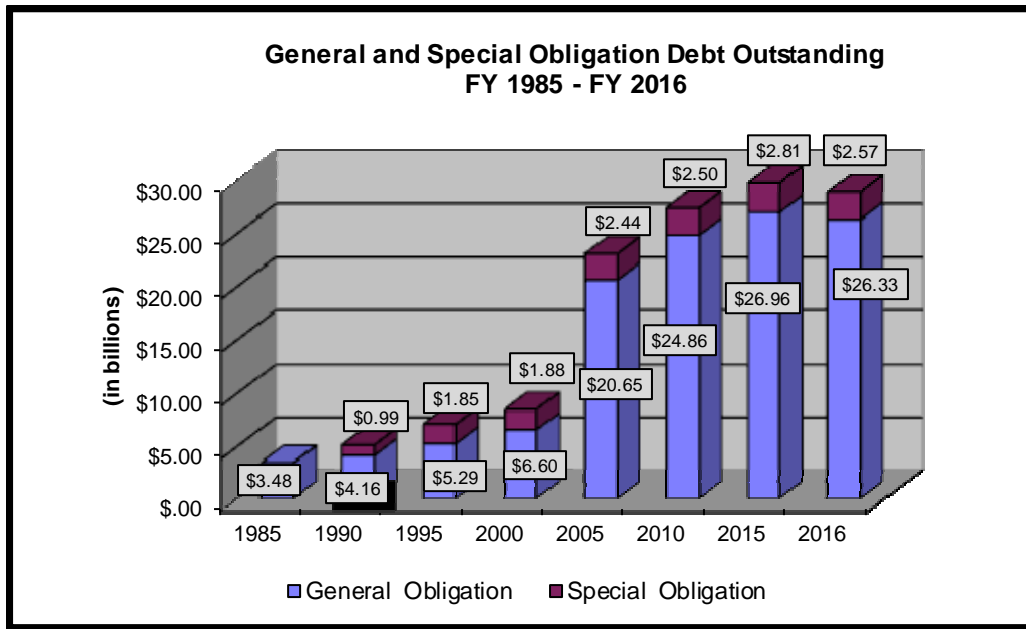
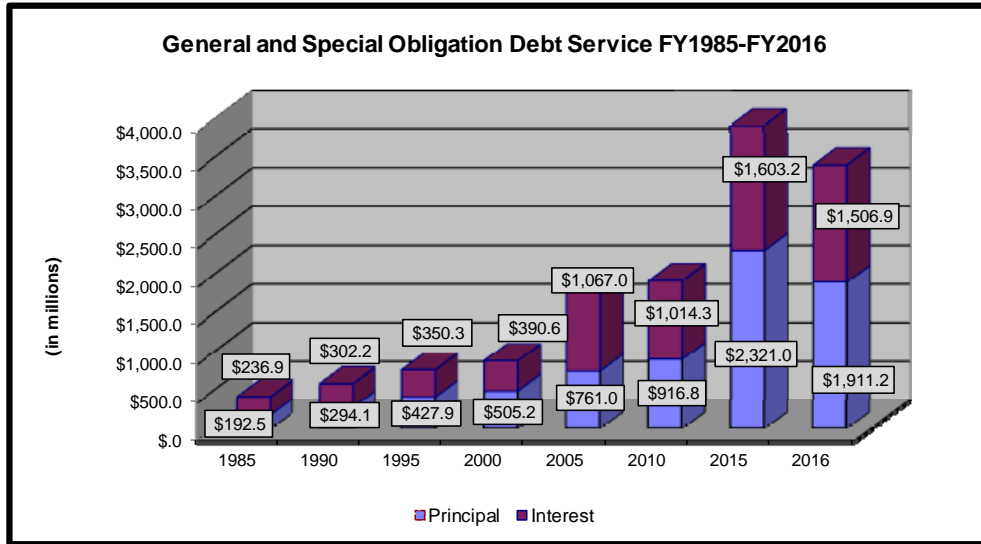
Bonded Indebtedness

The State, certain State agencies and component units of the State are empowered by law to authorize, issue, and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation bonds are also considered direct debt of the State but are not backed by the full faith and credit of the State. Rather, special obligation bonds are supported and repaid only by a dedicated State revenue source. Revenue bonds are not backed by the full faith and credit of the State but are backed by a specific revenue stream. Some revenue bonds can be considered moral obligation debt which means that if resources from the specified revenue stream are insufficient to support the debt service, any amount necessary to make up the deficiency will be included in the budget recommendation made to the State legislature, which may appropriate moneys to make up the shortfall. The legislature, however, is not legally obligated to make such an appropriation. Also, some revenue bonds are classified as indirect debt which means that the asset is the property of a local government but part of the payment of the debt service comes from State resources. Lastly, some revenue bonds can be considered conduit debt which implies no obligation for the State. More detailed information regarding the State's long-term debt obligations is presented in Notes 9, 10 and 11 to the financial statements beginning on page 100.

Primary Government	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
	General obligation bonds (backed by the State)	\$ 26,334	\$ 26,960	\$ -	\$ -	\$26,334
Special obligation bonds (backed by specific fee revenue)	2,569	2,814	-	-	2,569	2,814
Revenue bonds (backed by specific tax and fee revenue)	1,152	1,233	613	895	1,765	2,128
	<u>\$ 30,055</u>	<u>\$ 31,007</u>	<u>\$ 613</u>	<u>\$ 895</u>	<u>\$30,668</u>	<u>\$ 31,902</u>

As shown above, Illinois had outstanding general and special obligation bonds at June 30, 2016 totaling \$28.903 billion. Bonds have been issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds also have been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, aquarium facilities, local schools, mass transportation and aviation purposes, and to fund research and development of coal and alternative energy sources. In addition, bonds have been issued to make pension contributions to the State's retirement systems and to fund a portion of the State's unfunded portion of prior year's retirement liabilities. The outstanding amounts of \$9.300 billion and \$2.700 billion for pension purposes, issued in 2003 and 2011 respectively, are included in the outstanding general obligation bonds as of June 30, 2016.

Debt service principal of \$1.911 billion and interest costs of \$1.507 billion were paid and charged, respectively, in fiscal year 2016 for general and special obligation bonds. The dramatic increase in debt service payments and outstanding debt since fiscal year 1985 is displayed in the following charts:



In addition to general and special obligation bonds, the primary government had \$1.765 billion of revenue bonds and \$17.375 billion of non-pension long-term obligations outstanding as of June 30, 2016.

The State’s general obligation bond ratings were BAA2 with a Negative Outlook by Moody’s Investor Services, BBB+ with a Negative Outlook by Standard and Poor’s, and BBB+ with a Negative Outlook by Fitch Ratings as of June 30, 2016. Since June 30, 2016, both Standard and Poor’s and Fitch Ratings have downgraded their ratings to BBB with a Negative Outlook.

The State’s special obligation—Build Illinois Bonds – ratings were BAA2 with a Negative Outlook by Moody’s Investor Services, AAA with a Negative Outlook by Standard and Poor’s, and AA+ with a Stable Outlook by Fitch Ratings as of June 30, 2016.

Retirement Systems

The State's largest liability is its net pension liability. The State sponsors five public employee retirement systems that are included in the State's financial statements as pension trust funds. As the State is statutorily required to make contributions to these retirement systems, GASB No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, requires the State to recognize a proportionate share of the collective net pension liability for each of these plans. During fiscal year 2016, the net pension liability as reported in the financial statements totaled \$116.024 billion, an increase of \$7.359 billion from the fiscal year 2015 balance of \$108.665 billion.

During fiscal year 2016, all of the State systems were substantially funded in accordance with the *statutory funding* requirement. The law enacted in fiscal year 1996 provides for a 50-year funding plan with a 15-year phase-in and a "continuing appropriation." For fiscal years 2006 and 2007, however, the law was amended allowing for decreased contributions to the systems of only \$938.4 million and \$1,374.7 million, respectively, and requiring equal annual increments from fiscal year 2008 to 2010 (the end of the 15-year phase-in) so that by fiscal year 2011, the State would be contributing at the rate otherwise required by State law. The continuing appropriation provides the Comptroller's Office with the authority to automatically provide funding to the pension systems based on actuarial cost requirements and amortization of the unfunded liability without being subject to the General Assembly's appropriation process. However, the State's 50-year funding plan does *not* conform to the Actuarial Standards of Practice, and although the statutory contribution requirements were met, the statutory funding method generates a contribution requirement that is less than a reasonable actuarial determined contribution.

ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2016

Economic growth continued at a steady pace in Illinois during fiscal year 2016. Each of the measures of Illinois economic activity has shown gradual improvement since the sharp decline recognized in 2009 and 2010. Illinois' non-agricultural employment (derived from survey data from Illinois companies) averaged 5.988 million workers in fiscal year 2016, an increase of 67,000 jobs or 1.12% above 2015 employment and 54,000 jobs or .89% below peak employment of 6.042 million jobs in fiscal year 2001. A second Illinois employment estimate, obtained through household surveys, also showed an increase in Illinois employment. According to these surveys, an average of 6.167 million Illinoisans was employed in fiscal year 2016, up 70,000 or 1.1% from the prior year employment level.

The average Illinois unemployment rate decreased from 8.2% and 6.2% in fiscal years 2014 and 2015, respectively, to 6.1% in fiscal year 2016. At June 30, 2016, the rate was 6.0%. The decreased average unemployment rate was caused by the increase in employment levels and the drop in the average number of unemployed which decreased from 405,000 during fiscal year 2015 to 401,000 for fiscal year 2016.

A more comprehensive measure of Illinois' economic performance is the change in state personal income adjusted for inflation. This value increased 2.9% in fiscal year 2016 as nominal personal income rose 3.6% and the consumer price index was up 0.7%. State personal income adjusted for inflation had shown an increase in 2014 of 1.2% and an increase of 3.1% in 2015.

Outlook

The State continues to show an inability to generate sufficient cash from its current revenue structure to pay operating expenditures on a timely basis. The State's two largest revenue sources, income tax and sales tax, are especially susceptible to changes in the economy.

These budgetary challenges along with the accumulated deficit in the General Fund, continued growth in the net pension liability and postemployment benefit costs, and rating downgrades on debt issuances of the State may impact the State's ability to access credit markets to pay operational expenditures more timely and may increase interest costs of those borrowings.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors a general overview of the State's financial position and changes in the State's net position for the year ended June 30, 2016. 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.

This Page Left Intentionally Blank

State of Illinois

Statement of Net Position

June 30, 2016 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash equity with State Treasurer	\$ 9,688,977	\$ 337,486	\$ 10,026,463	\$ 907,223
Cash and cash equivalents	274,065	235,551	509,616	1,194,432
Deposits held by federal government		1,633,661	1,633,661	
Securities lending collateral of State Treasurer	2,351,994	44,433	2,396,427	6,233
Investments	37,403	1,338,022	1,375,425	2,488,907
Receivables, net:				
Taxes	1,759,309	561,840	2,321,149	
Intergovernmental	2,589,470	53,181	2,642,651	218,015
Other	957,310	247,281	1,204,591	724,807
Internal balances	84,816	(84,816)	-	
Due from fiduciary funds	87,195	179	87,374	
Due from component units	447,765	3,694	451,459	58,535
Due from primary government				370,136
Inventories	108,553		108,553	51,886
Prepaid expenses	10,259	49	10,308	41,614
Unamortized bond insurance costs	7,735		7,735	8,603
Loans and notes receivable, net	66,817	1,656,800	1,723,617	1,537,718
Restricted assets:				
Cash equity with State Treasurer	326,553		326,553	192,853
Cash and cash equivalents	250,345	16,709	267,054	1,117,386
Investments	13,175		13,175	3,356,631
Taxes receivables	87		87	
Intergovernmental receivables	2,743		2,743	
Other receivables	165,533	17,195	182,728	99,522
Loans and notes receivable, net		1,890,512	1,890,512	22,893
Other assets	45,659		45,659	4,713
Derivative instrument				85
Other assets	19,575		19,575	32,764
Net pension asset				206
Capital assets not being depreciated	3,935,798		3,935,798	2,652,523
Capital assets being depreciated, net	18,595,012	4,829	18,599,841	11,300,965
Total assets	41,826,148	7,956,606	49,782,754	26,388,650
Deferred outflows of resources - accumulated decrease in fair value of derivatives	165,423		165,423	291,711
Deferred outflows of resources - unamortized deferred amounts on bond refundings	57,103	807	57,910	106,404
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings				11,128
Deferred outflows of resources - pensions	12,159,431	38,435	12,197,866	143,937
Total assets and deferred outflows of resources	\$ 54,208,105	\$ 7,995,848	\$ 62,203,953	\$ 26,941,830

State of Illinois

Statement of Net Position

June 30, 2016 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	\$ 11,100,266	\$ 398,721	\$ 11,498,987	\$ 1,287,967
Intergovernmental payables	5,134,622	12,680	5,147,302	24,758
Due to fiduciary funds	857,662		857,662	
Due to component units	307,681	38,698	346,379	58,535
Due to primary government				449,882
Unearned revenue	1,014,563	21,968	1,036,531	455,841
Obligations under security lending of State Treasurer	2,351,994	44,433	2,396,427	6,233
Assets held for others				209,937
Short-term notes payable		158,257	158,257	4,757
Derivative instrument	165,423		165,423	294,229
Other liabilities				19,192
Long-term obligations:				
Due within one year	2,570,253	379,506	2,949,759	466,317
Due subsequent to one year	159,111,727	2,005,202	161,116,929	11,051,190
Total liabilities	182,614,191	3,059,465	185,673,656	14,328,838
Deferred inflows of resources - loan origination points				11,508
Deferred inflows of resources - accumulated increase in fair value of derivatives				126
Deferred inflows of resources - unamortized deferred amounts on bond refundings	77	41,329	41,406	186
Deferred inflows of resources - pensions	3,163,059	52,882	3,215,941	34,713
Total liabilities and deferred inflows of resources	185,777,327	3,153,676	188,931,003	14,375,371
NET POSITION				
Net investment in capital assets	15,583,035	4,803	15,587,838	5,712,666
Restricted for:				
Debt service	2,487,813	12,870	2,500,683	483,032
Capital projects	1,664		1,664	59,335
Repayment of loan from component unit		1,484,330	1,484,330	
Unemployment compensation benefits		2,199,150	2,199,150	
Municipal lending		1,634,819	1,634,819	
Education	4,870	40,087	44,957	
Employment and economic development	137,483		137,483	
Health and social services	371,882		371,882	
Public protection and justice	48,976		48,976	
Environment and business regulation	147,074		147,074	
Transportation	837		837	
Other purposes	187,776		187,776	
Funds held as permanent investments:				
Nonexpendable purposes	44,854		44,854	1,438,984
Expendable purposes	3,407		3,407	2,613,865
Unrestricted	(150,588,893)	(533,887)	(151,122,780)	2,258,577
Total net position	\$ (131,569,222)	\$ 4,842,172	\$(126,727,050)	\$ 12,566,459

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

State of Illinois

Statement of Activities

For the Year Ended June 30, 2016 (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	\$28,910,642	\$ 332,674	\$ 17,144,146	
Education	19,277,492	10,156	2,359,600	
General government	2,826,077	2,150,695	76,436	\$ 33,385
Employment and economic development	834,844	76,595	567,602	
Transportation	4,702,430	53,133	507,582	1,497,205
Public protection and justice	3,931,125	154,511	174,163	
Environment and business regulation	801,393	437,622	126,677	669
Intergovernmental-revenue sharing	5,905,841			
Interest	1,761,607			
Total governmental activities	<u>68,951,451</u>	<u>3,215,386</u>	<u>20,956,206</u>	<u>1,531,259</u>
Business-type activities				
Unemployment compensation trust	1,904,271	2,206,079		
Water revolving	39,200	51,881	107,755	
Prepaid tuition program	57,776	60,993		
Lottery	2,150,110	2,862,056		
Designated account purchase program	13,960	19,563		
Federal student loans	132,955	28,748	130,364	
Student loan operation fund	17,166	10,458		
Other	87,067	94,894		
Total business-type activities	<u>4,402,505</u>	<u>5,334,672</u>	<u>238,119</u>	
Total primary government	<u>\$73,353,956</u>	<u>\$8,550,058</u>	<u>\$ 21,194,325</u>	<u>\$ 1,531,259</u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 269,496	\$ 96,355	\$ 217,490	
Illinois State Toll Highway Authority	977,988	1,228,564		
Other Authorities	23,901	17,887	434	
Universities				
Illinois State University	574,374	289,227	52,885	
Northern Illinois University	592,036	272,948	76,854	
Southern Illinois University	1,235,967	557,682	137,585	98
University of Illinois	5,841,827	2,797,291	915,696	8,819
Other Universities	984,596	364,108	139,589	1,720
Total component units	<u>\$10,500,185</u>	<u>\$5,624,062</u>	<u>\$ 1,540,533</u>	<u>\$ 10,637</u>
General revenues				
Taxes:				
Income taxes				
Sales taxes				
Motor fuel taxes				
Public utility taxes				
Riverboat taxes				
Medical providers assessment taxes				
Other taxes				
Interest and investment income				
Other revenues				
Pension revenue recognized				
Payments from the State of Illinois				
Additions to permanent endowments				
Transfers				
Total general revenues, payments from the State of Illinois, additions to permanent funds and transfers				
Change in net position				
Net position, July 1, 2015, as restated				
Net position, June 30, 2016				

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

Net (Expense) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (11,433,822)		\$ (11,433,822)	
(16,907,736)		(16,907,736)	
(565,561)		(565,561)	
(190,647)		(190,647)	
(2,644,510)		(2,644,510)	
(3,602,451)		(3,602,451)	
(236,425)		(236,425)	
(5,905,841)		(5,905,841)	
(1,761,607)		(1,761,607)	
<u>(43,248,600)</u>			
	\$ 301,808	301,808	
	120,436	120,436	
	3,217	3,217	
	711,946	711,946	
	5,603	5,603	
	26,157	26,157	
	(6,708)	(6,708)	
	7,827	7,827	
	<u>1,170,286</u>		
		(42,078,314)	
			\$ 44,349
			250,576
			(5,580)
			(232,262)
			(242,234)
			(540,602)
			(2,120,021)
			<u>(479,179)</u>
			<u>(3,324,953)</u>
16,897,452		16,897,452	
11,165,310		11,165,310	
1,322,372		1,322,372	
1,427,368		1,427,368	
485,024		485,024	
1,376,128		1,376,128	
2,742,805		2,742,805	
72,294	64,737	137,031	(10,783)
762,820		762,820	428,824
			1,376,637
			1,288,078
			41,784
734,982	(734,982)	-	
<u>36,986,555</u>	<u>(670,245)</u>	<u>36,316,310</u>	<u>3,124,540</u>
(6,262,045)	500,041	(5,762,004)	(200,413)
(125,307,177)	4,342,131	(120,965,046)	12,766,872
<u>\$ (131,569,222)</u>	<u>\$ 4,842,172</u>	<u>\$ (126,727,050)</u>	<u>\$ 12,566,459</u>

State of Illinois

Balance Sheet -
Governmental Funds

June 30, 2016 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash equity with State Treasurer	\$ 2,295,436	\$ 1,161,914	\$ 438,152	\$ 5,690,005	\$ 9,585,507
Cash and cash equivalents	11,757	88		434,828	446,673
Securities lending collateral of State Treasurer	1,429,973	296,667	99,111	460,711	2,286,462
Investments				50,578	50,578
Receivables, net:					
Taxes	1,334,216			425,180	1,759,396
Intergovernmental	1,368,351	187,394		1,033,431	2,589,176
Other	484,565	7,950	1,926	609,540	1,103,981
Due from other funds	247,082	91,252	48,259	720,061	1,106,654
Due from component units	5,928	83,543		349,410	438,881
Inventories	22,001	56,389		20,733	99,123
Loans and notes receivable, net	6,073	131		60,613	66,817
Other assets	15,000			50,234	65,234
Total assets	7,220,382	1,885,328	587,448	9,905,324	19,598,482
Deferred outflows of resources - intra-entity transfers of future revenues				707,203	707,203
Total assets and deferred outflows of resources	\$ 7,220,382	\$ 1,885,328	\$ 587,448	\$ 10,612,527	\$ 20,305,685
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable and accrued liabilities	\$ 5,026,607	\$ 289,862	\$ 86,459	\$ 1,436,836	\$ 6,839,764
Intergovernmental payables	3,155,585	85,388	1,208	1,862,399	5,104,580
Due to other funds	5,080,716	358,981	22,234	649,313	6,111,244
Due to component units	57,741	155,985		92,834	306,560
Unearned revenue	673,171	10,059	4,987	320,962	1,009,179
Obligations under security lending of State Treasurer	1,429,973	296,667	99,111	460,711	2,286,462
Matured portion of long-term liabilities	397	1,250			1,647
Total liabilities	15,424,190	1,198,192	213,999	4,823,055	21,659,436
Deferred inflows of resources - unavailable revenue	1,387,411	27,850		824,360	2,239,621
Deferred inflows of resources - intra-entity transfers of future revenues				707,203	707,203
Total liabilities and deferred inflows of resources	16,811,601	1,226,042	213,999	6,354,618	24,606,260
FUND BALANCES (DEFICITS)					
Nonspendable - long-term portion of loans and notes receivable	6,073				6,073
Nonspendable - inventories	22,001	56,389		20,733	99,123
Nonspendable - endowments and similar funds				44,854	44,854
Restricted	79,294			3,570,351	3,649,645
Committed	1,139,048	602,897	373,449	1,982,546	4,097,940
Assigned				9,835	9,835
Unassigned	(10,837,635)			(1,370,410)	(12,208,045)
Total fund balances (deficits)	(9,591,219)	659,286	373,449	4,257,909	(4,300,575)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 7,220,382	\$ 1,885,328	\$ 587,448	\$ 10,612,527	\$ 20,305,685

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

State of Illinois
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2016
(Expressed in Thousands)

Total fund balances-governmental funds \$ (4,300,575)

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

Capital assets used in governmental activities, not including amounts included as assets in internal service funds of \$292,213, are not financial resources and therefore are not reported in the funds. 22,238,597

Prepaid expenses for governmental activities are current uses of financial resources for funds. 10,256

Bond insurance costs are reported as current expenditures in governmental funds. However, bond insurance costs are deferred and amortized over the life of the bonds and are included as governmental activities in the Statement of Net Position. 7,735

Bond refunding costs are reported as current expenditures in governmental funds. However, bond refunding costs are deferred and amortized over the life of the defeased bonds and are included in governmental activities in the Statement of Net Position. 57,026

Internal service funds are used to charge costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported as governmental activities in the Statement of Net Position. 552,616

Some revenues will be collected after year-end but are "unavailable" to pay for the current period's expenditures due to not being collectible for several months and therefore are deferred in governmental funds. 2,239,621

Some liabilities, deferred outflows of resources and deferred inflows of resources reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported in governmental funds. These liabilities, deferred outflows of resources and deferred inflows of resources not including amounts included as liabilities in internal service funds of \$651,962, consist of:

Net pension liability	\$ (115,786,859)	
Deferred outflows of resources - pensions	12,159,431	
Deferred inflows of resources - pensions	(3,163,059)	
Net other postemployment benefit obligation	(14,204,205)	
General obligation bonds	(26,333,542)	
Special obligation bonds	(2,569,274)	
Revenue bonds	(1,152,200)	
Unamortized premiums	(548,973)	
Unamortized discounts	1,324	
Compensated absences	(366,407)	
Certificates of participation	(16,155)	
Pollution remediation obligation	(28,150)	
Auto liability	(16,314)	
Capital leases	(7,580)	
Installment purchases	(36)	
Accrued interest	(342,499)	
	(152,374,498)	<u>\$ (152,374,498)</u>

Net position of governmental activities \$ (131,569,222)

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, 2016 (Expressed in Thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
REVENUES					
Income taxes	\$ 13,510,058			\$ 3,397,865	\$ 16,907,923
Sales taxes	7,902,827			3,259,778	11,162,605
Motor fuel taxes		\$ 308,119	\$ 219,328	795,280	1,322,727
Public utility taxes	1,011,872			419,307	1,431,179
Riverboat taxes				485,024	485,024
Medical providers assessment taxes	1,375,891				1,375,891
Other taxes	2,361,099			421,501	2,782,600
Federal government	11,067,873	1,535,624		9,160,334	21,763,831
Licenses and fees	635,837	893,502	510,819	696,856	2,737,014
Interest and other investment income	40,477	4,466	1,772	23,479	70,194
Other	1,170,289	156,939		888,970	2,216,198
Total revenues	39,076,223	2,898,650	731,919	19,548,394	62,255,186
EXPENDITURES					
Current:					
Health and social services	21,875,761			6,398,500	28,274,261
Education	13,277,032			3,084,948	16,361,980
General government	2,094,918	455		383,946	2,479,319
Employment and economic development	98,091			664,907	762,998
Transportation	571,736	1,707,077	153,525	909,628	3,341,966
Public protection and justice	2,578,645			491,705	3,070,350
Environment and business regulation	137,526			602,136	739,662
Debt service:					
Principal	1,803	540		1,997,608	1,999,951
Interest	539	72		1,576,234	1,576,845
Capital outlays	38,839	728,168	640,876	459,562	1,867,445
Intergovernmental				5,905,841	5,905,841
Total expenditures	40,674,890	2,436,312	794,401	22,475,015	66,380,618
Excess (deficiency) of revenues over (under) expenditures	(1,598,667)	462,338	(62,482)	(2,926,621)	(4,125,432)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General obligation bonds issued				1,030,000	1,030,000
Premiums on general obligation bonds issued				60,939	60,939
Transfers-in	1,863,561	1,605	943	4,145,196	6,011,305
Transfers-out	(3,003,835)	(340,930)		(1,928,718)	(5,273,483)
Capital lease financing	1,572	788		821	3,181
Net other sources (uses) of financial resources	(1,138,702)	(338,537)	943	3,308,238	1,831,942
Net change in fund balances	(2,737,369)	123,801	(61,539)	381,617	(2,293,490)
Fund balances (deficits), July 1, 2015	(6,852,930)	536,731	434,988	3,872,722	(2,008,489)
Increase (decrease) for changes in inventories	(920)	(1,246)		3,570	1,404
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (9,591,219)	\$ 659,286	\$ 373,449	\$ 4,257,909	\$ (4,300,575)

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, 2016
(Expressed in Thousands)

Net change in fund balances	\$ (2,293,490)
Change in inventories	1,404
	(2,292,086)

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

Prepaid expenses are recorded as uses of current financial resources in governmental funds but do not affect the expenses reported on the Statement of Activities. Prepaid expenses increased by this amount during the year. 2,760

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

Capital outlays	\$ 1,867,445	
Depreciation expense	(1,300,574)	
Excess of capital outlays over depreciation expense		566,871

Revenues for capital assets acquired through noncash transactions are not recorded in governmental funds. However, in the Statement of Activities, program revenues are recorded for donated capital assets in this amount. 13,107

Gains and losses from capital assets no longer in use are not recorded in governmental funds but are reported as other revenues and expenses in the Statement of Activities. In the current year, these transactions include losses on capital assets scrapped, damaged or stolen. (7,489)

Transfers of capital assets to and from proprietary funds are not recorded in governmental funds. This amount represents the net transfers of capital assets between governmental funds and proprietary funds in the Statement of Activities. (5,562)

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. 7,701

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. (361,362)

The incurrence of long-term debt provides current financial resources to governmental funds while the repayment of the long-term debt is recorded as uses of current financial resources in governmental funds. Neither transaction has an affect on net position. Also, governmental funds report the effect of premiums, discounts, and deferred amounts on refundings of debt when the long-term debt is issued whereas these amounts are deferred and amortized in the Statement of Activities.

Bond proceeds, including premiums of \$60,939	(1,090,939)	
Bond insurance costs deferred	3,353	
Bond principal retirements	1,991,854	
Amortization of bond premiums	77,626	
Amortization of bond discounts	(119)	
Amortization of bond insurance costs	(700)	
Amortization of deferred amounts on refundings of debt	(15,208)	
Capital lease and installment purchase agreement proceeds	(3,181)	
Capital lease and installment purchase principal retirements	3,162	
Certificates of participation principal retirements	4,935	
Net increase in change in fund balance of governmental funds from long-term debt transactions		970,783

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

Increase in net pension liability	(7,410,182)	
Increase in deferred outflows of resources - pensions	1,798,549	
Decrease in deferred inflows of resources - pensions	2,684,569	
Increase in net other postemployment benefits obligation	(2,229,553)	
Decrease in compensated absences obligation	31,146	
Interest accreted on capital appreciation debt	(10,035)	
Increase in auto liability obligation	(1,753)	
Decrease in pollution remediation obligations	1,400	
Increase in accrued interest on obligations	(20,909)	
Net increase in expenses for net increase in long-term liabilities not reported in governmental funds		(5,156,768)

Change in net position of governmental activities	\$ (6,262,045)
--	-----------------------

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

State of Illinois

Statement of Net Position -
Proprietary Funds

June 30, 2016 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Total	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash equity with State Treasurer		\$ 4,716	\$ 1,138	\$ 331,632	\$ 337,486	\$ 430,023
Cash and cash equivalents	\$ 183,429		613	51,509	235,551	77,737
Deposits held by federal government	1,633,661				1,633,661	
Securities lending collateral of State Treasurer		10,326		34,107	44,433	65,532
Investments			149,002	61,217	210,219	
Receivables, net:						
Taxes	561,840				561,840	
Intergovernmental	28,025	285		24,871	53,181	3,037
Other	91,057	14,546	15,324	90,470	211,397	18,862
Due from other funds	22,523	3,355		5,300	31,178	4,369,219
Due from component units	374	3,320			3,694	8,884
Loans and notes receivable, net		83,933			83,933	
Restricted assets:						
Cash and cash equivalents				16,709	16,709	
Other receivables, net		3,778		13,417	17,195	
Loans and notes receivable, net		112,485		57,475	169,960	
Inventories						9,430
Prepaid expenses				49	49	3
Total current assets	2,520,909	236,744	166,077	686,756	3,610,486	4,982,727
Investments			815,452	312,351	1,127,803	
Other receivables, net			35,884		35,884	
Loans and notes receivable, net		1,572,867			1,572,867	
Restricted loans and notes receivable, net		1,367,490		353,062	1,720,552	
Capital assets not being depreciated						58,627
Capital assets being depreciated, net		45		4,784	4,829	233,586
Total noncurrent assets		2,940,402	851,336	670,197	4,461,935	292,213
Total assets	2,520,909	3,177,146	1,017,413	1,356,953	8,072,421	5,274,940
Deferred outflows of resources - unamortized						
deferred amounts on bond refundings		807			807	
Deferred outflows of resources - pensions		11,145		27,290	38,435	
Total assets and deferred outflows of resources	2,520,909	3,189,098	1,017,413	1,384,243	8,111,663	5,274,940
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Accounts payable and accrued liabilities	139,227	191	1,167	258,136	398,721	3,918,003
Intergovernmental payables	4,091	527		8,062	12,680	30,042
Due to other funds	3,965	691	281	110,878	115,815	50,280
Due to component units		38,403	287	8	38,698	1,121
Unearned revenue				21,968	21,968	5,384
Obligations under securities lending of State Treasurer		10,326		34,107	44,433	65,532
Short-term notes payable				158,257	158,257	
Current portion of long-term obligations	196,048	43	152,815	30,600	379,506	126,888
Total current liabilities	343,331	50,181	154,550	622,016	1,170,078	4,197,250
Noncurrent portion of long-term obligations	199,208	62,821	1,077,984	665,189	2,005,202	525,074
Total liabilities	542,539	113,002	1,232,534	1,287,205	3,175,280	4,722,324
Deferred inflows of resources - unamortized						
deferred amounts on bond refundings		230		41,099	41,329	
Deferred inflows of resources - pensions		4,139		48,743	52,882	
Total liabilities and deferred inflows of resources	542,539	117,371	1,232,534	1,377,047	3,269,491	4,722,324
NET POSITION						
Net investment in capital assets		19		4,784	4,803	283,998
Net position restricted for:						
Debt service				12,870	12,870	4,448
Repayment of loan from component unit		1,484,330			1,484,330	
Unemployment compensation benefits	2,199,150				2,199,150	
Municipal lending		1,634,819			1,634,819	
Education				40,087	40,087	
Unrestricted	(220,780)	(47,441)	(215,121)	(50,545)	(533,887)	264,170
Total net position	\$ 1,978,370	\$ 3,071,727	\$ (215,121)	\$ 7,196	\$ 4,842,172	\$ 552,616

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

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Total	
OPERATING REVENUES						
Charges for sales and services			\$ 434	\$ 2,989,578	\$ 2,990,012	\$ 3,289,818
Interest income pledged as revenue bond security				19,568	19,568	
Interest and other investment income	\$ 177	\$ 51,881	44,550		96,608	
Participant contributions			16,009		16,009	
Employer contributions	2,205,036				2,205,036	
Other	866			6,521	7,387	15
Total operating revenues	2,206,079	51,881	60,993	3,015,667	5,334,620	3,289,833
OPERATING EXPENSES						
Cost of sales and services				322,960	322,960	503,466
Benefit payments and refunds	1,897,055			42,961	1,940,016	2,438,883
Prizes and claims				1,837,402	1,837,402	
Interest				318	318	
General and administrative		20,484	6,232	164,338	191,054	100,874
Depreciation		22		857	879	34,187
Other		16,395	51,544	16,162	84,101	
Total operating expenses	1,897,055	36,901	57,776	2,384,998	4,376,730	3,077,410
Operating income (loss)	309,024	14,980	3,217	630,669	957,890	212,423
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	35,155	909		28,673	64,737	1,507
Interest expense	(7,206)	(2,299)		(12,018)	(21,523)	(216,117)
Federal government		107,755		130,364	238,119	6,335
Other revenues				52	52	807
Other expenses	(10)			(4,501)	(4,511)	(435)
Income (loss) before contributions and transfers	336,963	121,345	3,217	773,239	1,234,764	4,520
Contributions of capital assets						6,280
Transfers-in	6,746			31,041	37,787	
Transfers-out	(14,200)			(758,310)	(772,510)	(3,099)
Change in net position	329,509	121,345	3,217	45,970	500,041	7,701
Net position, July 1, 2015, as restated	1,648,861	2,950,382	(218,338)	(38,774)	4,342,131	544,915
NET POSITION, JUNE 30, 2016	\$ 1,978,370	\$ 3,071,727	\$ (215,121)	\$ 7,196	\$ 4,842,172	\$ 552,616

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, 2016 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major				Total	
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from sales and services			\$ 434	\$ 250,219	\$ 250,653	\$ 116,998
Cash received from lottery sales				2,870,260	2,870,260	
Cash received from transactions with other funds						1,147,535
Cash payments to suppliers for goods and services		\$ (679)	(3,247)	(134,386)	(138,312)	(862,460)
Cash payments to employees for services		(15,618)	(2,369)	(61,316)	(79,303)	(154,034)
Cash payments for lottery prizes				(1,935,551)	(1,935,551)	
Cash payments for commissions and bonuses				(160,942)	(160,942)	
Cash receipts from unemployment taxes	\$ 2,225,705				2,225,705	
Cash receipts from unemployment grants	1,177				1,177	
Cash payments for unemployment benefits	(1,859,750)				(1,859,750)	
Cash receipts from prepaid tuition contract sales			26,375		26,375	
Cash payments for tuition			(124,216)		(124,216)	
Cash payments for tuition contract refunds			(15,313)		(15,313)	
Cash receipts from student loan principal				70,870	70,870	
Cash receipts from student loan interest				13,234	13,234	
Cash payments for student loans issued				(4,881)	(4,881)	
Cash payments for workers' compensation						(113,269)
Cash receipts from other operating activities				7,840	7,840	67,261
Cash payments for other operating activities				(274,256)	(274,256)	
Net cash provided (used) by operating activities	367,132	(16,297)	(118,336)	641,091	873,590	202,031
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Principal paid on revenue bonds and other borrowings	(237,785)	(12,462)		(69,166)	(319,413)	
Interest paid on revenue bonds and other borrowings	(29,524)	(5,429)		(4,013)	(38,966)	(40,319)
Grants received		163,168		129,324	292,492	6,656
Grants paid	(4,308)			(4,587)	(8,895)	
Transfers-in from other funds	6,746			32,407	39,153	
Transfers-out to other funds	(11,556)			(715,714)	(727,270)	(3,099)
Federal recovery funds	(10)				(10)	
Net cash provided (used) by noncapital financing activities	(276,437)	145,277		(631,749)	(762,909)	(36,762)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets				(193)	(193)	(19,319)
Principal paid on capital debt						(3,756)
Interest paid on capital debt						(606)
Proceeds from sales of capital assets						7
Net cash used by capital and related financing activities				(193)	(193)	(23,674)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities		(92,437)	(134,692)	(66,358)	(293,487)	
Proceeds from sales and maturities of investment securities		95,515	232,206	68,388	396,109	
Cash paid to investment managers			(1,472)		(1,472)	
Cash paid for long-term annuity prizes payable				(37,000)	(37,000)	
Loan disbursements		(623,888)			(623,888)	
Loan repayments		181,621			181,621	
Interest and dividends on investments	35,332	45,808	19,247	722	101,109	1,455
Net cash provided (used) by investing activities	35,332	(393,381)	115,289	(34,248)	(277,008)	1,455
Net increase (decrease) in cash and cash equivalents	126,027	(264,401)	(3,047)	(25,099)	(166,520)	143,050
Cash and cash equivalents, July 1, 2015	1,691,063	269,117	4,798	424,949	2,389,927	364,710
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 1,817,090	\$ 4,716	\$ 1,751	\$ 399,850	\$ 2,223,407	\$ 507,760
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Total cash and cash equivalents per Statement of Net Position	\$ 183,429		\$ 613	\$ 51,509	\$ 235,551	\$ 77,737
Add: cash equity with State Treasurer		\$ 4,716	1,138	331,632	337,486	430,023
Add: deposits held by federal government	1,633,661				1,633,661	
Add: restricted cash equivalents				16,709	16,709	
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 1,817,090	\$ 4,716	\$ 1,751	\$ 399,850	\$ 2,223,407	\$ 507,760

State of Illinois

Statement of Cash Flows -
Proprietary Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Total	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ 309,024	\$ 14,980	\$ 3,217	\$ 630,669	\$ 957,890	\$ 212,423
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		22		857	879	34,187
Provision for uncollectible accounts	84,810	16,395		6,141	107,346	8
Amortization				1,399	1,399	
In-kind contribution of services		206			206	
Interest and investment income	(177)	(51,881)	(41,381)	(22)	(93,461)	
Interest expense				278	278	
Miscellaneous income						1,354
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	3,365		8,615	(14,354)	(2,374)	27,467
(Increase) decrease in intergovernmental receivables	(10,258)			(262)	(10,520)	(1,215)
(Increase) decrease in due from other funds	(16,319)			(33)	(16,352)	(2,030,811)
(Increase) decrease in due from component units	(181)			21	(160)	7,484
(Increase) decrease in loans and notes receivable				63,561	63,561	
(Increase) decrease in inventories						1,979
(Increase) decrease in prepaid expenses				20,032	20,032	2
(Increase) decrease in deferred outflows of resources - pensions		2,376		8,209	10,585	
Increase (decrease) in accounts payable and accrued liabilities	(3,173)	67	252	(90,655)	(93,509)	1,926,143
Increase (decrease) in intergovernmental payables	41	324		(6,734)	(6,369)	16,390
Increase (decrease) in due to other funds		474	77	502	1,053	(174)
Increase (decrease) in due to component units		178	287	7	472	845
Increase (decrease) in unearned revenue				1,043	1,043	(2,029)
Increase (decrease) in net pension liability		(1,296)		(49,649)	(50,945)	
Increase (decrease) in other liabilities		(46)	(89,403)	112	(89,337)	7,978
Increase (decrease) in long-term annuity prizes payable				33,569	33,569	
Increase (decrease) in deferred inflows of resources - pensions		1,904		36,400	38,304	
Total adjustments	58,108	(31,277)	(121,553)	10,422	(84,300)	(10,392)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 367,132	\$ (16,297)	\$ (118,336)	\$ 641,091	\$ 873,590	\$ 202,031
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (loss) on disposal of capital assets						\$ (157)
Transfer of assets from (to) other state funds				\$ (259)	\$ (259)	5,821
Donated assets						191
Increase (decrease) in fair value of investments			\$ 41,638	15,647	57,285	
Interest accreted on investments				11,986	11,986	
Interest accreted on long-term annuity prizes payable				(11,986)	(11,986)	

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

State of Illinois

Statement of Fiduciary Net Position -
Fiduciary Funds

June 30, 2016 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund Public Treasurers' External Investment Pool	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash equity with State Treasurer	\$ 474,034		\$ 1,264	\$ 564,742
Cash and cash equivalents	962,473	\$ 1,786,007	645,584	22,793
Securities lending collateral of State Treasurer	124,531		335	75,489
Investments:				
Equities	30,253,502		4,841,809	
Fixed income	13,909,419	1,050,400	2,625,746	1,086,500
Private equity	5,465,172			
Real estate	7,969,107			
Other	10,033,224			
Equity in Illinois State Board of Investments	15,568,835			
Securities lending collateral	3,701,297			
Receivables, net:				
Taxes				231,824
Members	79,525			
Employers	22,533			
Investment income	153,420	705	15,006	
Intergovernmental	216			980
Pending investment sales	5,056,912			
Other	10,388			208,600
Due from other funds	175			
Due from primary government funds	779,960			77,702
Due from component units	813			
Prepaid expenses	4,472			
Loans and notes receivable, net	35,724		45	
Other assets				110
Capital assets not being depreciated	1,741			
Capital assets being depreciated, net	15,116			
Total assets	94,622,589	2,837,112	8,129,789	\$ 2,268,740
LIABILITIES				
Accounts payable and accrued liabilities	287,768	295	2,717	\$ 43,482
Intergovernmental payables	62			826,580
Due to other funds	175			
Due to primary government funds	87,195	179		
Due to component units				30
Obligations under securities lending of State Treasurer	124,531		335	75,489
Security lending collateral	3,700,973			
Payable to brokers for unsettled trades	6,500,169			
Depository and other liabilities			10,968	1,323,159
Long-term obligations:				
Due within one year	294			
Due subsequent to one year	4,220			
Total liabilities	10,705,387	474	14,020	\$ 2,268,740
NET POSITION				
Restricted for:				
Pension benefits	78,184,453			
Defined contribution	5,821,577			
Pool participants		2,836,638		
Individuals, organizations and other governments			8,115,769	
Unrestricted	(88,828)			
Total net position	\$ 83,917,202	\$ 2,836,638	\$ 8,115,769	

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

State of Illinois

**Statement of Changes in Fiduciary Net Position -
Fiduciary Funds**

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Pension (and Other Employee Benefit) Trust Funds	Investment Trust Fund Public Treasurers' External Investment Pool	Private-Purpose Trust Funds
ADDITIONS			
Deposits/Contributions:			
Employer	\$ 2,314,532		
State	5,456,834		
Participants			\$ 2,808,626
Members:			
Employees	1,868,705		
Retirees	137,072		
Federal Medicare Part D	1,995		
Other contributions	6,453		36
Total contributions	9,785,591		2,808,662
Investment income:			
Interest and other investment income	2,405,577	\$ 9,840	129,143
Net increase (decrease) in fair value of investments	(1,744,358)		(93,967)
Reimbursements of expenses			
not separable from investment income	1,871		
Less investment expense	(853,546)	(2,984)	
Net investment income	(190,456)	6,856	35,176
Capital share and individual account transactions:			
Shares sold		10,430,978	
Reinvested distributions		6,856	
Shares redeemed		(11,259,979)	
Net capital share and individual account transactions		(822,145)	
Total additions	9,595,135	(815,289)	2,843,838
DEDUCTIONS			
Benefit payments	11,193,157		
Refunds	222,204		
Payments in accordance with trust agreements			2,311,763
Distribution to pool investors		6,856	
Depreciation	2,256		
General and administrative	67,413		25,275
Other	1,475		
Total deductions	11,486,505	6,856	2,337,038
Change in net position			
Restricted for:			
Pension benefits	(1,832,781)		
Retiree health insurance benefits (unrestricted deficit)	(1,151)		
Defined contribution	(57,438)		
Pool participants		(822,145)	
Individuals, organizations and other governments			506,800
Net position, July 1, 2015	85,808,572	3,658,783	7,608,969
NET POSITION, JUNE 30, 2016	\$ 83,917,202	\$ 2,836,638	\$ 8,115,769

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

State of Illinois

Statement of Net Position -
Component Units

June 30, 2016 (Expressed in Thousands)

	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Other Authorities	Illinois State University	Northern Illinois University
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash equity with State Treasurer	\$ 4,019	\$ 901,596			
Cash and cash equivalents	392,331	54,804	\$ 38,618	\$ 52,251	\$ 29,382
Securities lending collateral of State Treasurer	1,063		4,744		
Investments	236,566		20,285	324,480	187,401
Receivables, net:					
Intergovernmental	51	87,345	3,000		
Other	896	14,183	6,345	28,862	45,977
Due from component units			58,151	101	124
Due from primary government	45,901	168,793	40,771	6,597	126
Inventories				3,239	3,406
Prepaid expenses		1,675	67	2,617	
Unamortized bond insurance costs		5,680		703	773
Loans and notes receivable, net	1,406,476		20,834	8,369	7,880
Restricted assets:					
Cash equity with State Treasurer		174,903	17,950		
Cash and cash equivalents		784,315	97,662	4,097	18,192
Investments	513,742	170,000	15,593		14,515
Other receivables, net	97,364	322	84		
Loans and notes receivable, net			22,893		
Other assets					
Derivative instrument - asset	1				
Other assets	10,309		74	4,110	1,774
Net pension asset			206		
Capital assets not being depreciated		1,709,697	46,417	23,542	60,767
Capital assets being depreciated, net	25,370	5,669,587	17,942	423,141	419,894
Total assets	2,734,089	9,742,900	411,636	882,109	790,211
Deferred outflows of resources - accumulated decrease in fair value of derivatives	1,277	273,982			
Deferred outflows of resources - unamortized deferred amounts on bond refundings		62,857	577		1,636
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings					
Deferred outflows of resources - pensions		101,517	1,196	672	1,029
Total assets and deferred outflows of resources	2,735,366	10,181,256	413,409	882,781	792,876
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable and accrued liabilities	88,280	475,754	4,830	19,830	41,772
Intergovernmental payables		20,915			
Due to component units			30,329	5	2,264
Due to primary government	349,145	83,543	3,381	1	4
Unearned revenue	9,271	188,204	774	9,642	22,712
Obligations under securities lending collateral of State Treasurer	1,063		4,744		
Assets held for others	143,067		19	8,311	
Short-term notes payable					
Derivative instrument - liability	1,277	273,982			
Other liabilities			2,245	8,844	
Long-term obligations:					
Due within one year	48,840	138,226	25,561	9,345	12,571
Due subsequent to one year	1,032,235	6,775,756	146,502	142,222	372,041
Total liabilities	1,673,178	7,956,380	218,385	198,200	451,364
Deferred inflows of resources - loan origination points	11,508				
Deferred inflows of resources - accumulated increase in fair value of derivatives	1				
Deferred inflows of resources - unamortized deferred amounts on bond refundings	186				
Deferred inflows of resources - pensions		31,954	2,759		
Total liabilities and deferred inflows of resources	1,684,873	7,988,334	221,144	198,200	451,364
NET POSITION					
Net investment in capital assets	(2,214)	1,714,007	36,024	312,655	137,768
Restricted for:					
Debt service		427,583	1,692		
Capital projects					
Nonexpendable purposes				75,658	58,565
Other expendable purposes	873,984	54	74,870	48,628	28,525
Unrestricted	178,723	51,278	79,679	247,640	116,654
Total net position	\$ 1,050,493	\$ 2,192,922	\$ 192,265	\$ 684,581	\$ 341,512

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

Southern Illinois University	University of Illinois	Other Universities	Total
\$ 62,222	\$ 436,462	\$ 1,608	\$ 907,223
		128,362	1,194,432
		426	6,233
133,797	1,564,355	22,023	2,488,907
	121,956	5,663	218,015
59,100	518,945	50,499	724,807
114	11	34	58,535
9,792	94,524	3,632	370,136
9,205	31,995	4,041	51,886
531	34,524	2,200	41,614
978		469	8,603
19,693	61,278	13,188	1,537,718
			192,853
70,732	119,068	23,320	1,117,386
205,627	2,302,787	134,367	3,356,631
		1,752	99,522
			22,893
		4,713	4,713
	84		85
9,145	5,642	1,710	32,764
			206
91,684	560,132	160,284	2,652,523
764,970	3,166,755	813,306	11,300,965
1,437,590	9,018,518	1,371,597	26,388,650
	16,452		291,711
2,887	37,434	1,013	106,404
252	10,876		11,128
2,880	34,753	1,890	143,937
1,443,609	9,118,033	1,374,500	26,941,830
48,239	556,158	53,104	1,287,967
		3,843	24,758
14	25,870	53	58,535
19	11,842	1,947	449,882
36,901	171,142	17,195	455,841
		426	6,233
20,958	32,530	5,052	209,937
	4,757		4,757
	18,970		294,229
		8,103	19,192
35,845	171,158	24,771	466,317
337,159	1,937,940	307,335	11,051,190
479,135	2,930,367	421,829	14,328,838
			11,508
	125		126
			186
			34,713
479,135	2,930,492	421,829	14,375,371
568,814	2,258,737	686,875	5,712,666
14,535	34,447	4,775	483,032
43,921	14,977	437	59,335
113,637	1,092,034	99,090	1,438,984
83,628	1,441,109	63,067	2,613,865
139,939	1,346,237	98,427	2,258,577
\$ 964,474	\$ 6,187,541	\$ 952,671	\$ 12,566,459

State of Illinois

Statement of Activities -
Component Units

For the Year Ended June 30, 2016 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues			Net (expense) revenue
		Charges for services	Operating grants and contributions	Capital grants and contributions	
Authorities:					
Illinois Housing Development Authority	\$ 269,496	\$ 96,355	\$ 217,490		\$ 44,349
Illinois State Toll Highway Authority	977,988	1,228,564			250,576
Other authorities	23,901	17,887	434		(5,580)
Universities:					
Illinois State University	574,374	289,227	52,885		(232,262)
Northern Illinois University	592,036	272,948	76,854		(242,234)
Southern Illinois University	1,235,967	557,682	137,585	\$ 98	(540,602)
University of Illinois	5,841,827	2,797,291	915,696	8,819	(2,120,021)
Other universities	984,596	364,108	139,589	1,720	(479,179)
Total	<u>\$ 10,500,185</u>	<u>\$ 5,624,062</u>	<u>\$ 1,540,533</u>	<u>\$ 10,637</u>	<u>\$ (3,324,953)</u>

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

General revenues				Additions to permanent endowments	Total general revenues and additions to permanent endowments	Change in net position	Net position, July 1, 2015, as restated	Net position, June 30, 2016
Pension revenue recognized	State appropriations	Interest and investment income	Other					
		\$ 24,074			\$ 24,074	\$ 68,423	\$ 982,070	\$ 1,050,493
		1,859	\$ 95,032		96,891	347,467	1,845,455	2,192,922
		2,096	23,703		25,799	20,219	172,046	192,265
\$ 84,207	\$ 89,068	1,754	46,915	\$ 1,895	223,839	(8,423)	693,004	684,581
85,310	101,414	1,507	4,660	1,662	194,553	(47,681)	389,193	341,512
188,867	203,266	1,497	38,616	2,673	434,919	(105,683)	1,070,157	964,474
836,040	710,800	(43,732)	213,497	32,275	1,748,880	(371,141)	6,558,682	6,187,541
182,213	183,530	162	6,401	3,279	375,585	(103,594)	1,056,265	952,671
<u>\$ 1,376,637</u>	<u>\$ 1,288,078</u>	<u>\$ (10,783)</u>	<u>\$ 428,824</u>	<u>\$ 41,784</u>	<u>\$ 3,124,540</u>	<u>\$ (200,413)</u>	<u>\$ 12,766,872</u>	<u>\$ 12,566,459</u>

This Page Left Intentionally Blank

Index of Notes to the Financial Statements

Note	1	Summary of Significant Accounting Policies.....	52
Note	2	Fund Balance/Net Position.....	68
Note	3	Deposits and Investments.....	69
Note	4	Taxes Receivable.....	87
Note	5	Interfund Balances and Activity.....	88
Note	6	Loans and Notes Receivable.....	90
Note	7	Capital Assets.....	91
Note	8	Changes in Long-Term Obligations.....	96
Note	9	General Obligation Bonds.....	100
Note	10	Special Obligation Bonds.....	104
Note	11	Revenue Bonds.....	108
Note	12	Notes Payable/Short-Term Borrowings.....	113
Note	13	Other Long-Term Obligations.....	115
Note	14	Derivatives.....	120
Note	15	Refundings of Long-Term Obligations.....	134
Note	16	Retirement Systems.....	135
Note	17	Postemployment Benefits.....	148
Note	18	Fair Value Measurements.....	152
Note	19	Fund Deficits/Cash Flow Deficits.....	168
Note	20	Risk Management.....	169
Note	21	Commitments and Contingencies.....	171
Note	22	Segment Information.....	176
Note	23	Subsequent Events.....	178
Note	24	Contractual Violation.....	178

STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2016

I **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. Financial Reporting Entity

The State of Illinois is a “primary government” whose financial statements consist of the primary government and organizations for which the primary government is financially accountable. The financial statements include all funds, elected offices, departments, and agencies as well as boards, commissions, authorities, and universities for which the State’s elected officials are financially accountable. Financial accountability exists when (1) the State’s governing body appoints a majority of an organization’s governing board and either (a) the State can impose its will upon the organization or (b) there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the State, or (2) the organization has fiscal dependency on the State.

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

The financial statements distinguish between the “primary government” and its “component units.” The State’s participation in a joint venture, related organizations, and jointly governed organizations is separately disclosed below. The primary government, which consists of organizations that make up the State’s legal entity, is the nucleus of the State’s reporting entity. Component units are legally separate organizations for which the State is financially accountable. Complete financial statements of the individual component units can be obtained from the respective component unit’s administrative offices (as listed in parentheses below).

Fiduciary Component Units

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

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

Blended Component Unit

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

1. *Railsplitter Tobacco Settlement Authority ("RTSA")*. The RTSA was established in July 2010 as a special purpose corporation to sell revenue bonds, repayment of which is supported solely by future tobacco settlement revenues ("TSRs"). The State relinquished rights to \$4.1 billion of TSRs to RTSA in exchange for a significant portion of the revenue bond proceeds and a residual certificate representing the State's ownership in excess TSRs to be received by RTSA during the term of the Sales Agreement. (Administrative Office: James R. Thompson Center, 100 W. Randolph St., Chicago, Illinois 60601.)

Discretely Presented Component Units

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

1. *Illinois Housing Development Authority ("IHDA")*. The IHDA issues notes and bonds to make loans for the acquisition, construction, and rehabilitation of housing and to encourage home ownership. The State approves bonds and notes issued by the IHDA and is secondarily liable for its debt if there is not sufficient IHDA monies available to pay principal and interest. (Administrative Offices: 111 E. Wacker Drive, Suite 1000, Chicago, Illinois 60601.)
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 approves new toll highways and issuance of bonds. The THA reports on a December 31 year-end. (Administrative Offices: 2700 Ogden Avenue, Downers Grove, Illinois 60515.)
3. *Comprehensive Health Insurance Plan ("CHIP") Board*. The CHIP provides an alternate market for health insurance for eligible Illinois residents having a pre-existing health condition. The State provides significant operating subsidies to the CHIP. (Administrative Offices: 320 West Washington, Suite 700, Springfield, Illinois 62701.)

4. *Illinois Finance Authority (“Authority”).* The Authority was created to foster economic development to the public and private institutions that create and retain jobs and improve the quality of life in Illinois by providing access to capital. The State approves bonds and notes issued by the Authority and has a moral obligation for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 160 North LaSalle Street, Suite S-1000, Chicago, Illinois 60601.)
5. *Illinois Medical District Commission (“Commission”).* The Commission was created to maintain and expand a designated “medical district.” The Illinois Finance Authority has issued bonds on behalf of the Commission. The State has a moral obligation for this debt if there are not sufficient monies to pay principal and interest. (Administrative Offices: 2100 W. Harrison Street, Chicago, Illinois 60612.)
6. *Southwestern Illinois Development Authority (“Authority”).* The Authority promotes economic development within the counties of St. Clair and Madison in the State of Illinois. The State approves bonds and notes issued by the Authority and has a moral obligation for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 1022 Eastport Plaza Drive, Collinsville, Illinois 62234.)
7. *Upper Illinois River Valley Development Authority (“Authority”).* The Authority promotes economic development within the counties of Grundy, LaSalle, Bureau, Putnam, Kendall, Kane, McHenry, and Marshall in the State of Illinois. The State approves bonds and notes issued by the Authority and has a moral obligation for its debt if there are not sufficient Authority monies to pay principal and interest. (Administrative Offices: 633 La Salle Street, Suite 401, Ottawa, Illinois 61350.)
8. *Boards of Trustees of Chicago State University (“CSU”), Eastern Illinois University (“EIU”), Governors State University (“GSU”), Northeastern Illinois University (“NEIU”), Western Illinois University (“WIU”), Illinois State University (“ISU”), Northern Illinois University (“NIU”), Southern Illinois University (“SIU”), and University of Illinois (“U of I”) (“boards”).* The boards of the respective universities operate, manage, control, and maintain the schools. The State provides significant financial support to the boards of the universities. Certain universities have donor restricted endowments that are restricted as to spending by the donor which are detailed in their separately issued financial statements. The Uniform Management of Institutional Funds Act permits the boards to spend net appreciation of endowments as they determine to be prudent. (Administrative Offices:
 - CSU, 9501 South King Drive, Chicago, Illinois 60628
 - EIU, 600 Lincoln Avenue, Charleston, Illinois 61920
 - GSU, 1 University Parkway, University Park, Illinois 60484
 - NEIU, 5500 North St. Louis Avenue, Chicago, Illinois 60625
 - WIU, 1 University Circle, Macomb, Illinois 61455
 - ISU, Hovey Hall, Normal, Illinois 61790
 - NIU, 300 Altgeld Hall, DeKalb, Illinois 60115
 - SIU, 1400 Douglas Drive, Carbondale, Illinois 62901
 - U of I, 111 East Green, Champaign, Illinois 61820.)

Joint Venture

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

A state becomes a member of the Fund by agreeing to contribute an amount set forth in the Articles of Incorporation. The required contribution from all member states at incorporation was \$81 million. The Fund’s net position on December 31, 2015, was \$123.317 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 2015 of \$213 thousand. Complete financial statements of the Fund can be obtained from the Fund’s Administrative Offices at 1560 Sherman Avenue, Suite 1370, Evanston, Illinois 60201.

Related Organizations and Jointly Governed Organizations

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

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

B. Basis of Presentation**Government-wide Financial Statements**

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

The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Net position is reported in three categories:

- **Invested in capital assets component of net position** consists of capital assets, net of accumulated depreciation reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.
- **Restricted component of net position** results when constraints placed on the use of net position are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through enabling legislation.
- **Unrestricted component of net position** consists of the portion of net position which does not meet the definition of the two preceding categories. The unrestricted component of net position often has constraints that are imposed by management, but can be removed or modified.

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

Fund Financial Statements

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

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

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

The State reports the following major governmental funds:

General – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund. These services include, among others, employment and economic development, education, and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal

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

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

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

The State reports the following major proprietary funds:

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

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

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

Additionally, the State reports the following fund types:

Governmental Fund Types:

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

Debt Service – These funds account for and report governmental resources obtained and restricted, committed, or assigned to pay interest and principal on general long-term debt (other than capital leases, installment purchases, workers' compensation, and net pension liability).

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

Permanent – These funds account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

Proprietary Fund Types:

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

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

Fiduciary Fund Types:

Pension (and Other Employee Benefit) Trust – These funds account for resources that are required to be held in trust for the members and beneficiaries of the State's five Public Employee Retirement Systems, the State's Deferred Compensation Plan Fund, and the health insurance postemployment benefit plans for community colleges and for local school districts, excluding Chicago, administered by the State.

Investment Trust – The Public Treasurer's External Investment Pool Fund accounts for the external portion of the investment pool sponsored by the State.

Private-Purpose Trust – These funds account for resources legally held in trust for use by individuals in the State's qualified tuition program under Section 529 of the Internal Revenue Code and other amounts held for individuals, private organizations, and other governments. There is no requirement that any portion of these resources be preserved as capital.

Agency – These funds account for collections of child support payments, sales and telecommunications taxes assessed by local governments but collected by the State, and other deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

Component Units

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

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

The government-wide, proprietary fund, fiduciary fund, and component unit financial statements are reported using the economic resources measurement focus (except for agency funds which do not have a measurement focus) and the accrual basis of accounting. Revenues and additions are recorded when earned and expenses and deductions are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the State gives (or receives) value without directly receiving (or giving) equal value in

exchange, include income taxes, excise taxes, wealth taxes, grants, entitlements, and donations. On an accrual basis, revenues from self-assessed taxes, principally income, excise, and wealth taxes, are recognized in the fiscal year in which the underlying exchange transaction occurs. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements

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

Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes, motor fuel taxes, and interest income. The tax revenues are recorded by the State as taxpayers earn income (individual income tax, corporate income tax, and other taxes), as sales are made (sales taxes, public utility taxes, motor fuel taxes, and other taxes), or as the taxable event occurs (other taxes) net of estimated overpayments and amounts not expected to be collected. All other revenue sources including fines, penalties, licenses, and other miscellaneous revenues are considered to be measurable and available only when cash is received.

D. Eliminations

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

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

E. Cash Equivalents

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

F. Investments

In accordance with the State's adoption of GASB Statement No. 72, *Fair Value Measurements*, investments are generally measured at fair value with the exception of certain investments which are more appropriately measured using other cost-based measures. The State has implemented the Statement's guidelines for applying fair value to certain investments and has provided for additional disclosures surrounding the measurement in Note 18.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. Additionally, the investments in The Illinois Funds by the State and certain of its component units are also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Treasurer's investment policies are governed by State statute. In addition, the Treasurer's Office has adopted its own investment practices that supplement the statutory requirement. The Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

The State's financial statements contain certain investments that meet the definition of "derivatives." Derivative investments included in the pension trust funds are described in more detail in Note 14.

G. Inventories and Prepaid Expenditures

Inventory is generally reported on the financial statements at moving-average cost. For governmental funds, the State recognizes the costs of material inventories as expenditures when purchased. The inventory amounts reported in the governmental funds do not reflect current appropriable resources, and therefore, the State reports an equivalent portion as nonspendable fund balance.

For governmental funds, prepaid expenditures are recognized when paid.

H. Interfund Transactions

The State has the following types of interfund transactions:

Interfund Loans – amounts provided with a requirement for repayment, which are reported as interfund receivables in lender funds and interfund payables in borrower funds. When interfund loan repayments are not expected within a reasonable time, the interfund balances are reduced and the amount that is not expected to be repaid is reported as a transfer from the fund that made the loan to the fund that received the loan.

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

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

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

I. Capital Assets

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

Capitalization thresholds of the primary government generally are as follows:

Table 1-1 (amounts expressed in thousands)

Capital Asset Category	Capitalization Threshold
Infrastructure	\$ 250
Land	100
Land Improvements	25
Site Improvements	25
Buildings	100
Building Improvements	25
Equipment	5
Works of Art and Historical Treasures	5
Intangible assets - internally generated	1,000
Intangible assets - non-internally generated	25

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

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

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

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

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

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

J. Retirement Costs

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

In accordance with the State’s adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the government-wide, proprietary fund, and component unit financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans’ fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, expense and expenditures associated with the State's contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

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

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

L. Compensated Absences

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

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

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

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

M. Bond Premiums, Discounts, and Insurance/Issuance Costs

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

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

N. Advance Refundings of Debt

In the government-wide and proprietary fund financial statements, gains and losses from advance refundings of debt resulting in defeasance are deferred and amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt using the effective interest method. The deferred amounts on bond refundings are reported as deferred outflows of resources and deferred inflows of resources.

O. Net Position/Fund Balances

The difference between fund assets, deferred outflows of resources, liabilities, and deferred inflows of resources is “Net Position” on government-wide, proprietary fund, and fiduciary fund financial statements and “Fund Balance” on governmental fund financial statements.

The following classifications of fund balances for governmental funds comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds:

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are contractually required to be maintained intact.

Restricted – includes amounts restricted for specific purposes, that is, containing constraints placed on the use of the resources either by an external party, such as creditors, grantors, contributors or laws or regulations of other governments, or by imposition of law through constitutional provisions or enabling legislation.

Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the State’s highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the State removes or changes the specified use by taking the same type of action it employed to previously commit the amounts. The uses of these funds are established by bills passed by the legislature and approved by the Governor of the State of Illinois.

Assigned – amounts constrained by the State’s intent to be used for specific purposes, which don’t meet the restricted or committed criteria. Intent can be expressed by the Illinois State Legislature whom the State has delegated the authority to assign amounts to be used for specific purposes.

Unassigned – includes the residual fund balance (deficit) which has not been restricted, committed or assigned to specific purposes within the general fund and deficit fund balances of other governmental funds.

The State utilizes encumbrance accounting to identify governmental fund obligations. Unexpended appropriations at June 30th are available for subsequent expenditure to the extent that

encumbrances for the purchase of equipment and commodities have been incurred at June 30th, provided the expenditure is presented for payment during the succeeding two months.

The State has a general policy to use restricted resources first for expenditures incurred for which both restricted and unrestricted (committed, assigned or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the policy is to use committed resources first, then assigned. Unassigned amounts are only used after the other resources have been used.

P. Endowments

For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act, as adopted by the State of Illinois, permits the State and its component units to appropriate an amount of realized and unrealized endowment appreciation as determined to be prudent. The State and its component units' policy is to retain the realized and unrealized appreciation within the endowment after spending rule distributions. Amounts available for expenditure are reported as restricted fund balances in governmental fund financial statements and as expendable restricted net position held as permanent investments on government-wide, proprietary fund, and fiduciary fund financial statements.

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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

R. New Accounting Pronouncements

Effective for the year ending June 30, 2016, the State adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which was established to address accounting and financial reporting issues related to fair value measurements. The statement provides guidance for applying fair value to certain investments and additional disclosure requirements related to all fair value measurements. The implementation of this statement resulted in additional footnote disclosures, as detailed in Note 18. The requirements of this statement resulted in the restatement of beginning net position, as detailed in Note 2. Due to the Illinois State Toll Highway Authority's December 31 year end, it did not implement the statement in the current reporting period.

Effective for the year ending June 30, 2016, the State adopted the portion of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which clarifies the application of certain provisions of Statement No. 67 and Statement No. 68. The implementation of this statement had no impact on the State's financial statements.

Effective for the year ending June 30, 2016, the State adopted GASB Statement No. 76, *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, the objective of which is to identify the hierarchy of generally accepted accounting principles ("GAAP") in order for governments to more consistently apply the financial reporting guidance

thus improving the usefulness of financial statement information. The GAAP hierarchy consists of the sources of accounting principles used to prepare the financial statements of the State in conformity with GAAP and the framework for selecting those principles. The Statement reduces the hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of this statement had no impact on the State's financial statements.

Effective for the year ending June 30, 2016, the State adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, which addresses accounting and financial reporting standards for certain external investment pools and pool participants. The Statement establishes criteria an external investment pool must meet in order to qualify to make the election to measure all of its investments at amortized cost for financial reporting purposes. If an external investment pool meets the criteria in the Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. The statement also establishes additional note disclosure requirements for qualifying external investment pools. The Illinois Public Treasurers' Investment Pool, also known as The Illinois Funds, continues to meet the requirements to measure its investments at amortized cost, and therefore, the implementation of this statement had no impact on the State's financial statements.

S. Future Adoption of GASB Statements

Effective for the year ending June 30, 2017, the State will adopt the remaining portion of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which addresses the accounting and reporting requirements for the financial reports of governments with pensions and pension plans not administered through trusts that meet the criteria in Statement No. 68. The State does not believe adoption of this statement will have a material impact on its financial statements.

Effective for the year ending June 30, 2017, the State will adopt GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which establishes standards for the financial reports of defined benefit OPEB plans administered through trusts that meet specified criteria. The standard requires plans to present a statement of fiduciary net position, as well as a statement of changes in net position. The standard also requires more extensive note disclosures and required supplementary information ("RSI") related to significant assumptions and other inputs used in the measurement of OPEB liabilities for which assets have been accumulated and information about the annual money-weighted return on plan investments. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2018, the State will adopt GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures and identifies the note disclosure and RSI reporting requirements. The Standard requires the State to report a liability on the face of the financial statements for the OPEB it provides and identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value and attribute that present value to periods of employee service. The State

has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the State will adopt GASB Statement No. 77, *Tax Abatements*, which requires governments that enter into tax abatement agreements to disclose specific information about the nature and magnitude of tax abatements to make these transactions more transparent to financial statement users. A tax abatement results from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues, and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This statement will provide users of financial statements the ability to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact those abatements have on a government's financial position and economic condition. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the State will adopt GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which expands the scope of the GASB Statement No. 68 to pensions provided by certain multi-employer defined benefit pension plans that are not state or local government plans. This enables governmental entities to obtain required GASB Statement No. 68 disclosures from plans not previously subject to the requirements. The State does not believe adoption of this statement will have a material impact on its financial statements.

Effective for the year ending June 30, 2017, the State will adopt GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, which amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The State does not believe the adoption of this statement will have a material impact on its financial statements.

Effective for the year ending June 30, 2018, the State will adopt GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, which improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance. A split-interest agreement is a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements, in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the State will adopt GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*, which addresses certain issues which have been raised with respect to Statements No. 67, No. 68 and No. 73. The Statement clarifies the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee or plan member contribution requirements. The State has not yet determined the impact on its financial statements as a result of adopting this statement.

2 FUND BALANCE / NET POSITION

A. Classification of Fund Balances

Fund Balance classifications comprise a hierarchy based primarily on the extent to which the State is bound to observe constraints imposed upon the use of resources reported in governmental funds. The specific purposes of the governmental funds fund balances at June 30, 2016, are as follows:

Table 2-1 (amounts expressed in thousands)

	General Fund	Road Fund	State Construction Account	Other Nonmajor Funds	Total Governmental Funds
Fund Balances Nonspendable:					
Long-Term Portion of Loans and Notes Receivable	\$ 6,073	\$ -	\$ -	\$ -	\$ 6,073
Inventories	22,001	56,389	-	20,733	99,123
Endowments and Similar Funds	-	-	-	44,854	44,854
Total Nonspendable	28,074	56,389	-	65,587	150,050
Restricted For:					
Debt Service	-	-	-	2,345,596	2,345,596
Capital Projects					
Transportation Construction/Maintenance	-	-	-	516,200	516,200
Other	-	-	-	102,795	102,795
Health and Social Services					
Vocational Rehabilitation Services	-	-	-	17,605	17,605
Other	76,880	-	-	118,192	195,072
Education	-	-	-	1,809	1,809
General Government					
Unclaimed Property	-	-	-	54,971	54,971
Rental Housing Support	-	-	-	32,479	32,479
Other	5	-	-	74,482	74,487
Employment and Economic Development	-	-	-	129,734	129,734
Transportation	-	-	-	837	837
Public Protection and Justice	2,409	-	-	46,567	48,976
Environment and Business Regulation					
Abandoned Mined Land Reclamation	-	-	-	39,915	39,915
Other	-	-	-	89,169	89,169
Total Restricted	79,294	-	-	3,570,351	3,649,645
Committed For:					
Capital Projects					
Transportation Construction/Maintenance	-	-	373,449	-	373,449
Other	-	-	-	14,745	14,745
Health and Social Services					
Healthcare/Pharmaceutical Provider Relief	742,352	-	-	-	742,352
Other	166,547	-	-	115,492	282,039
Education	53,481	-	-	69,500	122,981
General Government					
School Infrastructure	108,308	-	-	-	108,308
Affordable Housing	-	-	-	364,759	364,759
State Universities Pension	-	-	-	31,729	31,729
Real estate tax-relief loan program	-	-	-	48,829	48,829
Identification Security and Theft Prevention Measures	-	-	-	47,219	47,219
Other	6,226	-	-	171,169	177,395
Employment and Economic Development					
Low Income Energy Assistance	-	-	-	55,069	55,069
Tourism Promotion	-	-	-	67,530	67,530
Coal Technology Research and Development	-	-	-	16,600	16,600
Other	30,880	-	-	229,082	259,962
Transportation					
Downstate Public Transportation	-	-	-	135,454	135,454
Other	22,980	602,897	-	54,185	680,062
Public Protection and Justice	7,634	-	-	187,182	194,816
Environment and Business Regulation					
Clean Water Activities	-	-	-	21,300	21,300
Financial Regulation - Insurance Companies	-	-	-	36,341	36,341
Open Space Lands Acquisition and Development	-	-	-	41,327	41,327
Parks and Conservation Activities	-	-	-	21,372	21,372
Other	640	-	-	253,662	254,302
Total Committed	1,139,048	602,897	373,449	1,982,546	4,097,940
Assigned For:					
Health and Social Services	-	-	-	9,835	9,835
Total Assigned	-	-	-	9,835	9,835
Unassigned	(10,837,635)	-	-	(1,370,410)	(12,208,045)
	<u>\$ (9,591,219)</u>	<u>\$ 659,286</u>	<u>\$ 373,449</u>	<u>\$ 4,257,909</u>	<u>\$ (4,300,575)</u>

B. Restatements

The Illinois State Toll Highway Authority (“THA”) implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of its year end, December 31, 2015, as reported within the State’s June 30, 2016, financial statements. The implementation required restatement of the prior year net position balance as reported within THA’s December 31, 2014, financial statements, as reported within the State’s June 30, 2015, financial statements. The restatement is the result of recording the net pension liability and related deferred outflows and deferred inflows of resources as of June 30, 2014, the beginning of the year measurement date.

During the fiscal year, the State implemented GASB Statement No. 72, *Fair Value Measurement and Application*. In accordance with the statement, the State’s investment in a real estate opportunistic investment by the Prepaid Tuition Fund that was previously reported at amortized cost is now reported at fair value. Additionally, real estate investments held by the University of Illinois, (“U of I”), that were previously reported at amortized cost are reported at fair value. These changes resulted in the restatement of the prior year net position balance as reported within the June 30, 2015, financial statements of the State and the U of I.

The following table summarizes the above items:

Table 2-2 (amounts expressed in thousands)

	Business-Type Activities		Component Units		
	Proprietary Funds		Component Units		
	Prepaid Tuition	Business-Type Activities	Illinois State Toll Highway Authority	University of Illinois	Component Units
Net Position, June 30, 2015, as previously reported	\$ (236,114)	\$ 4,324,355	\$ 2,478,705	\$ 6,522,796	\$ 13,364,236
Implementation of GASB Statement No. 68 and No. 71	-	-	(633,250)	-	(633,250)
Implementation of GASB Statement No. 72	17,776	17,776	-	35,886	35,886
Net Position, June 30, 2015, as restated	\$ (218,338)	\$ 4,342,131	\$ 1,845,455	\$ 6,558,682	\$ 12,766,872

C. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$8.808 billion of restricted net position, of which \$4.853 billion is restricted by enabling legislation.

3 DEPOSITS AND INVESTMENTS

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

each component unit's balance in the State Treasury is presented as "Cash equity with State Treasurer." Investments held by the State Treasurer in the State Treasury at June 30, 2016, consisted of the following:

Investment Type	Fair Value
Repurchase agreements	\$ 1,949,702
U.S. Treasury obligations	2,049,341
U.S. Agency obligations	2,016,464
Supranational bonds	50,134
Municipal debt	303
Commercial paper	4,145,836
Corporate debt securities	20,000
Money market mutual funds	1,993,961
Private equity	56,627
Equity in Public Treasurers' Investment Pool	1,323,452
Equity in other investment pools	62
Securities lending collateral invested in repurchase agreements	2,603,015
Total fair value	\$ 16,208,897

Funds maintained outside the State Treasury have independent statutory authority to manage their own deposits and investments. The investment authority of the Illinois State Board of Investment ("ISBI"), Teachers' Retirement System ("TRS"), and State Universities Retirement System ("SURS") is governed by the Illinois Pension Code (40 ILCS 5). Authorized investments consist of bonds, equities, real estate, venture capital, and other activities to be made with the care, skill, prudence, and diligence which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of investing similar retirement trusts. ISBI, TRS, and SURS each have published investment policies incorporating these guidelines. Primary government investments held outside of the State Treasury at June 30, 2016, except for investments held by ISBI, TRS, and SURS, consisted of the following:

Table 3-2 (amounts expressed in thousands)

Investment Type	Fair Value
Negotiable certificates of deposit	\$ 9,138
U.S. Treasury obligations	1,100,801
U.S. Agency obligations	64,783
Municipal debt	263,145
Annuities	330
Corporate debt securities	65,788
Debt mutual funds	2,707,736
Equity in Public Treasurers' Investment Pool	2,941,235
Equity in Illinois State Board of Investments	32,833
Government notes - non U.S.	2,811
Foreign equity security	146,749
Cash and pending trades	3,444
Money market mutual funds	1,208,029
Equity securities	226,110
Equity mutual funds	5,412,647
Blended mutual funds	211,716
Guaranteed investment contracts	559,210
Bond trust funds	109,430
Equity trust funds	372,691
Blended trust funds	2,087,982
Other	422,414
Total fair value	\$ 17,949,022

The ISBI is considered to be an internal investment pool of the State of Illinois, operating solely from investment income. The ISBI manages and invests the pension assets of three separate public employee retirement systems: General Assembly Retirement System, Judges' Retirement System of Illinois, and State Employees' Retirement System of Illinois. Additionally, ISBI reports one agency fund, the Illinois Power Agency Trust Fund. The ISBI's member systems retain all of the cash necessary for current operating expenditures in the State Treasury. The amount of cash received by the ISBI's member systems in excess of their current operating expenditures is transferred to the ISBI for purposes of long-term investment. The ISBI is not reported as a separate fund in this report. Instead, each member system's balance in the ISBI is presented as "Equity in the Illinois State Board of Investments." The member system's equity is approximately \$30.125 million more than the deposits and investments of the ISBI, due to net receivables of the ISBI.

Investments held by ISBI at June 30, 2016, consisted of the following:

Investment Type	Fair Value
U.S. Treasury obligations	\$ 1,626,996
U.S. Agency obligations	722,031
Corporate obligations	826,702
Common stock and equity funds	4,575,256
Foreign equity securities	1,986,250
Foreign preferred stock	428
Commingled funds	961,731
Hedge funds	1,181,203
Real estate	1,704,065
Private equity	582,943
Money market instruments	356,618
Infrastructure funds	592,736
Bank loans	449,925
Forward foreign currency contracts	(1,337)
Total Investments	\$ 15,565,547

CUSTODIAL CREDIT RISK

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

Deposits

Primary Government:

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

The carrying amount and bank balance of cash deposits held outside of the State Treasury, except for investments held by ISBI, TRS, and SURS, was \$247.589 million and \$261.691 million at June 30, 2016, respectively. Of the total bank balance of these cash deposits at June 30, 2016, \$56.178 million was uninsured with collateral held by the pledging financial institution in the State's name, \$8.527 million was uninsured with collateral held by the pledging financial institution but not in the State's name, and \$8.807 million was uninsured and uncollateralized.

ISBI's policy outlines the control procedures used to monitor custodial credit risk for deposits. These deposits are under the custody of State Street Bank and Trust Company and Deutsche Bank AG, NY Branch. State Street Bank and Trust has an AA- Long-term Deposit/Debt rating by Standard and Poor's and an Aa1 rating by Moody's. The carrying amount and bank balance of ISBI's cash deposits were both \$5.996 million at June 30, 2016.

TRS's foreign currency held by investment managers at June 30, 2016, totaled \$103.219 million, all of which was uninsured and uncollateralized.

SURS's cash held in its investment related bank account in excess of \$250,000 is uninsured and uncollateralized. SURS has a deposit policy for custodial credit risk which outlines due diligence and monitoring procedures. Deposits are under the custody of Northern Trust Company which has an AA- Long-term Deposit/Debt rating by Standard and Poor's and an Aa2 rating by Moody's. At June 30, 2016, the carrying amount was \$670.478 million and the bank balance was \$680.683 million, of which \$3.727 million was uninsured and uncollateralized.

CREDIT RISK

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

Primary Government:

Section 2 of the Public Funds Investment Act limits the State's investments, both inside and outside the State Treasury, to securities of the U.S. government or its agencies, short-term obligations of domestic corporations exceeding \$500 million in assets that are rated in the three highest categories by at least two nationally recognized statistical ratings organizations not to exceed ten percent of the domestic corporations outstanding obligations, money market mutual funds invested in the U.S. government and/or its agencies, and repurchase agreements securities of the U.S. government or its agencies or money market mutual funds invested in the U.S. government or its agencies. Additional investments may be authorized in certain funds as exceptions to Section 2 of the Public Funds Investment Act pursuant to State statute prescribing the activities of a fund. The following table summarizes the Moody's credit quality ratings for debt securities held by the State Treasurer in the State Treasury at June 30, 2016:

Table 3-4 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	P-1	Not Rated	Total
Repurchase agreements	\$ -	\$ -	\$ -	\$1,949,702	\$ -	\$ 1,949,702
U.S. Agency obligations	810,585	-	-	1,205,879	-	2,016,464
Supranational Bonds	50,134	-	-	-	-	50,134
Municipal debt	-	303	-	-	-	303
Commercial paper	-	-	-	4,145,836	-	4,145,836
Corporate debt securities	-	-	20,000	-	-	20,000
Money market mutual funds	1,993,961	-	-	-	-	1,993,961
Equity in Public Treasurers' Investment Pool	-	-	-	-	1,323,452 **	1,323,452
Equity in other investment pools	-	-	-	-	62	62
Securities lending collateral: Invested in repurchase agreements	-	-	-	-	2,603,015 *	2,603,015
Total subject to credit risk	\$2,854,680	\$ 303	\$ 20,000	\$7,301,417	\$3,926,529	14,102,929
U.S. Treasury obligations						2,049,341
Total fixed income securities						\$ 16,152,270

* The breakdown of Moody's credit ratings of the collateral for securities lending collateral invested in repurchase agreements was as follows: 1.83% Aaa, 2.64% Aa, 4.78% A, 8.64% Baa, 10.98% Ba, 11.93% B, 12.43% Caa, 0.26% Ca, 0.08% C, 0.02% P-1, 46.41% Not Rated.

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

The following table summarizes the Moody's credit quality ratings for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2016:

Table 3-5 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	Caa	Ca	Not Rated	Withdrawn	Total
Negotiable certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,138	\$ -	\$ 9,138
U.S. Agency obligations	57,311	110	505	500	-	-	-	-	6,232	125	64,783
Municipal debt	37,924	133,138	55,829	7,550	5,331	1,010	-	-	22,174	189	263,145
Corporate debt securities	10,600	6,733	19,117	17,258	2,614	73	1,102	10	8,281	-	65,788
Government notes - non U.S.	-	125	526	660	-	-	-	-	1,500	-	2,811
Mutual funds	481	4	284	39	7	5	-	-	2,706,916	*	2,707,736
Equity in Public Treasurers' Investment Pool	-	-	-	-	-	-	-	-	2,941,235	**	2,941,235
Money market mutual funds	515,038	-	-	-	-	-	-	-	692,991	***	1,208,029
Bond trust funds	-	-	-	-	-	-	-	-	109,430	****	109,430
Total subject to credit risk	\$ 621,354	\$ 140,110	\$ 76,261	\$ 26,007	\$ 7,952	\$ 1,088	\$ 1,102	\$ 10	\$ 6,497,897	\$ 314	7,372,095
U.S. Treasury obligations											1,100,801
Total fixed income securities											\$ 8,472,896

* \$81.328 million of mutual funds were rated by Standard and Poor's as follows: \$56.930 million AAA; \$3.253 million AA; \$9.759 A, and \$11.386 million BBB.

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

*** \$519.312 million of money market mutual funds were rated AAA by Standard and Poor's.

**** \$34.741 million of bond trust funds were rated by Standard and Poor's as follows: \$20.149 million AAA; \$1.042 million AA; \$3.822 A, \$7.296 million BBB; \$1.390 BB; and \$1.042 B and below.

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, 2016:

Table 3-6 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	U.S. Agency Obligations	Money Market Instruments	Total
Aaa	\$ 5,257	\$ 722,025	\$ -	\$ 727,282
Aa	50,478	-	-	50,478
A	149,707	-	-	149,707
Baa	168,895	-	-	168,895
Ba	214,627	-	-	214,627
B	193,501	-	-	193,501
Caa	25,927	-	-	25,927
Ca	680	-	-	680
Not rated	17,630	6	356,618	374,254
Total subject to credit risk	\$ 826,702	\$ 722,031	\$ 356,618	\$ 1,905,351

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2016:

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Municipal Obligations	Commingled Funds	Securities Lending	Total
Aaa	\$ 317,729	\$ 199,576	\$ 1,142,450	\$ 15,276	\$ -	\$ -	\$ 1,675,031
Aa	141,418	469,160	16,500	29,614	-	-	656,692
A	618,596	341,459	-	11,425	190,378	50,000	1,211,858
Baa	1,156,039	324,370	-	211	60,137	-	1,540,757
Ba	563,559	250,769	-	-	38,470	-	852,798
B	393,516	66,844	-	-	1,066,908	-	1,527,268
Caa	101,052	13,402	-	-	-	-	114,454
Ca	7,317	2,401	-	-	-	-	9,718
C	5,590	-	-	-	-	-	5,590
Not rated	33,952	5,248	-	-	905,592	-	944,792
Total subject to credit risk	\$ 3,338,768	\$ 1,673,229	\$ 1,158,950	\$ 56,526	\$ 2,261,485	\$ 50,000	8,538,958
U.S. Treasury obligations							1,398,195
Less securities lending							(50,000)
Total fixed income securities							\$ 9,887,153

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2016:

Quality Rating	Corporate Debt Securities	Foreign Debt Securities	U.S. Agency Obligations	Municipal Obligations	Total
AAA	\$ 135,785	\$ 3,737	\$ 5,931	\$ 3,583	\$ 149,036
AA	98,583	11,421	901,352	14,959	1,026,315
A	245,460	11,138	-	1,932	258,530
BBB	386,978	8,389	-	3,252	398,619
BB	78,319	27,630	-	109	106,058
B	37,843	9,631	-	-	47,474
CCC	13,319	3,137	-	-	16,456
CC	-	544	-	-	544
D	1,699	-	-	29	1,728
Not rated	190,622	10,554	-	-	201,176
Total subject to credit risk	\$ 1,188,608	\$ 86,181	\$ 907,283	\$ 23,864	2,205,936
U.S. Treasury obligations					1,654,529
U.S. Agency obligations explicitly guaranteed by U.S. government					106,888
Less cash equivalents					(61,156)
Total fixed income securities					\$ 3,906,197

INTEREST RATE RISK

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

Primary Government:

As a means of limiting its exposure to fair value losses arising from rising interest rates, the State Treasurer's investment policy for the State Treasury limits investments to maturities not to exceed five years with no limit to the amount allocated to investments with less than a two-year maturity. No more than 55% of the investment portfolio shall be allocated to investments with a 2 to 3 year maturity band. No more than 30% of the investment portfolio shall be allocated to investments with a 3 to 4 year maturity band (not including Foreign Government Securities). No more than 15% of the investment portfolio shall be allocated to investments with a 4 to 5 year maturity band. For funds held outside of the State Treasury, excluding pension (and other employee benefit) trust funds, there is no formal policy limiting investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

The following table summarizes the segmented time distribution of debt securities held by the State Treasurer in the State Treasury at June 30, 2016:

Table 3-9 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years
Repurchase agreements	\$ 1,949,702	\$ 1,949,702	\$ -	\$ -
U.S. Treasury obligations	2,049,341	1,998,329	51,012	-
U.S. Agency obligations	2,016,464	1,205,879	810,585	-
Supranational Bonds	50,134	-	50,134	-
Municipal debt	303	303	-	-
Commercial paper	4,145,836	4,145,836	-	-
Corporate debt securities	20,000	20,000	-	-
Money market mutual funds	1,993,961	1,993,961	-	-
Equity in Public Treasurers' Investment Pool	1,323,452	1,323,452	-	-
Equity in other investment pools	62	-	21	41
Securities lending collateral:				
Invested in repurchase agreements	2,603,015	2,603,015	-	-
Total fixed income investments	\$ 16,152,270	\$15,240,477	\$ 911,752	\$ 41

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, 2016. The WAM expresses investment time horizons – the time when investments become due and payable – in years to reflect the dollar size of individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

Table 3-10 (amounts expressed in thousands)

Investment Type	Fair Value	Weighted Average Maturity (Years)
Negotiable certificates of deposit	\$ 9,138	2.021
U.S. Treasury obligations	1,100,801	5.545
U.S. Agency obligations	64,783	4.139
Municipal debt	263,145	13.678
Corporate debt securities	65,788	10.306
Government notes - non U.S.	2,811	5.191
Mutual funds	2,707,736	4.033
Equity in Public Treasurers' Investment Pool	2,941,235	0.123
Money market mutual funds	1,208,029	0.080
Bond trust funds	109,430	6.999
Total fixed income investments	<u>\$8,472,896</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 the 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 fair value. The effective duration measures the sensitivity of market price to parallel shifts in the yield curve. ISBI benchmarks its debt security portfolio to Barclay's U.S. Universal Index. At June 30, 2016, the effective duration of the Barclay's U.S. Universal Index was 5.4 years. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2016:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Effective Weighted Duration (Years)
Government and agency obligations:		
U.S. Treasury obligations	\$ 1,626,996	8.4
U.S. Agency obligations	722,031	1.8
	<u>\$ 2,349,027</u>	
Corporate obligations:		
Bank and finance	233,129	5.8
Industrials	388,110	5.2
Other	205,463	5.5
	<u>826,702</u>	
Total subject to interest rate risk	<u>\$3,175,729</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, 2016:

Table 3-12 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10 to 20 Years	More Than 20 Years	Other
U.S. Treasury obligations	\$ 1,398,195	\$ 69,916	\$ 559,384	\$ 377,709	\$ 71,160	\$ 320,026	\$ -
U.S. Agency obligations	1,158,950	560,758	299,867	63,030	67,327	167,968	-
Municipal obligations	56,526	-	3,722	16,727	11,218	24,859	-
Corporate debt securities	3,338,768	288,350	1,179,736	1,183,197	274,715	412,770	-
Foreign debt securities	1,673,229	452,984	489,823	405,956	165,459	159,007	-
Commingled funds	2,261,485	61,172	398,744	704,437	-	-	1,097,132 *
Securities lending collateral	50,000	50,000	-	-	-	-	-
Derivatives	(62,716)	668	(3,274)	(32,325)	(249)	(27,536)	-
Total subject to interest rate risk	9,874,437	\$ 1,483,848	\$ 2,928,002	\$ 2,718,731	\$ 589,630	\$ 1,057,094	\$ 1,097,132
Plus derivatives	62,716						
Less securities lending	(50,000)						
Total fixed income securities	\$ 9,887,153						

* Maturity date is not available or applicable.

SURS manages its exposure to fair value loss arising from increasing interest rates by diversifying the debt securities portfolio. SURS has not adopted a formal policy specific to interest rate risk. The following table summarizes the time segmented distribution of the debt securities held by SURS at June 30, 2016:

Table 3-13 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years	10 to 20 Years	More Than 20 Years
U.S. Treasury and Agency obligations	\$ 2,668,700	\$ 105,540	\$ 559,850	\$ 678,196	\$ 277,752	\$ 1,047,362
Municipal obligations	23,864	-	1,848	2,041	6,762	13,213
Corporate debt securities	1,188,608	42,891	363,458	454,012	109,920	218,327
Foreign debt securities	86,181	7,956	(943)	35,397	13,697	30,074
Derivatives - swaps	(35,170)	(104)	(6,510)	(13,340)	(922)	(14,294)
Total subject to interest rate risk	3,932,183	\$ 156,283	\$ 917,703	\$ 1,156,306	\$ 407,209	\$ 1,294,682
Plus derivatives - swaps	35,170					
Less cash equivalents	(61,156)					
Total fixed income securities	\$ 3,906,197					

FOREIGN CURRENCY RISK

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

Primary Government:

Only assets held by the State Treasurer and assets held outside the State Treasury by the Prepaid Tuition Fund, a major enterprise fund, and foreign offices are allowed to be used to purchase investments in foreign securities. The State Treasurer is limited by the Deposit of State Moneys Act to investments in debt instruments issued by foreign governments, except the Republic of Sudan, that are guaranteed by the full faith and credit of the foreign government in which the foreign government has not defaulted or been late in payment on similar debt instruments at the time the Treasurer purchases the debt instrument. The Prepaid Tuition Fund's investment policy establishes targets for long-term and interim asset allocations and rebalancing ranges. As of June

30, 2016, the long-term and interim targets for international equities were 20% and 18%, respectively, with a rebalancing range of 15% to 21% for the lower and upper limits.

The following table summarizes the foreign currency risk, by currency denomination, of the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2016:

Table 3-14 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>	<u>Foreign Debt Securities</u>	<u>Foreign Equity Securities</u>	<u>Foreign Currency and Pending Currency Transactions</u>
Australian Dollar	\$ -	\$ -	\$ 8,895	\$ -
British Pound Sterling	-	-	29,837	66
Canadian Dollar	44	125	4,267	8
Danish Krone	-	-	3,160	-
Euro	41	-	37,981	98
Hong Kong Dollar	51	-	8,859	15
Japanese Yen	7	-	21,155	48
Malaysian Ringgit	-	-	2,319	-
New Israeli Shekel	-	1,500	886	-
Norwegian Krone	-	-	2,099	-
Singapore Dollar	-	-	3,593	-
Swedish Krona	-	-	7,579	-
Swiss Franc	-	-	14,420	16
Other currencies	41	1,186	1,699	(792)
Total deposits and investments subject to foreign currency risk	<u>\$ 184</u>	<u>\$ 2,811</u>	<u>\$ 146,749</u>	<u>\$ (541)</u>

Pensions:

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

TRS's foreign currency risk exposure is primarily derived from its holdings in foreign currency-denominated equity, fixed income and derivative investments, as well as 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 or options, depending upon their views on a specific country or foreign currency relative to the U.S. dollar.

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

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by ISBI as of June 30, 2016:

Table 3-15 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Equity Securities and Foreign Preferred Stock</u>	<u>Foreign FX Forwards</u>	<u>Foreign Rights</u>
Australian Dollar	\$ 90,106	\$ (241)	\$ -
Brazilian Real	20,706	-	-
British Pound Sterling	279,258	(115)	-
Canadian Dollar	91,200	(138)	-
Danish Krone	26,423	(21)	-
Euro	560,249	(317)	36
Hong Kong Dollar	135,747	(6)	-
Japanese Yen	379,508	(95)	-
Mexican Peso	10,281	(29)	-
Norwegian Krone	28,803	(56)	-
Singapore Dollar	31,698	(17)	35
South African Rand	15,942	(76)	-
South Korean Won	88,449	-	-
Swedish Krona	55,725	(60)	-
Swiss Franc	136,964	(133)	-
Other currencies	35,619	(33)	1
Total investments subject to foreign currency risk	<u>\$ 1,986,678</u>	<u>\$ (1,337)</u>	<u>\$ 72</u>

In addition, certain investments held in infrastructure funds trade in a reported currency of Euro based dollars valued at \$51.927 million at June 30, 2016.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2016:

Table 3-16 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Currency</u>	<u>Foreign Equity Securities</u>	<u>Foreign Debt Obligations</u>	<u>Foreign Derivative Obligations</u>	<u>Total</u>
Australian Dollar	\$ 4,132	\$ 319,462	\$ 45,739	\$ 215	\$ 369,548
Brazilian Real	1,346	100,639	237,665	(235)	339,415
British Pound Sterling	11,542	1,100,281	262,373	(57)	1,374,139
Canadian Dollar	3,599	378,892	36,862	(279)	419,074
Danish Krone	1,613	104,482	21,946	-	128,041
Euro	25,036	1,544,506	220,020	(241)	1,789,321
Hong Kong Dollar	1,101	523,868	-	2,146	527,115
Indian Rupee	1,356	139,595	1,661	-	142,612
Indonesian Rupiah	235	68,148	104,416	-	172,799
Japanese Yen	20,028	1,217,554	23,846	(1,073)	1,260,355
Malaysian Ringgit	726	32,680	67,959	-	101,365
Mexican Peso	1,316	83,230	227,597	68	312,211
New Taiwan Dollar	4,739	198,625	-	(26)	203,338
Singapore Dollar	1,025	141,369	17,693	-	160,087
South African Rand	3,015	110,267	-	(51)	113,231
South Korean Won	2,590	268,914	116,547	(239)	387,812
Swedish Krona	824	157,521	12,899	-	171,244
Swiss Franc	4,396	544,160	-	-	548,556
Thai Baht	8,323	95,341	-	-	103,664
Other currencies	6,277	215,704	276,006	(180)	497,807
Total deposits and investments subject to foreign currency risk	<u>\$ 103,219</u>	<u>\$7,345,238</u>	<u>\$ 1,673,229</u>	<u>\$ 48</u>	<u>\$ 9,121,734</u>

In addition, TRS has foreign currency investments in private equity with fair values totaling \$310.484 million (payable in Euros), \$149 thousand (payable in Canadian dollars), \$45.004

million (payable in Japanese Yen), and \$96.255 million (payable in South Korean Won), and real estate with fair values totaling \$39.281 million (payable in Euros) and \$422 thousand (payable in British Pound Sterling).

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by SURS as of June 30, 2016:

Table 3-17 (amounts expressed in thousands)

Currency Denomination	Foreign Equity Securities	Foreign Debt Obligations	Foreign Currency and Pending Currency Transactions	Net Foreign Currency Forward Contracts	Other Foreign Derivative Obligations	Total
Australian Dollar	\$ 98,517	\$ -	\$ 1,772	\$ (75)	\$ -	\$ 100,214
British Pound Sterling	295,803	12,971	(12,620)	1	(149)	296,006
Canadian Dollar	72,014	2,606	(339)	(16)	(526)	73,739
Danish Krone	32,300	604	(635)	(467)	-	31,802
Euro	475,664	32,509	(39,326)	(48)	(519)	468,280
Hong Kong Dollar	104,698	-	14	-	-	104,712
Japanese Yen	323,894	8,029	(22,237)	(1,294)	(823)	307,569
New Taiwan Dollar	21,525	-	(1,472)	(6)	-	20,047
Singapore Dollar	36,923	-	(3,351)	(43)	-	33,529
South African Rand	21,039	-	36	-	-	21,075
Swedish Krona	62,518	-	32	-	-	62,550
Swiss Franc	113,759	543	(569)	-	-	113,733
Other currencies	79,960	28,919	(35,717)	(2,292)	(175)	70,695
Total investments subject to foreign currency risk	<u>\$ 1,738,614</u>	<u>\$ 86,181</u>	<u>\$ (114,412)</u>	<u>\$ (4,240)</u>	<u>\$ (2,192)</u>	<u>\$ 1,703,951</u>

COMPONENT UNITS

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

ILLINOIS HOUSING DEVELOPMENT AUTHORITY ("IHDA")

Investments

Table 3-18 (amounts expressed in thousands)

Investment Type	Rating Standard & Poor's/Moody's	Fair Value	Less Than 1 Year	1 to 5 Years	More Than 10 Years
U.S. Agency obligations	AA+/Aaa	\$ 728,595	\$ 277,719	\$ 75,307	\$ 375,569
Money market fund - sweep account	- /Aaa	221,221	221,221	-	-
Repurchase agreements backed by U.S. Agency obligations	AA+/Aaa	27,638	27,538	100	-
Total subject to credit risk		977,454	526,478	75,407	375,569
U.S. Treasury obligations		21,613	12,561	7,558	1,494
Total subject to interest rate risk		999,067	\$ 539,039	\$ 82,965	\$ 377,063
Less cash equivalents		(248,759)			
		<u>\$ 750,308</u>			

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

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

Concentration of Credit Risk: IHDA places no limit on the amount that may be invested in any one issuer. More than 5 percent of IHDA's investments are in Federal Home Loan Bank

(\$104.613 million), Federal National Mortgage Association (\$203.489 million), and Federal Home Loan Mortgage Corporation (\$125.886 million).

ILLINOIS STATE TOLL HIGHWAY AUTHORITY (“THA”)

Investments

Table 3-19 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poors/Moody's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
Money market mutual funds	AAA/Aaa	\$ 784,315	\$ 784,315	\$ -
Total subject to credit risk		784,315	784,315	-
U.S. Treasury obligations		170,000	100,000	70,000
Total subject to interest rate risk		954,315	\$ 884,315	\$ 70,000
Less cash equivalents		(784,315)		
Total investments		\$ 170,000		

Interest Rate Risk: As a means of limiting its exposure to fair value losses from rising interest rates, THA’s investment policy requires the majority of THA investments to be less than one year maturity with no investment exceeding a ten-year maturity.

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

ILLINOIS STATE UNIVERSITY (“ISU”)

Investments

Table 3-20 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Moody's/ Standard & Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 6 Years</u>
U.S. Agency obligations	Aaa/AA	\$ 147,579	\$ 50,738	\$ 96,841
Illinois Public Treasurers' Investment Pool	Not Rated/AAA	9,789	9,789	-
Money market mutual funds	Aaa/AAA	4,385	4,385	-
Total subject to credit risk		161,753	64,912	96,841
U.S. Treasury obligations		66,670	10,061	56,609
Total subject to interest rate risk		228,423	\$ 74,973	\$ 153,450
Less cash equivalents		(14,174)		
Total investments of the University		214,249		
Investments of component units		110,231		
Total investments		\$ 324,480		

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 (\$25.353 million) and Federal Home Loan Bank (\$122.227 million).

NORTHERN ILLINOIS UNIVERSITY ("NIU")

Investments

Table 3-21 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard & Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>
U.S. Agency obligations	AA	\$ 51,795	\$ 11,492	\$ 40,303
Money market mutual funds	AAA	15,470	15,470	-
Illinois Public Treasurers' Investment Pool	AAA	43,093	43,093	-
Total subject to credit risk		110,358	70,055	40,303
U.S. Treasury obligations		17,518	17,518	-
Total subject to interest rate risk		127,876	<u>\$ 87,573</u>	<u>\$ 40,303</u>
Less cash equivalents		(15,470)		
Total investments of the University		112,406		
Investments of component units		89,510		
Total investments		<u>\$ 201,916</u>		

Interest Rate Risk: NIU does not have a formal policy for interest rate risk.

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

Concentration of Credit Risk: More than 5 percent of NIU's investments are in Federal Farm Credit Bank (\$21.984 million), Federal Home Loan Bank (\$11.310 million), and Federal National Mortgage Association (\$15.999 million).

SOUTHERN ILLINOIS UNIVERSITY ("SIU")

Investments

Table 3-22 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Rating Standard and Poor's</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>
U.S. Agency obligations	AA	\$ 73,506	\$ 5,630	\$ 35,122	\$ 32,754
Commercial paper	A-1	2,999	2,999	-	-
Equity in Public Treasurers' Investment Pool	AAA	60,446	60,446	-	-
Total subject to credit risk		136,951	69,075	35,122	32,754
U.S. Treasury obligations		56,840	18,727	21,970	16,143
Total subject to interest rate risk		193,791	<u>\$ 87,802</u>	<u>\$ 57,092</u>	<u>\$ 48,897</u>
Common stock		44			
Less cash equivalents		(60,446)			
Total investments of the University		133,389			
Investments of component units		206,035			
Total investments		<u>\$ 339,424</u>			

Interest Rate Risk: Interest rate risk is mitigated by maintaining significant balances in cash equivalents and other short maturity investments and by establishing an asset allocation policy that is consistent with the expected cash flows of the University. Revenue Bond System funds are managed in accordance with covenants provided from the University's debt issuance activities.

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

UNIVERSITY OF ILLINOIS ("U of I")

Investments

Interest Rate Risk: The U of I employs multiple investment managers, each of which has specific maturity assignments related to the operating funds. The funds are structured with different layers of liquidity. Funds expected to be used within one year are invested using the Barclay's Capital 90-day and Bank of America Merrill Lynch 12-month Treasury Bill Index as performance benchmarks. Core operating funds are invested in longer maturity investments. Core operating funds investment manager's performance benchmarks are the Barclay's Capital 1-3 year Government Bond Index, the Barclay's Capital 1-3 year Government Credit Bond Index and the Barclay's Capital Intermediate Aggregate Bond Index. The U of I's investments and maturities at June 30, 2016, are illustrated below:

Table 3-23 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's				Less Than BB or Not Rated
		AAA	AA	A	BBB	
U.S. Treasury obligations	\$ 260,559	\$ -	\$ 193,979	\$ -	\$ -	\$ -
U.S. Agency obligations	193,979	-	9,848	39,032	-	-
Commercial paper	48,880	-	-	-	-	-
Corporate bonds	606,512	11,445	91,251	301,397	197,334	2,733
Bond mutual funds	127,158	80,474	7,113	14,711	16,175	811
Money market mutual funds	490,761	490,761	-	-	-	-
Illinois Public Treasurers' Investment Pool	2,549	2,549	-	-	-	-
Non government mortgage-backed securities	88,262	67,499	17,097	3,468	-	198
Other asset-backed securities	229,120	228,363	556	8	-	193
Government bonds - non U.S.	12,919	8,223	3,337	588	771	-
Municipal bonds	28,390	9,254	9,881	8,374	-	881
Total subject to credit risk	1,828,530	\$ 898,568	\$ 333,062	\$ 367,578	\$ 214,280	\$ 3,163
U.S. Treasury obligations	260,559					
Total fixed income securities	\$ 2,089,089					

At June 30, 2016, the U of I's operating funds pool portfolio had an effective duration of 1.3 years.

Credit Risk: The U of I's policy requires that short-term operating funds be invested in fixed income securities and other short-term fixed income instruments (e.g., money markets). 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 that fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion.

At June 30, 2016, the U of I debt securities and quality ratings are as shown in the chart below:

Table 3-24 (amounts expressed in thousands)

Investment Type	Fair Value	Standard and Poor's				Less Than BB or Not Rated
		AAA	AA	A	BBB	
U.S. Agency obligations	\$ 193,979	\$ -	\$ 193,979	\$ -	\$ -	\$ -
Commercial paper	48,880	-	9,848	39,032	-	-
Corporate bonds	606,512	11,445	91,251	301,397	197,334	2,733
Bond mutual funds	127,158	80,474	7,113	14,711	16,175	811
Money market mutual funds	490,761	490,761	-	-	-	-
Illinois Public Treasurers' Investment Pool	2,549	2,549	-	-	-	-
Non government mortgage-backed securities	88,262	67,499	17,097	3,468	-	198
Other asset-backed securities	229,120	228,363	556	8	-	193
Government bonds - non U.S.	12,919	8,223	3,337	588	771	-
Municipal bonds	28,390	9,254	9,881	8,374	-	881
Total subject to credit risk	1,828,530	\$ 898,568	\$ 333,062	\$ 367,578	\$ 214,280	\$ 3,163
U.S. Treasury obligations	260,559					
Total fixed income securities	\$ 2,089,089					

SECURITIES LENDING TRANSACTIONS

The investment policies of certain State agencies and component units, principally the State Treasurer, ISBI, TRS, and SURS, permit them to enter into securities lending transactions. In these transactions, the agency loans their securities to broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities in the future. The agencies’ securities custodians are agents in lending the securities for collateral of at least 100% of the fair value of the securities. Collateral can consist of cash, cash equivalents, government securities, commercial paper or irrevocable letters of credit. Depending on their nature, securities on loan at year-end are presented as classified or unclassified in the preceding schedule of custodial credit risk. Generally, at year-end, agencies had no credit risk exposure to borrowers because the amounts they owed to borrowers exceeded the amounts borrowers owed the agencies. Policies regarding indemnification vary among agencies. Some agencies’ contracts with custodians require them to indemnify the agency if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or the borrowers fail to pay the agency for income distributions by the securities’ issuers while the securities are out on loan. Other agencies have no provisions for indemnification.

Generally, securities loans can be terminated on demand by either the agency or the borrower, although the average term of the loans is approximately 1 to 35 days. Cash collateral is generally invested in the lending agents’ short-term investment pools, which at year-end had weighted average maturities of approximately 12 to 54 days. The relationship between the maturities of the investment pools and the agencies’ loans is affected by the maturities of the securities loans made by other entities that use the agents’ pools, which the agencies cannot determine. The agencies cannot pledge or sell collateral securities received unless the borrower defaults.

The following table summarizes the fair value and related collateral value of outstanding loaned investment securities as of June 30, 2016.

Table 3-25 (amounts expressed in thousands)

<u>State Agency/Component Unit</u>	<u>Fair Value</u>	<u>Collateral Value</u>
State Treasurer	\$2,587,870	\$2,603,015
Illinois State Board of Investments	100,576	102,133
Teachers' Retirement System	3,295,327	3,410,966
State Universities Retirement System	587,872	602,090

4 TAXES RECEIVABLE

Taxes receivable for the primary government at June 30, 2016, are as follows:

Table 4-1 (amounts expressed in thousands)

	Governmental Activities			Business-type Activities	
	General Fund	Nonmajor Funds	Total	Unemployment Compensation Trust Fund	Fiduciary Funds
Income tax	\$ 953,214	\$ 207,088	\$ 1,160,302	\$ -	\$ -
Less allowance	(448,566)	(81,656)	(530,222)	-	-
Net income tax	504,648	125,432	630,080	-	-
Sales tax	673,721	184,443	858,164	-	-
Less allowance	(249,510)	(77,847)	(327,357)	-	-
Net sales tax	424,211	106,596	530,807	-	-
Motor fuel tax	-	128,027	128,027	-	-
Less allowance	-	(10,120)	(10,120)	-	-
Net motor fuel tax	-	117,907	117,907	-	-
Public utility tax	27,638	15,880	43,518	-	-
Less allowance	(5,406)	(187)	(5,593)	-	-
Net public utility tax	22,232	15,693	37,925	-	-
Riverboat tax	-	1,794	1,794	-	-
Less allowance	-	-	-	-	-
Net riverboat tax	-	1,794	1,794	-	-
Medical providers assessment tax	35,527	-	35,527	-	-
Less allowance	(1,814)	-	(1,814)	-	-
Net medical providers assessment tax	33,713	-	33,713	-	-
Other tax	372,121	59,917	432,038	-	-
Less allowance	(22,709)	(2,159)	(24,868)	-	-
Net other tax	349,412	57,758	407,170	-	-
Unemployment compensation tax	-	-	-	938,272	-
Less allowance	-	-	-	(376,432)	-
Net unemployment compensation tax	-	-	-	561,840	-
Taxes assessed by other governments	-	-	-	-	231,824
Total taxes receivable, net	\$ 1,334,216	\$ 425,180	\$ 1,759,396	\$ 561,840	\$ 231,824

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2016, consisted of the following:

Table 5-1 (amounts expressed in thousands)

Due From	Due To											Total
	General Fund	Road Fund	State Construction Account	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds		
General Fund	\$ -	\$ 1,272	\$ -	\$ 47,499	\$ -	\$ -	\$ -	\$ 104,244	\$ 7,352	\$ 86,715	\$ 247,082	
Road Fund	8,659	-	22,234	60,240	-	-	-	-	119	-	91,252	
State Construction Account	-	2,716	-	45,543	-	-	-	-	-	-	48,259	
Nonmajor Governmental Funds	441,910	3,988	-	268,937	3,965	17	-	39	1,205	-	720,061	
Unemployment Compensation Trust Fund	18,480	4,000	-	43	-	-	-	-	-	-	22,523	
Water Revolving Fund	-	-	-	3,355	-	-	-	-	-	-	3,355	
Nonmajor Enterprise Funds	50	-	-	34	-	-	281	4,551	205	179	5,300	
Internal Service Funds	3,790,218	347,005	-	188,985	-	674	-	2,044	39,813	480	4,369,219	
Fiduciary Funds	821,399	-	-	34,677	-	-	-	-	1,586	175	857,837	
Total	\$ 5,080,716	\$ 358,981	\$ 22,234	\$ 649,313	\$ 3,965	\$ 691	\$ 281	\$ 110,878	\$ 50,280	\$ 87,549	\$ 6,364,888	

Interfund due to and due from balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Because of resource constraints in the current fiscal year, the payment time of transactions from the General Revenue Account of the General Fund was significantly slower than in previous fiscal years.

Interfund transfers activity at June 30, 2016, consisted of the following:

Table 5-2 (amounts expressed in thousands)

Transfers-In	Transfers-Out							Total
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Nonmajor Enterprise Funds	Internal Service Funds		
General Fund	\$ -	\$ -	\$ 1,139,397	\$ -	\$ 724,164	\$ -	\$ 1,863,561	
Road Fund	-	-	1,605	-	-	-	1,605	
State Construction Account	-	-	943	-	-	-	943	
Nonmajor Governmental Funds	3,003,835	340,930	780,027	14,200	3,105	3,099	4,145,196	
Unemployment Compensation Trust Fund	-	-	6,746	-	-	-	6,746	
Nonmajor Enterprise Funds	-	-	-	-	31,041	-	31,041	
Total	\$ 3,003,835	\$ 340,930	\$ 1,928,718	\$ 14,200	\$ 758,310	\$ 3,099	\$ 6,049,092	

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

INTERENTITY

The due from amounts for the State of Illinois from its component units, as of June 30, 2016, consisted of the following:

Due To	Due From								
	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	Total
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19	\$ 5,803	\$ 106	\$ 5,928
Road Fund	-	83,543	-	-	-	-	-	-	83,543
Nonmajor Governmental Funds	348,976	375	-	1	4	-	48	6	349,410
Unemployment Compensation Trust Fund	-	-	-	-	-	-	144	230	374
Water Revolving Fund	-	-	3,320	-	-	-	-	-	3,320
Internal Service Funds	169	2,015	61	-	-	-	5,690	949	8,884
Fiduciary Funds	-	-	-	-	-	-	157	656	813
Total	\$ 349,145	\$ 85,933	* \$ 3,381	\$ 1	\$ 4	\$ 19	\$ 11,842	\$ 1,947	\$ 452,272

* The Illinois State Toll Highway Authority reported \$83,543 at December 31, 2015, its fiscal year-end.

The due to amounts for the State of Illinois to its component units, as of June 30, 2016, consisted of the following:

Due From	Due To								
	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	Total
General Fund	\$ 63	\$ 22	\$ 1,996	\$ 5,546	\$ -	\$ 1,995	\$ 48,119	\$ -	\$ 57,741
Road Fund	-	144,850	-	-	125	243	10,767	-	155,985
Nonmajor Governmental Funds	45,838	35	684	1,032	-	7,435	34,194	3,616	92,834
Water Revolving Fund	-	-	38,091	-	-	34	278	-	38,403
Prepaid Tuition Fund	-	-	-	-	-	25	246	16	287
Nonmajor Enterprise Funds	-	8	-	-	-	-	-	-	8
Internal Service Funds	-	121	-	19	1	60	920	-	1,121
Fiduciary Funds	-	30	-	-	-	-	-	-	30
Total	\$ 45,901	\$ 145,066	* \$ 40,771	\$ 6,597	\$ 126	\$ 9,792	\$ 94,524	\$ 3,632	\$ 346,409

* The Illinois State Toll Highway Authority reported \$168,793 at December 31, 2015, its fiscal year-end.

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

6 LOANS AND NOTES RECEIVABLE

Loans and notes receivable at June 30, 2016, consisted of the following:

Table 6-1 (amounts expressed in thousands)

	Primary Government							
	Governmental Activities				Business-type Activities			
	General Fund	Road Fund	Nonmajor Governmental Funds	Total	Water Revolving Fund	Nonmajor Enterprise Funds	Total	Fiduciary Funds
Student loan program	\$ 35,686	\$ -	\$ 1,408	\$ 37,094	\$ -	\$ 475,520	475,520	\$ 83
Deferred compensation loan program	-	-	-	-	-	-	-	35,724
Local government infrastructure	-	-	-	-	3,136,775	-	3,136,775	-
Port district construction	14,968	-	-	14,968	-	-	-	-
Real estate tax-relief loan program	-	-	41,334	41,334	-	-	-	-
Other	289	131	18,776	19,196	-	-	-	-
	<u>50,943</u>	<u>131</u>	<u>61,518</u>	<u>112,592</u>	<u>3,136,775</u>	<u>475,520</u>	<u>3,612,295</u>	<u>35,807</u>
Less: Allowance for uncollectible accounts	44,870	-	905	45,775	-	64,983	64,983	38
Total	<u>6,073</u>	<u>131</u>	<u>60,613</u>	<u>66,817</u>	<u>3,136,775</u>	<u>410,537</u>	<u>3,547,312</u>	<u>35,769</u>
Less: Amounts representing restricted assets	-	-	-	-	1,479,975	410,537	1,890,512	-
Loans and notes receivable, net	<u>\$ 6,073</u>	<u>\$ 131</u>	<u>\$ 60,613</u>	<u>\$ 66,817</u>	<u>\$ 1,656,800</u>	<u>\$ -</u>	<u>\$ 1,656,800</u>	<u>\$ 35,769</u>

Table 6-2 (amounts expressed in thousands)

	Major Component Units				
	Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Mortgage loan program	\$ 1,454,640	\$ -	\$ -	\$ -	\$ -
Student loan program	-	9,405	7,930	19,949	64,623
Other	-	-	-	21	-
	<u>1,454,640</u>	<u>9,405</u>	<u>7,930</u>	<u>19,970</u>	<u>64,623</u>
Less: Allowance for uncollectible accounts	48,164	1,036	50	277	3,345
Loans and notes receivable, net	<u>\$ 1,406,476</u>	<u>\$ 8,369</u>	<u>\$ 7,880</u>	<u>\$ 19,693</u>	<u>\$ 61,278</u>

7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

Table 7-1 (amounts expressed in thousands)					
	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Governmental activities					
Capital assets not being depreciated:					
Land and land improvements	\$ 3,410,114	\$ 42,786	\$ 1,723	\$ (660)	\$ 3,450,517
Intangible assets	186,677	54,745	-	-	241,422
Historical treasures and works of art	39,210	-	-	-	39,210
Construction in progress	145,841	87,206	335	(28,063)	204,649
Total capital assets not being depreciated	<u>3,781,842</u>	<u>184,737</u>	<u>2,058</u>	<u>(28,723)</u>	<u>3,935,798</u>
Capital assets being depreciated:					
Infrastructure	27,492,847	1,662,633	810,330	1	28,345,151
Site improvements	784,013	17,103	52	981	802,045
Buildings and building improvements	4,643,012	1,290	7,818	29,741	4,666,225
Equipment	1,158,420	21,165	59,362	(4,294)	1,115,929
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	223,176	10,408	1,673	-	231,911
Total capital assets being depreciated	<u>34,302,568</u>	<u>1,712,599</u>	<u>879,235</u>	<u>26,429</u>	<u>35,162,361</u>
Less accumulated depreciation for:					
Infrastructure	11,924,360	1,106,290	810,330	-	12,220,320
Site improvements	508,260	22,329	-	395	530,984
Buildings and building improvements	2,725,426	116,871	679	45	2,841,663
Equipment	893,614	70,166	60,890	(2,993)	899,897
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	56,011	19,105	1,731	-	73,385
Total accumulated depreciation	<u>16,108,771</u>	<u>1,334,761</u>	<u>873,630</u>	<u>(2,553)</u>	<u>16,567,349</u>
Total capital assets being depreciated, net	<u>18,193,797</u>	<u>377,838</u>	<u>5,605</u>	<u>28,982</u>	<u>18,595,012</u>
Governmental activities capital assets, net	<u>\$ 21,975,639</u>	<u>\$ 562,575</u>	<u>\$ 7,663</u>	<u>\$ 259</u>	<u>\$ 22,530,810</u>
Depreciation expense for governmental activities was charged to functions as follows:					
Health and social services					\$ 30,648
Education					5,416
General government					36,822
Employment and economic development					11,646
Transportation					1,133,934
Public protection and justice					57,210
Environmental and business regulation					24,898
Internal service funds					34,187
Total					<u>\$ 1,334,761</u>

Table 7-2 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Primary Government					
Business-type activities					
Water Revolving Fund:					
Capital assets being depreciated:					
Equipment	\$ 451	\$ -	\$ -	\$ (19)	\$ 432
Total capital assets being depreciated	451	-	-	(19)	432
Less accumulated depreciation for:					
Equipment	384	22	-	(19)	387
Total accumulated depreciation	384	22	-	(19)	387
Total capital assets being depreciated, net	67	(22)	-	-	45
Water Revolving Fund capital assets, net	67	(22)	-	-	45
Nonmajor enterprise funds:					
Capital assets not being depreciated:					
Construction in progress	250	9	-	(259)	-
Total capital assets not being depreciated	250	9	-	(259)	-
Capital assets being depreciated:					
Buildings and building improvements	2,483	-	11	-	2,472
Equipment	6,640	184	367	(389)	6,068
Intangible assets	3,357	-	-	-	3,357
Total capital assets being depreciated	12,480	184	378	(389)	11,897
Less accumulated depreciation for:					
Buildings and building improvements	392	155	11	-	536
Equipment	5,707	366	367	(389)	5,317
Intangible assets	924	336	-	-	1,260
Total accumulated depreciation	7,023	857	378	(389)	7,113
Total capital assets being depreciated, net	5,457	(673)	-	-	4,784
Nonmajor enterprise funds capital assets, net	5,707	(664)	-	(259)	4,784
Total Business-type activities					
Capital assets not being depreciated	250	9	-	(259)	-
Capital assets being depreciated, net	5,524	(695)	-	-	4,829
Business-type activities capital assets, net	\$ 5,774	\$ (686)	\$ -	\$ (259)	\$ 4,829
Depreciation expense for business-type activities was charged to functions as follows:					
Water revolving					\$ 22
Lottery					35
Other					822
Total					\$ 879

Table 7-3 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Fiduciary Funds					
Capital assets not being depreciated:					
Land and land improvements	\$ 1,738	\$ -	\$ -	\$ -	\$ 1,738
Intangible assets	3	-	-	-	3
Total capital assets not being depreciated	<u>1,741</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,741</u>
Capital assets being depreciated:					
Site improvements	1,089	-	-	-	1,089
Buildings and building improvements	19,170	549	-	(18)	19,701
Equipment	21,223	1,137	231	18	22,147
Intangible assets	5,001	2,011	-	-	7,012
Total capital assets being depreciated	<u>46,483</u>	<u>3,697</u>	<u>231</u>	<u>-</u>	<u>49,949</u>
Less accumulated depreciation for:					
Site improvements	610	73	-	-	683
Buildings and building improvements	11,739	804	-	-	12,543
Equipment	19,168	816	199	-	19,785
Intangible assets	1,282	540	-	-	1,822
Total accumulated depreciation	<u>32,799</u>	<u>2,233</u>	<u>199</u>	<u>-</u>	<u>34,833</u>
Total capital assets being depreciated, net	<u>13,684</u>	<u>1,464</u>	<u>32</u>	<u>-</u>	<u>15,116</u>
Fiduciary funds capital assets, net	<u>\$ 15,425</u>	<u>\$ 1,464</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 16,857</u>

Table 7-4 (amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units					
Illinois Housing Development Authority:					
Capital assets being depreciated:					
Buildings and building improvements	\$ 43,463	\$ 1,201	\$ -	\$ -	\$ 44,664
Equipment	873	39	52	-	860
Intangible assets	2,815	163	146	-	2,832
Total capital assets being depreciated	<u>47,151</u>	<u>1,403</u>	<u>198</u>	<u>-</u>	<u>48,356</u>
Less accumulated depreciation for:					
Buildings and building improvements	19,253	1,017	-	-	20,270
Equipment	477	147	52	-	572
Intangible assets	1,986	304	146	-	2,144
Total accumulated depreciation	<u>21,716</u>	<u>1,468</u>	<u>198</u>	<u>-</u>	<u>22,986</u>
Total capital assets being depreciated, net	<u>25,435</u>	<u>(65)</u>	<u>-</u>	<u>-</u>	<u>25,370</u>
Capital assets, net	<u>\$ 25,435</u>	<u>\$ (65)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,370</u>
Illinois State Toll Highway Authority:					
Capital assets not being depreciated:					
Land and land improvements	\$ 389,297	\$ 65,601	\$ -	\$ -	\$ 454,898
Construction in progress	817,323	1,312,108	-	(874,632)	1,254,799
Total capital assets not being depreciated	<u>1,206,620</u>	<u>1,377,709</u>	<u>-</u>	<u>(874,632)</u>	<u>1,709,697</u>
Capital assets being depreciated:					
Infrastructure	7,400,176	64,940	139,982	874,632	8,199,766
Buildings and building improvements	56,236	476	-	-	56,712
Equipment	254,565	29,548	2,913	-	281,200
Total capital assets being depreciated	<u>7,710,977</u>	<u>94,964</u>	<u>142,895</u>	<u>874,632</u>	<u>8,537,678</u>
Less accumulated depreciation for:					
Infrastructure	2,481,527	308,441	139,982	-	2,649,986
Buildings and building improvements	41,019	1,007	-	-	42,026
Equipment	159,736	18,757	2,414	-	176,079
Total accumulated depreciation	<u>2,682,282</u>	<u>328,205</u>	<u>142,396</u>	<u>-</u>	<u>2,868,091</u>
Total capital assets being depreciated, net	<u>5,028,695</u>	<u>(233,241)</u>	<u>499</u>	<u>874,632</u>	<u>5,669,587</u>
Capital assets, net	<u>\$ 6,235,315</u>	<u>\$ 1,144,468</u>	<u>\$ 499</u>	<u>\$ -</u>	<u>\$ 7,379,284</u>

Table 7-4 (continued)					
(amounts expressed in thousands)					
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers and Reclassifications</u>	<u>Ending Balance</u>
Major Component Units, continued					
Illinois State University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 16,885	\$ -	\$ -	\$ 217	\$ 17,102
Construction in progress	21,827	10,819	-	(26,206)	6,440
Total capital assets not being depreciated	<u>38,712</u>	<u>10,819</u>	<u>-</u>	<u>(25,989)</u>	<u>23,542</u>
Capital assets being depreciated:					
Infrastructure	13,147	-	-	-	13,147
Site improvements	37,459	-	721	-	36,738
Buildings and building improvements	578,658	1,534	-	6,321	586,513
Equipment	191,932	8,442	3,156	(10,112)	187,106
Intangible assets	-	912	-	29,780	30,692
Total capital assets being depreciated	<u>821,196</u>	<u>10,888</u>	<u>3,877</u>	<u>25,989</u>	<u>854,196</u>
Less accumulated depreciation for:					
Infrastructure	7,600	302	-	-	7,902
Site improvements	15,712	1,160	679	-	16,193
Buildings and building improvements	232,500	13,346	-	-	245,846
Equipment	153,672	8,574	3,086	(4,122)	155,038
Intangible assets	-	1,954	-	4,122	6,076
Total accumulated depreciation	<u>409,484</u>	<u>25,336</u>	<u>3,765</u>	<u>-</u>	<u>431,055</u>
Total capital assets being depreciated, net	<u>411,712</u>	<u>(14,448)</u>	<u>112</u>	<u>25,989</u>	<u>423,141</u>
Capital assets, net	<u>\$ 450,424</u>	<u>\$ (3,629)</u>	<u>\$ 112</u>	<u>\$ -</u>	<u>\$ 446,683</u>
Northern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 23,110	\$ -	\$ -	\$ -	\$ 23,110
Construction in progress	33,896	7,311	1,267	(2,283)	37,657
Total capital assets not being depreciated	<u>57,006</u>	<u>7,311</u>	<u>1,267</u>	<u>(2,283)</u>	<u>60,767</u>
Capital assets being depreciated:					
Site improvements	81,891	-	-	1,526	83,417
Buildings and building improvements	694,663	-	-	757	695,420
Equipment	187,765	8,093	2,374	-	193,484
Intangible assets	3,820	-	-	-	3,820
Total capital assets being depreciated	<u>968,139</u>	<u>8,093</u>	<u>2,374</u>	<u>2,283</u>	<u>976,141</u>
Less accumulated depreciation for:					
Site improvements	45,140	3,010	-	-	48,150
Buildings and building improvements	291,562	19,269	-	-	310,831
Equipment	189,257	6,122	1,933	-	193,446
Intangible assets	3,820	-	-	-	3,820
Total accumulated depreciation	<u>529,779</u>	<u>28,401</u>	<u>1,933</u>	<u>-</u>	<u>556,247</u>
Total capital assets being depreciated, net	<u>438,360</u>	<u>(20,308)</u>	<u>441</u>	<u>2,283</u>	<u>419,894</u>
Capital assets, net	<u>\$ 495,366</u>	<u>\$ (12,997)</u>	<u>\$ 1,708</u>	<u>\$ -</u>	<u>\$ 480,661</u>

Table 7-4 (continued)					
(amounts expressed in thousands)					
	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units, continued					
Southern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 22,215	\$ 286	\$ -	\$ -	\$ 22,501
Historic treasures and works of art	11,992	-	-	-	11,992
Construction in progress	81,700	28,551	-	(53,060)	57,191
Total capital assets not being depreciated	115,907	28,837	-	(53,060)	91,684
Capital assets being depreciated:					
Infrastructure	17,012	2,887	8	-	19,891
Site improvements	75,929	-	10	3,218	79,137
Buildings and building improvements	1,229,357	159	2,166	49,657	1,277,007
Equipment	378,372	9,176	5,260	185	382,473
Intangible assets	7,341	-	-	-	7,341
Total capital assets being depreciated	1,708,011	12,222	7,444	53,060	1,765,849
Less accumulated depreciation for:					
Infrastructure	9,440	833	-	-	10,273
Site improvements	47,074	3,578	5	-	50,647
Buildings and building improvements	562,683	32,371	-	-	595,054
Equipment	327,807	16,292	4,624	-	339,475
Intangible assets	4,783	647	-	-	5,430
Total accumulated depreciation	951,787	53,721	4,629	-	1,000,879
Total capital assets being depreciated, net	756,224	(41,499)	2,815	53,060	764,970
Capital assets, net	\$ 872,131	\$ (12,662)	\$ 2,815	\$ -	\$ 856,654
University of Illinois:					
Capital assets not being depreciated:					
Land and land improvements	\$ 135,822	\$ -	\$ -	\$ -	\$ 135,822
Intangible assets	130	-	-	-	130
Historic treasures and works of art	22,983	292	-	-	23,275
Construction in progress	303,747	240,830	-	(143,672)	400,905
Total capital assets not being depreciated	462,682	241,122	-	(143,672)	560,132
Capital assets being depreciated:					
Site improvements	702,297	-	-	23,032	725,329
Buildings and building improvements	4,048,529	377	2,135	116,673	4,163,444
Equipment	1,855,115	97,708	56,839	1,961	1,897,945
Intangible assets	178,822	-	-	2,006	180,828
Total capital assets being depreciated	6,784,763	98,085	58,974	143,672	6,967,546
Less accumulated depreciation for:					
Site improvements	419,346	23,631	-	-	442,977
Buildings and building improvements	1,608,406	101,858	1,199	(79)	1,708,986
Equipment	1,391,878	128,248	45,674	79	1,474,531
Intangible assets	171,276	3,021	-	-	174,297
Total accumulated depreciation	3,590,906	256,758	46,873	-	3,800,791
Total capital assets being depreciated, net	3,193,857	(158,673)	12,101	143,672	3,166,755
Capital assets, net	\$ 3,656,539	\$ 82,449	\$ 12,101	\$ -	\$ 3,726,887

8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for governmental activities for the year ended June 30, 2016, are summarized below:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	\$ 26,960,417	\$ 1,037,874 *	\$ (1,664,749)	\$ 26,333,542	\$ 1,996,941 ^
Special obligation bonds (note 10)	2,813,563	2,161 **	(246,450)	2,569,274	224,898
Revenue bonds (note 11)	1,232,855	-	(80,655)	1,152,200	84,700
Unamortized premiums:					
General obligation bonds (note 9)	462,344	60,939	(59,970)	463,313	57,862
Special obligation bonds (note 10)	98,440	-	(17,279)	81,161	14,998
Revenue bonds (note 11)	4,876	-	(377)	4,499	-
Unamortized (discounts):					
General obligation bonds (note 9)	(1,443)	-	119	(1,324)	(117)
Total bonds payable	<u>31,571,052</u>	<u>1,100,974</u>	<u>(2,069,361)</u>	<u>30,602,665</u>	<u>2,379,282</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	7,244	3,181	(2,845)	7,580	2,883
Installment purchases (note 13C)	442	-	(406)	36	36
Certificates of participation (note 13B)	33,060	-	(8,690)	24,370	9,220
Workers compensation (note 20)	623,767	107,209	(98,743)	632,233	121,315
Auto liability (note 20)	15,022	3,656	(717)	17,961	6,618
Pollution remediation obligation (note 13D)	29,550	400	(1,800)	28,150	100
Compensated absences (note 1L)	409,555	359,020	(390,654)	377,921	50,799
Net pension liability (note 16)	108,376,677	7,410,182	-	115,786,859	-
Net other postemployment benefits obligation (note 17)	11,974,652	2,229,553	-	14,204,205	-
Total other long-term obligations	<u>121,469,969</u>	<u>10,113,201</u>	<u>(503,855)</u>	<u>131,079,315</u>	<u>190,971</u>
Total Governmental Activities	<u>\$ 153,041,021</u>	<u>\$ 11,214,175</u>	<u>\$ (2,573,216)</u>	<u>\$ 161,681,980</u>	<u>\$ 2,570,253</u>

* Includes \$7,874 of interest accreted on capital appreciation debt.
** Includes \$2,161 of interest accreted on capital appreciation debt.
^ \$205 of interest will be accreted on capital appreciation debt in the next year.

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

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

Workers compensation – by charges from the Workers' Compensation Revolving Fund, an internal service fund, to the applicable fund that would have paid the salaries and wages of the related employees.

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

Net other postemployment benefit obligation – by the applicable funds that accounted for the salaries and wages of the related employees who are members of the State's group insurance

programs. In addition, appropriations from the General Fund are used to liquidate amounts for employees of the State's university component units.

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

Changes in long-term obligations for business-type activities for the year ended June 30, 2016, are summarized below:

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Primary Government Business-type Activities					
Unemployment Compensation Trust Fund:					
Bonds payable:					
Revenue bonds (note 11)	\$ 618,265	\$ -	\$ (237,785)	\$ 380,480	\$ 185,635
Unamortized premiums (note 11)	36,603	-	(21,827)	14,776	10,413
Total Unemployment Compensation Trust Fund	654,868	-	(259,612)	395,256	196,048
Water Revolving Fund:					
Other long-term obligations:					
Capital lease obligations (note 13A)	26	-	-	26	17
Compensated absences (note 1L)	1,490	1,177	(1,223)	1,444	26
Net pension liability	62,690	-	(1,296)	61,394	-
Total Water Revolving Fund	64,206	1,177	(2,519)	62,864	43
Prepaid Tuition Fund:					
Tuition and related accretion payable (note 13F)	1,320,202	50,127	(139,530)	1,230,799	152,815
Total Prepaid Tuition Fund	1,320,202	50,127	(139,530)	1,230,799	152,815
Nonmajor Enterprise Funds:					
Bonds payable:					
Revenue bonds (note 11)	276,655	-	(43,844)	232,811	-
Unamortized (discounts) (note 11)	(6,258)	-	208	(6,050)	-
Total bonds payable	270,397	-	(43,636)	226,761	-
Other long-term obligations:					
Lottery prize awards (note 13E)	272,727	45,555	(37,230)	281,052	29,357
Compensated absences (note 1L)	4,205	3,829	(2,853)	5,181	562
Net pension liability	225,148	-	(49,649)	175,499	-
Other obligations (note 13G)	8,160	241	(1,105)	7,296	681
Total other long-term obligations	510,240	49,625	(90,837)	469,028	30,600
Total Nonmajor Enterprise Funds	780,637	49,625	(134,473)	695,789	30,600
Total Business-type Activities	\$ 2,819,913	\$ 100,929	\$ (536,134)	\$ 2,384,708	\$ 379,506

Changes in long-term obligations for fiduciary funds for the year ended June 30, 2016, are summarized below:

Table 8-3 (amounts expressed in thousands)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Fiduciary Funds					
Capital lease obligations (note 13A)	\$ 20	\$ 26	\$ (21)	\$ 25	\$ 12
Compensated absences (note 1L)	4,608	3,010	(3,129)	4,489	282
Total Fiduciary Funds	\$ 4,628	\$ 3,036	\$ (3,150)	\$ 4,514	\$ 294

Changes in long-term obligations for component units for the year ended June 30, 2016, are summarized below:

Table 8-4 (amounts expressed in thousands)					
	Balance July 1, 2015 (as restated)	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Major Component Units					
Illinois Housing Development Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,048,601	\$ 158,811	\$ (183,750)	\$ 1,023,662	\$ 32,318
Notes payable (note 12)	34,080	84,380	(66,153)	52,307	15,654
Unamortized premiums (note 11)	2,310	3,565	(513)	5,362	155
Unamortized (discounts) (note 11)	(1,009)	-	19	(990)	(21)
Total bonds and notes payable	1,083,982	246,756	(250,397)	1,080,341	48,106
Other long-term obligations:					
Compensated absences (note 1L)	698	1,798	(1,762)	734	734
Total other long-term obligations	698	1,798	(1,762)	734	734
Total Illinois Housing Development Authority	\$ 1,084,680	\$ 248,554	\$ (252,159)	\$ 1,081,075	\$ 48,840
Illinois State Toll Highway Authority:					
Bonds payable:					
Revenue bonds (note 11)	\$ 5,118,770	\$ 800,000	\$ (134,605)	\$ 5,784,165	\$ 101,325
Unamortized premiums (note 11)	305,227	95,307	(26,971)	373,563	23,263
Unamortized (discounts) (note 11)	(6,808)	(1,080)	299	(7,589)	(260)
Total bonds payable	5,417,189	894,227	(161,277)	6,150,139	124,328
Other long-term obligations:					
Accrued self-insurance (note 20)	19,746	15,818	(16,904)	18,660	7,771
Compensated absences (note 1L)	10,049	5,710	(6,200)	9,559	6,100
Net pension liability	727,079	8,444	-	735,523	-
Other obligations (note 13G)	130	-	(29)	101	27
Total other long-term obligations	757,004	29,972	(23,133)	763,843	13,898
Total Illinois State Toll Highway Authority	\$ 6,174,193	\$ 924,199	\$ (184,410)	\$ 6,913,982	\$ 138,226
Illinois State University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 91,521	\$ 33,565	\$ (46,821)	\$ 78,265	\$ 4,095
Unamortized premiums (note 11)	467	3,560	(96)	3,931	302
Unamortized (discounts) (note 11)	(603)	-	603	-	-
Total bonds payable	91,385	37,125	(46,314)	82,196	4,397
Other long-term obligations:					
Capital lease obligations (note 13A)	508	-	(508)	-	-
Certificates of participation (note 13B)	53,710	-	(2,645)	51,065	2,710
Unamortized premiums (note 13B)	49	-	(3)	46	3
Unamortized (discounts) (note 13B)	(241)	-	14	(227)	(14)
Installment purchase obligations (note 13C)	2,817	-	(52)	2,765	102
Compensated absences (note 1L)	16,457	908	(1,964)	15,401	2,107
Other obligations (note 13G)	280	81	(40)	321	40
Total other long-term obligations	73,580	989	(5,198)	69,371	4,948
Total Illinois State University	\$ 164,965	\$ 38,114	\$ (51,512)	\$ 151,567	\$ 9,345

Table 8-4 (continued)

(amounts expressed in thousands)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Major Component Units, continued					
Northern Illinois University:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 191,512	\$ 161	\$ (3,899)	\$ 187,774	\$ 3,905
Notes payable (note 12)	181	-	(37)	144	39
Total bonds and notes payable	<u>191,693</u>	<u>161</u>	<u>(3,936)</u>	<u>187,918</u>	<u>3,944</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	132,706	-	(1,482)	131,224	1,208
Certificates of participation (note 13B)	13,830	-	(1,490)	12,340	2,330
Unamortized premiums (note 13B)	1,046	-	(95)	951	95
Compensated absences (note 1L)	16,769	651	(1,880)	15,540	2,163
Other obligations (note 13G)	33,514	5,600	(2,475)	36,639	2,831
Total other long-term obligations	<u>197,865</u>	<u>6,251</u>	<u>(7,422)</u>	<u>196,694</u>	<u>8,627</u>
Total Northern Illinois University	<u>\$ 389,558</u>	<u>\$ 6,412</u>	<u>\$ (11,358)</u>	<u>\$ 384,612</u>	<u>\$ 12,571</u>
Southern Illinois University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 266,414	\$ 24,205	\$ (47,200)	\$ 243,419	\$ 19,270 [^]
Unamortized premiums (note 11)	9,004	2,503	(1,712)	9,795	739
Total bonds payable	<u>275,418</u>	<u>26,708</u>	<u>(48,912)</u>	<u>253,214</u>	<u>20,009</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	4,992	1,718	(1,743)	4,967	2,343
Certificates of participation (note 13B)	40,975	-	(2,155)	38,820	2,210
Unamortized premiums (note 13B)	948	-	(51)	897	51
Accrued self-insurance (note 20)	33,864	4,528	(6,588)	31,804	6,793
Compensated absences (note 1L)	42,601	2,368	(4,380)	40,589	4,111
Other obligations (note 13G)	3,136	93	(516)	2,713	328
Total other long-term obligations	<u>126,516</u>	<u>8,707</u>	<u>(15,433)</u>	<u>119,790</u>	<u>15,836</u>
Total Southern Illinois University	<u>\$ 401,934</u>	<u>\$ 35,415</u>	<u>\$ (64,345)</u>	<u>\$ 373,004</u>	<u>\$ 35,845</u>
University of Illinois:					
Bonds payable:					
Revenue bonds (note 11)	\$ 1,311,802	\$ 156,694	\$ (195,680)	\$ 1,272,816	\$ 53,838 ^{^^}
Unamortized premiums (note 11)	65,411	11,067	(8,422)	68,056	4,011
Total bonds payable	<u>1,377,213</u>	<u>167,761</u>	<u>(204,102)</u>	<u>1,340,872</u>	<u>57,849</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	6,762	415	(2,602)	4,575	2,441
Certificates of participation (note 13B)	271,560	-	(27,460)	244,100	30,525
Unamortized premiums (note 13B)	10,966	-	(1,911)	9,055	1,660
Accrued self-insurance (note 20)	243,959	49,926	(74,651)	219,234	49,086
Compensated absences (note 1L)	203,555	14,930	(21,326)	197,159	20,263
Other obligations (note 13G)	101,568	2,733	(10,198)	94,103	9,334
Total other long-term obligations	<u>838,370</u>	<u>68,004</u>	<u>(138,148)</u>	<u>768,226</u>	<u>113,309</u>
Total University of Illinois	<u>\$ 2,215,583</u>	<u>\$ 235,765</u>	<u>\$ (342,250)</u>	<u>\$ 2,109,098</u>	<u>\$ 171,158</u>

[^] \$325 of interest will be accreted on capital appreciation debt in the next year.^{^^} \$927 of interest will be accreted on capital appreciation debt in the next year.

9 GENERAL OBLIGATION BONDS

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2016, are as follows:

Table 9-1 (amounts expressed in thousands)

		Original Issue Amount	Final Maturity	Interest Rate Ranges	Anti-Pollution	Capital Development	Coal Development	Pension
Governmental Activities								
Multiple Purpose Series:								
October	1994	\$ 209,816	8/1/2016	Accreted*	\$ 1,175	\$ 9,390	\$ 341	\$ -
November	1997	168,330	8/1/2019	Accreted*	-	41,741	-	-
November	1998	122,334	8/1/2020	Accreted*	-	23,151	-	-
October	2000	101,855	8/1/2022	Accreted*	-	14,935	-	-
August	2001	375,000	8/1/2026	5.5%	1,705	18,759	853	-
November	2001	375,000	11/1/2026	6.0%	1,413	16,847	-	-
October	2002	395,000	10/1/2027	4.75%	-	12,152	-	-
October	2002	62,079	8/1/2024	Accreted*	1,584	-	634	-
June	2003	460,000	6/1/2028	4.25% to 5.0%	3,198	33,045	-	-
June	2003	10,000,000	6/1/2033	4.35% to 5.1%	-	-	-	9,300,000
A-October	2003	363,000	10/1/2020	5.0%	1,254	6,570	-	-
B-October	2003	40,170	10/1/2021	Variable**	-	-	-	-
B-October	2003	559,830	10/1/2033	Variable**	18,990	104,965	-	-
A-March	2004	484,400	3/1/2034	5.0%	9,935	96,658	-	-
September	2004	285,000	9/1/2029	4.5% to 5.0%	-	23,784	-	-
November	2004	275,000	11/1/2029	5.0%	2,800	65,870	-	-
April	2005	315,000	4/1/2030	5.0%	-	47,600	-	-
September	2005	300,000	9/1/2030	4.0% to 5.0%	-	71,400	-	-
January	2006	325,000	1/1/2031	5.0% to 5.50%	-	70,800	1,800	-
June	2006	274,950	1/1/2021	5.0%	-	-	-	-
A-June	2006	285,000	6/1/2031	5.0%	-	112,200	2,250	-
April	2007	150,000	4/1/2032	4.5% to 5.0%	-	60,800	-	-
A-June	2007	108,000	6/1/2025	5.0%	-	21,259	-	-
B-June	2007	329,000	1/1/2021	5.0% to 5.25%	-	-	-	-
April	2008	125,000	4/1/2033	4.25% to 5.0%	-	68,000	-	-
April	2009	150,000	4/1/2034	4.0% to 5.25%	-	48,024	3,600	-
A-September	2009	400,000	9/1/2034	3.75% to 5.0%	1,900	20,918	15,182	-
B.A.B.^	2010-1	1,000,000	2/1/2035	4.833% to 6.63%	-	283,252	-	-
February	2010	1,501,300	1/1/2025	5.0%	-	-	-	-
B.A.B.^	2010-2	300,000	3/1/2035	5.0% to 6.9%	-	-	-	-
March	2010	56,000	3/1/2035	5.0% to 6.9%	-	-	-	-
B.A.B.^	2010-3	700,000	4/1/2035	5.09% to 6.725%	-	-	-	-
February	2011	3,700,000	3/1/2019	5.365% to 5.877%	-	-	-	2,700,000
B.A.B.^	2010-4	300,000	7/1/2035	4.875% to 7.1%	7,600	-	-	-
B.A.B.^	2010-5	900,000	7/1/2035	5.23% to 7.35%	22,800	-	-	-
A-January	2012	525,000	1/1/2037	3.0% to 5.0%	-	82,740	1,260	-
B-January	2012	275,000	1/1/2037	3.3% to 5.75%	42,000	3,538	17,462	-
March	2012	575,000	3/1/2037	5.0%	-	126,000	-	-
May	2012	1,797,740	8/1/2025	2.0% to 5.0%	-	-	-	-
September	2012	50,000	9/1/2022	4.0%	-	35,000	-	-
A-April	2013	450,000	4/1/2038	4.0% to 5.0%	-	56,760	-	-
B-April	2013	350,000	4/1/2038	2.42% to 5.52%	-	24,322	-	-
June	2013	1,300,000	7/1/2038	4.0% to 5.50%	1,196	169,924	5,520	-
December	2013	350,000	12/1/2038	1.84% to 5.65%	-	88,320	-	-
February	2014	1,025,000	2/1/2039	4.0% to 5.25%	-	276,000	-	-
April	2014	250,000	4/1/2039	4.25% to 5.0%	-	-	-	-
May	2014	750,000	5/1/2039	3.5% to 5.0%	-	23,920	-	-
January	2016	480,000	1/1/2041	3.75% to 5.0%	-	80,000	-	-
June	2016	550,000	6/1/2041	3.5% to 5.0%	-	20,000	-	-
Total		<u>\$ 34,223,804</u>			<u>\$ 117,550</u>	<u>\$ 2,263,422</u>	<u>\$ 48,902</u>	<u>\$ 12,000,000</u>
Authorized but Unissued					<u>\$ 131,154</u>	<u>\$ 1,688,701</u>	<u>\$ 88,129</u>	<u>\$ 396,348</u>

^ Bonds issued under the American Recovery and Reinvestment Act of 2009 commonly referred to as "Build America Bonds." (B.A.B.)
* Accreted bonds are shown at their accreted values as of 6/30/16. Imputed interest rates on these capital appreciation bonds range from 4.36% to 6.35%.
** See Note 14--Derivatives for details on the variable rate bonds.

This Page Left Intentionally Blank

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

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

Bond issues 2010-1, 2010-2, 2010-3, 2010-4 and 2010-5 were issued as "Build America Bonds" for purposes of the American Recovery and Reinvestment Act of 2009 signed into law on February 17, 2009 (the "ARRA"). The State has authorized the issuance of Build America Bonds pursuant to Public Act 96-828. Pursuant to the ARRA, the State expects to receive a cash subsidy payment from the United States Treasury on or about each interest payment date (the "Subsidy Payments"). The Subsidy Payments do not constitute the full faith and credit guarantee of the United States Government, but is required to be paid by the United States Treasury under the ARRA. Any cash subsidy payments received by the State will be deposited into the State Treasury. Such payments are not pledged to secure repayment of the Bonds. The holders of the Bonds are not entitled to a tax credit as a result of the ownership of the Bonds.

Changes in general obligation bonds during the year ended June 30, 2016, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2016, are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$ 1,997,146	\$ 1,360,576	\$ 3,357,722
2018	1,987,840	1,266,388	3,254,228
2019	1,976,505	1,165,009	3,141,514
2020	1,103,431	1,060,792	2,164,223
2021	1,130,890	1,006,039	2,136,929
2022-2026	6,084,340	4,123,139	10,207,479
2027-2031	6,951,510	2,454,912	9,406,422
2032-2036	4,353,715	678,822	5,032,537
2037-2041	766,000	74,797	840,797
	26,351,377	\$ 13,190,474	\$ 39,541,851
Less: Unaccreted appreciation	(17,835)		
	26,333,542		
Unamortized premiums	463,313		
Unamortized (discounts)	(1,324)		
Total	\$ 26,795,531		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2016, valuations and risks associated with these bonds are included in Note 14—Derivatives.

10 SPECIAL OBLIGATION BONDS

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

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

The State has pledged the following portions of the State’s tax revenues, net of related expenses, to annually repay the debt service requirements of the remaining principal and interest at June 30, 2016, of \$3.5 billion in special obligation bonds related to the Build Illinois Program:

Table 10-1 (amounts expressed in thousands)

	Annual Revenue Amount	Total Revenue for Source
4.44% of general sales tax revenues plus \$37.8 million	\$ 511,648	\$ 11,162,605
50% of hotel operators tax	134,413	267,269
\$5 million of vehicle use tax	5,000	36,565
Total	<u>\$ 651,061</u>	<u>\$ 11,466,439</u>
Principal and interest requirements	\$ 353,661	
Percentage to principal and interest requirements	<u>184%</u>	

The annual revenue amounts are generally consistent year to year with increases or decreases related to economic conditions in the State. Additional issuances of bonds for the Build Illinois Program cannot be undertaken if the debt service exceeds 5% of the State’s total sales tax revenues.

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

The State originally pledged a portion of the State’s horse racing privilege tax to repay the principal and interest at June 30, 2016, of \$63 million in special obligation bonds related to the State’s Metropolitan Civic Center Support Program. Upon the abolishment of the horse racing privilege tax, the State annually uses amounts from the General Revenue Account, a sub-account of the General Fund, to pay the debt service of the special obligation bonds related to the State’s Metropolitan Civic Center Support Program.

Effective July 30, 2004, special obligation bonds are to be redeemed over a period not to exceed 25 years. Previously, bonds have been issued which mature in varying amounts over periods not exceeding 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued for governmental activities at June 30, 2016, are as follows:

Table 10-2 (amounts expressed in thousands)						
Governmental Activities				Build Illinois		
	Original Issue Amount	Final Maturity	Interest Rate Ranges	Public Infrastructure	Business Development	Education
Series 1990 B	\$ 4,601	12/15/2019	Accreted*	\$ -	\$ -	\$ -
Series 1991	74,895	12/15/2020	6.25%	-	-	-
Series P	100,000	6/15/2022	6.5%	10,497	-	3,041
Series of September 2001	110,450	6/15/2020	5.375%	-	-	-
Series of April 2002	150,000	6/15/2027	6.0%	44,334	7,000	16,333
Second Series of May 2002	94,815	6/15/2020	5.5% to 5.75%	-	-	-
Series of November 2002	182,225	6/15/2022	5.25%	7,391	838	1,677
Series of March 2004	200,000	6/15/2028	5.0%	104	17	88
Series of February 2005	75,000	6/15/2029	4.25% to 5.0%	5,664	6,250	3,516
Series of June 2005	125,000	6/15/2030	5.0%	8,720	-	1,280
Series of March 2006	65,000	6/15/2026	4.375% to 5.0%	8,263	918	4,132
Series of June 2006	150,000	6/15/2031	4.5% to 5.0%	23,355	-	10,010
Series of July 2007	50,000	6/15/2027	5.0%	5,673	-	2,019
Series of December 2009-A	154,920	6/15/2034	4.0% to 5.0%	77,940	-	37,125
Series of December 2009-B	375,000	6/15/2034	3.00% to 5.25%	167,847	-	71,839
Series of June 2010	455,080	6/15/2021	3.0% to 5.0%	-	-	-
Series of October 2011	300,000	6/15/2036	3.0% to 5.0%	100,958	1,268	147,774
Series of May 2012	425,040	6/15/2036	1.360% to 4.08%	60,602	73,347	180,850
Series of May 2013	300,000	6/15/2037	0.75% to 3.88%	87,500	43,750	122,500
Series of June 2013	604,110	6/15/2026	4.0% to 5.0%	-	-	-
Series of March 2014	402,000	6/15/2038	0.62% to 4.62%	116,419	45,833	192,500
Total	\$ 4,398,136			\$ 725,267	\$ 179,221	\$ 794,684
Authorized but Unissued				\$ 387,704	\$ 408,487	\$ 59,209

* The accreted bond is shown at its accreted value as of 6/30/16. The imputed interest rate on the capital appreciation bond is 7.4%.

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

Environment	Refunding	Civic Centers		Principal Outstanding June 30, 2016	Amount Related to Capital Assets
		Civic Centers	Libraries		
\$ -	\$ -	\$ 30,839	\$ -	\$ 30,839	\$ -
-	-	20,743	3,197	23,940	-
252	-	-	-	13,790	4,458
-	29,245	-	-	29,245	795
2,333	-	-	-	70,000	4,195
-	56,785	-	-	56,785	21,013
279	-	-	-	10,185	661
11	-	-	-	220	15
195	-	-	-	15,625	2,634
-	-	-	-	10,000	5,821
1,607	-	-	-	14,920	5,402
-	-	-	-	33,365	12,336
1,923	-	-	-	9,615	834
1,125	-	-	-	116,190	-
5,224	-	-	-	244,910	1,278
-	189,745	-	-	189,745	17,785
-	-	-	-	250,000	577
39,401	-	-	-	354,200	336
8,750	-	-	-	262,500	1,116
-	464,700	-	-	464,700	92,591
13,748	-	-	-	368,500	-
<u>\$ 74,848</u>	<u>\$ 740,475</u>	<u>\$ 51,582</u>	<u>\$ 3,197</u>	2,569,274	171,847
<u>\$ 49,902</u>	<u>Unlimited</u>	<u>\$ 164,656</u>	<u>\$ 6,803</u>		
			Unamortized premiums	81,161	11,321
				<u>\$ 2,650,435</u>	<u>\$ 183,168</u>

Changes in special obligation bonds during the year ended June 30, 2016, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2016, are as follows:

Table 10-3 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2017	\$ 224,898	\$ 119,247	\$ 344,145
2018	217,901	102,463	320,364
2019	205,207	93,551	298,758
2020	189,472	84,911	274,383
2021	157,992	69,170	227,162
2022-2026	705,270	289,680	994,950
2027-2031	463,595	151,865	615,460
2032-2036	363,540	55,255	418,795
2037-2041	46,000	2,806	48,806
	2,573,875	\$ 968,948	\$ 3,542,823
Less: Unaccreted appreciation	(4,601)		
	2,569,274		
Unamortized premiums	81,161		
Total	\$ 2,650,435		

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, 2016 (except for the Illinois State Toll Highway Authority, which is as of December 31, 2015), net of unamortized discounts, unamortized deferred amount on bond refunding, and unamortized bond premiums are as follows:

Table 11-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Outstanding Interest Rates	Annual Maturity To
Primary Government			
Governmental Activities			
Blended component unit:			
Railsplitter Tobacco Settlement Authority	\$ 1,156,699	3.000% to 6.250%	2028
Business-type Activities			
Major enterprise fund:			
Illinois Department of Employment Security	395,256	2.000% to 5.000%	2020
Nonmajor enterprise fund:			
Illinois Designated Account Purchase Program	226,761	1.538% to 1.688%	2045
Major Component Units			
Illinois Housing Development Authority	1,028,034	0.400% to 25.000%	2051
Illinois State Toll Highway Authority	6,150,139	0.010% to 5.851%	2040
Illinois State University	82,196	1.300% to 5.000%	2033
Northern Illinois University	187,774	3.000% to 8.150%	2041
Southern Illinois University	253,214	1.000% to 6.200%	2035
University of Illinois	1,340,872	0.41% to 12.000%	2046

Changes in revenue bonds during the year ended June 30, 2016, are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2016, are as follows:

Table 11-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		Business-type Activities			
	Railsplitter Tobacco Settlement Authority		Illinois Department of Employment Security		Illinois Designated Account Purchase Program	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 84,700	\$ 64,184	\$ 185,635	\$ 17,644	\$ -	\$ 3,699
2018	89,040	59,949	194,845	8,318	-	3,699
2019	93,620	55,496	-	-	-	3,699
2020	98,565	50,782	-	-	-	3,699
2021	103,900	45,607	-	-	-	3,699
2022-2026	527,695	139,454	-	-	78,811	13,174
2027-2031	154,680	12,485	-	-	-	11,843
2032-2036	-	-	-	-	-	11,843
2037-2041	-	-	-	-	-	11,844
2042-2046	-	-	-	-	154,000	9,633
	<u>1,152,200</u>	<u>\$ 427,957</u>	<u>380,480</u>	<u>\$ 25,962</u>	<u>232,811</u>	<u>\$ 76,832</u>
Unamortized premiums	4,499		14,776		-	
Unamortized (discounts)	-		-		(6,050)	
Total	<u>\$ 1,156,699</u>		<u>\$ 395,256</u>		<u>\$ 226,761</u>	

Table 11-3 (amounts expressed in thousands)

Year Ending June 30	Illinois Housing Development Authority		Illinois State Toll Highway Authority		Illinois State University	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 32,318	\$ 32,783	\$ 101,325	\$ 272,315	\$ 4,095	\$ 3,404
2018	35,340	32,939	158,060	278,304	4,185	3,299
2019	33,804	32,054	113,160	271,897	4,335	3,144
2020	34,594	31,106	118,780	265,977	4,520	2,956
2021	34,360	30,089	134,840	259,776	4,730	2,753
2022-2026	173,068	135,024	742,345	1,193,511	27,115	10,270
2027-2031	197,990	104,351	1,246,995	976,680	23,560	4,022
2032-2036	216,524	68,357	1,412,560	654,622	5,725	375
2037-2041	139,139	34,043	1,756,100	213,136	-	-
2042-2046	115,795	9,095	-	-	-	-
2047-2051	10,490	616	-	-	-	-
2052-2056	240	3	-	-	-	-
	<u>1,023,662</u>	<u>\$ 510,460</u>	<u>5,784,165</u>	<u>\$ 4,386,218</u>	<u>78,265</u>	<u>\$ 30,223</u>
Unamortized premiums	5,362		373,563		3,931	
Unamortized (discounts)	(990)		(7,589)		-	
Total	<u>\$ 1,028,034</u>		<u>\$ 6,150,139</u>		<u>\$ 82,196</u>	

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

Major Component Units, continued

Year Ending June 30	Northern		Southern		University of Illinois	
	Illinois University		Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 3,905	\$ 13,288	\$ 19,595	\$ 8,520	\$ 54,765	\$ 52,282
2018	4,065	13,129	22,205	8,049	55,710	50,894
2019	4,265	12,926	19,075	7,457	56,445	49,319
2020	4,480	12,713	19,690	6,863	59,075	47,565
2021	4,705	12,488	20,150	6,244	66,510	45,837
2022-2026	27,445	58,513	88,700	22,686	278,380	192,324
2027-2031	35,465	49,898	63,580	8,911	272,375	132,798
2032-2036	45,570	34,909	13,745	1,702	225,510	77,312
2037-2041	57,885	14,485	-	-	130,845	38,202
2042-2046	-	-	-	-	100,150	7,703
	187,785	\$ 222,349	266,740	\$ 70,432	1,299,765	\$ 694,236
Less: Unaccreted appreciation	(11)		(23,321)		(26,949)	
	187,774		243,419		1,272,816	
Unamortized premiums	-		9,795		68,056	
Total	\$ 187,774		\$ 253,214		\$ 1,340,872	

All but \$105 thousand of the \$1.028 billion of outstanding Illinois Housing Development Authority (“IHDA”) revenue bonds do not require the Governor to include in the State budget the amount necessary for payment of principal and interest. Payment of principal and interest on IHDA bonds are debt of various entities and are guaranteed from pledged revenues of the properties and assets within its issuance resolutions. Furthermore, a portion of the IHDA bonds are additionally secured by a form of credit enhancement such as a municipal bond insurance policy or a direct pay letter of credit on its payment of principal and interest.

A. ***Railsplitter Tobacco Settlement Authority (“RTSA”)***

The RTSA was created on July 1, 2010, under the Railsplitter Tobacco Settlement Authority Act (30 ILCS 171). RTSA issued \$1.503 billion of Tobacco Settlement Revenue Bonds, Series 2010 (“the bonds”) on December 8, 2010. The bonds were issued as fixed interest rate, fixed scheduled amortization, serial and term bonds with maturities ranging from 2012 through 2028. The fixed interest rates range from 3.0% through 6.25%. Proceeds of the bonds were used to pay issuance costs and to provide an approximate \$1.350 billion payment to the State in exchange for rights to 100 percent of the State’s future Tobacco Settlement Revenues (TSRs) through the final maturity date of the bonds in 2028. The \$1.350 billion payment was used by the State to pay outstanding obligations of the General Revenue Fund. The bond proceeds have been deferred and will be recognized as an expense ratably over the life of the bonds. As of June 30, 2016, the deferred amount is \$707.203 million.

The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement, adjusted for historical trends, is estimated to be \$4.125 billion. The RTSA has pledged the future TSRs, net of specified operating expenditures, to repay the bonds. Annual principal and interest on the bonds are expected to require on average, less than 60% of the net TSRs. The total principal and interest remaining to be paid on the bonds is approximately \$1.580 billion. The total principal and interest paid for the current year and total TSRs received were \$148.689 million and \$278.191 million, respectively.

As part of the consideration for the sale to the RTSA by the State of the pledged settlement payments, the RTSA issued a residual certificate to the State. In accordance with the provisions of the trust indenture, upon payment in full of the deposits required by the trust indenture, the remaining balance of pledged revenues shall be transferred to the State as owner of the residual

certificate. Residuals are expected to be approximately \$1.784 billion. During the year ended June 30, 2016, \$80.930 million of residual revenues was paid to the State and \$106.999 million was recorded as a liability to the State at year-end.

B. Demand and Variable Rate Bonds

Primary Government

Illinois Designated Account Purchase Program (“IDAPP”)

The majority of IDAPP’s \$226.761 million of outstanding revenue bonds at June 30, 2016, are variable rate bonds that have their interest rates reset quarterly. The actual interest rates for these LIBOR Floating Rate Notes were used in calculating the future interest payments.

Major Component Units

Illinois Housing Development Authority (“IHDA”)

Included within the IHDA’s outstanding revenue bonds are \$45.260 million of Homeowner Mortgage Revenue Bonds Series 2004C3, 2014A4 and 2014A5, and \$66.725 million of Housing Bonds Series 2008A, 2008B, 2008C, and 2015A3 which are variable rate demand bonds. Interest rates on these bonds are determined weekly at a rate established by the remarketing agent on each rate determination date. In addition, \$9.670 million of Homeowner Mortgage Revenue Bonds Series 2001F and 2002B are also variable rate, but not demand bonds. Interest rates on these bonds are based on a floating rate determined on a monthly basis and paid either monthly or semi-annually. On the variable rate demand bonds, IHDA has agreements with liquidity providers to purchase any bonds tendered for purchase in accordance with the indentures. For additional security, IHDA has entered into risk management agreements to hedge against interest rate risks on one series of bonds and wrapped credit enhancements on three series of bonds (see Note 14—Derivatives).

Illinois State Toll Highway Authority (“THA”)

As of December 31, 2015, the THA had outstanding variable rate demand bonds in the amount of \$123.100 million of Series 1998B bonds, \$700.000 million of Series 2007 A-1 and A-2 bonds, and \$478.900 million of Series 2008 A-1 and A-2 bonds. These bonds have final maturities in 2017, 2030 and 2031, respectively, and bear interest rates that are reset weekly by remarketing agents at rates not to exceed 25%, 15% and 12%, respectively. These bonds are subject to tender for purchase by bondholders at a price equal to the principal plus accrued interest, upon a minimum seven days’ notice from the bondholder to the remarketing agent. The THA has agreements with liquidity providers to purchase any bonds so tendered for purchase that fail to be remarketed and to hold such bonds until either remarketed or paid by THA per the terms of the liquidity agreements. For the Series 1998B and Series 2008 A-1 and A-2 bonds, financial guarantee insurance policies obtained by THA guarantee the payment of principal and interest on the scheduled bond interest payment and maturity dates and on certain payment dates specified in the liquidity agreements. The THA has an obligation to reimburse the insurer for any such payments made.

University of Illinois (“U of I”)

The U of I had outstanding variable rate demand bonds in the amount of \$13.400 million for the Series 1997B bonds, \$86.365 million for the three Series 2008 bonds, and \$40 million for the

Series 2014C bonds. These bonds have final maturities in 2026, 2038, 2026, 2022, and 2044, respectively, and bear interest rates as determined by the remarketing agents on each rate determination date not to exceed 12% on all of the bond series. These bonds are subject to redemption if tendered by the holder at a price equal to the principal plus accrued interest upon notice and delivery to the remarketing agent. The U of I has agreements with liquidity or credit providers to purchase any bonds so tendered for purchase in accordance with the indentures with respect to which the Trustee does not, on the date any such tendered bonds are required to be purchased, have sufficient funds to make such purchase. The U of I has obtained a letter of credit or relies on its own credit to guarantee the payment of principal and interest on the scheduled maturity dates. The U of I has an obligation to reimburse the letter of credit issuer for any such payments made.

Derivatives

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

C. Build America Bonds

The THA, Northern Illinois University (“NIU”) and Southern Illinois University (“SIU”) have issued Build America Bonds under the American Recovery and Reinvestment Act of 2009 (the “ARRA”). Pursuant to the ARRA, THA, NIU, and SIU expect to receive cash subsidy payments from the United States Treasury on or about each interest payment date (the “Subsidy Payments”). These Subsidy Payments do not constitute the full faith and credit guarantee of the United States Government, but are required to be paid by the United States Treasury under the ARRA. Such payments are not pledged to secure payment of the Bonds. The holders of the Bonds are not entitled to a tax credit as a result of the ownership of the Bonds.

D. Conduit Debt (not included in financial statements)

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

At June 30, 2016, recorded amounts of revenue bonds, net of defeased bonds, and notes outstanding as reported by authority officials are as follows:

Authority	Amount Outstanding	Annual Maturity To
Illinois Finance Authority	\$ 24,214,474	2055
Illinois Housing Development Authority	703,339	2056
Southwestern Illinois Development Authority	738,385	2048
Upper Illinois River Valley Development Authority	76,059	2045
Total	\$ 25,732,257	

12 NOTES PAYABLE/SHORT-TERM BORROWINGS

A. Notes Payable

The State’s major component units have obtained notes payable, normally secured by specific revenue sources, to provide financing. Outstanding notes payable at June 30, 2016, were as follows:

Table 12-1 (amounts expressed in thousands)

Fund Type/Agency	Amount Outstanding	Interest Rates	Maturity Date
Major Component Units			
Illinois Housing Development Authority	\$ 52,307	0.20% to 2.70%	2027
Northern Illinois University	144	4.00%	2020
	\$ 52,451		

Changes in notes payable during the year ended June 30, 2016, are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2016, are as follows:

Table 12-2 (amounts expressed in thousands)

Year Ending June 30	Illinois Housing Development Authority		Northern Illinois University	
	Principal	Interest	Principal	Interest
	2017	\$ 15,654	\$ 708	\$ 39
2018	801	702	41	3
2019	26,518	400	42	2
2020	174	250	22	-
2021	183	245	-	-
2022-2026	1,038	1,145	-	-
2027-2031	7,939	315	-	-
	\$ 52,307	\$ 3,765	\$ 144	\$ 10

B. Short-Term Borrowings

Primary Government – Business-type Activities

The Illinois Designated Account Purchase Program (“IDAPP”) has a short-term revolving credit line agreement. The revolving credit line was used to purchase eligible student loans (guaranteed or insured or an eligible loan under the Higher Education Act). The credit line expired on September 8, 2008, resulting, by terms of the Indenture, in the commencement of the Liquidation Period. On July 27, 2010, the final maturity date under the credit line agreement, the credit line agreement became payable and due. Due in part to conditions currently existing in the credit markets, IDAPP has been unable to refinance this debt and is currently in payment default under

the credit line agreement. In addition, IDAPP is in breach of the coverage condition ratio defined in the indenture. The breaches qualify as an Event of Termination under which the lender would be eligible for remedies under the indenture. The lender has not exercised its remedies to date. Conversations are ongoing with the lender to resolve the issues discussed. The \$158.257 million outstanding under this line is shown as current at June 30, 2016.

Under terms of the agreement, all revenues generated by the underlying student loan portfolio are transferred to a trust. The trust then pays all expenses related to the debt service and student loan servicing costs (capped at 65 basis points of the outstanding average balance of the portfolio). During fiscal year 2016, \$22.301 million of principal and \$5.396 million of interest was collected, all of which was transferred to the trust. During the same period, the trust paid \$1.286 million for interest expense and other professional fees and \$1.425 million for servicing fees.

Major Component Units

University of Illinois (“U of I”)

The U of I Foundation has a \$15 million unsecured line of credit to a bank, due February 2018, with a negotiated interest rate in irregular intervals (1.30% at June 30, 2016). The line of credit is to be used to purchase property that is to be held for the U of I. The \$4.757 million outstanding under this line is shown as current at June 30, 2016.

Changes in short-term borrowing during the year ended June 30, 2016, are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Primary Government				
Business-type Activities				
Nonmajor enterprise funds	\$ 183,557	\$ -	\$ (25,300)	\$ 158,257
Major Component Units				
University of Illinois	\$ 3,257	\$ 3,000	\$ (1,500)	\$ 4,757

13 OTHER LONG-TERM OBLIGATIONS

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

Primary Government		Business-type Activities				
Description	Reference	Governmental Activities	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Fiduciary Funds
Capital lease obligations	(A)	\$ 7,580	\$ 26	\$ -	\$ -	\$ 25
Certificates of participation	(B)	24,370	-	-	-	-
Installment purchase obligations	(C)	36	-	-	-	-
Pollution remediation obligations	(D)	28,150	-	-	-	-
Obligations to Lottery Prize Winners	(E)	-	-	-	281,052	-
Prepaid Tuition Fund obligations	(F)	-	-	1,230,799	-	-
Other obligations	(G)	-	-	-	7,296	-
Total Other Long-Term Obligations		\$ 60,136	\$ 26	\$ 1,230,799	\$ 288,348	\$ 25

Major Component Units		Illinois State Toll Highway Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
Description	Reference					
Capital lease obligations	(A)	\$ -	\$ -	\$ 131,224	\$ 4,967	\$ 4,575
Certificates of participation	(B)	-	50,884	13,291	39,717	253,155
Installment purchase obligations	(C)	-	2,765	-	-	-
Other obligations	(G)	101	321	36,639	2,713	94,103
Total Other Long-Term Obligations		\$ 101	\$ 53,970	\$ 181,154	\$ 47,397	\$ 351,833

A. Lease Commitments

The State has entered into various capital leases for land, office facilities, office and computer equipment, and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancelable leases for financial reporting purposes. Information regarding operating leases is included in Note 21.

At June 30, 2016, assets capitalized under capitalized leases are as follows:

Primary Government		Governmental Activities	Business-type Activities	Fiduciary Funds
Buildings and building improvements		\$ 8,944	\$ -	\$ -
Equipment		8,137	27	74
		17,081	27	74
Less: Accumulated depreciation		10,176	11	42
		\$ 6,905	\$ 16	\$ 32

Table 13-4 (amounts expressed in thousands)

Major Component Units	Northern Illinois University	Southern Illinois University	University of Illinois
	Land and land improvements	\$ -	\$ 288
Buildings and building improvements	133,556	-	5,261
Equipment	946	8,083	5,762
	134,502	8,371	11,023
Less: Accumulated depreciation	16,570	3,767	3,171
	<u>\$ 117,932</u>	<u>\$ 4,604</u>	<u>\$ 7,852</u>

Future minimum commitments for non-cancelable capital leases as of June 30, 2016, are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Primary Government					
	Capitalized Leases					
	Governmental Activities		Business-type Activities		Fiduciary Funds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,883	\$ 850	\$ 17	\$ 3	\$ 12	\$ 2
2018	2,806	492	9	-	9	1
2019	1,421	219	-	-	4	-
2020	231	101	-	-	-	-
2021	239	35	-	-	-	-
Total minimum lease payments	<u>\$ 7,580</u>	<u>\$ 1,697</u>	<u>\$ 26</u>	<u>\$ 3</u>	<u>\$ 25</u>	<u>\$ 3</u>

Table 13-6 (amounts expressed in thousands)

Year Ending June 30	Major Component Units					
	Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,208	\$ 8,759	\$ 2,343	\$ 81	\$ 2,441	\$ 80
2018	1,530	8,697	1,779	41	1,524	37
2019	1,822	8,618	819	14	471	11
2020	2,221	8,525	24	1	117	3
2021	2,334	8,411	2	-	21	-
2022-2026	13,694	39,887	-	-	1	-
2027-2031	18,555	34,816	-	-	-	-
2032-2036	25,805	27,569	-	-	-	-
2037-2041	64,055	21,348	-	-	-	-
Total minimum lease payments	<u>\$ 131,224</u>	<u>\$ 166,630</u>	<u>\$ 4,967</u>	<u>\$ 137</u>	<u>\$ 4,575</u>	<u>\$ 131</u>

B. Certificates of Participation

State-issued Certificates of Participation - The State is authorized to issue certificates of participation (“Certificates”) representing the right to receive a proportionate share in lease-purchase or installment purchase payments to be made for the benefit of State agencies for the acquisition or improvement of real or personal property, refinancing of such property, payment of expenses of such property or payment of expenses related to the issuance. The outstanding balance of the State-issued Certificates included in the governmental activities financial statements as of June 30, 2016 was \$6.055 million.

Certain major component units have also issued Certificates representing the right to receive a proportionate share of lease-purchase or installment payments. All of these Certificates issued by major component units are considered State-issued. The outstanding balance of these Certificates as of June 30, 2016 was \$357.047 million, which includes unamortized premiums of \$10.949 million and unamortized discounts of \$227 thousand and is included in the component unit financial statements.

Non-State-issued Certificates of Participation - The State also finances the purchase of certain State-owned real and personal property through third party (non-State-issued) Certificates. These non-State-issued Certificates are sold by private concerns and are repaid by State agency appropriations pursuant to installment purchase agreements. The outstanding balance of non-State-issued Certificates included in the governmental activities financial statements as of June 30, 2016 was \$18.315 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, 2016, are as follows:

Table 13-7 (amounts expressed in thousands)						
Primary Government Governmental Activities						
Year Ending June 30	Certificates of Participation					
	State-Issued		Non-State-Issued		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 2,915	\$ 278	\$ 6,305	\$ 896	\$ 9,220	\$ 1,174
2018	3,140	96	6,675	511	9,815	607
2019	-	-	2,590	236	2,590	236
2020	-	-	2,745	80	2,745	80
2021	-	-	-	-	-	-
	<u>\$ 6,055</u>	<u>\$ 374</u>	<u>\$ 18,315</u>	<u>\$ 1,723</u>	<u>\$ 24,370</u>	<u>\$ 2,097</u>

Table 13-8 (amounts expressed in thousands)

Major Component Units	Certificates of Participation							
	Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending June 30								
2017	\$ 2,710	\$ 2,050	\$ 2,330	\$ 522	\$ 2,210	\$ 1,592	\$ 30,525	\$ 10,210
2018	2,795	1,959	1,060	446	2,285	1,515	31,845	8,856
2019	2,885	1,864	1,105	402	2,360	1,435	33,275	7,466
2020	2,985	1,766	1,150	357	2,450	1,352	34,770	6,006
2021	3,100	1,662	1,200	304	2,550	1,253	36,190	4,480
2022-2026	17,515	6,432	5,495	571	11,360	4,814	65,000	9,917
2027-2031	13,300	2,810	-	-	9,080	2,836	12,495	614
2032-2036	5,775	462	-	-	6,525	622	-	-
	51,065	<u>\$ 19,005</u>	12,340	<u>\$ 2,602</u>	38,820	<u>\$ 15,419</u>	244,100	<u>\$ 47,549</u>
Unamortized premiums	46		951		897		9,055	
Unamortized (discounts)	(227)		-		-		-	
	<u>\$ 50,884</u>		<u>\$ 13,291</u>		<u>\$ 39,717</u>		<u>\$ 253,155</u>	

C. Installment Purchase Obligations

The State has acquired certain land, office facilities, office and computer equipment, and other assets through installment purchase arrangements. Future commitments under installment purchase contracts as of June 30, 2016, are as follows:

Table 13-9 (amounts expressed in thousands)

Primary Government	Governmental Activities			
	Year Ending June 30	Principal	Interest	Total
	2017	\$ 36	\$ -	\$ 36
	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 36</u>	

Table 13-10 (amounts expressed in thousands)

Major Component Unit	Illinois State University		
	Year Ending June 30	Principal	Interest
2017	\$ 102	\$ 92	\$ 194
2018	105	89	194
2019	109	85	194
2020	113	81	194
2021	117	77	194
2022-2026	2,219	296	2,515
	<u>\$ 2,765</u>	<u>\$ 720</u>	<u>\$ 3,485</u>

D. Pollution Remediation Obligations

Pollution remediation obligations are reported at the current value of expected outlays to fund remediation costs using the expected cash flows technique. This technique measures the sum of

probability-weighted amounts in a range of possible estimated amounts and uses all expectations about possible cash flows on a site-specific basis. Such ranges are weighted within “most likely,” “worst case,” and/or “best case” scenarios and are based on actual remediation cost experience, remediation cost estimates, and/or discrete cost remediation treatment possibilities. All reported obligation amounts are estimates and are subject to change resulting from price increases or reductions, technology, or changes in applicable laws or regulations. In cases where remediation activities beyond site investigation/assessment or feasibility studies have not begun, remaining remediation costs are not reasonably estimable and liabilities for such cases are not reported.

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

Although the State was not culpable for the creation of the hazard, federal law makes it, as the owner, a potentially responsible party along with the corporations that did the dumping. These corporations are defunct and in recognition of the State’s lack of culpability, the USEPA has estimated the remaining cost for clean-up to the site and adjacent property to be approximately \$58.7 million. The State has estimated its portion of the liability for the clean-up to be \$27.350 million.

The Illinois Department of Transportation has recorded pollution remediation obligations for investigations and remediation of contaminated soils generally consisting of soil sampling, disposal of impact soil, and installation of groundwater monitoring wells with a balance at June 30, 2016, of \$800 thousand.

E. Obligations to Lottery Prize Winners

The State has obligations to certain lottery prize winners for awards payable in annual installments ranging from nineteen years to the life of the prize winner, with the first payment being made after the claim is presented for payment. For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of the Department of Lottery, may contract to invest in securities, which provide payments corresponding to its obligation to these winners. The present value of these liabilities owed to prize winners, approximating \$330 thousand, have been reported in the financial statements of the State Lottery Fund, a nonmajor enterprise fund.

In addition to the prize obligations discussed above, the State has provided for other payments corresponding to its obligation to prize winners through the purchase of direct obligations of the federal government, primarily in the form of United States Treasury zero coupon bonds. As established by State law, such securities shall be maintained separate and apart from all public money of funds of the State. These investments are purchased in amounts to provide for annual annuity payments to the prize winner(s) of each qualifying individual drawing. The fair value of the investments held totaled \$325.384 million at June 30, 2016, with interest rates ranging from 1.8% to 7.7%. The present value of these liabilities owed to prize winners, approximating \$280.722 million, have been reported in the financial statements of the State Lottery Fund, a nonmajor enterprise fund.

Future commitments of prizes payable as of June 30, 2016, are as follows:

Primary Government Business-type Activities		State Lottery Fund
Year Ending June 30		Amount
2017		\$ 31,618
2018		24,465
2019		22,419
2020		22,291
2021		24,398
2022-2043		250,098
		<u>375,289</u>
Less: Present value adjustments		(94,237)
Present value of future prizes		<u>\$ 281,052</u>

F. Prepaid Tuition Fund Obligations

Tuition payable in the Illinois Prepaid Tuition Fund, a major enterprise fund, as of June 30, 2016, represents net principal payments received for contracts held by the fund in the amount of \$1,230.799 million, of which \$152.815 million is considered current. Included in the tuition payable is an amount for accretion, which is the present value of payments to be made in excess of the principal payments received from investments of the tuition contracts. The accretion expense is estimated as a percentage of net tuition costs paid to date. It is calculated on an annual basis on the balance in the tuition payable account.

G. Other Obligations

Primary Government - Business-type Activities

Other nonmajor enterprise funds presented other obligations in the amount of \$7.296 million. These obligations, consisting mostly of future workers’ compensation benefit payments for self-insured companies, are expected to be paid with current resources of the reporting fund.

Major Component Units

Major component units presented other miscellaneous obligations in the amount of \$133.877 million. These obligations will be liquidated from resources of the reporting major component unit.

14 DERIVATIVES

Hedging Derivatives - Primary Government - Governmental Activities

On October 30, 2003, the State of Illinois issued a total of \$963 million of tax exempt general obligation new money and refunding bonds in two series: \$363 million fixed rate bonds maturing through 2020 (“2003A bonds”) and \$600 million variable rate demand bonds maturing in years 2020 through 2033 (“2003B bonds”). The State secured a liquidity facility from Depfa Bank, PLC (the “Liquidity Provider”) for the principal amount, paying 0.32% of the notional value of the outstanding 2003B bonds.

Pursuant to Public Act 93-9, the State simultaneously entered into Interest Rate Exchange Agreements (“Agreements”) with five counterparties under substantially identical terms, to create a net fixed rate debt service obligation on the 2003B bonds. All are considered to be cash flow hedges. The Agreements together with the issuance of the 2003B bonds as variable rate debt produced a synthetic fixed rate on the bonds that was expected to provide a lower rate than what was available in the primary market at the time, if the State issued traditional fixed rate bonds.

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

In November 2013, the State replaced Depfa Bank, PLC with a syndicate of six banks. Under the new Letter of Credit agreement, the State initially paid the syndicate 2.35% of the outstanding par amount of the bonds. Although the new fee was substantially higher than Depfa’s 0.32% fee, the State had initially experienced only a nominal increase of 0.04% in its total cost, a reflection of the lower interest rates the State paid for the bonds due to the higher credit ratings of the bank syndicate. On October 22, 2015, Moody’s downgraded the State to Baa1, which increased the Letter of Credit fee from 2.35% of the outstanding par to 2.60%. A subsequent downgrade by Moody’s on June 8, 2016, further increased the fee from 2.60% to 2.85%. The Letters of Credit expired in November 2016, and were replaced with a new direct placement structure with a syndicate of four banks.

Details of the Agreements are summarized below:

Table 14-1 (amounts expressed in thousands)

Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (2)	Change in Fair Value	Swap Termination Date	Counterparty Credit Rating (3)
Primary Government								
Governmental Activities								
Interest Rate Swap Contracts								
Series 2003B	\$ 384,000	10/03	3.890%	67% of 1 mo. LIBOR ^{^^}	\$ (105,474)		10/33	BBB+/Baa2/A-
General Obligation Bonds	54,000	10/03	3.890%	when 1 mo. LIBOR ^{^^}	(14,786)		10/33	A-/Baa1/BBB+
	54,000	10/03	3.890%	is ≥ 2.5%, or	(15,077)		10/33	A/A1/A+
	54,000	10/03	3.890%	SIFMA [^] , when 1 mo.	(15,077)		10/33	BBB+/Baa1/A
	54,000	10/03	3.890%	LIBOR ^{^^} is < 2.5%	(15,009)		10/33	A+/Aa3/AA-
	<u>\$ 600,000</u>				<u>\$ (165,423)</u>	<u>\$ (34,964)</u>		

[^] Securities Industry and Financial Market Association
^{^^} London Interbank Offered Rate
(1) All bond issues are tax-exempt debt instruments.
(2) Includes accrued interest.
(3) Credit rating companies: Standard and Poor’s (S&P)/Moody’s Investors Services/Fitch Rating Services

Mark-to-Market valuations shown above are received by the State from each of the counterparties. Each firm has its own proprietary method of deriving valuations and there are no guarantees that actual trades could be terminated at such values. At the end of the fiscal year, the variable rate received by the State was the SIFMA rate (0.41% was in effect on June 30, 2016) as the LIBOR rate was below 2.5%.

During all of fiscal year 2016, the floating rate received was SIFMA. The payments under the Agreements are computed on a notional amount, equal to the 2003B bonds’ principal outstanding and reduces in conjunction with the amortization of principal. Further, the frequency of rate resets of the 2003B bonds and the Agreements are identical, currently resetting weekly.

The fair value balance of the derivatives and related changes during the fiscal year are shown on the Government-wide Statement of Net Position under derivative instrument liabilities and deferred outflows of resources, respectively.

Risks

Credit risk

As of June 30, 2016, the State was not exposed to credit risk because the swap agreements had a negative fair value. If interest rates change and the fair value of the swaps become positive, the State would be exposed to credit risk. If the State wished to exit from the Agreements, the counterparties may not have the resources to pay that positive value to the State. If the credit ratings of the State or the Letter of Credit providers deteriorate, the amount of floating rate interest on the 2003B general obligation bonds may increase relative to the amount of the floating index received under the Agreements, thus requiring the State to pay any difference or shortfall. This payment will result in the projected savings of the synthetic rate structure not being realized. If the credit ratings of the State or Letter of Credit providers improve, the floating interest rate received under the Agreements would not change.

Interest rate risk

During fiscal year 2016, declining interest rates adversely affected the fair value of the Agreements.

Basis risk

Since the floating rate index under the Agreements is based on LIBOR (when LIBOR is greater than 2.5%), the State bears exposure to changing interest rate relationships between tax exempt and taxable debt markets. Should the value of tax exempt interest decrease in relation to taxable interest (as a result of a lowering of income tax rates among other causes), tax exempt interest rates may rise (which the State pays on its 2003B general obligation bonds in the form of SIFMA) in relation to the floating interest rate index (which the State receives under the Agreements in the form of 67% of one month LIBOR when the Agreements are in LIBOR mode). If this were to occur, the State would pay any difference or shortfall, resulting in a net increase in interest cost for the State. 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 a net reduction in interest cost for the State.

Termination risk

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

Rollover risk

The variable rate demand bonds as described above have stated maturity dates ranging from 2020 to 2033. These bonds require Letters of Credit in order to be sold to investors. The Letter of Credit Agreements typically have a three-year term with options for renewal for two one-year terms that must be mutually agreed to. Movement in the State's credit rating may subject it to an increase/decrease in facility fees when procuring a new liquidity or credit facility.

As of June 30, 2016, debt service requirements of outstanding variable rate debt and net swap payments, assuming interest rates remain at current levels, for their terms are as follows:

Swap Payments and Associated Debt				
Variable Rate Debt				
Primary Government				
Year Ending	Governmental Activities			
	Principal	Interest	Interest Rate Swaps, Net	Total
June 30				
2017	\$ -	\$ 2,460	\$ 20,880	\$ 23,340
2018	-	2,460	20,880	23,340
2019	-	2,460	20,880	23,340
2020	-	2,460	20,880	23,340
2021	32,500	2,393	20,315	55,208
2022-2026	247,300	8,455	71,770	327,525
2027-2031	253,500	3,932	33,371	290,803
2032-2034	66,700	576	4,888	72,164
Total	\$ 600,000	\$ 25,196	\$ 213,864	\$ 839,060

Note that as rates change, net swap payments and variable bond payments will change.

Investment Derivatives - Pensions

Certain State agencies, principally the Illinois State Board of Investment ("ISBI"), the Teachers' Retirement System ("TRS"), and the State Universities Retirement System ("SURS"), invest in derivative securities. These derivative securities have been authorized by the policies of the applicable State agencies and the Illinois Compiled Statutes. ISBI, TRS, and SURS invest in the following types of derivatives: foreign currency forward contracts, rights, warrants, financial futures, financial options, swaps, and swaptions.

Foreign currency forward contracts are used to hedge against the currency risk in agencies' foreign equity and fixed income security portfolios. Foreign currency forward contracts are agreements to purchase or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. Fluctuations in the market value of foreign currency forward contracts are recognized as incurred rather than at the maturity or settlement date of the contract. Investment managers use these contracts primarily to hedge the currency exposure of the agencies' investments.

Financial futures are agreements to purchase or sell a specific amount of an asset at a specified delivery or maturity date for an agreed upon price. Investment managers use financial futures to improve yield, adjust the duration of the fixed income portfolio, circumvent changes in interest rates, or to replicate an index. Futures contracts are standardized and traded on organized exchanges, thereby minimizing the agencies' credit risk. The net change in the futures contracts value is settled daily with the exchanges. Because of daily settlement, the futures contracts have

no fair value. As the market value of the futures contract varies from the original contract price, a gain or loss is paid to or received from the clearinghouse.

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

Swaps are agreements to exchange future cash flows. The agencies utilize the following types of swaps:

- a) Credit default swaps are financial instruments used to replicate the effect of investing in debt obligations of corporate bond issuers as a means to manage bond exposure, effectively buying or selling insurance protection in case of default. Credit default swaps may be specific to an individual security or to a specific market sector (index swaps).
- b) Interest rate swaps are agreements between parties to exchange a set of cash flow streams over a period of time. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty who, in turn, agrees to make return interest payments that float with some reference rate.
- c) Inflation-linked swaps are agreements where a fixed payment is exchanged for a variable payment linked to an inflation index. These swaps can protect against unfavorable changes in inflation expectations and are used to transfer inflation risk from one counterparty to another. Inflation-linked swaps initially have no net value; the value of the swap's outstanding payments will change as interest and inflation rates change. The value may be either positive or negative.
- d) Volatility swap agreements involve two parties taking opposite sides of the future volatility of an underlying instrument (e.g. an index, individual security, or exchange rate) without the influence of its price. Payoff is determined by the future realized volatility. Volatility swaps are often utilized to trade the spread between realized and implied volatility or to hedge the volatility exposure of other positions in a portfolio.

Swaptions are options on swaps that give the purchaser the right, but not the obligation, to enter into a swap at a specific date in the future.

Rights and warrants allow investment managers to replicate an underlying security they wish to hold (sell) in the portfolio. Rights and warrants provide the holder with the right, but not the obligation, to buy or sell a company's stock at a predetermined price. Rights usually expire after a few weeks and warrants can expire from one to several years.

At June 30, 2016, investment derivatives are reported as investments in the Statement of Fiduciary Net Position. The change in fair value of derivative investments is included in investment income on the Statement of Changes in Fiduciary Net Position. Following are summaries of investment derivatives held at each agency at June 30, 2016:

ISBI

Table 14-3 (amounts expressed in thousands)

Investment Derivatives	Fair Value at June 30, 2016	Change in Fair Value	Notional*
Currency Forwards	\$ (1,337)	\$ 4,304	N/A
Futures	N/A	N/A	\$ (4,454)
Options	-	(8)	-
Rights	73	(16)	632
Warrants	-	(135)	-
Grand Totals	\$ (1,264)	\$ 4,145	\$ (3,822)

* Notional amounts represent financial exposure to these instruments in U.S. dollars.

TRS

Table 14-4 (amounts expressed in thousands)

Investment Derivatives	Fair Value at June 30, 2016	Change in Fair Value	Notional*
Rights	\$ 393	\$ (548)	\$ 6,272
Warrants	20,512	(540)	3,735
Currency Forwards			
Purchases	3,746,468		
Sales	(3,781,675)		
	(35,207)	(50,806)	-
Futures**			
Equity Futures Long	-	(28,532)	99,039
Equity Futures Short	-	3,354	(46,828)
Fixed Income Futures Long	-	28,393	414,353
Fixed Income Futures Short	-	(32,165)	(1,302,219)
Commodity Futures Long	-	(11,401)	18,662
Commodity Futures Short	-	12,157	(29,438)
	-	(28,194)	(846,431)
Options**			
Equity Options Purchased	-	(808)	-
Equity Options Written	-	57	-
Currency Forward Options Purchased	3,339	123	72,839
Currency Forward Options Written	(497)	2,948	20,657
Inflation Options Written	(116)	704	3,498
Options on Futures Purchased	-	(379)	23,080
Options on Futures Written	-	1,070	8,580
	2,726	3,715	128,654
Swaptions			
Swaptions Purchased	4,527	(6,319)	25,714
Swaptions Written	(4,474)	5,269	44,166
	53	(1,050)	69,880
Credit Default Swaps			
Credit Default Swaps Buying Protection	(401)	(176)	12,921
Credit Default Swaps Selling Protection	(1,920)	1,395	232,284
	(2,321)	1,219	245,205
Index Swaps	1,488	(4,028)	22,756
Interest Rate Swaps			
Pay Fixed Interest Rate Swaps	(67,564)	(108,317)	1,258,000
Receive Fixed Interest Rate Swaps	3,915	2,174	143,226
	(63,649)	(106,143)	1,401,226
Inflation-linked Swaps			
Pay Fixed Inflation Swaps	(5,797)	(3,017)	213,238
Receive Fixed Inflation Swaps	4,784	6,347	82,726
	(1,013)	3,330	295,964
Grand Totals	\$ (77,018)	\$ (183,045)	\$ 1,327,261

* Notional amounts represent financial exposure to these instruments in U.S. dollars.
** Notional values do not represent actual values in the Statement of Fiduciary Net Position.

Interest rate risk for derivative securities is disclosed in Note 3. Both interest rate and inflation rate swaps have fair values that are sensitive to interest rate changes. TRS had the following interest rate and inflation swaps at June 30, 2016.

Table 14-5 (amounts expressed in thousands)

Interest Rate and Inflation Swaps

Asset Description	Par	Gross Notional*	TRS Receives	TRS Pays	Maturity Date	Fair Value June 30, 2016
Pay Fixed Interest						
Rate Swaps						
United States Dollar	41,860	\$ 41,914	3 mo. LIBOR ^{^^}	0.93%	10/17/2017	\$ (127)
United States Dollar	26,400	26,400	3 mo. LIBOR ^{^^}	1.00%	4/5/2018	(61)
United States Dollar	173,100	173,147	3 mo. LIBOR ^{^^}	1.75%	12/16/2018	(4,119)
United States Dollar	143,000	143,000	3 mo. LIBOR ^{^^}	1.50%	6/15/2019	(968)
United States Dollar	9,700	9,703	3 mo. LIBOR ^{^^}	2.00%	12/16/2019	(380)
United States Dollar	23,500	23,506	3 mo. LIBOR ^{^^}	2.00%	12/16/2020	(1,084)
United States Dollar	12,900	12,900	3 mo. LIBOR ^{^^}	1.45%	6/28/2021	(43)
United States Dollar	55,000	55,015	3 mo. LIBOR ^{^^}	2.25%	12/16/2022	(3,930)
United States Dollar	25,100	25,107	3 mo. LIBOR ^{^^}	2.00%	6/15/2023	(1,432)
United States Dollar	71,200	71,200	3 mo. LIBOR ^{^^}	1.75%	12/21/2023	(2,439)
United States Dollar	39,970	39,971	3 mo. LIBOR ^{^^}	2.79%	3/31/2024	(4,728)
United States Dollar	32,860	32,909	3 mo. LIBOR ^{^^}	2.73%	7/7/2024	(3,821)
United States Dollar	13,890	13,907	3 mo. LIBOR ^{^^}	1.91%	1/22/2025	(733)
United States Dollar	17,360	17,381	3 mo. LIBOR ^{^^}	1.97%	1/23/2025	(995)
United States Dollar	10,240	10,252	3 mo. LIBOR ^{^^}	1.97%	1/27/2025	(590)
United States Dollar	2,560	2,563	3 mo. LIBOR ^{^^}	1.94%	1/29/2025	(140)
United States Dollar	2,170	2,172	3 mo. LIBOR ^{^^}	1.94%	1/30/2025	(119)
United States Dollar	3,420	3,423	3 mo. LIBOR ^{^^}	1.82%	2/3/2025	(152)
United States Dollar	7,050	7,051	3 mo. LIBOR ^{^^}	1.98%	3/27/2025	(411)
United States Dollar	7,050	7,050	3 mo. LIBOR ^{^^}	1.99%	3/27/2025	(415)
United States Dollar	7,760	7,772	3 mo. LIBOR ^{^^}	2.45%	7/2/2025	(771)
United States Dollar	6,800	6,805	3 mo. LIBOR ^{^^}	2.33%	8/19/2025	(587)
United States Dollar	69,100	69,100	3 mo. LIBOR ^{^^}	2.80%	10/28/2025	(3,424)
United States Dollar	4,700	4,702	3 mo. LIBOR ^{^^}	2.15%	12/3/2025	(332)
United States Dollar	7,000	7,004	3 mo. LIBOR ^{^^}	2.30%	12/3/2025	(590)
United States Dollar	58,850	58,850	3 mo. LIBOR ^{^^}	2.40%	3/16/2026	(1,660)
United States Dollar	17,600	17,600	3 mo. LIBOR ^{^^}	2.30%	4/21/2026	(403)
United States Dollar	20,100	20,100	3 mo. LIBOR ^{^^}	2.30%	4/27/2026	(459)
United States Dollar	8,000	8,002	3 mo. LIBOR ^{^^}	2.25%	6/15/2026	(653)
United States Dollar	99,640	99,640	3 mo. LIBOR ^{^^}	1.75%	12/21/2026	(2,678)
United States Dollar	19,030	19,030	3 mo. LIBOR ^{^^}	3.49%	3/31/2044	(7,324)
United States Dollar	25,600	25,607	3 mo. LIBOR ^{^^}	2.75%	12/16/2045	(5,383)
United States Dollar	73,950	73,971	3 mo. LIBOR ^{^^}	2.50%	6/15/2046	(11,240)
Canadian Dollar	6,600	5,084	3 mo. CDOR ^{^^^^}	2.30%	12/15/2025	(491)
Euro	2,000	2,175	6 mo. EURIBOR ^{^^^^}	0.43%	12/11/2019	(47)
Euro	2,000	2,222	6 mo. EURIBOR ^{^^^^}	1.00%	12/15/2024	(149)
Euro	1,400	1,555	6 mo. EURIBOR ^{^^^^}	0.95%	3/25/2025	(97)
Euro	430	478	6 mo. EURIBOR ^{^^^^}	1.10%	5/20/2026	(7)
British Pound Sterling	21,920	29,303	6 mo. LIBOR ^{^^}	1.00%	9/21/2018	(294)
British Pound Sterling	10,500	14,065	6 mo. LIBOR ^{^^}	2.05%	9/23/2019	(685)
British Pound Sterling	3,100	4,144	6 mo. LIBOR ^{^^}	1.25%	9/21/2021	(126)
British Pound Sterling	5,900	7,904	6 mo. LIBOR ^{^^}	2.00%	3/18/2022	(591)
British Pound Sterling	14,660	19,597	6 mo. LIBOR ^{^^}	2.34%	1/13/2026	(959)
British Pound Sterling	5,700	7,620	6 mo. LIBOR ^{^^}	1.90%	5/18/2026	(192)
British Pound Sterling	5,200	6,951	6 mo. LIBOR ^{^^}	1.50%	9/21/2026	(323)
British Pound Sterling	1,800	2,406	6 mo. LIBOR ^{^^}	1.75%	3/15/2047	(330)
Japanese Yen	1,490,000	14,525	6 mo. JPY ^{^^^^} LIBOR ^{^^}	0.30%	3/18/2026	(510)
Japanese Yen	190,000	1,852	6 mo. JPY ^{^^^^} LIBOR ^{^^}	0.30%	5/25/2026	(23)
Japanese Yen	140,000	1,365	6 mo. JPY ^{^^^^} LIBOR ^{^^}	1.50%	12/21/2045	(548)
		<u>\$ 1,258,000</u>				<u>\$ (67,563)</u>
Receive Fixed Interest						
Rate Swaps						
Australian Dollar	4,200	\$ 3,178	2.75%	6 mo. Australian Bank Bill	6/17/2026	\$ 50
Brazilian Real	81,600	25,348	11.16% to 12.56%	3 mo. Brazilian CDI ^{^^}	1/2/2018-1/4/2021	(122)
British Pound Sterling	260	364	1.50%	6 mo. LIBOR ^{^^}	9/21/2026	16
Canadian Dollar	43,740	33,892	0.90% to 2.25%	3 mo. CDOR ^{^^^^}	4/17/2018-6/16/2026	212
Euro	250	288	0.75%	6 mo. EURIBOR ^{^^^^}	9/21/2026	10
Mexican Peso	152,000	8,322	5.66% to 5.78%	4 wk. Mexican TIE [^]	1/18/2019-9/29/2022	68
United States Dollar	68,100	71,835	2.00% to 2.81%	3 mo. LIBOR ^{^^}	12/16/2020-9/14/2046	3,681
		<u>\$ 143,227</u>				<u>\$ 3,915</u>
Pay Fixed Inflation						
Linked Swaps						
Euro	129,200	\$ 142,302	EMU HICP ^{^^^^}	0.27% to 1.09%	8/15/2016-6/15/2026	\$ (1,232)
United States Dollar	75,500	70,935	U.S. CPI ^{^^} URNSA ^{^^^^}	1.49% to 2.56%	11/5/2016-8/26/2025	(4,565)
		<u>\$ 213,237</u>				<u>\$ (5,797)</u>
Receive Fixed Inflation						
Linked Swaps						
Brazilian Real	6,200	\$ 1,977	12.60%	3 mo. Brazilian CDI ^{^^}	1/4/2021	\$ 42
British Pound Sterling	28,329	40,847	3.14% to 3.53%	UK ^{^^^^} Retail Price Index	1/14/2030-12/15/2044	2,871
Euro	8,200	9,124	0.83% to 1.18%	EMU HICP ^{^^^^}	5/15/2018-5/15/2026	15
Euro	11,900	14,311	1.68%	France CPI ^{^^} ex-Tobacco Index	6/15/2025	1,090
United States Dollar	15,700	16,467	2.06%	U.S. CPI ^{^^} URNSA ^{^^^^}	5/12/2025	766
		<u>\$ 82,726</u>				<u>\$ 4,784</u>
* Includes income/accrued payable amounts						
^ TIE - Mexico Interbank Equilibrium Interest Rate						
^^ LIBOR - London Interbank Offered Rate						
^^^ CDI - Cetip Interbank Deposit (interbank lending rate)						
^^^^ CPI - Consumer Price Index						
^^^^ URNSA - Urban Consumers NSA Index Rate						
^^^^ EMU HICP - European Monetary Union Harmonized Index of Consumer Prices						
^^^^ EURIBOR - Euro Interbank Offered Rate						
^^^^ CDOR - Canadian Dollar Offered Rate						
^^^^ JPY - Japanese Yen						
^^^^ UK - United Kingdom						

SURS

Investment Derivatives	Fair Value at June 30, 2016	Changes in Fair Value	Notional*
Rights and Warrants	\$ 36	\$ 18	\$ 229
Currency Forwards			
Purchases	6,658	(8,102)	-
Sales	(8,710)	(4,245)	-
	(2,052)	(12,347)	-
Futures			
Equity Derivatives Long	7,039	6,069	502,008
Equity Derivatives Short	-	481	-
Fixed Income Long	(6)	115	361,438
Fixed Income Short	(15)	4	(462,587)
Commodity Long	-	(6,645)	-
Commodity Short	(96)	(96)	(10,865)
Foreign Exchange Long	19	20	13,882
Foreign Exchange Short	(14)	(128)	(6,718)
	6,927	(180)	397,158
Options			
Equity Put	-	3	-
Fixed Income Call	(72)	815	(164,021)
Fixed Income Put	(7)	39	(10,032)
Cash and Cash Equivalents Call	(196)	51	(17,402)
Cash and Cash Equivalents Put	292	1,055	(12,341)
	17	1,963	(203,796)
Swaptions			
Call	(423)	(179)	(332)
Put	249	534	551,661
	(174)	355	551,329
Swaps			
Credit Default			
Buying Protection	(283)	(283)	16,200
Selling Protection	(1,254)	(1,369)	66,494
Currency	-	(522)	-
Pay Fixed Inflation-linked Swaps	1,458	2,300	29,292
Receive Fixed Inflation-linked Swaps	(1,969)	(1,459)	91,035
Total Return	-	659	-
Receive Fixed Interest Rate	(33,124)	(35,790)	(782,700)
Volatility	2	2	3
	(35,170)	(36,462)	(579,676)
Grand Totals	\$ (30,416)	\$ (46,653)	\$ 165,244

* Notional amounts represent financial exposure to these instruments in U.S. dollars.

Interest rate risk for derivative securities is disclosed in Note 3. Both interest rate and inflation rate swaps have fair values that are sensitive to interest rate changes. SURS had the following interest rate and inflation swaps at June 30, 2016.

Table 14-7 (amounts expressed in thousands)

SURS Interest Rate Swaps

Pay Fixed / Receive Fixed	Notional Amount	SURS Rate	Counterparty Rate	Fair Value June 30, 2016
pay fixed	\$ 4,444	0.83% to 1.1775%	Eurostat Eurozone HICP Ex Tob ^{^^^}	\$ 4
pay fixed	20,048	3.10% to 3.53%	UK RPI All Items NSA ^{^^^^^^}	1,446
pay fixed	4,800	1.77% to 1.845%	US CPI Urban Consumers NSA ^{^^^^^^}	8
	<u>\$ 29,292</u>			<u>\$ 1,458</u>
receive fixed	\$ 39,139	Eurostat Eurozone HICP Ex Tob ^{^^^}	0.27% to 1.09%	\$ (483)
receive fixed	1,096	UK RPI All Items NSA ^{^^^^^^}	3.12% to 3.145%	(11)
receive fixed	50,800	US CPI Urban Consumers NSA ^{^^^^^^}	1.01% to 2.50%	(1,475)
receive fixed	(1,333)	6 mo. EURIBOR-Act/360-Bloomberg ^{^^^^^^}	0.75%	(47)
receive fixed	16,273	BCID ^{^^}	11.68% to 12.81%	(225)
receive fixed	-	3 mo. CAD-BA-CDOR ^{^^}	0.90% to 2.30%	(526)
receive fixed	(16,978)	6 mo. GBP-LIBOR BBA-Bloomberg ^{^^^^^^}	1.50% to 2.00%	(1,422)
receive fixed	(12,769)	6 mo. JPY-LIBOR BBA-Bloomberg ^{^^^^^^}	0.30% to 1.50%	(832)
receive fixed	4,667	28 day TIE ^{^^^^}	5.61% to 7.64%	50
receive fixed	(772,560)	3 mo. USD-LIBOR BBA-Bloomberg [^]	1.00% to 3.00%	(30,122)
	<u>\$ (691,665)</u>			<u>\$ (35,093)</u>
volatility	\$ 3	3 mo. USD-BRL V ^{^^^^^^}	22.45%	\$ 2
	<u>\$ 3</u>			<u>\$ 2</u>

[^] US Dollar London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen

^{^^} BCID - Brazil Cetip Interbank Deposit

^{^^^} Canadian Dollar bankers' acceptances for the Canadian Dollar Offered Rate

^{^^^^} Eurozone Harmonised Index of Consumer Prices excluding Tobacco

^{^^^^^} Japanese Yen London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen

^{^^^^^^} TIE - Mexico Interbank Equilibrium Interest Rate

^{^^^^^^} US Consumer Price Index for All Urban Consumers (not seasonally adjusted)

^{^^^^^^} Euro Interbank Offered Rate on the Bloomberg screen

^{^^^^^^} UK Retail Price Index All Items United Kingdom Consumer Price Index excluding Tobacco

^{^^^^^^} Pound London Interbank Offered Rate on the Bloomberg screen

^{^^^^^^} US Dollar to Brazil Real Exchange Rate

Credit risk

Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to the established terms. In order to eliminate credit risk, derivative securities of ISBI and TRS are done through a clearinghouse which guarantees delivery and accepts the risk of default by either party. In addition to using a clearinghouse, SURS also purchases some derivative securities over the counter, with robust collateral requirements to mitigate counterparty risk. Derivatives which are exchange traded are not subject to credit risks. None of the agencies have a policy regarding master netting arrangements.

ISBI: ISBI's derivative investments in forward currency contracts are held with counterparties. The credit ratings and net exposure as of June 30, 2016, for each of the counterparties are as follows:

Moody's Rating	Fair Value	Net Exposure	Percentage of Net Exposure
NR	\$ 679	\$ 679	100%
	<u>\$ 679</u>	<u>\$ 679</u>	<u>100%</u>

TRS: Non-exchange traded derivative instruments may expose TRS to credit/counterparty risk. Credit risk is reduced by evaluating the credit quality and operational capabilities of the

counterparties. Because the counterparty risk of a security will fluctuate with market movements, all TRS managers using non-exchange traded derivatives operate a collateral call process ensuring full collateralization of these derivatives.

The aggregate fair value of non-exchange traded derivative instruments in asset positions at June 30, 2016 was \$63.314 million, as shown in the table below. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted.

Table 14-9 (amounts expressed in thousands)

Moody's Quality Rating	
Aa1	\$ 1,661
Aa2	2,410
Aa3	12,433
A1	27,255
A2	1,980
A3	10,512
Baa1	1,114
Baa2	5,949
Total subject to credit risk	\$ 63,314

Although the derivative instruments held within the TRS investment portfolio are executed with various counterparties, approximately 92 percent of the net market value exposure to credit risk is for non-exchange traded derivative contracts held with thirteen counterparties.

SURS: The maximum loss that would be recognized at June 30, 2016, if all counterparties fail to perform as contracted is \$13.1 million. This maximum exposure is reduced by \$10.5 million in collateral held and approximately \$50.5 million in liabilities, resulting in approximately (\$47.8) million net exposure to credit risk. At June 30, 2016, the counterparties' credit ratings for currency forwards, swaptions and swaps subject to credit risk are as follows:

Table 14-10 (amounts expressed in thousands)

Quality Rating	Forwards	Swaptions	Swaps	Total
AA	\$ -	\$ -	\$ 16	\$ 16
A	-	(607)	(1,396)	(2,003)
BBB	-	309	(1,017)	(708)
No Rating	(2,052)	124	(32,773)	(34,701)
Total Subject to Credit Risk	\$ (2,052)	\$ (174)	\$ (35,170)	\$ (37,396)

Hedging Derivatives - Major Component Units

Several component units of the State have entered into various hedging derivative instrument agreements. The agreements are reported in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The fair value balance of the derivatives, including any change during the fiscal year, is shown on the Statement of Net Position for Component Units and the Government-wide Statement of Net Position under derivative instrument – assets, deferred outflows of resources, derivative instrument liabilities, and deferred inflows of resources. Component units with hedging derivative instrument agreements include the Illinois Housing Development Authority (“IHDA”), the Illinois State Toll Highway Authority (“THA”), and the University of Illinois (“U of I”).

IHDA: The IHDA has one active swap contract and two interest rate caps. All are considered cash flow hedges. The objective of the one pay-fixed, receive variable, interest rate swap agreement is to achieve a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the IHDA issued fixed-rate debt. The fair value of the interest rate swap was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

The objective of the two interest rate cap agreements is to establish a maximum debt service which may be paid over the life of the underlying bonds. The notional amount of the swap and rate caps match the principal amount of the associated debt, except in the case of Series 2008A where scheduled amortization of the bonds have reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original value. The Authority's swap and cap agreements in most cases contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or an anticipated reduction in the associated bonds payable category. The fair value of the interest rate swap and rate caps were estimated using data provided by the Authority's swap advisor.

THA: The THA has entered into ten separate variable-to-fixed rate interest rate exchange agreements (swaps) in connection with its three variable rate bond issues. One of the swaps associated with the 2008 Series A-2 Bonds was terminated on June 10, 2010, in connection with the Tollway's refunding of a portion of its 2008 Series A-2 Bonds on July 1, 2010. As a result, nine of the ten swaps were outstanding as of December 31, 2015 (THA's fiscal year-end). The objective of the agreements is to obtain a synthetic fixed interest rate on the underlying bonds at a cost anticipated to be less than the amounts paid had the THA issued fixed rate debt. The swaps' fair market values were calculated using the zero coupon method.

U of I: The U of I has entered into three separate pay-fixed, receive variable interest rate swap agreements in connection with certain bond issues and into one pay-fixed, receive variable interest rate swap in connection with its Certificates of Participation. All are considered cash flow hedges.

The objective of these swaps was to effectively change the U of I's variable interest rate on the debt to a synthetic fixed rate. The notional amount of the interest rate swaps on the bonds is equal to the par amount of the related bonds, except for Health Services Facilities System Revenue Bonds Series 2008, of which \$255 thousand is not covered by the swap agreement. The notional amount of the interest rate swap for the Certificates of Participation is equal to the par amount of the related Certificates of Participation. All of the swap agreements were entered at the same time as the related debt was issued and terminate with maturity. No cash was paid or received when the original swap agreements were entered into. The U of I engaged a third-party consultant to calculate the fair value of the swap agreements.

The following table displays the terms of the various hedging derivative instruments of the major component units outstanding at June 30, 2016 (except for the THA, for which the fiscal year-end is December 31, 2015), along with the credit rating of the associated counterparty.

Table 14-11 (amounts expressed in thousands)

Associated Bond Issue (1)	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Values (2)	Change in Fair Value	Swap Termination Date	Counterparty Credit Rating (3)
Major Component Units								
IHDA								
Interest Rate Swap Contracts								
HMRB*								
Series 2001F	\$ 9,000	1/02	6.615%	1 mo. LIBOR**+40bp***	\$ (1,277)	\$ 386	8/20	NR/Baa1/-
Interest Rate Cap								
HB**								
Series 2008A	13,090	1/13	5.75%	N/A	-		12/17	AA-/Aa2/-
Series 2008C	4,910	6/06	4.75%	N/A	1		6/21	A/A2/-
	18,000				1	(8)		
	<u>\$ 27,000</u>				<u>\$ (1,276)</u>	<u>\$ 378</u>		
THA-								
Interest Rate Exchange Agreements								
Series 1998B	\$ 67,705	12/98	4.325%	Actual bond rate	\$ (1,507)		1/17	AA+/Aa2/-
Series 1998B	55,395	12/98	4.325%	Actual bond rate	(1,233)		1/17	A+/Aa2/-
Series 2007 A-1	175,000	11/07	3.972%	SIFMA^ 7 day Municipal Swap Index	(41,866)		7/30	A/A1/-
Series 2007 A-1	175,000	11/07	3.972%	SIFMA^ 7 day Municipal Swap Index	(41,866)		7/30	A/A1/-
Series 2007 A-2	262,500	11/07	3.9925%	SIFMA^ 7 day Municipal Swap Index	(63,369)		7/30	A/A1/-
Series 2007 A-2	87,500	11/07	3.9925%	SIFMA^ 7 day Municipal Swap Index	(21,123)		7/30	AA-/Aa1/-
Series 2008 A-1	191,550	2/08	3.774%	SIFMA^ 7 day Municipal Swap Index	(41,247)		1/31	AA-/Aa1/-
Series 2008 A-1	191,550	2/08	3.774%	SIFMA^ 7 day Municipal Swap Index	(41,247)		1/31	BBB+/A3/-
Series 2008 A-2	95,775	2/08	3.764%	SIFMA^ 7 day Municipal Swap Index	(20,524)		1/31	A/A1/-
	<u>\$ 1,301,975</u>				<u>\$ (273,982)</u>	<u>\$ (16,800)</u>		
U of I								
Interest Rate Swap Contracts								
Revenue Bonds								
Series 2008 (South Campus)	\$ 18,863	2/06***	4.086%	68% of 1 mo. LIBOR**	\$ (2,206)		1/22	BBB+/A3/-
Series 2008 (South Campus)	18,497	2/06***	4.092%	68% of 1 mo. LIBOR**	(2,156)		1/22	A+/Aa3/-
Series 2008 (Health Services Facility System)	31,170	11/08***	3.534%	68% of 1 mo. LIBOR**	(4,767)		10/26	BBB+/Baa2/-
Certificates of Participation								
Series 2004	95,025	3/04	3.765%	SIFMA^ Municipal Swap Index	(9,841)		8/21	BBB+/A3/-
	<u>\$ 163,555</u>				<u>\$ (18,970)</u>	<u>\$ 1,634</u>		
- As of 12/31/2015 (THA's fiscal year-end).								
* Homeowner Mortgage Revenue Bonds				^ Securities Industry and Financial Market Association				
** Housing Bonds				^^ London Interbank Offered Rate				
*** Swap agreement was transferred from original issue to the refunded bond issue.				*** Basis points				
(1) All bond issues are taxable debt instruments.								
(2) Includes accrued interest.								
(3) Credit rating companies: Standard and Poor's (S&P)/Moody's Investors Services/Fitch Rating Services								

Additionally, in 2016, the U of I's discretely presented component unit, Prairieland Energy, Inc., entered into noncancelable, exchange-traded futures contracts for natural gas to be delivered during fiscal years 2018 through 2019. These futures contracts are used to reduce exposure to the risk of volatile natural gas prices and are considered to be effective hedging instruments. The contracts have a net notional value and fair value of \$3.035 million and \$84 thousand, respectively.

Risks

Credit risk

IHDA: As interest rates change and the fair value becomes positive, IHDA is exposed to credit risk in the amount of the swap's or cap's fair value. As of June 30, 2016, IHDA was not exposed to credit risk for the swap that had negative fair value. IHDA is exposed to credit risk on the cap with positive fair value. The aggregate fair value of hedging derivative instruments with positive fair value at June 30, 2016, was \$1 thousand. This represents the maximum loss that would be recognized at June 30, 2016, if all counterparties failed to perform as contracted as no collateral is in place. Fair value is a factor only upon termination. The counterparty with the largest notional

amount holds 48% of the total notional amount of the outstanding swaps. IHDA does not have a policy regarding master netting arrangements.

THA: At December 31, 2015 (THA's fiscal year-end), THA was not exposed to credit risk because of the negative fair values of the swaps. If changes in interest rates were to create positive fair values for the swaps in the future, the THA would be exposed to counterparty credit risk in the amount of those positive fair values. The swaps require full collateralization from the counterparty of any positive fair value of the swaps in the event the counterparty's credit rating falls below a Standard & Poor's rating of A- or a Moody's Investor Services' rating of A3. The swaps require such collateral to be held by a third party custodian in the form of cash, debt obligations issued by the U.S. Treasury or debt issued by federally sponsored agencies. The nine swaps outstanding at December 31, 2015, are with eight different counterparties from seven different financial firms. The financial firm with the largest notional amount holds 28% of the total notional amount of the outstanding swaps. THA does not have a policy regarding master netting arrangements.

U of I: As of June 30, 2016, the U of I was not exposed to credit risk because its swaps had a negative fair value. If interest rates change and the fair value of the swaps become positive, the U of I would be exposed to credit risk in the amount of the derivatives' fair value. Since they are negative numbers, they represent an approximation of the amount of money the U of I may have to pay a swap provider to terminate the swap. The counterparty may have to post collateral in the U of I's favor in certain conditions, and the U of I would never be required to post collateral in the counterparty's favor. At June 30, 2016, one counterparty held 70%, another held 19%, and a third held 11% of the total notional amount of the outstanding swaps. U of I does not have a policy regarding master netting arrangements.

Interest rate risk

IHDA: Because interest rates have declined since the implementation of the swap agreement, it had a negative fair value as of June 30, 2016. The negative fair value may be countered by reductions in total interest payments required under the variable-rate bonds, creating lower synthetic interest rates. Because the coupons on the IHDA's variable rate bonds adjust to changing interest rates, the bonds do not have corresponding fair value changes.

THA: Low interest rates contributed to the negative market valuations at December 31, 2015. At the time of the swaps, the synthetic fixed rates achieved by the swaps were less than the fixed rates that could have been achieved by issuing fixed rate bonds.

U of I: During fiscal year 2016, declining interest rates exposed the U of I to interest rate risk, which adversely affected the fair values of the swap agreements.

Basis risk

IHDA: Basis risk on a swap occurs when the variable payment received is based on an index other than the index on the underlying bonds. IHDA believes its swap agreement has been structured to minimize or eliminate this risk.

THA: The THA has implemented a strategy on the swaps associated with the Series 1998B, Series 2007 A-1, Series 2007 A-2, Series 2008 A-1, and Series 2008 A-2 bonds, which was designed to provide a synthetic fixed rate below the traditional fixed interest rate available at the time of the financings, producing interest rate savings to the THA. The swaps expose the THA to

basis risk should the variable interest rate on the bonds and the SIFMA Index diverge. If an unfavorable divergence occurs, the expected cost savings may not be realized. As of December 31, 2015 (THA's fiscal year-end), the SIFMA rate in effect for the swaps was 0.03%.

U of I Bonds: The swaps expose the U of I to basis risk should the relationship between LIBOR and the variable weekly rate determined by remarketing agents change, changing the synthetic rate on the bonds. If a change occurs that results in the difference in rates widening, the expected cost savings may not be realized.

U of I Certificates of Participation: Starting in fiscal year 2006, the notional value of the swap and the principal amount of the associated Certificates began to decline. Conversely, the Certificates' variable interest rates are expected to approximate SIFMA. For fiscal year 2016, the Certificates' average variable interest rate was the same as SIFMA. The swap exposes the U of I to basis risk should the relationship between SIFMA and the variable weekly rate determined by remarketing agents converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates widening, the expected cost savings may not be realized.

Termination risk

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

THA: The THA or the counterparties may terminate any of the swaps if the other party fails to perform under terms of the swaps. If a swap were terminated, the associated variable rate bonds would no longer carry synthetic fixed interest rates. In addition, if the swap has a negative market value at the time of termination, the THA would be liable to the counterparty for a payment approximately equal to the swap's market value.

U of I: The U of I has the option to terminate any of its swaps early. The U of I or the counterparties may terminate a swap if the other party fails to perform under the terms of the contract. The U of I may terminate a swap if both credit ratings of the counterparties fall below BBB+ as issued by Standard & Poor's and Baa1 as issued by Moody's Investors Services. If a swap is terminated, the variable-rate bonds would no longer carry a synthetic fixed interest rate. In addition, if at the time of termination, a swap has a negative fair value, the U of I would be liable to the counterparties for a payment equal to the swap's fair value.

Rollover risk

IHDA: The IHDA is not exposed to rollover risk on its swap agreement. IHDA is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, IHDA will be re-exposed to the risks being hedged by the hedging derivative instrument. IHDA is exposed to rollover risk on the caps which have termination dates that occur prior to the final maturity of the related bonds.

THA: The THA is not exposed to rollover risk, as all swap agreements have final maturities and amortizations that approximately match the final maturities and amortizations of the related bonds.

U of I: The U of I is not exposed to rollover risk on its swap agreements since the swap agreements extend to the maturity of the related debt.

As of June 30, 2016, (except for the THA which is as of December 31, 2015), debt service requirements of outstanding variable rate debt and net swap payments, assuming current interest rates remain the same, for their terms are as follows:

Table 14-12 (amounts expressed in thousands)
Swap Payments and Associated Debt
Variable Rate Debt

Major Component Units

Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority			
	Principal	Interest	Interest Rate		Principal	Interest	Interest Rate	
			Swaps, Net	Total			Swaps, Net	Total
2017	\$ 1,965	\$ 155	\$ 992	\$ 3,112	\$ 53,900	\$ 397	\$ 49,781	\$ 104,078
2018	2,465	138	374	2,977	69,200	243	47,188	116,631
2019	2,470	118	259	2,847	2,375	156	45,739	48,270
2020	2,480	99	144	2,723	2,500	155	45,646	48,301
2021	1,480	79	29	1,588	2,625	155	45,590	48,370
2022-2026	2,505	337	-	2,842	211,625	745	221,624	433,994
2027-2031	8,945	131	-	9,076	890,500	335	109,427	1,000,262
2032-2036	1,130	63	-	1,193	69,250	1	221	69,472
2037-2041	1,430	28	-	1,458	-	-	-	-
2042-2046	190	1	-	191	-	-	-	-
Total	\$ 25,060	\$ 1,149	\$ 1,798	\$ 28,007	\$ 1,301,975	\$ 2,187	\$ 565,216	\$ 1,869,378

Year Ending June 30	University of Illinois-Revenue Bonds				University of Illinois-Certificates of Participation			
	Principal	Interest	Interest Rate		Principal	Interest	Interest Rate	
			Swaps, Net	Total			Swaps, Net	Total
2017	\$ 7,735	\$ 300	\$ 2,192	\$ 10,227	\$ 8,345	\$ 941	\$ 2,480	\$ 11,766
2018	8,095	266	1,916	10,277	15,990	858	2,104	18,952
2019	8,375	230	1,632	10,237	16,635	700	1,649	18,984
2020	9,175	194	1,327	10,696	17,305	535	1,174	19,014
2021	9,545	152	1,003	10,700	18,010	364	681	19,055
2022-2026	22,485	296	1,776	24,557	18,740	185	167	19,092
2027-2031	3,375	14	25	3,414	-	-	-	-
Total	\$ 68,785	\$ 1,452	\$ 9,871	\$ 80,108	\$ 95,025	\$ 3,583	\$ 8,255	\$ 106,863

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

15 REFUNDINGS OF LONG-TERM OBLIGATIONS

A. Current Year Refundings

During the year ended June 30, 2016, several major component units of the State issued current refunding debt to defease bonds which were currently outstanding. Proceeds from the sales, together with other funds, were used to currently refund earlier issues maturing on dates ranging from April 1, 2017 through August 1, 2037, at redemption prices of 100%. Current refunding debt issued during fiscal year 2016, was as follows:

Table 15-1 (amounts expressed in thousands)

	Par Value of Refunding Issue	Refunding Issue Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service (Increased)/ Reduced by Refunding	Refunding Economic Gain/ (Loss)	Accounting Gain/(Loss)
Major Component Units							
Revenue Bonds							
Illinois Housing Development Authority							
Homeowner Mortgage Revenue Bonds, Series 2016 A	\$ 88,695	1.108% to 4.180%	\$ 88,695	4.90% to 5.15%	\$ 12,640	\$ 7,187	\$ -
Illinois State University							
Auxiliary Facilities System, Series 2016	\$ 33,320	2.0% to 5.0%	\$ 39,625	3.90% to 4.40%	\$ 7,095	\$ 3,605	\$ (628)
Southern Illinois University							
Housing and Auxiliary Facilities System, Series 2015 B	\$ 20,735	3.0% to 5.0%	\$ 27,040	5.00%	\$ 16,293	\$ 3,417	\$ (452)
University of Illinois							
Auxiliary Facilities System, Series 2016 A	\$ 129,025	4.0% to 5.0%	\$ 135,360	4.50% to 5.00%	\$ 29,134	\$ 22,125	\$ 641

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 are not included in the State’s financial statements. At June 30, 2016, the outstanding balances of prior year defeased debt were as follows (except for the Illinois State Toll Highway Authority, which is as of December 31, 2015):

Table 15-2 (amounts expressed in thousands)

	Primary Government	Major Component Units		
	Governmental Activities	Illinois Housing Development Authority	Illinois State Toll Highway Authority	University of Illinois
Special obligation bonds	\$ 81,920	\$ -	\$ -	\$ -
Revenue bonds	-	22,560	1,000,000	76,305
Certificates of participation	-	-	-	57,345
	<u>\$ 81,920</u>	<u>\$ 22,560</u>	<u>\$ 1,000,000</u>	<u>\$ 133,650</u>

16 RETIREMENT SYSTEMS

Plan Descriptions. The State of Illinois sponsors five public employee retirement systems that are included in the State’s financial statements as pension trust funds.

The General Assembly Retirement System (“GARS”), Judges’ Retirement System (“JRS”), and State Employees’ Retirement System (“SERS”) are the administrators of single-employer defined benefit pension plans. The GARS, JRS, and SERS are governed by articles 2, 18, and 14, respectively, of the Illinois Pension Code (40 ILCS 5/1, et al.). GARS includes members of the General Assembly of the State and persons elected to the offices of the Governor, Lieutenant Governor, Secretary of State, Treasurer, Comptroller, and Attorney General for the period of service in such offices and the Clerks and Assistant Clerks of the respective houses of the General Assembly. JRS includes Judges, Associate Judges, and under certain conditions, the Administrative Director of the Illinois Courts. SERS includes employees of State agencies as well as employees of Illinois Toll Highway Authority (“THA”) and Illinois Comprehensive

Health Insurance Plan (“ICHIP”), both of which are component units of the State. For the purposes of the plan, the component unit employees are considered employees of the State.

The Teachers’ Retirement System (“TRS”) is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with a “special funding situation” as described below. TRS provides coverage to personnel in positions that require a certification under the teacher certification law that are employed by public school districts in Illinois (excluding Chicago), special districts and certain State agencies. There are 855 local school districts, 134 special districts, and 17 other State agencies that contribute to the TRS plan.

The State Universities Retirement System (“SURS”) is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with a “special funding situation” as described below. In addition to the existing traditional benefit option, SURS established an alternative defined benefit program known as the Portable Benefit Option Plan which was effective January 1, 1998. All members who are eligible for the traditional benefit option are eligible for the portable option. New and existing members are provided a window period in which to make an irrevocable election. The portable option provides an enhanced refund at termination for those who leave SURS with at least five years of service. Offsetting this additional cost is the elimination of the survivor benefit package. This program is designed to be cost-neutral in relation to the traditional option. Approximately 19 thousand of the approximately 81 thousand active members have chosen this option, as of the measurement date, June 30, 2015.

SURS also became an administrator of a defined contribution plan, effective January 1, 1998, known as the Self-Managed Plan. This plan is offered to employees of all SURS employers who elect to participate. All but two SURS employers participate in the Self-Managed Plan. The Self-Managed Plan is a qualified money purchase plan under Section 401(a) of the Internal Revenue Code. The assets are maintained under a trust administered by the SURS Board of Trustees in accordance with the Illinois Pension Code. Approximately 12 thousand of the approximately 78 thousand active members have chosen this option. \$1.826 billion of the \$18.831 billion total plan net position at June 30, 2016 relate to the Self-Managed Plan. Plan member contributions were \$76.457 million and the State contributions, along with employer contributions consisting of grant reimbursements, were \$65.370 million for the year ended June 30, 2016. The State, as a nonemployer contributing entity, makes the required employer contribution to SURS on behalf of the Self-Managed Plan employers at a rate of 7.6% of the members’ gross earnings. The State’s contribution represents 100% of the required contributions to the plan. The State’s required contribution is reduced by forfeitures, which for the year ended June 30, 2016, were \$3.451 million.

The SURS provides coverage to faculty and staff of State universities, community colleges, and related agencies, of which some covered employees are not State employees. There are 9 universities, 39 community college districts, and several other State agencies and organizations that contribute towards the normal actuarially-determined cost of the SURS plan.

The State of Illinois, as a nonemployer contributing entity, is legally mandated to make contributions to TRS and SURS, thus creating a special funding relationship with both plans. TRS and SURS are governed by articles 16 and 15, respectively, of the Illinois Pension Code.

All five of the retirement systems consist of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the plans on or after January 1, 2011, are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011, or those who have service credit prior to

January 1, 2011. The provisions below apply to both Tier 1 and Tier 2 members, except where noted.

Benefits Provided. GARS provides retirement benefits based on the applicable final salary. Members under Tier 1 have vested rights to full retirement benefits beginning at age 55 with at least 8 years of credited service or at age 62 with at least 4 years of credited service. The retirement benefit formula to calculate the retirement annuity is 3.0% for each of the first 4 years of service, 3.5% for each of the next 2 years of service, 4.0% for each of the next 2 years of service, 4.5% for each of the next 4 years of service and 5.0% for each year of service in excess of 12 years. The maximum retirement annuity is 85% of the applicable final salary. Annual automatic increases of 3% of the current amount of retirement annuity are provided. Members under Tier 2 have vested rights to full retirement benefits at age 67 with at least 8 years of credited service or reduced retirement benefits at age 62 with at least 8 years of credited service. The retirement benefit formula to calculate the retirement annuity is 3% for each year of service. The maximum retirement annuity is 60% of the applicable final average salary. Annual automatic increases equal to the lesser of 3% or the annual change in the Consumer Price Index are provided.

GARS also provides survivors' annuity benefits, reversionary annuity benefits, and under certain specified conditions, lump-sum death benefits.

JRS provides retirement benefits based on the applicable final average salary. Members under Tier 1 have vested rights to full retirement benefits at age 60 with at least 10 years of credited service or reduced retirement benefits beginning at age 55. Members also have vested rights to full retirement benefits at age 62 upon completing 6 years of credited service or at age 55 upon completing 26 years of credited service. The retirement benefit formula to calculate the retirement annuity is 3.5% for each of the first 10 years of service, plus 5% for each year of service in excess of 10. The maximum retirement annuity is 85% of the applicable final average salary. Annual automatic increases of 3% of the current amount of retirement annuity are provided. Members under Tier 2 have vested rights to full retirement benefits at age 67 with at least 8 years of credited service or reduced retirement benefits at age 62 with at least 8 years of credited service. The retirement benefit formula to calculate the retirement annuity is 3% for each year of service based upon the applicable final average salary. The maximum retirement annuity is 60% of the applicable final average salary. Annual automatic increases equal to the lesser of 3% or the annual change in the Consumer Price Index are provided.

JRS also provide survivors' annuity benefits, temporary and/or total disability benefits and, under certain specified conditions, lump-sum death benefits.

SERS provides retirement benefits based on the member's final average compensation and the number of years of service credit that have been established. The retirement benefit formula available to general State employees that are covered under the Federal Social Security Act is 1.67% for each year of service and for noncovered employees it is 2.2% for each year of service. Alternative formula employees have a formula of 2.5% for covered service and 3.0% for noncovered service. The maximum retirement annuity payable is 75% of final average compensation for regular employees and 80% for alternative formula employees. The minimum monthly retirement annuity payable is \$15 for each year of covered service and \$25 for each year of noncovered service.

Members in SERS under Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

Tier 1	Tier 2
Regular Formula	Regular Formula
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member’s age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2015 rate is \$111,572.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>
Alternative Formula	Alternative Formula
<p>Members eligible for the alternative formula may retire at age 50 with 25 years of service credit, or at age 55 with 20 years of service credit.</p> <p>Final average compensation is figured one of three ways:</p> <ul style="list-style-type: none"> • The average of the highest 48 consecutive months over the last 120 months of service (for members in service prior to January 1, 1998). • Average of last 48 months of service. • Final rate of pay: cannot exceed the average of the last 24 months of pay by 115%. <p>Alternative formula retirees receive their first 3% pension increase on January 1 following the first full year of retirement after age 55. These increases are not limited by the 80% maximum.</p>	<p>Members eligible for the alternative formula may retire at age 60 with 20 years of service.</p> <p>Final average compensation is the average monthly salary during the 96 highest consecutive months of service within the last 120 months. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less. The calendar year 2015 rate is \$111,572.</p> <p>Alternative formula retirees receive their first pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, following the first year of retirement after age 60. These increases are not limited by the 80% maximum.</p>

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least 18 months of credited service with the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers’ Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through SERS. Certain nonoccupational death benefits vest after 18 months of credited service. Occupational death benefits are provided from the date of employment.

TRS provides retirement benefits, whereby, most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service. Under Tier 1, a member qualifies for an age retirement annuity after reaching age 62 with 5 years of credited service, age 60 with 10 years of credited service, or age 55 with 20 years of credited service. If a member retires between the ages of 55 and 60 with fewer than 35 years of service the annuity will be reduced one-half percent for each month the member is under age 60. The retirement benefit is based on the final average salary, which is the average salary for the highest 4 consecutive years within the last 10 years of credible service. Annual automatic increases equal to 3% are provided to essentially all retirees. Under Tier 2, a member qualifies for an age retirement annuity after reaching age 62 with 10 years of credited service, at a discounted rate, or age 67 with 10 years of credited service. The retirement benefit is based on the final average salary, which for Tier 2 is the average salary for the highest 8 consecutive years within the last 10 years of credible service. Annual automatic increases equal to the lesser of 3% or one half of the Consumer Price Index with the adjustment applied to the original benefit are provided to Tier 2 retirees. Disability and death benefits are also provided by TRS.

SURS provides retirement benefits based on the applicable final salary under the defined benefit plan. Members under Tier 1 have vested rights to full retirement benefits at age 62 with at least 5 years of credited service, age 60 with at least 8 years of credited service, or at any age with at least 30 years of credited service. The retirement benefit is based on the final average salary, which for Tier 1 is the average salary for the highest 4 consecutive years of credible service or the average salary for the last 48 months prior to termination. The retirement benefit formula to calculate the retirement annuity for general employees is 2.2% of the Tier 1 final average salary up to a maximum of 80%. Annual automatic increases of 3% of the current amount of retirement annuity are provided. Members under Tier 2 have vested rights to full retirement benefits at age 67 with 10 years of credited service. The retirement benefit is based on the final average salary, which for Tier 2 is the average salary for the highest 8 consecutive years within the last 10 years of credited service. The retirement benefit formula to calculate the retirement annuity for general employees is 2.2% of the Tier 2 final average salary up to a maximum of 80%. Annual automatic increases equal to the lesser of 3% or one half of the Consumer Price Index are provided to Tier 2 retirees.

SURS offers retirement benefits under the Self-Managed Plan payable when members meet the minimum vesting requirements of 5 years of service credit at age 62, 8 years of service credit at age 55, or 30 years of service credit regardless of age. The distribution options available upon reaching retirement eligibility are a lump sum distribution consisting of all employee and employer contributions and related investment earnings; a single life annuity; a 50% or 100% joint and survivor annuity; a single life annuity with a guaranteed period of 10, 15, or 20 years as elected by the member; and a 50% or 100% joint and survivor annuity with a guaranteed period of 10, 15, or 20 years as elected by the member.

SURS also provides disability and death benefits under all plans. Disability benefits are payable to all members with at least two years of credited service and are payable at a rate of 50% of the monthly rate of compensation on the date the disability began. Disability benefits are reduced by any payments under the Workers' Compensation or the Occupational Diseases Act. Death benefits are payable upon the death of any member of the plan. If the member has less than 1.5 years of credited service, the death benefit payable is the employee contributions and related

investment earnings. If the member has 1.5 or more years of credited service, the death benefit payable is the employee and employer contributions and related investment earnings.

As of the measurement date June 30, 2015, the following employees were covered by the defined benefit terms of each system, respectively:

	GARS	JRS	SERS	TRS	SURS
Retirees and beneficiaries receiving benefits	424	1,121	67,954	114,922	61,020
Inactive members entitled to but not yet receiving benefits	75	24	4,180	125,969	76,984
Active employees	145	961	63,273	159,707	69,381
Total	644	2,106	135,407	400,598	207,385

Each plan also issues a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports are available on the respective plan websites or 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 or www.srs.illinois.gov.
- State Employees’ Retirement System, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255, (217) 785-7444 or www.srs.illinois.gov.
- Teachers’ Retirement System, 2815 West Washington Street, PO Box 19253, Springfield, Illinois, 62794-9253, (217) 753-0311 or www.tr.s.illinois.gov.
- State Universities Retirement System, 1901 Fox Drive, Champaign, Illinois, 61820-7333, (217) 378-8800 or www.surs.com.

Funding Policy and Contributions. Member contributions are based on fixed percentages set by statute. The State’s funding requirements have been established by statute (Public Act 88-593) effective July 1, 1995 and provide for a systematic 50-year funding plan with an ultimate goal to achieve “90% funding” of the systems’ liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State’s contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. However, Public Act 94-0004 decreased the required funding levels for fiscal years 2006 and 2007 to \$938.400 million and \$1.375 billion, respectively, and required the State’s contribution to increase in equal annual increments from fiscal years 2008 to 2010, so that by fiscal year 2011, the State would be contributing at the rate otherwise required by State law. Pursuant to Public Act 93-0002, the State issued general obligation bonds, the proceeds of which were used to fund \$300 million of the State’s fiscal year 2003 required annual statutory contribution and \$1.860 billion of the State’s fiscal year 2004 required annual statutory contribution, as well as to contribute \$7.317 billion to the retirement systems in fiscal year 2004 to fund a portion of the State’s unfunded liability. In fiscal year 2010, pursuant to Public Act 96-0043, the State made contributions from general obligation bond proceeds of \$3.452 billion to the retirement systems to fund a portion of the State’s required annual statutory contribution. In fiscal year 2011, pursuant to Public Act 96-1497, the State made contributions from general obligation bond proceeds of \$3.684 billion to the retirement systems to fund a portion of the State’s required annual statutory contribution. The State met its funding requirement established by *statutory law* for the fiscal year ended June 30, 2016. 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.

The contribution rates/amounts established by statute for both plan members and the State of Illinois for the fiscal year ended June 30, 2016, are shown in Table 16-2.

Table 16-2 (amounts expressed in thousands)

Contribution Rates/Amounts		
Plan	Member (% of Covered Payroll)	State (Statutorily Required)
GARS	11.50%	\$ 16,073
JRS	11.00%	\$ 132,060
SERS	4.00% - 12.50%	\$ 1,882,243
TRS	9.40%	\$ 3,742,469
SURS	8.00% - 9.50%	\$ 1,542,947

For GARS, JRS and SERS, employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members under GARS and JRS contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or the annual percentage increase in the Consumer Price Index. For 2016, this amount was \$115,481. Tier 2 members under SERS contribute based on an annual compensation rate not to exceed \$106,800 with limitations for future years increased by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2016, this amount was \$111,572.

For TRS, employee contributions are fully refundable, without interest, upon withdrawal from applicable employment. For Tier 1 members, there is no annual compensation limit on contributions. For Tier 2 members, annual compensation on which contributions are taken cannot exceed \$106,800. This amount increases annually by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2016, this amount was \$111,572.

For SURS, a lump sum refund is available to all members upon withdrawal from applicable employment. Under the traditional Tier 1 and Tier 2 benefit package, this refund consists of all member contributions and interest at 4.5%. For Tier 1 members, there is no annual compensation limit on contributions. For Tier 2 members, annual compensation on which contributions are taken cannot exceed \$106,800. This amount increases annually by the lesser of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2016, this amount was \$111,572.

Under the SURS Self-Managed Plan, upon termination of service with less than five years of credited service, a lump sum distribution is available consisting of employee contributions and related investment earnings. The employer contributions and related investment earnings are forfeited. Upon termination of service with greater than five years of credited service but where the member is not yet eligible for retirement, a lump sum distribution is available consisting of employee and employer contributions and related investment earnings.

Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions. The net pension liability for each plan, as reported at June 30, 2016, was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the dates presented in Table 16-8.

GARS, JRS and SERS are administrators of single-employer defined benefit pension plans for which schedules of changes in the net pension liability, as of the measurement date, are presented below:

	GARS	JRS	SERS [^]
Total pension liability			
Service cost	\$ 5,957	\$ 59,620	\$ 847,997
Interest on total pension liability	19,911	151,431	2,912,736
Differences between expected and actual experience	2,366	28,714	(464,942)
Assumption changes	(70,539)	9,482	360,713
Benefit payments	(21,275)	(125,654)	(2,034,858)
Refunds	(192)	(946)	(23,129)
Administrative expenses	(394)	(983)	(16,547)
Net change in total pension liability	(64,166)	121,664	1,581,970
Total pension liability - June 30, 2014	397,503	2,231,264	41,685,086
Total pension liability - June 30, 2015 (a)	\$ 333,337	\$ 2,352,928	\$ 43,267,056
Plan fiduciary net position			
Contributions - employer	\$ 15,871	\$ 134,040	\$ 1,804,319
Contributions - participant	1,487	15,431	266,139
Net investment income	2,287	36,009	681,377
Benefit payments	(21,275)	(125,654)	(2,034,858)
Refunds	(192)	(946)	(23,129)
Administrative expense	(394)	(983)	(16,547)
Net change in plan fiduciary net position	(2,216)	57,897	677,301
Plan fiduciary net position - June 30, 2014	56,790	776,013	14,581,566
Plan fiduciary net position - June 30, 2015 (b)	\$ 54,574	\$ 833,910	\$ 15,258,867
State's net pension liability - ending (a) - (b)	\$ 278,763	\$ 1,519,018	\$ 28,008,189
Plan fiduciary net position as a percentage of the total pension liability	16.37%	35.44%	35.27%
Covered-employee payroll	\$ 11,609	\$ 177,164	\$ 4,453,684
State's net pension liability as a percentage of covered payroll	2401.27%	857.41%	628.88%

[^] The amounts represent the collective changes in the net pension liability for the State, including THA and ICHIP.

The primary government of the State reported a net pension liability at June 30, 2016, related to GARS and JRS totaling \$278.763 million and \$1.519 billion, respectively.

Related to SERS, the State reported a collective net pension liability of \$28.008 billion. Of this amount, \$27.266 billion is reported by the primary government, while \$735.523 million and \$6.694 million represent liabilities of the THA and ICHIP, respectively.

TRS is an administrator of a cost-sharing multiple-employer defined benefit pension plan. As a nonemployer contributing entity, at June 30, 2016, the primary government reported a liability of \$63.148 billion for its proportionate share of the collective net pension liability for the TRS plan. The State's proportionate share of the collective net pension liability was based on the actual

contributions relative to actual contributions of all participating employers made to the TRS plan during the fiscal year. At June 30, 2015, the measurement date, the State’s proportionate share was 96.395% for the TRS plan, which was an increase of 0.0271% from its proportion measured as of the prior year measurement date of June 30, 2014.

Additionally, as the TRS plan includes certain employees of State agencies who are not members in one of the other State public employee retirement systems, the primary government reported an additional liability of \$55.392 million for its proportionate share of the collective net pension liability associated with State employees participating in the plan. The State’s proportionate share of the collective net pension liability was based on the actual employer contributions made to the TRS plan during fiscal year 2015. At June 30, 2015, the measurement date, the State’s proportionate share related to employer contributions was 0.085%, which was a decrease of 17.115% from its proportion measured as of the prior year measurement date of June 30, 2014.

SURS is an administrator of a cost-sharing multiple-employer defined benefit pension plan. For employees paid from trust, grant or federal funds, the employer must make pension contributions from those funds sufficient to cover the accruing normal costs of the plan. The State’s contributions fund the normal actuarially-determined cost of the plan plus the amortization of the historical unfunded liability. The State has been allocated 100% of the net pension liability and reports the amount as a long-term obligation within the Statement of Net Position. At June 30, 2016, as a nonemployer contributing entity, the primary government reported a net pension liability of \$23.756 billion.

As a result of the State’s contribution requirements for all of the plans, the State recognized pension expense for the year ended June 30, 2016, as follows:

Plan	Pension Expense
GARS	\$ (1,718)
JRS	\$ 141,965
SERS [^]	\$ 2,966,165
TRS ^{^^}	\$ 5,175,674
SURS	\$ 1,994,587

[^] The amount represents the collective pension expense for the State, including THA and ICHIP.

^{^^} The amount represents the State's nonemployer and employer pension expense.

At June 30, 2016, the State reported deferred outflows and deferred inflows of resources related to each plan, as of the measurement date of June 30, 2015, from the following sources:

Table 16-5 (amounts expressed in thousands)

	GARS		JRS		SERS [^]		TRS ^{^^}		SURS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,228	\$ -	\$ 23,972	\$ -	\$ 85,183	\$ 363,617	\$ 23,488	\$ 69,280	\$ 27,312	\$ -
Changes of assumptions	-	43,183	7,160	-	2,054,885	-	874,041	-	609,393	-
Net difference between projected and actual investment earnings on pension plan investments	-	1,632	-	23,296	-	424,209	-	961,475	-	359,489
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	-	-	303,312	10,790	-	-
State contributions subsequent to the measurement date	16,073	-	132,060	-	1,882,243	-	3,745,389	-	1,542,947	-
Total	\$ 20,301	\$ 44,815	\$ 163,192	\$ 23,296	\$ 4,022,311	\$ 787,826	\$ 4,946,230	\$ 1,041,545	\$ 2,179,652	\$ 359,489

[^] The amounts represent the collective deferred outflows and inflows of resources for the State, including THA and ICHIP.

^{^^} The amounts represent the State's employer and nonemployer proportionate share of the deferred outflows and deferred inflows of resources.

The deferred outflows and deferred inflows of resources for SERS presented above are further allocated between the primary government and its component units in the table below:

Table 16-6 (amounts expressed in thousands)

	Primary Government		THA		ICHIP		SERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,926	\$ 353,981	\$ 2,237	\$ 9,549	\$ 20	\$ 87	\$ 85,183	\$ 363,617
Changes of assumptions	2,000,431	-	53,963	-	491	-	2,054,885	-
Net difference between projected and actual investment earnings on pension plan investments	-	412,968	-	11,140	-	101	-	424,209
Changes in proportion and differences between employer contributions and proportionate share of contributions	(19,492)	(13,279)	19,478	11,265	14	2,014	-	-
State contributions subsequent to the measurement date	1,831,497	-	50,417 [^]	-	329	-	1,882,243	-
Total	\$ 3,895,362	\$ 753,670	\$ 126,095	\$ 31,954	\$ 854	\$ 2,202	\$ 4,022,311	\$ 787,826

[^] THA reported \$25,839 of contributions subsequent to the measurement date as of December 31, 2015, its fiscal year end.

The amounts reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Table 16-7 (amounts expressed in thousands)

Year ended June 30,	GARS	JRS	SERS [^]	TRS ^{^^}	SURS
2017	\$ (24,304)	\$ 1,418	\$ 528,589	\$ (119,033)	\$ 154,951
2018	(15,943)	1,418	528,589	(119,033)	118,958
2019	(646)	409	233,307	(119,033)	(145,152)
2020	306	4,591	61,757	516,395	148,459
Total	\$ (40,587)	\$ 7,836	\$ 1,352,242	\$ 159,296	\$ 277,216

[^] The amounts represent the collective deferred outflows and inflows of resources for the State, including THA and ICHIP, to be recognized as expense in future years.

^{^^} The amounts represent the State's employer and nonemployer proportionate share of deferred outflows and deferred inflows of resources to be recognized as expense in future years.

Actuarial Methods and Assumptions. Actual valuations of an ongoing retirement system involve estimates and calculations of the value of reported amounts and assumptions about the probability of occurrence of events on a long-term perspective. Examples include assumptions about future employment and mortality. Amounts determined regarding the net pension liability of the retirement systems are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the types of benefits provided and the cost sharing between the employer and plan members at the time of each valuation and do not include the potential effects of legal or contractual funding. Information about actuarial methods and assumptions used in the actuarial valuation of the plan is presented in Table 16-8.

	GARS	JRS	SERS	TRS	SURS
Valuation date	6/30/2015	6/30/2015	6/30/2015	6/30/2014*	6/30/2014*
Measurement date	6/30/2015	6/30/2015	6/30/2015	6/30/2015	6/30/2015
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial assumptions:					
Investment rate of return	7.0%	7.0%	7.25%	7.5%	7.25%
Projected salary increases**	3.5%	3.75%	3.50% - 7.92%	3.75% - 9.75%	3.75% - 15.0%
Inflation rate	3.0%	3.0%	3.0%	3.0%	2.75%
Postretirement benefit increases					
Tier 1	3%, compounded	3%, compounded	3%, compounded	3%, compounded	3%
Tier 2	Lesser of 3% or annual increase in CPI [^] , compounded	Lesser of 3% or annual increase in CPI [^] , compounded	Lesser of 3% or 1/2 of CPI [^] , on original benefit	Lesser of 3% or 1/2 of CPI [^] , not compounded	Lesser of 3% or 1/2 of CPI [^]
Retirement age experience study ^{^^}	July 2006 - June 2012	July 2006 - June 2012	July 2009 - June 2013	July 2011 - June 2014	July 2010 - June 2014
Mortality ^{^^^}					
GARS	RP-2000 Combined Healthy Mortality Table, sex distinct, projected to 2015 (static table) setback 3 years for males and 2 years for females				
JRS	RP-2000 Combined Healthy Mortality Table, sex distinct, projected to 2015 (static table) setback 3 years for males and 2 years for females				
SERS	105 percent of the RP 2014 Healthy Annuitant table, sex distinct, with rates projected to 2015				
TRS	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2014				
SURS	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants.				
Note: the above actuarial assumptions were used to calculate the total pension liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the total pension liability as of the prior year measurement date except for the following:					
	GARS	JRS	SERS	TRS	SURS
Projected salary increases**				4.75% - 9.9%	3.75% - 12.0%
Retirement age experience study ^{^^}				July 2006 - June 2011	July 2006 - June 2010
<p>* The total pension liability is based on an actuarial valuation date of June 30, 2014, rolled-forward to the measurement date using generally accepted actuarial procedures.</p> <p>** Includes inflation rate listed.</p> <p>[^] Consumer Price Index</p> <p>^{^^} The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.</p> <p>^{^^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.</p>					

Long-term expected return on plan assets. The investments of GARS, JRS and SERS are managed by the Illinois State Board of Investment (“ISBI”), thus the long-term expected rate of return on pension plan investments is determined for the pool of investments. The long-term expected rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. For each major asset class that is included in the pension plans’ target asset allocation, calculated as of the measurement date of June 30, 2015, the best estimates of geometric real rates of return are summarized in the following table:

Table 16-9

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	30%	5.69%
Fixed Income	20%	1.62%
Hedge Funds	10%	4.00%
International Equity	20%	6.23%
Real Estate	10%	5.50%
Infrastructure	5%	6.00%
Private Equity	5%	10.10%
Total	100%	

The long-term expected rate of return assumption on pension plan investments under the TRS plan was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, that were used by the actuary are summarized in the following table:

Asset Class	TRS	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	18%	7.53%
Global Equity Excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic Real Estate	4%	9.09%
ARS	8%	2.57%
Risk Parity	8%	4.87%
Diversified Inflation Strategy	1%	3.26%
Private Equity	14%	12.33%
Total	100%	

The long-term expected rate of return on pension plan investments under the SURS plan is determined using a building-block method, which includes best estimate ranges of expected future real rates of return, developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, the measurement date, the best estimate of the expected arithmetic real rate of return is summarized in the following table:

Table 16-11

Asset Class	SURS	
	Strategic Policy Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protection Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate	10%	10.22%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
Total	100%	5.02%
Inflation		3.00%
Expected Arithmetic Normal Return		8.02%

Discount Rate. The discount rate used to measure the total pension liability for each system as calculated using the June 30, 2015 and June 30, 2014 measurement dates, respectively is shown in Table 16-12. These single discount rates were based on the expected rate of returns on pension plan investments as noted in Table 16-8 and a municipal bond rate of 3.80% based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine the discount rates assumed that contributions will be made based on the statutorily required rates under Illinois law for each of the plans. Based on these assumptions, it has been determined that the fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2066, 2058, 2067 and 2072 for GARS, JRS, SERS, and SURS, respectively. As a result, the long-term expected rate of return on pension plan investments has been applied through the respective year for each plan, at which time the municipal bond rate has been applied to all remaining benefit payments. For TRS, the plan’s fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2080 and for the benefit payments after the year 2086. For the period of 2081 through 2086, projected plan assets do not cover benefit payments. As a result, the municipal bond rate was applied to all benefit payments during the 6-year period of 2081 through 2086 and the long-term expected rate of return on pension plan investments was applied to projected benefit payments for all remaining periods for the liability calculation.

Table 16-12

Plan	Current Discount Rate (%)	Prior Discount Rate (%)	Change (%)
GARS	6.91%	5.11%	1.80%
JRS	6.85%	6.89%	(0.04%)
SERS	7.02%	7.09%	(0.07%)
TRS	7.47%	7.50%	(0.03%)
SURS	7.12%	7.09%	0.03%

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The net pension liability for each system calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate are shown in Table 16-13 below:

Table 16-13 (amounts expressed in thousands)

Plan	Current Discount Rate (%)	1% Decrease	Current Discount Rate	1% Increase
GARS	6.91%	\$ 315,165	\$ 278,763	\$ 248,034
JRS	6.85%	\$ 1,777,442	\$ 1,519,018	\$ 1,299,186
SERS [^]	7.02%	\$ 33,717,210	\$ 28,008,189	\$ 23,269,260
TRS ^{^^}	7.47%	\$ 78,104,200	\$ 63,203,638	\$ 50,984,774
SURS	7.12%	\$ 28,929,334	\$ 23,756,361	\$ 19,470,982

[^] The amounts represent the collective net pension liability for the State, including THA and ICHIP.

^{^^} The amounts represent the State's employer and nonemployer proportionate share of the net pension liability.

Payables to the pension plan. At June 30, 2016, the State reported the following payable amounts to the retirement systems for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2016.

Table 16-14 (amounts expressed in thousands)

Plan	Payable to pension plan
GARS	\$ 670
JRS	\$ 5,503
SERS [^]	\$ 70,171
TRS ^{^^}	\$ 473,534
SURS	\$ 229,878

[^] Amount represents the collective payable for the State, including THA and ICHIP.

^{^^} Amount represents the State's nonemployer payable to the plan.

17 POSTEMPLOYMENT BENEFITS

Plan Description. The State Employees Group Insurance Act of 1971 (“Act”), as amended, authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all State and university component unit employees become eligible for these other postemployment benefits (“OPEB”) if they eventually become annuitants of one of the State sponsored pension plans. The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (General Assembly Retirement System, Judges’ Retirement System, State Employees’ Retirement System, Teachers’ Retirement System, and the State Universities Retirement System). The portions of the Act related to OPEB establishes a cost-sharing multiple-employer defined benefit OPEB plan with a special funding situation for employees of the State’s component unit universities. The plan does not issue a stand-alone financial report.

The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State’s and the university component units’ employees in accordance with limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time the benefit amount becomes \$5,000.

In accordance with the Act, the State contributes toward the cost of an annuitant’s coverage under the basic program of group health, dental, and vision benefits an amount equal to five percent of that cost for each full year of creditable service up to a maximum of one hundred percent for an annuitant with twenty or more years of creditable service. For fiscal year 2016, the annual cost of the basic program of group health, dental, and vision benefits before the State’s contribution was \$10,893.12 (\$5,730.72 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$13,543.44 (\$4,897.68 if Medicare eligible) if the annuitant chose other benefits.

Funding Policy and Annual OPEB Cost. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

The State’s lack of funding requirement differs significantly from the annual OPEB cost (“AOPEBC”) as pay-as-you-go does not conform to the GASB Statement No. 45 accounting parameters. The State’s AOPEBC for the current year and related information is included in Table 17-1.

Actuarially required contribution ("ARC")	\$ 2,275,294
Plus: Interest on net other postemployment benefits obligation ("NOPEBO")	538,859
Adjustment to the ARC	(399,155)
Annual other postemployment benefits cost	<u>2,414,998</u>
Benefits paid during the year	(185,445)
Increase in NOPEBO	2,229,553
NOPEBO at June 30, 2015	11,974,652
NOPEBO at June 30, 2016	<u>\$ 14,204,205</u>

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

Table 17-2 (amounts expressed in thousands)

Annual Other Postemployment Benefits Cost ("AOPEBC")	
6/30/2016	\$ 2,414,998
6/30/2015	\$ 2,292,465
6/30/2014	\$ 2,344,439
% of AOPEBC Contributed	
6/30/2016	7.68%
6/30/2015	35.33%
6/30/2014	38.62%
Net Other Postemployment Benefits Obligation	
6/30/2016	\$ 14,204,205
6/30/2015	\$ 11,974,652
6/30/2014	\$ 10,492,063

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

Table 17-3 (amounts expressed in thousands)

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Projected Unit Credit	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)
6/30/2014	\$ -	\$ 33,051,281	\$ 33,051,281	0.0%	\$ 7,660,475	431.5%

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates and calculations on the value of reported amounts and assumptions about the probability of occurrence of events on a long-term perspective. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress of the State’s OPEB plan, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the types of benefits provided and the cost sharing between the employer and plan members at the time of each valuation and do not include the potential effects of legal or contractual funding limitations. Information about actuarial methods and assumptions used in the actuarial valuation of the plan is presented in Table 17-4.

Table 17-4	
Actuarial valuation date of the actuarial required contribution	6/30/2014
Actuarial valuation date of the unfunded actuarial accrued liability	6/30/2014
Actuarial cost method	Proj. Unit Credit
Amortization method	Level % of pay
Remaining amortization period	30 years. Open
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return *	4.5%
Projected salary increases *	4.5%
Inflation rate	3.0%
Healthcare cost trend rate:	
Medical (pre-medicare)	8.5% grading down .5% in the first year to 8.0%, then grading down .05% in the second year to 7.95% and grading down .5% per year over six years to 4.95%
Medicare (post-medicare)	8.5% grading down .5% per year over eight years to 4.5%
Dental	7.5% grading down .5% per year over six years to 4.5%
Vision	3.0% for each of the next eight years
* Includes inflation rate listed	

Plans Administered for Other Governments. The State also administers cost-sharing OPEB plans for teachers at school districts in Illinois (excluding Chicago) and for teachers at community colleges in Illinois. Financial statements for these plans may be obtained from the Department of Central Management Services (“Department”), 704 Stratton Office Building, Springfield, Illinois 62706. The State Group Insurance Act of 1971 (“Act”), as amended, establishes the benefits provided to retirees; the rates of contribution for active employees, employers, and the State; and the process, if any, to amend rates of contribution for both plans with a funding policy of pay-as-you-go. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The Teacher Health Insurance Security Fund was established to provide health insurance for retirees of school districts in Illinois (excluding Chicago) who are annuitants or dependent beneficiaries of the Teachers’ Retirement System (“TRS”). As of June 30, 2016, there were 976 school districts participating with 74,523 retirees and dependent beneficiaries receiving benefits. The Department works in conjunction with TRS to administer this cost-sharing multiple-employer defined benefit OPEB plan. The Act requires every active contributor of TRS and for every employer to make contributions to the plan at rates not to exceed 105% of the previous year. For fiscal year 2016, contributors to TRS contributed 1.07% of salary and employers contributed .80% of wages. The Act also requires the State to contribute the amount of remaining funds estimated necessary to fund current expenditures as certified by the Director of the Department. At the time of the most recent amendments to the Act, this amount was expected to be approximately 1.07% of contributors’ wages. The Director of the Department can amend the contribution rates of employers and employees annually subject to a limitation of 5% pursuant to the Act. The amount of the State’s required contribution was \$108.259, \$100.983, and \$90.430 million for fiscal years 2016, 2015, and 2014, respectively.

The Community College Health Insurance Security Fund was established to provide health, vision, and dental insurance for Illinois community college retirees and dependent beneficiaries.

As of June 30, 2016, there were 38 community college districts (all of the State's districts except the City Colleges of Chicago District) and 1 community college association participating with 6,675 retirees and dependent beneficiaries receiving benefits. The Department works in conjunction with the State Universities Retirement System ("SURS") to administer this cost-sharing multiple-employer defined benefit OPEB plan. The Act requires every active contributor of SURS who is a full-time employee of a community college district or an association of community college boards to make contributions to the plan at the rate of .5% of wages and every community college district or association of community college boards to contribute to the plan an amount equal to .5% of the wages paid to its full-time employees who are required to contribute to the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund to cover any expected expenditures in excess of the contributions by active employees and employers in an amount certified by the SURS Board of Trustees. The amount of the State's required contribution and the amount contributed was \$4.625, \$4.479, and \$4.399 million for fiscal years 2016, 2015, and 2014, respectively.

18 FAIR VALUE MEASUREMENTS

The State categorizes the fair value measurement of its investments held within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement of that investment. The following describes the hierarchy of inputs used to measure fair value and primary valuation methodologies used for financial instruments measured at fair value on a recurring basis. Level 1 investments include those whose values are based on quoted prices (unadjusted) for identical assets in active markets that a government can access at the measurement date. Level 2 includes investment with inputs—other than quoted prices included within Level 1—that are observable for an asset, either directly or indirectly. Investments classified as Level 3 have unobservable inputs for an asset and may require a degree of professional judgment.

Investments held by the State Treasurer are recorded at fair market value, with the exception of U.S. Treasury bills, U.S. Agency discount notes, commercial paper, money market mutual funds, repurchase agreements, and Illinois Public Treasurers' Investment Pool, which are valued at amortized cost. Certain short-term investments have a maturity date of less than one year from the acquisition date and are valued at amortized cost as permitted by GASB Statement No. 72. The Treasurer's investments in U.S. Treasury bills and U.S. Agency discount notes are short-term investments with no coupon payments. The investments in repurchase agreements have maturities less than one year from date of acquisition. The Illinois Public Treasurers' Investment Pool is considered an external investment pool under GASB Statement No. 79; thus, the State has made the election to report all investments within the pool at amortized cost.

The Treasurer's investments do not have any limitations or restrictions on participant withdrawals, and there have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2016.

The following table summarizes the investments held by the State Treasurer in the State Treasury as of June 30, 2016. The amounts are segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Table 18-1 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasury obligations	\$ 301,154	\$ 301,154	\$ -
U.S. Agency obligations	1,197,981	1,197,981	-
Supranational bonds	50,134	50,134	-
Municipal debt	303	303	-
Corporate debt securities	20,000	-	20,000
Equity in other investment pools	62	-	62
Total investments by fair value level	1,569,634	\$ 1,549,572	\$ 20,062
Investments measured at the net asset value (NAV)			
Private equity (1)	56,627		
Total investments measured at the NAV	56,627		
Investments measured at amortized cost			
U.S. Treasury bills	1,748,187		
U.S. Agency discount notes	818,483		
Commercial paper	4,145,836		
Money market mutual funds	1,993,961		
Repurchase agreements	1,949,702		
Securities lending collateral invested in repurchase agreements	2,603,015		
Illinois Public Treasurers' Investment Pool	1,323,452		
Total investments measured at amortized cost	14,582,636		
Total investments	\$ 16,208,897		

- (1) **Private Equity:** The Illinois Technology Development I and II (ITD I and ITD II) investments cannot be redeemed with the funds. Instead, the nature of these investments is that distributions are received through the liquidation of the underlying assets of the fund over the contractual term lives of the investments. The contractual terms of these investments generally range between 10-15 years from the original investment date depending upon whether optional extensions are exercised by the managers of the partnerships. Based on the terms of the limited partnership investments, it is anticipated that the last of the proceeds of these investments will be returned no later than February 10, 2024 for ITD I and May 11, 2027 for ITD II, with the bulk of the proceeds being received sooner. The fair values of the ownership interests in the various limited partnership investments have been determined based on the most recent capital account balances provided by the respective general partners of each limited partnership. Due to the uniqueness and illiquid nature of the underlying privately-held investments, general partners use valuation techniques that rely on unobservable inputs such as estimates and appraisals derived from comparable market transactions to determine the net asset value per share for limited partner investors. As of June 30, 2016, there are unfunded commitments of \$12.622 million.

Primary government investments held outside of the State Treasury at June 30, 2016, except for investments held by the Illinois State Board of Investments ("ISBI"), Teachers' Retirement System ("TRS"), and State Universities Retirement System ("SURS") are measured at fair value. Short-term investments consisting of negotiable certificates of deposit are reported at fair value. These investments are measured at quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices. These investments are categorized as Level 2 of the fair value hierarchy.

Debt and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets, to the extent these securities are actively traded.

Investments classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads, and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices.

The annuities measured at amortized cost were purchased under group contracts with insurance companies to provide prize payments directly to lottery winners. Investments were purchased with maturities scheduled to coincide with cash requirements, and, therefore, the annuities are held to maturity to satisfy the annual installment obligations to prize winners. The fair value at maturity is the face value of the annuity, regardless of the fluctuations in value during the time period that the investments are outstanding. Investments may not be redeemed as these are obligation payments to prize winners.

The following table summarizes investments and derivative instruments held outside of the State Treasury at June 30, 2016, except for investments held by ISBI, TRS and SURS. The amounts are segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Table 18-2 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
Negotiable certificates of deposit	\$ 9,138	\$ -	\$ 9,138
U.S. Treasury obligations	1,100,801	1,065,013	35,788
U.S. Agency obligations	64,783	35	64,748
Municipal debt	263,145	3,178	259,967
Corporate debt securities	65,788	-	65,788
Debt mutual funds	2,707,736	2,379,382	328,354
Government notes - non U.S.	2,811	1,625	1,186
Foreign equity security	146,749	146,749	-
Money market mutual funds	1,199,785	1,177,830	21,955
Equity securities	226,110	226,110	-
Equity mutual funds	5,412,647	4,090,825	1,321,822
Blended mutual funds	211,716	211,716	-
Guaranteed investment contracts	559,210	559,210	-
Bond trust funds	109,430	34,741	74,689
Equity trust funds	372,691	372,691	-
Mixed trust funds	2,087,982	2,087,982	-
Other	43,819	-	43,819
Total investments by fair value level	14,584,341	<u>\$ 12,357,087</u>	<u>\$ 2,227,254</u>
Investments measured at the net asset value (NAV)			
High yield fund (1)	35,913		
Absolute return fund (2)	82,575		
Real estate investment trust (3)	49,400		
Infrastructure funds (4)	85,684		
Real estate funds (5)	99,826		
Private equity (6)	25,197		
Total investments measured at the NAV	378,595		
Investments measured at amortized cost			
Annuities	330		
Cash and pending trades	3,444		
Money market mutual funds	8,244		
Equity in Public Treasurers' Investment Pool	2,941,235		
Total investments measured at amortized cost	2,953,253		
Equity in Illinois State Board of Investments*	32,833		
Total investments	<u>\$ 17,949,022</u>		
Hedging derivative instruments by fair value level			
Interest rate swap contracts	\$ (165,423)	\$ -	\$ (165,423)
Total hedging derivative instruments by fair value level	<u>\$ (165,423)</u>	<u>\$ -</u>	<u>\$ (165,423)</u>
* Total investments of Illinois State Board of Investments are \$15,581,671. The fair value measurement for these investments is displayed in Table 18-3.			

- (1) **High yield fund:** The fund seeks income and gains through trading and investing in securities. The fund is redeemable, with 90% of liquid securities available within 30 days of quarter-end with 60 days' notice prior to quarter-end. Up to 25% of the fund may be invested in illiquid securities. Ten percent of withdrawal may be held until 30 days following the annual audit.
- (2) **Absolute return fund:** Of the total investment, \$49.050 million is invested in conservative funds. The fund targets consistent, positive absolute returns with minimal beta to major equity and fixed income markets. A portion of the investment is redeemable annually within 30 days of March 31 or September 30 for the remaining portion, with 65 days' notice. Quarterly liquidity is available with a 2% withdrawal fee. There is a fund level gate threshold of 25% of fund assets. If withdrawal is greater than 95% of the account, then the amount greater than 95% will be held until completion of

- the annual audit. The remaining \$33.525 million is invested in commodities, a multi-manager fund that pursues active, fundamental, discretionary investment strategies in the global commodity and commodity-related markets. The investment is redeemable with annual liquidity at January 31 with 180 days' notice. Quarterly liquidity (with 90 days' notice) is also available with a 5% early redemption fee. There is a fund level gate threshold of 20% of fund assets. The fund can hold 10% of fund assets until completion of the annual audit and can also hold back illiquid securities.
- (3) **Real estate investment trust:** The fund opportunistically sources, structures and executes investments in real estate operating companies. The investment is redeemable quarterly with a 30-day notice. A liquidating account may be used during periods of market stress to provide orderly liquidation. There are no plans to liquidate the investment as of June 30, 2016.
 - (4) **Infrastructure funds:** Of the total investment, \$57.326 million is invested to seek capital appreciation and current income by acquiring, holding, financing, refinancing, and disposing of infrastructure investments and related assets. There are unfunded commitments in this fund of \$5.528 million. There are no plans to liquidate the investment as of June 30, 2016. The remaining \$28.357 million of infrastructure funds is invested to seek capital appreciation by investing in a range of infrastructure assets and infrastructure-related resources and assets located in Asia. There are unfunded commitments in this fund of \$1.399 million. These investments are not redeemable, but the State receives distributions through the liquidation of the underlying assets of the investees. The funds will liquidate at rates of 5% and 10%, respectively, in fiscal year 2017, with the remainder over the following five years.
 - (5) **Real estate funds:** The four real estate private equity investments invest in various property types across multiple geographic regions. There are unfunded commitments of \$48 thousand. These investments are not redeemable, but the State receives distributions through the liquidation of the underlying assets of the investees. The funds will liquidate at rates of 10%, 20%, and 25% in fiscal year 2017, with the remainder over the following five years.
 - (6) **Private equity:** The three private equity secondary fund investments seek long-term capital appreciation by acquiring, holding, and distributing investments in secondary opportunities. There are unfunded commitments of \$5.123 million in these investments. These investments are not redeemable, but the State receives distributions through the liquidation of the underlying assets of the investees. One fund will liquidate at a rate of 10% in fiscal year 2017, with the remainder over the following five years. The other two funds will liquidate at rates of 25% in fiscal year 2017, with the remainder over the following five years.

ISBI categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements are determined within a framework that utilizes a three-tier hierarchy, which maximizes the use of observable inputs and minimizes the use of unobservable inputs. ISBI values U.S. Treasury obligations and U.S. Agency obligations by using quoted prices for identical securities in markets that are not active. These investments are categorized in Level 2 of the fair value hierarchy. Foreign government obligations and foreign corporate obligations are valued by using broker-quoted prices in an active market and are categorized in Level 1 of the fair value hierarchy. Corporate bonds are valued by using quoted prices for similar securities in active markets. These are categorized in Level 2 of the fair value hierarchy. The fair value of bank loans is determined by using discounted cash flow, internal assumptions, weighting of the best available pricing inputs, and third-party pricing services. These investments are categorized in Level 3 of the fair value hierarchy. Common stock and equity funds, foreign preferred stocks, foreign equity securities, and commingled funds (domestic and foreign) are valued by using quoted prices for identical

securities in an active market or from broker-quoted prices in an active market. These investments are categorized in Level 1 of the fair value hierarchy. Money market funds are measured at amortized cost.

Investments valued using the NAV per share (or its equivalent) are considered “alternative investments” and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. ISBI values these investments based on the partnerships’ audited financial statements as of June 30. If June 30 financial statements valuations are not available, the investment value is adjusted from the most recently available financial statements, taking into account subsequent calls and distributions, and adjusting for unrealized appreciation or depreciation, other income, and fees. Additionally, certain alternative investments can be categorized as Level 3 in instances where ISBI owns substantially 100% of the applicable separate account.

The following table summarizes the investments held by ISBI as of June 30, 2016. The amounts are segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Table 18-3 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Not Applicable*
Investments by fair value level					
U.S. Treasury obligations	\$ 1,626,996	\$ -	\$ 1,626,996	\$ -	\$ -
U.S. Agency obligations	722,031	-	722,031	-	-
Corporate obligations	826,702	-	823,093	3,609	-
Common stock and equity funds	4,575,256	4,573,960	-	1,296	-
Foreign equity securities	1,986,250	1,978,680	4,728	2,842	-
Foreign preferred stock	428	428	-	-	-
Hedge funds	388,638	-	376,979	11,659	-
Real estate funds	534,162	-	-	534,162	-
Infrastructure funds	2,563	-	-	2,563	-
Bank loans	449,925	1,007	17	448,901	-
Foreign currency forward contracts	(1,337)	-	-	(1,337)	-
Total investments by fair value level	11,111,614	\$ 6,554,075	\$ 3,553,844	\$ 1,003,695	\$ -
Investments measured at the net asset value (NAV)					
Commingled funds (1)	961,731				
Real estate (2)	1,169,903				
Private equity (3)	582,943				
Real assets (4)	590,173				
Hedge funds (5)	792,565				
Total investments measured at the NAV	4,097,315				
Investments measured at amortized cost					
Money market instruments	356,618				
Total investments measured at amortized cost	356,618				
Total investments	\$ 15,565,547				
Securities lending collateral by fair value level	\$ 16,124	\$ 8,832	\$ 5,261	\$ -	\$ 2,031

*The category not applicable consists of cash, interest income, and tri-party repurchase which are not subject to leveling.

- (1) **Commingled funds:** A commingled fund is a kind of mutual fund or common trust fund which consists of multiple kinds of assets from several accounts combined together. “Commingling” these separate assets mitigates risk for the trader through investment diversification and reduces the cost of managing each account separately. Commingled funds are also called “pooled funds” and “master trusts.”
- (2) **Real estate funds:** Certain real estate investments are leveraged whereby partnerships have been established to purchase properties through a combination of contributions from ISBI and through acquisition of debt. At June 30, 2016, real estate equities of approximately \$1.704 billion are reported at estimated fair value. Of this amount, \$1.885 billion are net assets offset by \$181 million in long-term debt. There is \$205 million of

- unfunded commitments in these real estate investments as of June 30, 2016. These investments may be redeemed quarterly with a 90-day redemption notice.
- (3) **Private equity:** As of June 30, 2016, there is \$284 million in unfunded commitments in private equity. These investments may be redeemed quarterly with a 90-day redemption notice.
 - (4) **Real assets:** Investments in real assets represent pooled investment vehicles used to seek capital appreciation and current income by acquiring, holding, financing, refinancing, and disposing of infrastructure investments and farmland assets. Real assets include various public works (e.g., bridges, tunnels, toll roads, airports, public transportation, and other public works) that are made typically as a part of a privatization initiative on the part of a government entity. There are \$72 million of unfunded commitments in real asset investments as of June 30, 2016.
 - (5) **Hedge funds:** Investments in hedge funds are structured to achieve a diversified hedged equity of fund-of-funds portfolio. Capital is allocated to a select group of Hedge Fund managers that invest predominately in equity securities, both long and short. These investments are redeemable once the underlying assets are liquidated.

TRS categorizes investments measured at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy prioritizes valuation inputs used to measure the fair value of the asset or liability into three broad categories. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. If the fair value is measured using inputs from different levels in the fair value hierarchy, the measurement should be categorized based on the lowest priority level input that is significant to the valuation. TRS's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the investment. Investments measured at fair value using the NAV per share (or its equivalent) as a practical expedient to fair value are not classified in the fair value hierarchy; however, separate disclosures for these investments are provided.

Short-term investments consisting of money market funds, certificates of deposit, and highly liquid cash equivalents are generally reported at amortized cost which approximates fair market value. These investments are not categorized in the fair value hierarchy.

Debt and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets, to the extent these securities are actively traded.

Debt and investment derivatives classified in Level 2 of the fair value hierarchy are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors. Valuation estimates from service providers' internal models use observable inputs such as interest rates, yield curves, credit/risk spreads, and default rates. Matrix pricing techniques value securities based on their relationship to benchmark quoted prices. Exchange traded and over-the-counter investment derivatives, valued by independent pricing service providers, where the value is derived from underlying asset prices, reference rates, indices, or other observable inputs, are also included in Level 2.

Debt securities classified as Level 3 include valuations using significant unobservable inputs, valuations using proprietary information, inputs that cannot be corroborated by observable market data, and securities valued with last trade date due to limited trading volume. Real assets classified as Level 3 include direct investments in real estate. Valuations for real estate investments are performed quarterly by investment managers. An appraisal by an independent third party member of the Appraisal Institute is obtained once every three years for each property and is used to establish fair market value.

The following table summarizes the valuation of TRS investments by the fair value hierarchy levels as of June 30, 2016:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 1,398,195	\$ -	\$ 1,398,195	\$ -
U.S. Agency obligations	1,158,950	-	1,158,950	-
Corporate debt securities	3,338,768	-	3,294,243	44,525
Foreign debt securities	1,673,229	-	1,633,331	39,898
Commingled fixed income funds	190,378	190,378	-	-
International common and preferred stock	8,322,672	8,310,636	12,036	-
U.S. equities	7,468,800	7,454,510	14,290	-
Municipal obligations	56,526	-	56,526	-
Real estate	5,103,476	-	-	5,103,476
Securities lending collateral	3,098,892	310,412	2,788,480	-
Total investments by fair value level	31,809,886	\$ 16,265,936	\$ 10,356,051	\$ 5,187,899
Investment derivative instruments by fair value level				
Credit default swaps	(2,321)	\$ -	\$ (2,321)	\$ -
Index and variance swaps	1,488	-	1,488	-
Inflation swaps	(1,013)	-	(1,013)	-
Interest rate swaps	(63,649)	-	(63,649)	-
Options	2,726	-	2,726	-
Swaptions	53	-	53	-
Total investment derivative instruments by fair value level	(62,716)	\$ -	\$ (62,716)	\$ -
Investments measured at the net asset value (NAV)				
Absolute return (1) (2)	3,196,766			
Commingled fixed income funds (3) (4)	2,071,107			
International equity commingled funds (5)	292,054			
Private equity partnerships (6)	5,465,172			
Private real estate partnerships (6)	1,839,730			
Real return strategies (7) (8) (9)	2,889,160			
Total investments measured at the NAV	15,753,989			
Investments measured at amortized cost				
Short-term investments	1,127,440			
Total investments measured at amortized cost	1,127,440			
Total investments subject to disclosure	48,628,599			
Less cash equivalents	(70,720)			
Total investments	\$ 48,557,879			

- (1) **Absolute return (convergent and convex strategies):** The absolute return asset class applies various convergent and convex strategies that provide diversification to the total investment portfolio. Investments exhibit low correlation to traditional public equity and fixed income investments while striving to reduce overall total fund volatility. Convergent strategies consist of eight direct investments and two diversified funds, focusing on long/short equity, event driven, volatility selling, risk arbitrage investments. The convex funds include direct investments in four commodity trading advisers (CTAs) investing in trend (long or short) and five managers using global macro, tail risk, market making, volatility buying strategies. The fair value of these investments has been determined using the NAV per share (or its equivalent) of the investments. The strategies maintain a liquidity profile of less than one year, ranging from daily to quarterly, and require advance notice prior to redemption. Three funds, valued at \$196.6 million, include gates or maximum withdrawals per quarter. TRS has submitted full redemption notices for these three funds and anticipates complete exit by December 31, 2016. One fund valued at \$217.6 million is restricted from full redemption for 11 months as of June 30, 2016.
- (2) **Long-duration fixed income partnership:** The absolute return asset class also includes a long-duration fixed income fund in which redemptions are restricted over the life of the partnership. The partnership's interest is valued using the NAV per share (or its equivalent). The most significant element of the NAV per share (or its equivalent) is the fair value of the underlying investment holdings which are valued on a monthly basis by

- the general partner. The fund does not distribute any free cash from the master fund in excess of the amount needed to maintain prudent liquidity. The fund has an approximate life of 10 years and TRS has no plans to liquidate as of June 30, 2016.
- (3) **Commingled fixed income funds:** The investment strategies for the seven fixed income funds include high yield, defensive bond arbitrage, emerging market debt, relative value, and TRS customized accounts investing in opportunistic investments. The fair value of the investments has been determined using the NAV per share (or its equivalent) of the investments. Liquidity ranges from daily to quarterly upon notice of redemption and TRS has no plans to liquidate as of June 30, 2016.
- (4) **Fixed income special situation funds:** Special situation funds consist of 15 funds investing across strategies such as stressed debit/credit, direct loans, real estate debt, bank loans and reinsurance. These funds provide additional exposure to niche and/or specific nontraditional point-in-time opportunities that are not normally targeted by traditional fixed income managers. Funds are valued using the NAV per share (or its equivalent) and are audited annually. Redemption restrictions are in place over the life of the partnership. The average life of these funds spans four to eight years and distributions are received throughout the life of the fund. TRS has no plans to liquidate as of June 30, 2016; however, three of the funds, with fair value of \$126.1 million, are approaching the end of the partnership term, winding down, and distributing cash as the funds sell underlying investments.
- (5) **International equity commingled funds:** International equity commingled funds include one fund investing in emerging market small cap equities diversified across multiple sectors. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investments. Daily liquidity is available.
- (6) **Private equity and real estate partnerships:** TRS has 183 private equity partnerships which include investments in privately held equity, such as buyouts, co-investments, venture capital and growth equity, as well as privately held debt. The 44 real estate limited partnerships invest in various property types across multiple geographic regions. Investments in limited partnerships are normally long-term with an approximate life of 10 years, and considered illiquid. Investors are subject to redemption restrictions which limit and restrict the ability of limited partners to exit prior to dissolution. Partnership interests are valued using their respective NAV per share (or its equivalent) calculated by the general partner's fair valuation policy and are generally audited annually. The most significant element of NAV per share (or its equivalent) is the fair value of the investment holdings which are typically valued on a quarterly basis by the general partners. Distributions are received as the funds sell underlying portfolio company investments. TRS has no plans to liquidate the portfolio; however, TRS will opportunistically sell funds in the secondary market to reposition the portfolio and optimize returns. Four private equity funds were sold on the secondary market during the fiscal year. As of June 30, 2016, it is probable that all investments in this type will be sold at an amount different from the current NAV per share (or its equivalent) of the plan's ownership interest.
- (7) **Global macro/risk parity funds:** Global macro/risk parity funds, valued at \$2.559 million, consist of five funds using strategies such as global macro, concentrating on macroeconomic developments of the world, and risk parity focusing on risk levels across the investment portfolio. Redemptions are allowed monthly with advance notice and the fair value of the investments has been determined using the NAV per share (or its equivalent) of the investments. TRS has no plans to liquidate as of June 30, 2016.
- (8) **Real return fund:** TRS holds one multi-strategy real return fund (\$249 thousand) that targets assets that hedge inflation while mitigating extraneous risks (such as equities and real rates). The fund allows monthly redemptions with notice and the partnership's

interest is valued using the NAV per share (or its equivalent). The most significant element of NAV per share (or its equivalent) is the fair value of the underlying securities which are valued on a monthly basis by the general partner. TRS has no plans to liquidate this fund as of June 30, 2016.

- (9) **Real return partnerships:** Real return strategies include four limited partnerships (\$82 thousand) investing in infrastructure, project development finance, oil and gas properties and farmland. These partnerships are not eligible for redemption, considered illiquid and have an approximate life of 8 to 15 years. Distributions are received during the life of the fund as underlying investments are liquidated. Partnership interests are valued by the general partner using their respective NAV per share (or its equivalent), with the most significant element of NAV per share (or its equivalent) being the fair value of the investment holdings. TRS has no plans to liquidate these funds. As of June 30, 2016, it is probable that all investments in this type will be sold at an amount different from the current NAV per share (or its equivalent) of the plan's ownership interest.

SURS categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SURS's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest, which approximates market or fair value.

Equity (including real estate investment trust securities) and derivative securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and debt derivative securities classified in Level 2 and Level 3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Index linked debt securities are valued by multiplying the external market price feed by the applicable day's Index Ratio. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level 3 debt securities use proprietary information or single source pricing. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

The following table summarizes the investments held by SURS as of June 30, 2016. The amounts are segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Table 18-5 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 1,654,529	\$ 1,654,529	\$ -	\$ -
U.S. Agency obligations	1,014,171	-	1,005,212	8,959
Municipal obligations	23,864	-	21,468	2,396
Corporate debt securities	1,006,727	-	889,332	117,395
Fixed income funds	237,608	-	237,608	-
Fixed income mutual funds	467,564	467,564	-	-
Foreign obligations	86,181	-	58,629	27,552
U.S. equities	4,903,238	4,891,832	10,888	518
Foreign equity securities	1,854,151	1,854,151	-	-
Short-term securities and cash adjustments	4,920	7,129	(2,052)	(157)
Real estate funds	37,051	37,051	-	-
Equity funds	1,012,277	1,012,277	-	-
Securities lending collateral	602,405	-	602,405	-
Total investments by fair value level	12,904,686	\$ 9,924,533	\$ 2,823,490	\$ 156,663
Investment derivative instruments by fair value level				
U.S. fixed income derivatives	(34,900)	\$ -	\$ (34,925)	\$ 25
Foreign fixed income derivatives	(426)	-	(426)	-
U.S. equity derivatives	17	-	-	17
Foreign equity derivatives	18	18	-	-
Total investment derivative instruments by fair value level	(35,291)	\$ 18	\$ (35,351)	\$ 42
Investments measured at the net asset value (NAV)				
Commingled fixed income funds (1)	759,222			
Commingled equity funds (1)	1,839,447			
Commingled foreign equity funds (1)	421,417			
Private real estate funds (2)	988,849			
Private equity funds (2)	1,029,063			
Hedge funds (3)	465,965			
Commodity funds (4)	338,888			
Stable value fund (5)	35,186			
Commingled equity pools (6)	171,577			
Total investments measured at the NAV	6,049,614			
Total investments subject to disclosure	18,919,009			
Less cash equivalents	(61,156)			
Total investments	\$ 18,857,853			

- (1) **Commingled funds:** Ten fixed income funds, seven international equity funds, and one real estate investment fund are considered to be commingled in nature. Each are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments. The redemption frequency is daily or monthly with a notice period of 1-10 days or 2-5 days.
- (2) **Private real estate and private equity funds:** The real estate investments are 14 core, value-add, and opportunistic funds. The private equity funds are 223 limited partnership interests in equity or debt securities of privately held companies. The fair values of these funds have been determined using net assets valued one quarter in arrears plus current quarter cash flows. Investments in open-ended funds have limited redemption availability as redemption opportunities are based on available liquidity. The private real estate funds eligible for redemption are eligible quarterly, with a 45-90 day redemption notice period. Non-core funds do not offer redemptions. The nature of these investments is that distributions from each investment will be received as the underlying investments are liquidated. SURS has no plans to liquidate the total portfolio. As of June 30, 2016, it is probable all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of SURS's ownership interest in partner's capital. There are \$241.906 million and \$909.079 million in unfunded commitments in the private real estate funds and private equity funds, respectively.
- (3) **Hedge funds:** Two funds invest in a select group of underlying managers that implement a number of different alternative investment strategies and invest in a variety of markets

- through limited partnerships, limited liability companies, and other investment entities. The funds are eligible for redemption annually, with a 3-90 day redemption notice.
- (4) **Commodity funds:** The two funds are invested with one active long-only manager and one active long/short manager. The funds may be redeemed either daily or monthly, with a notice period of 1-30 days.
 - (5) **Stable value fund:** The fund is invested in fixed income securities and shares of money market funds. It is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments. The fund may be redeemed daily or annually, with a redemption notice of 1-365 days.
 - (6) **Commingled equity pools:** The two pools are commingled in nature. Each is valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments. The pools may be redeemed daily, if eligible, with a 1 day notice.

COMPONENT UNITS

The fair value disclosures associated with the State's major component unit's assets and liabilities are as follows:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY ("IHDA")

IHDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a description of the valuation methods and assumptions used by IHDA to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at June 30, 2016. IHDA management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Agency securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for similar securities.

Derivative instruments classified in Level 2 of the fair value hierarchy are valued using a market approach that considers benchmark interest rates and foreign exchange rates.

Funds held in sweep repurchase agreements and money market funds are valued at amortized cost.

The following table summarizes investments and derivative instruments measured at fair value as of June 30, 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Table 18-6 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasury obligations	\$ 21,613	\$ 21,613	\$ -
U.S. Agency obligations	728,595	-	728,595
Demand repurchase agreements	100	100	-
Total investments by fair value level	750,308	\$ 21,713	\$ 728,595
Investments measured at amortized cost			
Sweep repurchase agreements	27,538		
Money market funds	221,221		
Total investments measured at amortized cost	248,759		
Total investments subject to disclosure	999,067		
Less cash equivalents	(248,759)		
Total investments	\$ 750,308		
Hedging derivative instruments by fair value level			
Interest rate swaps and caps	\$ (1,276)	\$ -	\$ (1,276)
Total hedging derivative instruments by fair value level	\$ (1,276)	\$ -	\$ (1,276)

ILLINOIS STATE UNIVERSITY (“ISU”)

ISU categorizes its fair value measurements in accordance with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices from active markets for identical assets that can be accessed at a measurement date. Level 2 inputs are derived from observable market data, either directly or indirectly that are other than Level 1.

The following table summarizes assets measured at fair value as of June 30, 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Table 18-7 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasury obligations	\$ 66,670	\$ 66,670	\$ -
U.S. Agency obligations	147,579	-	147,579
Money market mutual funds	4,385	4,385	-
Total investments by fair value level	218,634	\$ 71,055	\$ 147,579
Investments measured at amortized cost			
Illinois Public Treasurers' Investment Pool	9,789		
Total investments measured at amortized cost	9,789		
Total investments subject to disclosure	228,423		
Less cash equivalents	(14,174)		
Total investments of the University	\$ 214,249		

NORTHERN ILLINOIS UNIVERSITY (“NIU”)

NIU categorizes its fair value measurements in accordance with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 2 inputs are significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

The following table summarizes assets measured at fair value as of June 30, 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Table 18-8 (amounts expressed in thousands)

Investment Type	Fair Value	Significant Other Observable Inputs (Level 2)
Investments by fair value level		
U.S. Treasury obligations	\$ 17,518	\$ 17,518
U.S. Agency obligations	51,795	51,795
Total investments by fair value level	69,313	\$ 69,313
Investments measured at amortized cost		
Money market mutual funds	15,470	
Illinois Public Treasurers' Investment Pool	43,093	
Total investments measured at amortized cost	58,563	
Total investments subject to disclosure	127,876	
Less cash equivalents	(15,470)	
Total investments of the University	\$ 112,406	

SOUTHERN ILLINOIS UNIVERSITY (“SIU”)

SIU categorizes fair values according to the hierarchy established by generally accepted accounting principles. SIU uses Level 1 inputs to measure the fair value of all investments held. The fair values, derived from current quoted market prices for identical assets, are provided by both SIU’s external investment managers as well as the custodian bank.

The following table summarizes assets measured at fair value as of June 30, 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Table 18-9 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level		
U.S. Treasury obligations	\$ 56,840	\$ 56,840
U.S. Agency obligations	73,506	73,506
Commercial paper	2,999	2,999
Common stock	44	44
Total investments by fair value level	133,389	\$ 133,389
Investments measured at amortized cost		
Illinois Public Treasurers' Investment Pool	60,446	
Total investments measured at amortized cost	60,446	
Total investments subject to disclosure	193,835	
Less cash equivalents	(60,446)	
Total investments of the University	\$ 133,389	

UNIVERSITY OF ILLINOIS (“U OF I”)

U of I categorizes its fair value measurements in accordance with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. A description of the valuation methodologies

used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

Investments may be classified as Level 1 when the values are based upon unadjusted quoted prices in active markets for identical assets and generally include active listed equities. Publicly-traded investments that have no or insignificant restrictions are classified in Level 1 of the fair value hierarchy. Level 1 securities would include exchange traded equities.

Investments may be classified as Level 2 when the values include inputs that are directly observable for an asset (including quoted prices for similar assets), as well as inputs that are not directly observable for the asset. These inputs are derived principally from or corroborated by observable market data through correlation or by other means (market corroborated inputs). The concept of market-corroborated inputs is intended to incorporate observable market data (such as interest rates and yield curves that are observable at commonly quoted intervals) based upon an assessment of factors relevant to the asset or liability. Level 2 securities include U.S. Treasury bonds and bills, U.S. government agencies, international government bonds and agencies, non-government mortgage-backed securities, asset-backed securities, corporate bonds, commercial paper, and municipal bonds.

Investments may be classified as Level 3 when the values include inputs that are unobservable and Level 1 and Level 2 inputs are not available. The values are based upon the best information available under the circumstances and may include management's own data. Level 3 securities include certain types of inactively traded corporate bonds and equities and farm properties.

U of I engaged a third-party consultant to determine the fair value of the swap agreements. The fair values provided by the consultant were derived from proprietary models based upon well-recognized financial principles and reasonable estimates about relevant market conditions.

There have been no changes in valuation techniques used for any assets measured at fair value during the year ended June 30, 2016.

The following table summarizes investments and derivative instruments measured at fair value as of June 30, 2016, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Table 18-10 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury obligations	\$ 260,559	\$ -	\$ 260,559	\$ -
U.S. Agency obligations	193,979	-	193,979	-
Commercial paper	48,880	-	48,880	-
Corporate bonds	606,512	-	605,675	837
Non government mortgage-backed securities	88,262	-	88,262	-
Other asset-backed securities	229,120	-	229,120	-
Government bonds - non U.S.	12,919	-	12,919	-
Municipal bonds	28,390	-	28,390	-
U.S. equities	58,093	58,020	-	73
Real estate - farm properties	102,241	-	-	102,241
Total investments by fair value level	1,628,955	\$ 58,020	\$ 1,467,784	\$ 103,151
Investments measured at the net asset value (NAV)				
Bond mutual funds (1)	127,158			
U.S. equity mutual funds (2)	283,256			
U.S. debt and equity mutual funds (3)	52,684			
Limited partnerships (4)	30,641			
Real estate (5)	34,562			
Total investments measured at the NAV	528,301			
Investments measured at amortized cost				
Money market mutual funds	490,761			
Illinois Public Treasurers' Investment Pool	2,549			
Total investments measured at amortized cost	493,310			
Total investments subject to disclosure	2,650,566			
Less cash equivalents	(507,664)			
Total investments of the University	\$ 2,142,902			
Hedging derivative instruments by fair value level				
Interest rate swaps	\$ (18,970)	\$ -	\$ (18,970)	\$ -
Total hedging derivative instruments by fair value level	\$ (18,970)	\$ -	\$ (18,970)	\$ -

- (1) **Bond mutual funds:** The funds in this category invest in bonds and other debt instruments. Investments may include government, corporate, municipal and convertible bonds, along with other debt securities such as mortgage-backed and asset-backed securities. These funds can be redeemed with same business day to two business days' redemption notification requirement determined by the managers. Settlement may take up to seven business days.
- (2) **U.S. equity mutual funds:** The funds in this category invest in marketable equities that are exchange traded in the U.S. and in countries outside of the U.S. These funds can be redeemed with same business day to two business days' redemption notification requirement determined by the managers. Settlement may take up to seven business days.
- (3) **U.S. debt and equity mutual funds:** The funds in this category are generally not restricted in the types of securities in which they can invest. They may invest in limited partnership vehicles or directly in equity, fixed income, and derivative instruments to achieve a stated investment objective. These funds can be redeemed monthly, quarterly, or annually depending on the partnership agreement within redemption notice periods of 1 to 12 months. The fund values of these investments have been estimated using the NAV per share (or its equivalent) provided by the fund manager.
- (4) **Limited partnerships:** The funds in this category invest in the following types of investments in the U.S. and outside of the U.S.: venture capital partnerships, buyout partnerships, mezzanine/subordinated debt partnerships, restructuring/distressed debt partnerships and special situation partnerships. These investments cannot be redeemed during the life of the partnership which can be up to 12 years; however, they can be transferred to another eligible investor. Distributions will be received as the underlying investments of the funds are liquidated over time. There are unfunded commitments of \$20.991 million in this category. The fair value of this investment has been estimated using the NAV per share (or its

equivalent) provided by the fund manager and an adjustment determined by management for the time period between the dates of the last available NAV per share (or its equivalent) and June 30, 2016.

- (5) **Real estate:** The funds in this category invest in real estate. Subject to general partner approval, these funds can be redeemed with a 3-month notice period. Distributions of operating cash flow are paid out on a quarterly basis as determined by the general partner. The fair value of this investment has been estimated using the NAV per share (or its equivalent) provided by the fund manager and an adjustment determined by management for the time period between the dates of the last available NAV per share (or its equivalent) and June 30, 2016.

19 FUND DEFICITS/CASH FLOW DEFICITS

Primary Government - Governmental Activities

A. Fund Deficits

Major Governmental Funds

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating \$9.591 billion at June 30, 2016. This deficit results from spending in excess of revenues recognized.

Nonmajor Governmental Funds

The Commitment to Human Services Fund of the Department of Human Services, the State and Local Sales Tax Reform Fund, the County and Mass Transit District Fund, the Local Government Tax Fund, and the Personal Property Tax Replacement Fund of the Department of Revenue, and the Build Illinois Bond Fund of the Department of Commerce and Economic Opportunity have deficits aggregating \$29.043 million, \$41.516 million, \$40.593 million, \$173.852 million, \$224.546 million, and \$31.455 million, respectively, at June 30, 2016, resulting from spending and transfers to other State funds in excess of revenues recognized.

The Tobacco Settlement Recovery Fund of the Treasurer, the Federal/Local Airport Fund and the Federal High Speed Rail Trust Fund of the Department of Transportation, the DCFS Childrens' Services Fund of the Department of Children and Family Services, and the SBE Federal Department of Education Fund of the State Board of Education have deficits at June 30, 2016, aggregating \$601.986 million, \$26.821 million, \$32.633 million, \$31.512 million, and \$74.528 million, respectively, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

Nonmajor Enterprise Funds

The Bank and Trust Company Fund of the Department of Financial and Professional Regulation, the State Lottery Fund of the Lottery, and the Student Loan Operation Fund of the Student Assistance Commission have deficits aggregating \$48.039 million, \$43.995 million, and \$18.370 million, respectively, at June 30, 2016, resulting from the recognition of a proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense.

B. Cash Flow Deficits

As of June 30, 2016, transactions totaling \$5.113 billion that had been approved for payment by the State remained unpaid at year end due to the State's cash flow difficulties. Of this total, \$64.079 million related to intra-governmental transactions and \$1.868 billion related to statutorily mandated transfers, the latter of which would represent noncompliance with State law. The majority of these unpaid transactions were payable from the General Revenue Fund.

Fiduciary Funds***Pension (and Other Employee Benefit) Trust Funds***

The Teacher Health Insurance Security Fund and the Community College Health Insurance Security Fund of the Department of Central Management Services have deficits at June 30, 2016, aggregating \$59.415 million and \$29.413 million, respectively, resulting from benefit payments exceeding contributions due to funding based on a pay-as-you-go basis.

20 RISK MANAGEMENT**Primary Government**

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

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are based upon the estimated ultimate cost of settling the claims including specific, incremental claim adjustment expenses, salvage, and subrogation and considering the effects of inflation and recent claim settlement trends including frequency and amount of payouts and other economic and social factors. Nonincremental claims adjustment expenses have not been included as part of the liability.

The State's risk financing of auto liability has been determined using an estimate of claims outstanding. Matured claims have been recorded as liabilities in the General Fund and Road Fund in the amount of \$397 thousand and \$1.250 million, 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 \$6.976 million and \$9.338 million, respectively.

The workers' compensation liability has been determined using claims outstanding and a projection of claims to be submitted, based upon prior years' experience of the State. Claims incurred have been recorded as a liability in the Workers' Compensation Revolving Fund, an internal service fund, in the amount of \$632.233 million. Payments to the Workers' Compensation Revolving Fund are based on estimates of amounts needed to pay current year

claims and are made from the applicable fund that would have paid the salaries and wages of the related employees.

The State uses the Health Insurance Reserve Fund to account for employee health and dental insurance benefit programs, which are partially self-funded. Employees may obtain health care services through participation in the State's group health insurance plan or through membership in one of six 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 \$1.066 billion. Payments to the Health Insurance Reserve Fund are based on estimates of amounts needed to pay prior year unprocessed and current year claims and are made from the applicable fund that paid the salaries and wages of the related employee.

The following is a reconciliation of the State's claims liabilities for the year ended June 30, 2016:

Table 20-1 (amounts expressed in thousands)				
Year Ended June 30	Changes in Claims Liability Balances			
	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
Primary Government-Governmental Activities:				
2015				
Auto Liability	\$ 13,556	\$ 3,904	\$ (2,438)	\$ 15,022
Workers' Compensation	625,612	117,268	(119,113)	623,767
Health Insurance	615,087	885,790	(889,023)	611,854
Total	<u>\$ 1,254,255</u>	<u>\$ 1,006,962</u>	<u>\$ (1,010,574)</u>	<u>\$ 1,250,643</u>
2016				
Auto Liability	\$ 15,022	\$ 3,656	\$ (717)	\$ 17,961
Workers' Compensation	623,767	107,209	(98,743)	632,233
Health Insurance	611,854	762,557	(308,771)	1,065,640
Total	<u>\$ 1,250,643</u>	<u>\$ 873,422</u>	<u>\$ (408,231)</u>	<u>\$ 1,715,834</u>
Component Units, (Information for the Illinois State Toll Highway Authority is as of December 31):				
2015				
Illinois State Toll Highway Authority	\$ 18,378	\$ 15,746	\$ (14,378)	\$ 19,746
Southern Illinois University	29,960	10,156	(6,252)	33,864
University of Illinois	223,744	49,707	(29,492)	243,959
Total	<u>\$ 272,082</u>	<u>\$ 75,609</u>	<u>\$ (50,122)</u>	<u>\$ 297,569</u>
2016				
Illinois State Toll Highway Authority	\$ 19,746	\$ 15,818	\$ (16,904)	\$ 18,660
Southern Illinois University	33,864	4,528	(6,588)	31,804
University of Illinois	243,959	49,926	(74,651)	219,234
Total	<u>\$ 297,569</u>	<u>\$ 70,272</u>	<u>\$ (98,143)</u>	<u>\$ 269,698</u>

The State administers a public entity risk pool offering health insurance to local governments in the Local Government Health Insurance Reserve Fund, a nonmajor enterprise fund. The financial statements of the fund can be obtained from the Department of Central Management Services, 704 Stratton Office Building, Springfield, Illinois, 62706.

Component Units

The Illinois State Toll Highway Authority, a major component unit, records an accrued self-insurance liability which covers workers' compensation liability. The Authority's accrued self-insurance liability was \$18.660 million at December 31, 2015.

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 \$31.804 million at June 30, 2016.

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 \$219.234 million at June 30, 2016.

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

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

21 COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The Department of Transportation has outstanding construction commitments for highway improvement programs of \$5.031 billion as of June 30, 2016, which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$15.8 million as of June 30, 2016, 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 \$1.3 billion as of December 31, 2015. Southern Illinois University and the University of Illinois have outstanding construction commitments for various building and building improvement projects of \$34.164 and \$252.523 million, respectively, as of June 30, 2016.

B. Investment Commitments

The Illinois State Board of Investments had outstanding commitments at June 30, 2016, to limited partnerships and real assets of approximately \$489 million and \$72 million, respectively. The Teachers' Retirement System had outstanding commitments at June 30, 2016, for the future purchase of investments in the real estate, private equity, global fixed income, and real return asset classes of \$6.308 billion. The State Universities Retirement System had outstanding commitments at June 30, 2016, to private equity limited partnerships, real estate partnerships and infrastructure partnerships of approximately \$871.7 million, \$241.9 million and \$37.4 million, respectively.

C. Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$41.947 million for the purchase of various home loans as of June 30, 2016.

D. Operating Leases

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

Future minimum commitments for non-cancelable operating leases as of June 30, 2016, are as follows:

Year Ending June 30	Primary Government	Major Component Units			
		Illinois Housing Development Authority	Illinois State University	Northern Illinois University	University of Illinois
2017	\$ 158,108	\$ 563	\$ 1,644	\$ 448	\$ 12,593
2018	110,102	-	1,513	451	9,391
2019	75,690	-	1,194	436	5,769
2020	37,181	-	674	759	3,202
2021	11,244	-	-	-	1,880
2022-2026	12,691	-	-	-	4,902
2027-2031	1,496	-	-	-	1
2032-2036	-	-	-	-	1
2037-2041	-	-	-	-	2
Total minimum lease payments	<u>\$ 406,512</u>	<u>\$ 563</u>	<u>\$ 5,025</u>	<u>\$ 2,094</u>	<u>\$ 37,741</u>

Rental payments for operating leases charged to operations during the year ended June 30, 2016, aggregated \$201.927 million for the governmental and business-type activities and \$566 thousand for fiduciary funds. Illinois Housing Development Authority, Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois (major component units) had rental payments charged to operations during the year ended June 30, 2016, of \$2.078 million, \$1.575 million, \$1.084 million, \$17.686 million, and \$13.948 million, respectively.

E. Adoption Assistance and Subsidized Guardian Commitments

The Department of Children and Family Services enters into agreements with adoptive parents and permanent guardians of youth in care of the State. These agreements generally provide monthly subsidies to the adoptive parents or permanent guardians of these youth until they reach 18 years of age. As of June 30, 2016, approximately 20.6 thousand agreements were in place with total future commitments of approximately \$762.9 million. These commitments will be partially offset by the federal government through the Title IV-E Adoptive Assistance and Title IV-E Guardianship Assistance Program, at an approximate rate of reimbursement of 45.657% and 37.449%, respectively.

F. Tax Litigation

At June 30, 2016, the State of Illinois has \$136.049 million in payments received related to protested tax cases, which have not been adjudicated. In addition, the State defends many lawsuits challenging reasons for denial of tax refunds in relation to tax payments already received. The ultimate disposition of these protested tax payments received and claims for tax refunds is not determinable at this time.

G. Federal Funding

In October 2004, the U.S. Department of Health and Human Services Office of Inspector General (“OIG”) issued two reports, “Review of Illinois Medicaid Disproportionate Share Hospital Payments to the University of Illinois at Chicago Hospital” and “Review of Illinois Medicaid Disproportionate Share Hospital Payments to Mount Sinai Hospital of Chicago”. The reports recommended that the State refund \$140.282 million and \$4.516 million, respectively, in FFP to the federal government because of alleged overpayment to the hospitals of \$280.6 million and \$9.032 million above the hospital-specific limitation on Disproportionate Share Hospital payments to the hospitals during State FY 1997-2000. The Centers for Medicare and Medicaid Services (“CMMS”) concurred with the audit finding but stated “we interpret this recommendation as a prospective resolution and not a requirement to recoup any Federal payments associated with these findings.” After approximately 12 years of no official action, in July 2016, the State received a formal disallowance from CMMS for these two audits. It is the State’s position that it has followed CMMS published guidelines, and its methodology for calculating the hospital-specific limitation has consistently been approved by CMMS. The State is in the process of appealing the matter.

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, 2016, other than identified above, there were no material questioned costs that have not been resolved with the federal awarding agencies. However, questioned costs could still be identified during audits to be conducted in the future. Management of the State believes there will be no material adjustments to the federal grants and, accordingly, has not recorded a provision for possible repayment.

H. 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.

I. Forward Fixed-Price Energy Contracts

Illinois State University, Southern Illinois University and the University of Illinois have executed forward fixed-price purchase contracts for natural gas and electricity with commitments of approximately \$25.573 million, \$9 million, and \$71.750 million, respectively, as of June 30, 2016.

J. 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, 2016, the outstanding balance of bonds which the State is morally obligated to repay is \$105 thousand.

K. Metropolitan Pier and Exposition Authority (“The Authority”)

The Authority, not a part of the State of Illinois reporting entity, is authorized by the Metropolitan Pier and Exposition Authority Act to issue \$2.557 billion of bonds, excluding refunding bonds, to finance the McCormick Place expansion and certain other improvements to its facilities and Navy Pier. These bonds are special, limited obligations of the Authority and are payable from and secured by a pledge of revenues derived from Authority taxes and State sales tax deposits. For State fiscal years when these bonds are outstanding, monthly deposits of Authority taxes to the McCormick Place Expansion Project Fund, an agency fund, are required to be made in an amount equal to 1/8 of the annual debt service as specified in the Authority’s Annual Certification plus any prior months’ deficiencies in transfers. Beginning in fiscal year 2011 through fiscal year 2032, the monthly deposit of Authority taxes is reduced by deposits of dedicated State sales taxes. The maximum amount that can be deposited into the McCormick Place Expansion Project Fund shall not exceed \$199 million in fiscal year 2017, \$210 million in fiscal year 2018, \$221 million in fiscal year 2019, \$233 million in fiscal year 2020, \$246 million in fiscal year 2021, and graduating to \$350 million in fiscal year 2032 until fiscal year 2060. To the extent that Authority taxes and the dedicated State sales taxes are not sufficient to satisfy the requirements of the Authority’s Annual Certification, additional State sales taxes are deposited into the McCormick Place Expansion Project Fund. During fiscal year 2016, debt service requirements for these bonds were \$166.476 million. The amount paid to the Authority based on their annual certification was \$166.459 million consisting of \$134.759 million of Authority taxes and \$31.700 million in State sales taxes.

In addition, during fiscal years 2008, 2009 and 2010, deposits were not sufficient to pay for the debt service requirements resulting in transfers of State sales taxes totaling \$57.218 million into the McCormick Place Expansion Project Fund. State statute required that beginning in July 2015, the Metropolitan Pier and Exposition Authority would pay the amount of one-half of the prior year-end surplus revenues in the fund until the deficiency has been repaid. \$9.721 million was paid in July 2015, with a remaining balance of \$47.497 million at June 30, 2016.

L. Regional Transportation Authority (“RTA”)

The RTA, not a part of the State of Illinois reporting entity, was authorized by the Regional Transportation Authority Act to issue bonds in the principal amount of \$100 million on or after

January 1, 1990 with an additional \$100 million per year authorized to be issued on or after January 1st of each year until January 1, 1994, for a total authorization of \$500 million used for Strategic Capital Improvement Projects (“SCIP”). Effective July 1, 1999, Public Act 91-0037 authorized the RTA to issue additional bonds in the principal amount of \$260 million on or after January 1, 2000 with an additional \$260 million per year authorized to be issued on or after January 1st of each year until January 1, 2004 for an additional authorization of \$1,300 million to be used for SCIP. Public Act 91-0037 also authorized the issuance of refunding SCIP bonds. The proceeds of SCIP bonds were used to acquire, repair, or replace public transportation facilities in the metropolitan region as approved by the Governor.

The bonds are general obligations of the RTA to which the full faith and credit of the RTA is pledged. However, for State fiscal years in which the SCIP bonds are outstanding, the State’s assistance shall be transferred monthly from the General Fund to the Public Transportation Fund, a nonmajor governmental fund, for payment in an amount equal to the lesser of monthly debt service on the SCIP bonds or one-twelfth of the amount of the State’s assistance as provided in the authorization. The authorization currently provides for \$155 million each fiscal year. During fiscal year 2016, the State provided \$130.236 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.

M. Illinois Sports Facilities Authority (“ISFA”)

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

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

Annually, the ISFA is required to certify to the State Comptroller and the State Treasurer their requirements for the next fiscal year. This certification shall be the lesser of (1) the advance amount plus \$10 million and (2) the amount to pay principal and interest and other payments relating to its obligations issued or to be issued during the fiscal year plus the amount anticipated to pay obligations under provisions of any management agreement with respect to facilities owned by the ISFA or any assistance agreement with respect to any facility for which financial assistance is provided under the Act plus an amount to pay other capital or operating expenses of the ISFA. Pursuant to the certification, the maximum advance amount for fiscal year 2016 was \$47.665 million plus \$10 million for a total of \$57.665 million. The ISFA’s annual certification for fiscal year 2016 was in the amount of \$47 million, which is below the maximum amount authorized.

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 \$60.342 million in fiscal year 2017, \$63.169 million in fiscal year 2018, \$66.155 million in fiscal year 2019, \$69.309 million in fiscal year 2020, \$72.640 million in fiscal year 2021, and graduating to \$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State's share.

N. Southwestern Illinois Development Authority ("SWIDA") Revenue Bonds

The SWIDA, a nonmajor component unit of the State, has issued revenue bonds. The proceeds of these bonds were loaned to several companies for the acquisition of land and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by SWIDA loan agreements with the companies. These bonds bear an interest rate of 6.050% and mature annually through 2025. The State has accepted a moral obligation to repay the bonds in the event the SWIDA and the companies are unable to meet the bonds' repayment commitments. As of June 30, 2016, the outstanding balance of bonds, which the State is morally obligated to repay, is \$8.884 million.

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

The UIRVDA, a nonmajor component unit of the State, has issued revenue bonds. The proceeds of these bonds were loaned to various companies to provide permanent financing for the acquisition and construction of various types of facilities. These companies are primarily liable for repayment of the bonds, which are secured by an assignment and a pledge of revenues derived from a separate loan agreement between the UIRVDA and these companies. These bonds mature annually through 2030 and bear interest at rates ranging from 8.550% to 8.850%. 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, 2016, the outstanding balance, which the State is morally obligated to repay, is \$12.700 million. Effective January 29, 2016, Public Act 099-0499 eliminated the UIRVDA's authority to issue bonds on a prospective basis with the State's moral obligation to repay the bonds in the event the UIRVDA and the borrower are unable to meet a given bond's repayment commitments.

P. Illinois Finance Authority ("IFA") Revenue Bonds

The IFA, a nonmajor component unit of the State, has a portion of its revenue bonds that are moral obligations of the State. A portion of these bonds were issued on behalf of the Illinois Medical District Commission ("Commission"), a nonmajor component unit of the State, of which the proceeds were used to finance the costs of the acquisition, construction, renovation, reconstruction, installation, and equipping of certain facilities in the City of Chicago. These bonds bear interest rates ranging from 4.125% to 5.330% and mature on various dates through 2031. The State has accepted a moral obligation to repay the bonds in the event the Commission is unable to meet the bonds' repayment commitments. As of June 30, 2016, the outstanding balance of these bonds, which the State is morally obligated to repay, is \$34.885 million.

22 SEGMENT INFORMATION

Major Component Units

Segments are identifiable activities reported as or within a component unit for which bonds or other debt is outstanding and a revenue stream has been pledged in support of that debt. In

addition, to qualify as a segment, an activity must be subject to an external requirement to separately account for the revenues, expenses, gains and losses, assets, and liabilities of the activity. All of the activities reported in the condensed financial information meet these requirements. The following paragraphs describe the various component units' segments.

Southern Illinois University ("SIU")

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

University of Illinois ("U of I")

U of I has issued revenue bonds with the net revenues from two segments pledged to pay the bond interest and principal. The Auxiliary Facilities System segment is comprised of university-owned housing units, student unions, recreation and athletic facilities and similar auxiliary service units, including parking. The Health Services Facilities System segment is comprised of the U of I Hospital and associated clinical facilities providing patient care.

The following are the condensed financial statements at June 30, 2016, for the segments described above:

Major Component Units	Southern Illinois University		University of Illinois	
	Housing and Auxiliary Facilities System	Medical Facilities System	Auxiliary Facilities System	Health Services Facilities System
Condensed Statement of Net Position:				
Assets and deferred outflows of resources				
Current assets	\$ 76,760	\$ 7,448	\$ 216,678	\$ 330,424
Noncurrent assets:				
Capital assets, net of accumulated depreciation	273,282	29,387	1,135,187	185,005
Other noncurrent assets	4,778	-	89,327	49,411
Deferred outflows of resources	2,558	329	31,431	6,534
Total assets and deferred outflows of resources	357,378	37,164	1,472,623	571,374
Liabilities				
Current liabilities	26,473	2,551	101,187	116,594
Noncurrent liabilities	224,780	12,139	1,148,665	139,939
Total liabilities	251,253	14,690	1,249,852	256,533
Net Position				
Net investment in capital assets	34,723	17,721	41,564	100,363
Restricted-other expendable purposes	44,878	1,651	26,731	14,702
Unrestricted	26,524	3,102	154,476	199,776
Total net position	\$ 106,125	\$ 22,474	\$ 222,771	\$ 314,841
Condensed Statement of Revenues, Expenses and Changes in Net Position:				
Operating revenues	\$ 111,654	\$ 40,601	\$ 353,047	\$ 687,737
Operating expenses	(106,279)	(63,619)	(289,933)	(895,800)
Depreciation expense	(15,233)	(1,721)	(34,437)	(20,068)
Operating income (loss)	(9,858)	(24,739)	28,677	(228,131)
Nonoperating revenues (expenses)	18,583	24,798	10,898	232,447
Other revenues (expenses)	68	(20)	-	-
Increase (decrease) in net position	8,793	39	39,575	4,316
Net position, July 1, 2015	97,332	22,435	183,196	310,525
Net position, June 30, 2016	\$ 106,125	\$ 22,474	\$ 222,771	\$ 314,841

23 SUBSEQUENT EVENTS

A. Debt Issuances

Subsequent to June 30, 2016, the State of Illinois and its major component units have issued the following debt instruments:

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
Primary Government				
Governmental Activities:				
General obligation bonds:				
October, Series 2016 (Refunding)	11/2/2016	\$ 1,303.1	4.00%-5.00%	2032
November, Series 2016	11/17/2016	\$ 480.0	4.13%-5.00%	2041
Special obligation bonds:				
Series 2016 A (Junior)	9/15/2016	\$ 150.0	3.00%-5.00%	2034
Taxable Series 2016 B (Junior)	9/15/2016	\$ 60.0	1.08%-3.17%	2034
Series 2016 C (Junior)	9/15/2016	\$ 152.0	4.00%-5.00%	2032
Series 2016 D (Junior)	9/15/2016	\$ 186.8	3.00%-5.00%	2034
Major Component Units:				
Revenue bonds:				
Illinois Housing Development Authority				
Housing Bonds:				
Series 2017 A (MBS Pass-Through)	1/31/2017	\$ 62.3	3.13%	2047
Multi-Family Revenue Bonds:				
Taxable Series 2016 A	9/15/2016	\$ 24.7	2.63%	2048
Taxable Series 2017 A (Non-AMT)	2/15/2017	\$ 26.0	4.05%	2059
Housing Revenue Bonds:				
Series 2016 B	9/22/2016	\$ 38.3	1.08%-3.50%	2046
Series 2016 C	9/22/2016	\$ 105.8	1.50%-3.50%	2046
Series 2017 A-1	2/14/2017	\$ 24.4	0.85%-3.77%	2027
Series 2017 A-2	2/14/2017	\$ 30.0	Variable	2048
Illinois State Toll Highway Authority				
Series 2016 A (Toll Highway Senior Refunding)	1/14/2016	\$ 333.1	4.00%-5.00%	2032
Series 2016 B (Toll Highway Senior)	6/16/2016	\$ 300.0	5.00%	2041
Certificates of Participation:				
University of Illinois				
Series 2016 A (Refunding)	9/29/2016	\$ 87.4	2.00%-5.00%	2021
Series 2016 B (Refunding)	9/29/2016	\$ 4.5	5.00%	2027
Series 2016 C (Refunding)	9/29/2016	\$ 15.4	3.00%-5.00%	2020
Series 2016 D (Refunding)	9/29/2016	\$ 9.5	3.00%-5.00%	2027

B. Budget

The State of Illinois adopted a partial fiscal year 2017 operating budget. The budget authorized general fund appropriations through December 31, 2016, and full fiscal year appropriations for other State funds. Subsequent to December 31, 2016, the State will be unable to make payments from certain appropriated accounts to vendors, local governments, and other State agencies. Payments to State employees from general and other State funds for work performed are being made pursuant to a July 2015 court order. Other payments, including payments to Medical Assistance recipients, are also being made pursuant to various court orders.

24 CONTRACTUAL VIOLATION

The Illinois Designated Account Purchase Program ("IDAPP") was not in compliance with a debt covenant relating to a revolving credit agreement. As a result of the violation, the bank involved with the agreement has certain remedies available, including the right to call the loan and take possession of the portion of the student loan portfolio provided as collateral for the loan. In

addition, IDAPP is in breach of the coverage condition ratio defined in the indenture. Since the coverage condition cannot be satisfied within two business days, this would qualify as an Event of Termination under which Citibank would be eligible for remedies under the indenture. Citibank has reserved its rights to remedies in the indenture. Discussions are ongoing with the lender to determine remedies to the violations, but no resolution has been reached.

Required Supplementary Information

State of Illinois

Budgetary Comparison Schedule
Major Governmental Funds

For the Year Ended June 30, 2016 (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	\$ 15,518,000	\$ 15,518,000	\$ 14,863,525	\$ (654,475)	\$ -	\$ -	\$ -	\$ -
Sales taxes	8,204,000	8,204,000	8,062,575	(141,425)	-	-	-	-
Public utility taxes	1,183,000	1,183,000	926,136	(256,864)	-	-	-	-
Federal government	3,301,000	3,301,000	2,625,516	(675,484)	1,587,800	1,587,800	1,537,497	(50,303)
Other	2,143,000	2,143,000	2,275,778	132,778	1,011,300	1,011,300	1,064,206	52,906
Less:								
Refunds	-	-	-	-	-	2,570	1,379	(1,191)
Total revenues	30,349,000	30,349,000	28,753,530	(1,595,470)	2,599,100	2,596,530	2,600,324	3,794
EXPENDITURES:								
Current:								
Health and social services	498,412	498,216	345,982	(152,234)	-	-	-	-
Education	12,370,885	12,370,884	12,359,568	(11,316)	-	-	-	-
General government	1,517,070	1,517,471	1,501,945	(15,526)	121,072	121,072	120,268	(804)
Employment and economic development	-	-	-	-	4,000	4,000	4,000	-
Transportation	-	-	-	-	5,096,220	2,762,464	2,393,227	(369,237)
Public protection and justice	503,373	503,158	502,019	(1,139)	-	-	-	-
Environment and business regulation	-	-	-	-	-	-	-	-
Capital outlays	109	122	118	(4)	96,558	12,017	11,549	(468)
Total expenditures	14,889,849	14,889,851	14,709,632	(180,219)	5,317,850	2,899,553	2,529,044	(370,509)
Excess (deficiency) of revenues over (under) expenditures	15,459,151	15,459,149	14,043,898	(1,415,251)	(2,718,750)	(303,023)	71,280	374,303
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Transfers-in	8,319,839	8,319,839	8,319,839	-	307,261	307,261	307,261	-
Transfers-out	(10,965,373)	(10,965,373)	(10,965,373)	-	(363,454)	(363,454)	(363,454)	-
Total other sources (uses) of financial resources	(2,645,534)	(2,645,534)	(2,645,534)	-	(56,193)	(56,193)	(56,193)	-
Budgetary funds-nonbudgeted accounts	(12,040,513)	(12,040,513)	(12,040,513)	-	(442)	(442)	(442)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	773,104	773,102	(642,149)	(1,415,251)	(2,775,385)	(359,658)	14,645	374,303
Budgetary fund balances (deficits), July 1, 2015	(2,899,730)	(2,899,730)	(2,899,730)	-	788,374	788,374	788,374	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (2,126,626)	\$ (2,126,628)	\$ (3,541,879)	\$ (1,415,251)	\$ (1,987,011)	\$ 428,716	\$ 803,019	\$ 374,303

Notes to Budgetary Comparison Schedule
– Major Governmental Funds

For the Year Ended June 30, 2016

A. Budgetary Basis of Accounting

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

The level of legal control is at the line-item appropriation level as reported in a publication titled *Detailed Report of Revenues and Expenditures – Budget to Actual – Budgetary Basis*. A separate document is necessary due to the State's large amount of appropriated line-items. Generally, administrative transfers between transferable appropriation line-items within the same treasury held fund cannot exceed 2% of the aggregate amount appropriated to those line-items for an agency from that fund. Examples of appropriation line-items with a 2% transfer limit are Contractual Services, Travel, Commodities, Printing, and Equipment. As an additional restriction, Personal Services appropriation line-items generally cannot be reduced. Legislative action is required for more substantial transfers. Unexpended appropriations at June 30 are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided the expenditure is presented for payment during the succeeding two month "lapse period." An exception to the lapse period requirements are expenditures described in Section 25 of the State Finance Act (30 ILCS 105/25). These Section 25 expenditures, mostly related to the reimbursement of hospitals, physicians, and pharmacists for Medicaid patients, are allowed to be paid in the following fiscal year. Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program that requires additional time for completion.

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

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

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

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

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

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

The State has not presented revenue and expenditure estimates in accordance with these provisions. Also, because of cash management decisions and prioritization required due to the lack of available cash in the State Treasury for the General Revenue Account, a subaccount of the General Fund, statutorily mandated transfers from the General Revenue Account to other funds were not made by the Office of the Comptroller within statutorily prescribed timelines. The timing of the payment of the transfers does not impact the amounts reported in the budgetary schedules.

During fiscal year 2016, the State of Illinois operated without a complete budget. On June 30, 2016, the Governor signed into law Public Act 99-0524, which provided appropriations for fiscal year 2016 and the first six months of fiscal year 2017. Prior to this date, the General Assembly passed, and the Governor signed, a portion of the budget allowing for payments to be issued to school districts and related educational organizations, as well as payments from federal trust and special purpose trust funds. Payments to State employees from general and other State funds for work performed were made pursuant to a July 2015 court order. Other payments, including payments to Medical Assistance recipients, local governments and prizewinners, were also being made pursuant to various court orders.

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 other fund groups 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 General Fund and the Road Fund.

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

B. Budgetary-GAAP Reporting Reconciliation

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of differences between budgetary and GAAP presentations for the year ended June 30, 2016, is presented below for the major governmental funds (amounts expressed in thousands):

<u>MAJOR GOVERNMENTAL FUNDS</u>		
	<u>General Fund</u>	<u>Road Fund</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ (642,149)	\$ 14,645
Reclassifications:		
Budgetary Special State Funds reported as part of the General Fund and Road Fund for GAAP reporting	639,615	-
Adjustments:		
To adjust revenues, related receivables and unavailable revenue	396,733	(5,129)
To adjust expenditures and related liabilities	<u>(3,131,568)</u>	<u>114,285</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	<u>\$ (2,737,369)</u>	<u>\$ 123,801</u>

Required Supplementary Information

Defined Benefit Pension Plans

(Unaudited)

Required supplementary information is provided for the following plans: the General Assembly Retirement System (“GARS”), Judges’ Retirement System (“JRS”), State Employees’ Retirement System (“SERS”), Teachers’ Retirement System (“TRS”), and State Universities Retirement System (“SURS”).

All schedules are intended to present information for 10 years. Additional years will be displayed prospectively as they become available.

Single-Employer Plans

The following schedule of changes in the net pension liability and related ratios for GARS is presented as of the measurement dates:

Schedule of Changes in Net Pension Liability and Related Ratios		
GARS		
(amounts expressed in thousands)		
	June 30,	
	2015	2014
Total pension liability		
Service cost	\$ 5,957	\$ 5,383
Interest on total pension liability	19,911	20,111
Differences between expected and actual experience	2,366	12,389
Assumption changes	(70,539)	-
Benefit payments	(21,275)	(20,800)
Refunds	(192)	(245)
Administrative expenses	(394)	(335)
Net change in total pension liability	(64,166)	16,503
Total pension liability - beginning	397,503	381,000
Total pension liability - ending (a)	\$ 333,337	\$ 397,503
Plan fiduciary net position		
Contributions - employer	\$ 15,871	\$ 13,957
Contributions - participant	1,487	1,503
Net investment income	2,287	8,363
Benefit payments	(21,275)	(20,800)
Refunds	(192)	(245)
Administrative expense	(394)	(335)
Net change in plan fiduciary net position	(2,216)	2,443
Plan fiduciary net position - beginning	56,790	54,347
Plan fiduciary net position - ending (b)	54,574	56,790
State's net pension liability - ending (a) - (b)	\$ 278,763	\$ 340,713
Plan fiduciary net position as a percentage of the total pension liability	16.37%	14.29%
Covered-employee payroll	\$ 11,609	\$ 12,778
State's net pension liability as a percentage of covered payroll	2401.27%	2666.40%
Notes to Schedule. The calculations of the total pension liability for each fiscal year presented are based on the following assumptions:		
	2015	2014
Total pension liability		
Discount rate	6.91%	5.11%
Investment rate of return	7.00%	7.00%
Long-term municipal bond rate	3.80%	4.29%
The difference between the actual and expected experience for each plan includes the impact of the change in the respective single discount rates based on the plans' respective long-term expected rate of return on pension plan investments at year end. The changes were measured using the actuarial assumptions for the period, respectively.		

The following schedule of changes in the net pension liability and related ratios for JRS is presented as of the measurement dates:

Schedule of Changes in Net Pension Liability and Related Ratios		
JRS		
(amounts expressed in thousands)		
	June 30,	
	2015	2014
Total pension liability		
Service cost	\$ 59,620	\$ 57,139
Interest on total pension liability	151,431	145,994
Differences between expected and actual experience	28,714	4,490
Assumption changes	9,482	-
Benefit payments	(125,654)	(118,591)
Refunds	(946)	(688)
Administrative expenses	(983)	(832)
Net change in total pension liability	<u>121,664</u>	<u>87,512</u>
Total pension liability - beginning	<u>2,231,264</u>	<u>2,143,752</u>
Total pension liability - ending (a)	<u><u>\$ 2,352,928</u></u>	<u><u>\$ 2,231,264</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 134,040	\$ 126,816
Contributions - participant	15,431	15,919
Net investment income	36,009	110,059
Benefit payments	(125,654)	(118,591)
Refunds	(946)	(688)
Administrative expense	(983)	(832)
Net change in plan fiduciary net position	<u>57,897</u>	<u>132,683</u>
Plan fiduciary net position - beginning	<u>776,013</u>	<u>643,330</u>
Plan fiduciary net position - ending (b)	<u><u>833,910</u></u>	<u><u>776,013</u></u>
State's net pension liability - ending (a) - (b)	<u><u>\$ 1,519,018</u></u>	<u><u>\$ 1,455,251</u></u>
Plan fiduciary net position as a percentage of the total pension liability	35.44%	34.78%
Covered-employee payroll	\$ 177,164	\$ 172,846
State's net pension liability as a percentage of covered payroll	857.41%	841.94%
Notes to Schedule. The calculations of the total pension liability for each fiscal year presented are based on the following assumptions:		
	2015	2014
Total pension liability		
Discount rate	6.85%	6.89%
Investment rate of return	7.00%	7.00%
Long-term municipal bond rate	3.80%	4.29%
The difference between the actual and expected experience for each plan includes the impact of the change in the respective single discount rates based on the plans' respective long-term expected rate of return on pension plan investments at year end. The changes were measured using the actuarial assumptions for the period, respectively.		

The following schedule of changes in the net pension liability and related ratios for SERS is presented as of the measurement dates:

Schedule of Changes in Net Pension Liability and Related Ratios		
SERS		
(amounts expressed in thousands)		
	June 30,	
	2015	2014
Total pension liability		
Service cost	\$ 847,997	\$ 776,488
Interest on total pension liability	2,912,736	2,754,122
Differences between expected and actual experience	(464,942)	150,997
Assumption changes	360,713	3,142,466
Benefit payments	(2,034,858)	(1,917,062)
Refunds	(23,129)	(23,083)
Administrative expenses	(16,547)	(16,615)
Net change in total pension liability	<u>1,581,970</u>	<u>4,867,313</u>
Total pension liability - beginning	41,685,086	36,817,773
Total pension liability - ending (a)	<u>\$ 43,267,056</u>	<u>\$ 41,685,086</u>
Plan fiduciary net position		
Contributions - employer	\$ 1,804,319	\$ 1,699,448
Contributions - participant	266,139	269,232
Net investment income	681,377	2,169,346
Benefit payments	(2,034,858)	(1,917,062)
Refunds	(23,129)	(23,083)
Administrative expense	(16,547)	(16,615)
Net change in plan fiduciary net position	<u>677,301</u>	<u>2,181,266</u>
Plan fiduciary net position - beginning	14,581,566	12,400,300
Plan fiduciary net position - ending (b)	<u>15,258,867</u>	<u>14,581,566</u>
State's net pension liability - ending (a) - (b)	<u>\$ 28,008,189</u>	<u>\$ 27,103,520</u>
Plan fiduciary net position as a percentage of the total pension liability	35.27%	34.98%
Covered-employee payroll	\$ 4,453,684	\$ 4,416,153
State's net pension liability as a percentage of covered payroll	628.88%	613.74%
Notes to Schedule. The calculations of the total pension liability for each fiscal year presented are based on the following assumptions:		
	2015	2014
Total pension liability		
Discount rate	7.02%	7.09%
Investment rate of return	7.25%	7.25%
Long-term municipal bond rate	3.80%	4.29%
The difference between the actual and expected experience for each plan includes the impact of the change in the respective single discount rates based on the plans' respective long-term expected rate of return on pension plan investments at year end. The changes were measured using the actuarial assumptions for the period, respectively.		

The following is a schedule of the State's contribution information to the single-employer plans, as of the end of the fiscal years presented:

Schedule of Contributions (amounts expressed in thousands)						
Plan	Fiscal Year Ended	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
GARS	2016	\$ 17,141	\$ 16,073	\$ 1,068	\$ 11,298	142.26%
	2015	16,901	15,871	1,030	11,609	136.71%
	2014	17,110	13,957	3,153	12,778	109.23%
	2013	17,065	14,150	2,915	14,902	94.95%
	2012	13,366	10,502	2,864	15,275	68.75%
	2011	13,086	11,434	1,652	15,188	75.28%
	2010	12,064	10,411	1,653	14,775	70.46%
	2009	11,129	8,856	2,273	14,728	60.13%
	2008	10,673	6,810	3,863	12,871	52.91%
	2007	10,125	5,470	4,655	12,701	43.07%
JRS	2016	\$ 121,363	\$ 132,060	\$ (10,697)	\$ 177,991	74.19%
	2015	124,216	134,040	(9,824)	177,164	75.66%
	2014	125,062	126,816	(1,754)	172,846	73.37%
	2013	125,577	88,240	37,337	177,006	49.85%
	2012	110,923	63,644	47,279	171,498	37.11%
	2011	95,490	62,695	32,795	169,155	37.06%
	2010	86,916	78,510	8,406	161,164	48.71%
	2009	78,387	59,983	18,404	155,645	38.54%
	2008	75,134	46,978	28,156	143,700	32.69%
	2007	73,372	35,237	38,135	142,900	24.66%
SERS	2016	\$ 2,019,691	\$ 1,882,243	\$ 137,448	\$ 4,284,362	43.93%
	2015	2,045,354	1,804,319	241,035	4,453,684	40.51%
	2014	1,956,841	1,699,447	257,394	4,416,153	38.48%
	2013	1,741,286	1,531,932	209,354	4,236,191	36.16%
	2012	1,614,835	1,391,416	223,419	4,329,084	32.14%
	2011	1,289,002	1,127,887	161,115	4,211,186	26.78%
	2010	1,177,313	1,095,546	81,767	4,119,361	26.60%
	2009	1,003,433	774,910	228,523	4,027,263	19.24%
	2008	986,411	587,733	398,678	3,967,704	14.81%
	2007	823,803	358,786	465,017	3,762,777	9.54%

^ The Statutory Funding Policy for GARS, JRS and SERS does not conform to Actuarial Standards of Practice, therefore, the actuarially determined contribution is equal to the normal cost plus an amount to amortize the unfunded actuarial accrued liability as a level percentage of payroll.

Notes To Schedule of Contributions			
	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>
Actuarial Valuation Date	6/30/2014	6/30/2014	6/30/2014
Note:	Actuarially determined contribution rates are calculated as of June 30, 12 months prior to the beginning of the fiscal year in which contributions will be made.		
Methods and Assumptions Used to Determine Contribution Rates as of the Valuation Date:			
Actuarial cost method	Proj. Unit Credit	Proj. Unit Credit	Proj. Unit Credit
Amortization method	Level % of pay	Level % of pay	Level % of pay
Remaining amortization period	30 years, open	30 years, open	30 years, open
Asset valuation method	5-Year Smoothed Market	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:			
Inflation rate	3.00%	3.00%	3.00%
Salary Increases*	3.50%	3.75%	Salary increase rates based on age-related productivity and merit rates.
Postretirement benefit increases			
Tier 1	3%, compounded	3%, compounded	3%, compounded
Tier 2	Lesser of 3% or annual increase in CPI^, compounded	Lesser of 3% or annual increase in CPI^, compounded	Lesser of 3% or 1/2 of CPI^, on original benefit
Investment rate of return	7.00%	7.00%	7.25%
Retirement age	Age-based table of rates specific to type of eligibility condition	Age-based table of rates specific to type of eligibility condition	Experience-based table of rates specific to type of eligibility condition
Mortality:			
GARS	RP-2000 Combined Healthy Mortality Table, sex distinct, projected to 2015 (Static table) setback 3 years for males and 2 years for females.		
JRS	RP-2000 Combined Healthy Mortality Table, sex distinct, projected to 2015 (Static table) setback 3 years for males and 2 years for females.		
SERS	105% of the RP 2014 Healthy Annuitant mortality table, sex distinct.		
^ Consumer Price Index * Includes inflation rate listed			

Cost-Sharing Multiple-Employer Plans

The following schedule of the State’s proportionate share of the net pension liability for TRS is presented as of the measurement dates:

Schedule of the State's Proportionate Share of the Net Pension Liability TRS		
(amounts expressed in thousands)		
	June 30,	
	2015	2014
State's proportion of the net pension liability	96.48%	96.47%
State's proportionate share of the net pension liability [^]	\$ 63,203,638	\$ 58,710,342
Plan fiduciary net position as a percentage of the total pension liability	41.47%	42.95%

[^] The amounts represent the State's nonemployer and employer proportionate share of the net pension liability.

The following schedule of the State’s proportionate share of the net pension liability for SURS is presented as of the measurement dates:

Schedule of the State's Proportionate Share of the Net Pension Liability SURS		
(amounts expressed in thousands)		
	June 30,	
	2015	2014
State's proportion of the net pension liability	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 23,756,361	\$ 21,790,983
Plan fiduciary net position as a percentage of the total pension liability	42.37%	44.39%

The following is a schedule of the State’s proportionate share of contributions, as of the end of the fiscal years presented:

Schedule of State Contributions (amounts expressed in thousands)				
Plan	Fiscal Year	Statutorily Required Contribution	State Contribution	Contribution Excess/ (Deficiency)
TRS*	2016	\$ 3,742,469	\$ 3,742,469	-
	2015	3,377,665	3,377,665	-
	2014	3,438,383	3,438,383	-
SURS**	2016	\$ 1,542,947	\$ 1,542,947	-
	2015	1,488,591	1,488,591	-
	2014	1,458,965	1,458,965	-

* TRS statutory and actual contributions amounts include actual contributions required to fund the Guaranteed Minimum Benefit Reserve equal to \$667, \$787, and \$905 for fiscal years 2016, 2015, and 2014, respectively.

** SURS statutorily required contribution is calculated using the total statutorily required State contribution requirement to SURS less the actual contributions made to the Self Managed Defined Contribution plan.

Defined Benefit Other Postemployment Benefit Plans – Schedule of Funding Progress
(Unaudited)

The following schedule of funding progress (dollar amounts in thousands) for the State of Illinois' other postemployment retirement benefits (health, dental, vision, and life insurance) is provided for the three most recent actuarial valuations:

	(a)	(b)	(c)	(d)	(e)	(f)
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability ("AAL") Projected Unit Credit	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll	UAAL as a Percentage of Covered Payroll (c/e)
6/30/2014	\$ -	\$ 33,051,281	\$ 33,051,281	0.0%	\$ 7,660,475	431.5%
6/30/2013	\$ -	\$ 34,488,085	\$ 34,488,085	0.0%	\$ 7,631,281	451.9%
6/30/2011	\$ -	\$ 33,295,354	\$ 33,295,354	0.0%	\$ 7,375,559	451.4%

The State performs actuarial valuations for postemployment retirement benefits biennially; however, beginning in fiscal year 2015, the actuarial valuation is calculated as of June 30, of the prior fiscal year end.

GENERAL FUND

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

SIGNIFICANT GENERAL FUND ACCOUNT DESCRIPTIONS

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

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

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

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

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

State of Illinois

Combining Schedule of Accounts
General Fund

June 30, 2016 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	\$ 1,987,056	\$ 85,813	\$ 185,935	\$ 36,632		\$ 2,295,436
Cash and cash equivalents	11,757					11,757
Securities lending collateral of State Treasurer	1,363,025	17,448	49,500			1,429,973
Receivables, net:						
Taxes	1,164,468	30,652	103,762	35,334		1,334,216
Intergovernmental	1,132,688	235,663				1,368,351
Other	484,218	92	89	166		484,565
Due from other funds	194,256	27	15,298	37,501		247,082
Due from component units	2,350	3,537		41		5,928
Inventories	22,001					22,001
Loans and notes receivable, net	6,073					6,073
Other assets	15,000					15,000
Total assets	\$ 6,382,892	\$ 373,232	\$ 354,584	\$ 109,674	\$ -	\$ 7,220,382
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Accounts payable and accrued liabilities	\$ 4,816,753	\$ 132,202	\$ 75,006	\$ 2,646		\$ 5,026,607
Intergovernmental payables	3,002,471	153,102		12		3,155,585
Due to other funds	4,606,738	186	473,534	258		5,080,716
Due to component units	31,590	25,791		360		57,741
Unearned revenue	634,706			38,465		673,171
Obligations under securities lending of State Treasurer	1,363,025	17,448	49,500			1,429,973
Matured portion of long-term liabilities	397					397
Total liabilities	14,455,680	328,729	598,040	41,741		15,424,190
Deferred inflows of resources - unavailable revenue	1,186,091	181,921	4,947	14,452		1,387,411
Total liabilities and deferred inflows of resources	15,641,771	510,650	602,987	56,193		16,811,601
FUND BALANCES (DEFICITS)						
Nonspendable long-term portion of						
Loans and notes receivable	6,073					6,073
Nonspendable inventories	22,001					22,001
Restricted	79,294					79,294
Committed	1,077,905	7,662		53,481		1,139,048
Unassigned	(10,444,152)	(145,080)	(248,403)			(10,837,635)
Total fund balances (deficits)	(9,258,879)	(137,418)	(248,403)	53,481		(9,591,219)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 6,382,892	\$ 373,232	\$ 354,584	\$ 109,674	\$ -	\$ 7,220,382

State of Illinois

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2016 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
REVENUES						
Income taxes	\$ 12,359,961			\$ 1,150,097		\$ 13,510,058
Sales taxes	5,896,873		\$ 2,005,954			7,902,827
Public utility taxes	930,053		81,819			1,011,872
Medical providers assessment taxes	1,185,342	\$ 190,549				1,375,891
Other taxes	2,243,461	18,828	98,810			2,361,099
Federal government	9,386,130	1,681,743				11,067,873
Licenses and fees	634,446	670	721			635,837
Interest and other investment income	39,446	260	771			40,477
Other	447,717	720,404		2,168		1,170,289
Total revenues	33,123,429	2,612,454	2,188,075	1,152,265		39,076,223
EXPENDITURES						
Current:						
Health and social services	19,207,096	2,668,665				21,875,761
Education	4,791,225		7,353,280	1,132,527		13,277,032
General government	2,094,918					2,094,918
Employment and economic development	98,091					98,091
Transportation	571,736					571,736
Public protection and justice	2,578,645					2,578,645
Environment and business regulation	137,526					137,526
Debt service:						
Principal	1,803					1,803
Interest	539					539
Capital outlays	38,519	231		89		38,839
Total expenditures	29,520,098	2,668,896	7,353,280	1,132,616		40,674,890
Excess (deficiency) of revenues over (under) expenditures	3,603,331	(56,442)	(5,165,205)	19,649		(1,598,667)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	911,538	75,000	5,084,788	279,229	\$ (4,486,994)	1,863,561
Transfers-out	(7,470,829)	(20,000)			4,486,994	(3,003,835)
Capital lease financing	1,572					1,572
Net other sources (uses) of financial resources	(6,557,719)	55,000	5,084,788	279,229	-	(1,138,702)
Net change in fund balances	(2,954,388)	(1,442)	(80,417)	298,878	-	(2,737,369)
Fund balances (deficits), July 1, 2015	(6,303,571)	(135,976)	(167,986)	(245,397)		(6,852,930)
(Decrease) for changes in inventory	(920)					(920)
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (9,258,879)	\$ (137,418)	\$ (248,403)	\$ 53,481	\$ -	\$ (9,591,219)

State of Illinois

Combining Schedule of Accounts - General Fund
 Medicaid Provider Assessment Program

June 30, 2016 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
ASSETS				
Cash equity with State Treasurer	\$ 15,318	\$ 35,204	\$ 35,291	\$ 85,813
Securities lending collateral of State Treasurer	3,065	7,969	6,414	17,448
Receivables, net:				
Taxes		30,266	386	30,652
Intergovernmental	133,987	66,591	35,085	235,663
Other	6	14	72	92
Due from other funds		27		27
Due from component units			3,537	3,537
Total assets	\$ 152,376	\$ 140,071	\$ 80,785	\$ 373,232
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	\$ 96	\$ 128,043	\$ 4,063	\$ 132,202
Intergovernmental payables	149,134	3,967	1	153,102
Due to other funds	81	92	13	186
Due to component units			25,791	25,791
Obligations under securities lending of State Treasurer	3,065	7,969	6,414	17,448
Total liabilities	152,376	140,071	36,282	328,729
Deferred inflows of resources - unavailable revenue	89,183	55,855	36,883	181,921
Total liabilities and deferred inflows of resources	241,559	195,926	73,165	510,650
FUND BALANCES (DEFICITS)				
Committed			7,662	7,662
Unassigned	(89,183)	(55,855)	(42)	(145,080)
Total fund balances (deficits)	(89,183)	(55,855)	7,620	(137,418)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 152,376	\$ 140,071	\$ 80,785	\$ 373,232

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, 2016 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
REVENUES				
Medical providers assessment taxes		\$ 173,012	\$ 17,537	\$ 190,549
Other taxes		18,828		18,828
Federal government	\$ 1,408,910	177,311	95,522	1,681,743
Licenses and fees			670	670
Interest and other investment income	54	124	82	260
Other	702,149		18,255	720,404
Total revenues	2,111,113	369,275	132,066	2,612,454
EXPENDITURES				
Current:				
Health and social services	2,117,408	390,179	161,078	2,668,665
Capital outlays			231	231
Total expenditures	2,117,408	390,179	161,309	2,668,896
Excess (deficiency) of revenues over (under) expenditures	(6,295)	(20,904)	(29,243)	(56,442)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		30,000	45,000	75,000
Transfers-out		(20,000)		(20,000)
Net other sources (uses) of financial resources		10,000	45,000	55,000
Net change in fund balances	(6,295)	(10,904)	15,757	(1,442)
Fund balances (deficits), July 1, 2015	(82,888)	(44,951)	(8,137)	(135,976)
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (89,183)	\$ (55,855)	\$ 7,620	\$ (137,418)

State of Illinois

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2016 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Cash equity with State Treasurer	\$ 3,522,555	\$ 1,338,237	\$ 815,017	\$ 14,196	\$ 5,690,005
Cash and cash equivalents	267,935	160,713	6,011	169	434,828
Securities lending collateral of State Treasurer	176,414	283,702		595	460,711
Investments	16,542			34,036	50,578
Receivables, net:					
Taxes	425,180				425,180
Intergovernmental	1,014,958	10,048	8,425		1,033,431
Other	609,012	516	8	4	609,540
Due from other funds	694,463	2,946	22,652		720,061
Due from component units	349,410				349,410
Inventories	20,733				20,733
Loans and notes receivable, net	52,742	6,371	1,500		60,613
Other assets	50,234				50,234
Total assets	7,200,178	1,802,533	853,613	49,000	9,905,324
Deferred outflows of resources - intra-entity transfers of future revenues	707,203				707,203
Total assets and deferred outflows of resources	\$ 7,907,381	\$ 1,802,533	\$ 853,613	\$ 49,000	\$ 10,612,527
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable and accrued liabilities	\$ 1,320,856		\$ 115,980		\$ 1,436,836
Intergovernmental payables	1,732,938		129,461		1,862,399
Due to other funds	645,259		3,910	\$ 144	649,313
Due to component units	92,833		1		92,834
Unearned revenue	318,986		1,976		320,962
Obligations under securities lending of State Treasurer	176,414	\$ 283,702		595	460,711
Total liabilities	4,287,286	283,702	251,328	739	4,823,055
Deferred inflows of resources - unavailable revenue	824,360				824,360
Deferred inflows of resources - intra-entity transfers of future revenues	707,203				707,203
Total liabilities and deferred inflows of resources	5,818,849	283,702	251,328	739	6,354,618
FUND BALANCES (DEFICITS)					
Nonspendable - inventories	20,733				20,733
Nonspendable - endowments and similar funds				44,854	44,854
Restricted	1,429,118	1,518,831	618,995	3,407	3,570,351
Committed	1,967,801		14,745		1,982,546
Assigned	9,835				9,835
Unassigned	(1,338,955)		(31,455)		(1,370,410)
Total fund balances (deficits)	2,088,532	1,518,831	602,285	48,261	4,257,909
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 7,907,381	\$ 1,802,533	\$ 853,613	\$ 49,000	\$ 10,612,527

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Income taxes	\$ 3,397,865				\$ 3,397,865
Sales taxes	3,259,778				3,259,778
Motor fuel taxes	795,280				795,280
Public utility taxes	419,307				419,307
Riverboat taxes	485,024				485,024
Other taxes	421,501				421,501
Federal government	9,070,273	\$ 56,676	\$ 33,385		9,160,334
Licenses and fees	696,780	12		\$ 64	696,856
Interest and other investment income	17,226	6,469		(216)	23,479
Other	850,722	67	38,181		888,970
Total revenues	19,413,756	63,224	71,566	(152)	19,548,394
EXPENDITURES					
Current:					
Health and social services	6,398,453			47	6,398,500
Education	3,027,370		57,578		3,084,948
General government	355,750	208	27,988		383,946
Employment and economic development	659,192	19	5,696		664,907
Transportation	547,631	1	361,996		909,628
Public protection and justice	491,705				491,705
Environment and business regulation	594,091		8,045		602,136
Debt service:					
Principal	81,473	1,916,135			1,997,608
Interest	68,241	1,507,993			1,576,234
Capital outlays	60,951		398,611		459,562
Intergovernmental	5,905,841				5,905,841
Total expenditures	18,190,698	3,424,356	859,914	47	22,475,015
Excess (deficiency) of revenues over (under) expenditures	1,223,058	(3,361,132)	(788,348)	(199)	(2,926,621)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General obligation bonds issued			1,030,000		1,030,000
Premiums on general obligation bonds issued			60,939		60,939
Transfers-in	463,754	3,575,543	105,899		4,145,196
Transfers-out	(1,716,103)	(108,711)	(103,891)	(13)	(1,928,718)
Capital lease financing	821				821
Net other sources (uses) of financial resources	(1,251,528)	3,466,832	1,092,947	(13)	3,308,238
Net change in fund balances	(28,470)	105,700	304,599	(212)	381,617
Fund balances, July 1, 2015	2,113,432	1,413,131	297,686	48,473	3,872,722
Increase for changes in inventories	3,570				3,570
FUND BALANCES, JUNE 30, 2016	\$ 2,088,532	\$ 1,518,831	\$ 602,285	\$ 48,261	\$ 4,257,909

This Page Left Intentionally Blank

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

SIGNIFICANT NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS DESCRIPTIONS

Secretary of State

Secretary of State Identification Security and Theft Prevention Fund--to provide funding for identification security theft and security measures.

Treasurer

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

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

Department of Children and Family Services

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

Department of Commerce and Economic Opportunity

State Small Business Credit Initiative Fund--to receive and record monies obtained from capital provided in accordance with the provisions of the State Small Business Credit Initiative.

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

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

Department of Natural Resources

Abandoned Mined Land Reclamation Set-Aside Fund--to record and disburse monies received under the Federal Surface Mining Control and Reclamation Act.

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

Department of Employment Security

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

Department of Human Services

Employment and Training Fund--to receive and disburse monies in accordance with the provisions of Title IV-A of the Federal Social Security Act, the Food Stamp Act, Title 7 of the United States Code, and related rules and regulations governing the use of those monies for the purposes of providing employment and training services.

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

Commitment to Human Services Fund--to receive and record monies obtained from taxes imposed on individuals, trusts, and estates in accordance with the Illinois Income Tax Act, to be expended for financial assistance for community-based human service providers.

DHS Recoveries Trust Fund--to receive and record monies obtained from recoveries as authorized by the appropriate sections and articles of the Public Aid Code.

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

Illinois Power Agency

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

Department of Insurance

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

Department of Public Health

Public Health Services Fund--to account for federal funds received from the federal government for various federal project awards.

Public Health Special State Projects Fund--to receive and disburse private funds donated to the Department of Public Health or otherwise provided by non-governmental agencies.

Department of Revenue

Rental Housing Support Program Fund--to receive and record monies obtained from surcharge fees for the recording of real estate related documents as defined in section seven of the Rental Housing Support Program Act.

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

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

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

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

Local Government Distributive Fund--to receive one-tenth of the State's income tax collections to distribute to various municipalities and counties within the State.

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

Senior Citizens' Real Estate Deferred Tax Revolving Fund--to make payments to county collectors as provided in the Senior Citizens Real Estate Deferral Act. All monies received in payment of deferred taxes and accrued interest under section seven of this Act are deposited into this fund.

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

Department of Transportation

Motor Fuel Tax Fund--to account for the activities of various transportation related program expenditures and the administrative cost of supervising the use of funds apportioned to municipalities, counties, and road districts.

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

Federal High Speed Rail Trust Fund--to receive and record monies received pursuant to an agreement with the federal government regarding the federal share of the high speed rail project.

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

Railsplitter Tobacco Settlement Authority

Railsplitter Trustee Account Fund--to account for the payment of principal and interest on bonds issued in exchange for rights to the State's future tobacco settlement revenues.

Illinois Gaming Board

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

State Board of Education

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

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

Fund for the Advancement of Education--to receive and record monies obtained from taxes imposed on individuals, trusts, and estates in accordance with the Illinois Income Tax Act, to be expended for financial assistance for education programs.

Office of the State Fire Marshal

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

State of Illinois

Combining Balance Sheet
Nonmajor Special Revenue Funds

June 30, 2016 (Expressed in Thousands)

	Secretary of State					
	Secretary of State Identification Security and Theft Prevention Fund		Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash equity with State Treasurer	\$ 49,442	\$ 169,296	\$ 89,500	\$ 98,669	\$ 513,134	
Cash and cash equivalents		97	91			
Securities lending collateral of State Treasurer			8,116	10,556		
Investments			400			
Receivables, net:						
Taxes			8,352			51,767
Intergovernmental		78,546				77,326
Other		260	19	19		164,828
Due from other funds		116,722	73,911	3		3,043
Due from component units						4
Inventories						
Loans and notes receivable, net			500			
Other assets			45,659			
Total assets	49,442	364,921	226,548	109,247	810,102	
Deferred outflows of resources - intra-entity transfers of future revenues						
Total assets and deferred outflows of resources	\$ 49,442	\$ 364,921	\$ 226,548	\$ 109,247	\$ 810,102	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Accounts payable and accrued liabilities	\$ 2,193	\$ 142,476	\$ 14,172	\$ 39	\$ 557,319	
Intergovernmental payables	3	8,263	2,713	17,404	25,663	
Due to other funds	27	262	3,408	6	15,438	
Due to component units		494	260		4,649	
Unearned revenue			9,185		3,897	
Obligations under securities lending of State Treasurer			8,116	10,556		
Total liabilities	2,223	151,495	37,854	28,005	606,966	
Deferred inflows of resources - unavailable revenue		21,509			169,356	
Deferred inflows of resources - intra-entity transfers of future revenues		707,203				
Total liabilities and deferred inflows of resources	2,223	880,207	37,854	28,005	776,322	
FUND BALANCES (DEFICITS)						
Nonspendable inventories						
Restricted		54,971	66,095	39,915	62,823	
Committed	47,219	31,729	122,599	41,327		
Assigned						
Unassigned		(601,986)			(29,043)	
Total fund balances (deficits)	47,219	(515,286)	188,694	81,242	33,780	
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 49,442	\$ 364,921	\$ 226,548	\$ 109,247	\$ 810,102	

Public Health	Revenue	Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Other	Total
\$ 64,526	\$ 672,977	\$ 198,496	\$ 203,636	\$ 62,577	\$ 118,423	\$ 1,281,879	\$ 3,522,555
	49,218		130		232,119	35,498	267,935
					17,231	91,293	176,414
						16,142	16,542
	191,111	111,209		6,115	8,359	48,267	425,180
21,002		130,636	101,862	386,849		218,737	1,014,958
	14,131		89,818	2,345	143,374	194,218	609,012
7,157	277,150	136,430	4,820	2,701		72,526	694,463
	348,976					430	349,410
456			248	1,827		18,202	20,733
	41,334					10,908	52,742
						4,575	50,234
93,141	1,594,897	576,771	400,514	462,414	519,506	1,992,675	7,200,178
					707,203		707,203
\$ 93,141	\$ 1,594,897	\$ 576,771	\$ 400,514	\$ 462,414	\$ 1,226,709	\$ 1,992,675	\$ 7,907,381
\$ 20,252	\$ 62,527	\$ 129,948	\$ 68,573	\$ 30,631	\$ 28,705	\$ 264,021	\$ 1,320,856
4,764	1,001,612	140,105	4,960	350,413	11,578	165,460	1,732,938
9,023	160,142	126,460	10,885	12,130	153,207	154,271	645,259
2,170	44,953	118	5,401	1,998		32,790	92,833
2,455	221,011	1,892		4,910		75,636	318,986
	49,218				17,231	91,293	176,414
38,664	1,539,463	398,523	89,819	400,082	210,721	783,471	4,287,286
4,500	46,221	67,406	125,875	81,309	143,490	164,694	824,360
							707,203
43,164	1,585,684	465,929	215,694	481,391	354,211	948,165	5,818,849
456			248	1,827		18,202	20,733
	32,479		33,489	256	826,765	312,325	1,429,118
39,686	457,241	170,296	182,595	53,513	45,733	775,863	1,967,801
9,835							9,835
	(480,507)	(59,454)	(31,512)	(74,573)		(61,880)	(1,338,955)
49,977	9,213	110,842	184,820	(18,977)	872,498	1,044,510	2,088,532
\$ 93,141	\$ 1,594,897	\$ 576,771	\$ 400,514	\$ 462,414	\$ 1,226,709	\$ 1,992,675	\$ 7,907,381

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Secretary of State	Secretary of State Identification Security and Theft Prevention Fund	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services
REVENUES						
Income taxes						\$ 456,724
Sales taxes						
Motor fuel taxes						
Public utility taxes				\$ 99,175		
Riverboat taxes						
Other taxes				55,156	\$ 27,761	
Federal government		\$ 75,314		12,186	4,700	3,841,786
Licenses and fees						
Interest and other investment income		50		7,543	194	
Other		146,282				15,803
Total revenues		221,646	355,665	174,060	32,655	4,314,313
EXPENDITURES						
Current:						
Health and social services			154,755	56,698		4,358,299
Education			190,000			
General government	\$ 10,576	10,807				
Employment and economic development				29,550		
Transportation						
Public protection and justice						4
Environment and business regulation					957	
Debt service:						
Principal			23			1
Interest						
Capital outlays			80	154		1
Intergovernmental						
Total expenditures		10,576	355,665	86,402	957	4,358,305
Excess (deficiency) of revenues over (under) expenditures		(10,576)	(134,019)	87,658	31,698	(43,992)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in			240,399			
Transfers-out			(15,000)	(75,290)	(40,000)	(61,175)
Capital lease financing			66			1
Net other sources (uses) of financial resources			225,465	(75,290)	(40,000)	(61,174)
Net change in fund balances		(10,576)	91,446	12,368	(8,302)	(105,166)
Fund balances (deficits), July 1, 2015		57,795	(606,732)	176,326	89,544	138,946
Increase (decrease) for changes in inventories						
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$	47,219	\$ (515,286)	\$ 188,694	\$ 81,242	\$ 33,780

Public Health	Revenue	Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Other	Total
	\$ 2,478,654			\$ 456,724		\$ 5,763	\$ 3,397,865
	3,004,427	\$ 200,289				55,062	3,259,778
		719,600			\$ 75,680		795,280
	221,447					98,685	419,307
	193,301				485,024		485,024
						145,283	421,501
\$ 256,644		321,705	\$ 629,563	2,324,664		1,603,711	9,070,273
	2	755	24,349		4,552	667,122	696,780
	4,778		88		558	4,015	17,226
16,527	8,389	4,476	53,419	10	273,190	332,626	850,722
273,171	5,910,998	1,246,825	707,419	2,781,398	839,004	2,912,267	19,413,756
263,847	12,455		462,173		496	1,089,730	6,398,453
				2,756,715		80,655	3,027,370
	118,278	56,703			1,938	157,448	355,750
			193,693			435,949	659,192
		512,385				35,246	547,631
		13,733	18,520		52,956	438,745	491,705
					35,013	525,868	594,091
5		50	50		80,655	689	81,473
1		7	12		68,028	193	68,241
		38,236	436	2,588		19,456	60,951
	5,137,953	583,462			92,665	91,761	5,905,841
263,853	5,268,686	1,204,576	674,884	2,759,303	331,751	2,875,740	18,190,698
9,318	642,312	42,249	32,535	22,095	507,253	36,527	1,223,058
	39,466	23	14,318			169,548	463,754
	(738,581)	(49,723)	(6,746)	(17,681)	(594,151)	(117,756)	(1,716,103)
		174	5			575	821
	(699,115)	(49,526)	7,577	(17,681)	(594,151)	52,367	(1,251,528)
9,318	(56,803)	(7,277)	40,112	4,414	(86,898)	88,894	(28,470)
40,639	66,016	118,119	144,766	(23,944)	959,396	952,561	2,113,432
20			(58)	553		3,055	3,570
\$ 49,977	\$ 9,213	\$ 110,842	\$ 184,820	\$ (18,977)	\$ 872,498	\$ 1,044,510	\$ 2,088,532

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Treasurer

June 30, 2016 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 80,882	\$ 88,414	\$ 169,296
Cash and cash equivalents	97		97
Receivables, net:			
Intergovernmental		78,546	78,546
Other		260	260
Due from other funds	7,166	109,556	116,722
Total assets	\$ 88,145	\$ 276,776	\$ 364,921
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable and accrued liabilities	\$ 1,434	\$ 141,042	\$ 142,476
Intergovernmental payables		8,263	8,263
Due to other funds	11	251	262
Due to component units		494	494
Total liabilities	1,445	150,050	151,495
Deferred inflows of resources - unavailable revenue		21,509	21,509
Deferred inflows of resources - intra-entity transfers of future revenues		707,203	707,203
Total liabilities and deferred inflows of resources	1,445	878,762	880,207
FUND BALANCES (DEFICITS)			
Restricted	54,971		54,971
Committed	31,729		31,729
Unassigned		(601,986)	(601,986)
Total fund balances (deficits)	86,700	(601,986)	(515,286)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 88,145	\$ 276,776	\$ 364,921

State of Illinois

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

Treasurer

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
REVENUES			
Federal government		\$ 75,314	\$ 75,314
Interest and other investment income		50	50
Other	\$ 143,628	2,654	146,282
Total revenues	143,628	78,018	221,646
EXPENDITURES			
Current:			
Health and social services		154,755	154,755
Education	190,000		190,000
General government	10,807		10,807
Debt service:			
Principal	23		23
Capital outlays	80		80
Total expenditures	200,910	154,755	355,665
Excess (deficiency) of revenues over (under) expenditures	(57,282)	(76,737)	(134,019)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	7,430	232,969	240,399
Transfers-out		(15,000)	(15,000)
Capital lease financing	66		66
Net other sources (uses) of financial resources	7,496	217,969	225,465
Net change in fund balances	(49,786)	141,232	91,446
Fund balances (deficits), July 1, 2015	136,486	(743,218)	(606,732)
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 86,700	\$ (601,986)	\$ (515,286)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Commerce and Economic Opportunity

June 30, 2016 (Expressed in Thousands)

	State Small Business Credit Initiative Fund	Supplemental Low Income Energy Assistance Fund	Tourism Promotion Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 30,469	\$ 45,582	\$ 13,449	\$ 89,500
Cash and cash equivalents	91			91
Securities lending collateral of State Treasurer	8,116			8,116
Investments	400			400
Receivables, net:				
Taxes		8,352		8,352
Other	19			19
Due from other funds		4,819	69,092	73,911
Loans and notes receivable, net	500			500
Other assets	45,659			45,659
Total assets	\$ 85,254	\$ 58,753	\$ 82,541	\$ 226,548
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,357	\$ 2,271	\$ 10,544	\$ 14,172
Intergovernmental payables	1	1,319	1,393	2,713
Due to other funds	500	94	2,814	3,408
Due to component units			260	260
Unearned revenue	9,185			9,185
Obligations under securities lending of State Treasurer	8,116			8,116
Total liabilities	19,159	3,684	15,011	37,854
FUND BALANCES				
Restricted	66,095			66,095
Committed		55,069	67,530	122,599
Total fund balances	66,095	55,069	67,530	188,694
Total liabilities and fund balances	\$ 85,254	\$ 58,753	\$ 82,541	\$ 226,548

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	State Small Business Credit Initiative Fund	Supplemental Low Income Energy Assistance Fund	Tourism Promotion Fund	Total
REVENUES				
Public utility taxes		\$ 99,175		\$ 99,175
Other taxes			\$ 55,156	55,156
Federal government	\$ 12,186			12,186
Interest and other investment income	7,543			7,543
Total revenues	19,729	99,175	55,156	174,060
EXPENDITURES				
Current:				
Health and social services		56,698		56,698
Employment and economic development	8,670		20,880	29,550
Capital outlays			154	154
Total expenditures	8,670	56,698	21,034	86,402
Excess (deficiency) of revenues over (under) expenditures	11,059	42,477	34,122	87,658
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out	(290)	(75,000)		(75,290)
Net other sources (uses) of financial resources	(290)	(75,000)		(75,290)
Net change in fund balances	10,769	(32,523)	34,122	12,368
Fund balances, July 1, 2015	55,326	87,592	33,408	176,326
FUND BALANCES, JUNE 30, 2016	\$ 66,095	\$ 55,069	\$ 67,530	\$ 188,694

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Natural Resources

June 30, 2016 (Expressed in Thousands)

	Abandoned Mined Land Reclamation Set- Aside Fund	Open Space Lands Acquisition and Development Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 39,896	\$ 58,773	\$ 98,669
Securities lending collateral of State Treasurer	10,556		10,556
Other receivables, net:	19		19
Due from other funds		3	3
Total assets	\$ 50,471	\$ 58,776	\$ 109,247
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable and accrued liabilities		\$ 39	\$ 39
Intergovernmental payables		17,404	17,404
Due to other funds		6	6
Obligations under securities lending of State Treasurer	\$ 10,556		10,556
Total liabilities	10,556	17,449	28,005
FUND BALANCES			
Restricted	39,915		39,915
Committed		41,327	41,327
Total fund balances	39,915	41,327	81,242
Total liabilities and fund balances	\$ 50,471	\$ 58,776	\$ 109,247

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Abandoned Mined Land Reclamation Set- Aside Fund	Open Space Lands Acquisition and Development Fund	Total
REVENUES			
Other taxes		\$ 27,761	\$ 27,761
Federal government	\$ 4,700		4,700
Interest and other investment income	194		194
Total revenues	4,894	27,761	32,655
EXPENDITURES			
Current:			
Environment and business regulation		957	957
Total expenditures		957	957
Excess (deficiency) of revenues over (under) expenditures	4,894	26,804	31,698
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out		(40,000)	(40,000)
Net other sources (uses) of financial resources		(40,000)	(40,000)
Net change in fund balances	4,894	(13,196)	(8,302)
Fund balances, July 1, 2015	35,021	54,523	89,544
FUND BALANCES, JUNE 30, 2016	\$ 39,915	\$ 41,327	\$ 81,242

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Human Services

June 30, 2016 (Expressed in Thousands)

	Employment and Training Fund	DHS Special Purposes Trust Fund	Commitment to Human Services Fund	DHS Recoveries Trust Fund	Food Stamp and Commodity Fund	Total
ASSETS						
Cash equity with State Treasurer	\$ 4,595	\$ 59,791	\$ 432,903	\$ 15,845		\$ 513,134
Receivables, net:						
Taxes			51,767			51,767
Intergovernmental	36,999	40,325		2		77,326
Other		2		164,826		164,828
Due from other funds		3,043				3,043
Due from component units		4				4
Total assets	\$ 41,594	\$ 103,165	\$ 484,670	\$ 180,673	\$ -	\$ 810,102
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Accounts payable and accrued liabilities	\$ 38,261	\$ 34,123	\$ 484,520	\$ 415		\$ 557,319
Intergovernmental payables	496	9,873	14,713	581		25,663
Due to other funds	2,728	1,264	2,164	9,282		15,438
Due to component units	109	2,376	2,142	22		4,649
Unearned revenue		22	3,875			3,897
Total liabilities	41,594	47,658	507,414	10,300		606,966
Deferred inflows of resources - unavailable revenue		335	6,299	162,722		169,356
Total liabilities and deferred inflows of resources	41,594	47,993	513,713	173,022		776,322
FUND BALANCES (DEFICITS)						
Restricted		55,172		7,651		62,823
Unassigned			(29,043)			(29,043)
Total fund balances (deficits)		55,172	(29,043)	7,651		33,780
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 41,594	\$ 103,165	\$ 484,670	\$ 180,673	\$ -	\$ 810,102

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Employment and Training Fund	DHS Special Purposes Trust Fund	Commitment to Human Services Fund	DHS Recoveries Trust Fund	Food Stamp and Commodity Fund	Total
REVENUES						
Income taxes			\$ 456,724			\$ 456,724
Federal government	\$ 467,701	\$ 250,597		\$ 551	\$ 3,122,937	3,841,786
Other		491		15,312		15,803
Total revenues	467,701	251,088	456,724	15,863	3,122,937	4,314,313
EXPENDITURES						
Current:						
Health and social services	465,676	254,803	503,534	11,349	3,122,937	4,358,299
Public protection and justice			4			4
Debt service:						
Principal		1				1
Capital outlays		1				1
Total expenditures	465,676	254,805	503,538	11,349	3,122,937	4,358,305
Excess (deficiency) of revenues over (under) expenditures	2,025	(3,717)	(46,814)	4,514	-	(43,992)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-out			(60,000)	(1,175)		(61,175)
Capital lease financing		1				1
Net other sources (uses) of financial resources		1	(60,000)	(1,175)		(61,174)
Net change in fund balances	2,025	(3,716)	(106,814)	3,339	-	(105,166)
Fund balances (deficits), July 1, 2015	(2,025)	58,888	77,771	4,312		138,946
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ -	\$ 55,172	\$ (29,043)	\$ 7,651	\$ -	\$ 33,780

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Public Health

June 30, 2016 (Expressed in Thousands)

	Public Health Services Fund	Public Health Special State Projects Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 12,900	\$ 51,626	\$ 64,526
Intergovernmental receivables, net:	19,371	1,631	21,002
Due from other funds	1,515	5,642	7,157
Inventories	456		456
Total assets	\$ 34,242	\$ 58,899	\$ 93,141
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts payable and accrued liabilities	\$ 10,546	\$ 9,706	\$ 20,252
Intergovernmental payables	4,735	29	4,764
Due to other funds	702	8,321	9,023
Due to component units	1,035	1,135	2,170
Unearned revenue	2,455		2,455
Total liabilities	19,473	19,191	38,664
Deferred inflows of resources - unavailable revenue	4,478	22	4,500
Total liabilities and deferred inflows of resources	23,951	19,213	43,164
FUND BALANCES			
Nonspendable inventories	456		456
Committed		39,686	39,686
Assigned	9,835		9,835
Total fund balances	10,291	39,686	49,977
Total liabilities, deferred inflows of resources and fund balances	\$ 34,242	\$ 58,899	\$ 93,141

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Public Health Services Fund	Public Health Special State Projects Fund	Total
REVENUES			
Federal government	\$ 250,293	\$ 6,351	\$ 256,644
Other	15,629	898	16,527
Total revenues	265,922	7,249	273,171
EXPENDITURES			
Current:			
Health and social services	257,308	6,539	263,847
Debt service:			
Principal	5		5
Interest	1		1
Total expenditures	257,314	6,539	263,853
Excess (deficiency) of revenues over (under) expenditures	8,608	710	9,318
Net change in fund balances	8,608	710	9,318
Fund balances, July 1, 2015	1,663	38,976	40,639
Increase for changes in inventories	20		20
FUND BALANCES, JUNE 30, 2016	\$ 10,291	\$ 39,686	\$ 49,977

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
Revenue

June 30, 2016 (Expressed in Thousands)

	Rental Housing Support Program Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund
ASSETS					
Cash equity with State Treasurer	\$ 56,012	\$ 47,868	\$ 38,672	\$ 173,002	\$ 54,820
Securities lending collateral of State Treasurer					13,619
Receivables, net:					
Taxes		13,665	13,768	54,473	
Other					24
Due from other funds				3,300	
Due from component units					348,976
Loans and notes receivable, net					
Total assets	\$ 56,012	\$ 61,533	\$ 52,440	\$ 230,775	\$ 417,439
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable and accrued liabilities					\$ 12,289
Intergovernmental payables		\$ 23,286	\$ 58,091	\$ 402,775	5,353
Due to other funds		78,247	34,349		
Due to component units	\$ 23,533				21,419
Unearned revenue					
Obligations under securities lending of State Treasurer					13,619
Total liabilities	23,533	101,533	92,440	402,775	52,680
Deferred inflows of resources - unavailable revenue		1,516	593	1,852	
Total liabilities and deferred inflows of resources	23,533	103,049	93,033	404,627	52,680
FUND BALANCES (DEFICITS)					
Restricted	32,479				
Committed					364,759
Unassigned		(41,516)	(40,593)	(173,852)	
Total fund balances (deficits)	32,479	(41,516)	(40,593)	(173,852)	364,759
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 56,012	\$ 61,533	\$ 52,440	\$ 230,775	\$ 417,439

Local Government Distributive Fund	Personal Property Tax Replacement Fund	Senior Citizens' Real Estate Deferred Tax Revolving Fund	Build Illinois Fund	Total
\$ 21	\$ 277,926 29,679	\$ 11,884	\$ 12,772 5,920	\$ 672,977 49,218
	68,455		40,750	191,111
	53	14,043	11	14,131
264,400			9,450	277,150
		41,334		348,976
				41,334
\$ 264,421	\$ 376,113	\$ 67,261	\$ 68,903	\$ 1,594,897
	\$ 32,058		\$ 18,180	\$ 62,527
\$ 264,421	243,297	\$ 4,389		1,001,612
	47,546			160,142
	1			44,953
	221,011			221,011
	29,679		5,920	49,218
264,421	573,592	4,389	24,100	1,539,463
	27,067	14,043	1,150	46,221
264,421	600,659	18,432	25,250	1,585,684
				32,479
		48,829	43,653	457,241
	(224,546)			(480,507)
	(224,546)	48,829	43,653	9,213
\$ 264,421	\$ 376,113	\$ 67,261	\$ 68,903	\$ 1,594,897

State of Illinois

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

Revenue

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Rental Housing Support Program Fund	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund
REVENUES					
Income taxes					
Sales taxes		\$ 119,880	\$ 365,481	\$ 1,806,581	
Public utility taxes					
Other taxes	\$ 14,230				\$ 39,658
Licenses and fees					2
Interest and other investment income					2,164
Other					8,389
Total revenues	14,230	119,880	365,481	1,806,581	50,213
EXPENDITURES					
Current:					
Health and social services					12,455
General government	23,533				26,549
Intergovernmental		82,373	365,450	1,806,587	
Total expenditures	23,533	82,373	365,450	1,806,587	39,004
Excess (deficiency) of revenues over (under) expenditures	(9,303)	37,507	31	(6)	11,209
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in					
Transfers-out		(38,570)			
Net other sources (uses) of financial resources		(38,570)			
Net change in fund balances	(9,303)	(1,063)	31	(6)	11,209
Fund balances (deficits), July 1, 2015	41,782	(40,453)	(40,624)	(173,846)	353,550
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 32,479	\$ (41,516)	\$ (40,593)	\$ (173,852)	\$ 364,759

	Local Government Distributive Fund	Personal Property Tax Replacement Fund	Senior Citizens' Real Estate Deferred Tax Revolving Fund	Build Illinois Fund	Total
\$	1,285,773	\$ 1,192,881		\$ 473,848	\$ 2,478,654
	238,637	221,447			3,004,427
				139,413	221,447
					193,301
					2
		513	\$ 1,998	103	4,778
					8,389
	1,524,410	1,414,841	1,998	613,364	5,910,998
					12,455
		68,196			118,278
	1,519,410	1,364,133			5,137,953
	1,519,410	1,432,329			5,268,686
	5,000	(17,488)	1,998	613,364	642,312
				39,466	39,466
	(5,000)	(43,778)		(651,233)	(738,581)
	(5,000)	(43,778)		(611,767)	(699,115)
	-	(61,266)	1,998	1,597	(56,803)
		(163,280)	46,831	42,056	66,016
\$	-	\$ (224,546)	\$ 48,829	\$ 43,653	\$ 9,213

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Transportation

June 30, 2016 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal/Local Airport Fund	Federal High Speed Rail Trust Fund	Downstate Public Transportation Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 153,720	\$ 1,873	\$ 579	\$ 42,324	\$ 198,496
Receivables, net:					
Taxes	111,209				111,209
Intergovernmental		36,080	94,556		130,636
Due from other funds		4		136,426	136,430
Total assets	\$ 264,929	\$ 37,957	\$ 95,135	\$ 178,750	\$ 576,771
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable and accrued liabilities	\$ 26,091	\$ 15,335	\$ 86,949	\$ 1,573	\$ 129,948
Intergovernmental payables	111,862	20,654	708	6,881	140,105
Due to other funds	126,428	32			126,460
Due to component units	74	44			118
Unearned revenue		1,892			1,892
Total liabilities	264,455	37,957	87,657	8,454	398,523
Deferred inflows of resources - unavailable revenue	474	26,821	40,111		67,406
Total liabilities and deferred inflows of resources	264,929	64,778	127,768	8,454	465,929
FUND BALANCES (DEFICITS)					
Committed				170,296	170,296
Unassigned		(26,821)	(32,633)		(59,454)
Total fund balances (deficits)		(26,821)	(32,633)	170,296	110,842
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 264,929	\$ 37,957	\$ 95,135	\$ 178,750	\$ 576,771

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal/Local Airport Fund	Federal High Speed Rail Trust Fund	Downstate Public Transportation Fund	Total
REVENUES					
Sales taxes				\$ 200,289	\$ 200,289
Motor fuel taxes	\$ 719,600				719,600
Federal government	27	\$ 73,160	\$ 248,518		321,705
Licenses and fees	755				755
Other		4,476			4,476
Total revenues	720,382	77,636	248,518	200,289	1,246,825
EXPENDITURES					
Current:					
General government	56,703				56,703
Transportation	16,214	84,768	209,183	202,220	512,385
Environment and business regulation	13,733				13,733
Debt service:					
Principal	50				50
Interest	7				7
Capital outlays	684		37,552		38,236
Intergovernmental	583,462				583,462
Total expenditures	670,853	84,768	246,735	202,220	1,204,576
Excess (deficiency) of revenues over (under) expenditures	49,529	(7,132)	1,783	(1,931)	42,249
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in		23			23
Transfers-out	(49,703)	(20)			(49,723)
Capital lease financing	174				174
Net other sources (uses) of financial resources	(49,529)	3			(49,526)
Net change in fund balances	-	(7,129)	1,783	(1,931)	(7,277)
Fund balances (deficits), July 1, 2015		(19,692)	(34,416)	172,227	118,119
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ -	\$ (26,821)	\$ (32,633)	\$ 170,296	\$ 110,842

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Departments

June 30, 2016 (Expressed in Thousands)

	Children and Family Services	Employment Security	Illinois Power Agency	Insurance	
		Title III Social Security and Employment Service Fund	Illinois Power Agency Renewable Energy Resources Fund	Insurance Financial Regulation Fund	Total
	DCFS Childrens' Services Fund				
ASSETS					
Cash equity with State Treasurer	\$ 24,449	\$ 41,632	\$ 117,684	\$ 19,871	\$ 203,636
Cash and cash equivalents	129	1			130
Receivables, net:					
Intergovernmental	89,590	12,272			101,862
Other		12	71,606	18,200	89,818
Due from other funds	186	4,634			4,820
Inventories		248			248
Total assets	\$ 114,354	\$ 58,799	\$ 189,290	\$ 38,071	\$ 400,514
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Accounts payable and accrued liabilities	\$ 59,543	\$ 6,418	\$ 2,154	\$ 458	\$ 68,573
Intergovernmental payables	941	4,016		3	4,960
Due to other funds	813	8,892	88	1,092	10,885
Due to component units	5,401				5,401
Total liabilities	66,698	19,326	2,242	1,553	89,819
Deferred inflows of resources - unavailable revenue	79,168	5,736	40,794	177	125,875
Total liabilities and deferred inflows of resources	145,866	25,062	43,036	1,730	215,694
FUND BALANCES (DEFICITS)					
Nonspendable inventories		248			248
Restricted		33,489			33,489
Committed			146,254	36,341	182,595
Unassigned	(31,512)				(31,512)
Total fund balances (deficits)	(31,512)	33,737	146,254	36,341	184,820
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 114,354	\$ 58,799	\$ 189,290	\$ 38,071	\$ 400,514

State of Illinois

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

Other Departments

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Children and Family Services	Employment Security	Illinois Power Agency	Insurance	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	Illinois Power Agency Renewable Energy Resources Fund	Insurance Financial Regulation Fund	Total
REVENUES					
Federal government	\$ 445,864	\$ 183,699			\$ 629,563
Licenses and fees	420	64		\$ 23,865	24,349
Interest and other investment income		69		19	88
Other	3,807	874	\$ 48,585	153	53,419
Total revenues	450,091	184,706	48,585	24,037	707,419
EXPENDITURES					
Current:					
Health and social services	462,173				462,173
Employment and economic development		192,880	813		193,693
Environment and business regulation				18,520	18,520
Debt service:					
Principal		50			50
Interest		12			12
Capital outlays	323	113			436
Total expenditures	462,496	193,055	813	18,520	674,884
Excess (deficiency) of revenues over (under) expenditures	(12,405)	(8,349)	47,772	5,517	32,535
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	118	14,200			14,318
Transfers-out		(6,746)			(6,746)
Capital lease financing		5			5
Net other sources (uses) of financial resources	118	7,459			7,577
Net change in fund balances	(12,287)	(890)	47,772	5,517	40,112
Fund balances (deficits), July 1, 2015	(19,225)	34,685	98,482	30,824	144,766
(Decrease) for changes in inventories		(58)			(58)
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (31,512)	\$ 33,737	\$ 146,254	\$ 36,341	\$ 184,820

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

State Board of Education

June 30, 2016 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Fund for the Advancement of Education	Total
ASSETS				
Cash equity with State Treasurer	\$ 1,215	\$ 3,318	\$ 58,044	\$ 62,577
Receivables, net:				
Taxes			6,115	6,115
Intergovernmental	34,991	351,858		386,849
Other	1,634	711		2,345
Due from other funds		2,701		2,701
Inventories	1,827			1,827
Total assets	\$ 39,667	\$ 358,588	\$ 64,159	\$ 462,414
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	\$ 17,858	\$ 12,308	\$ 465	\$ 30,631
Intergovernmental payables	18,917	331,496		350,413
Due to other funds	306	11,824		12,130
Due to component units	96	1,902		1,998
Unearned revenue	407	628	3,875	4,910
Total liabilities	37,584	358,158	4,340	400,082
Deferred inflows of resources - unavailable revenue	45	74,958	6,306	81,309
Total liabilities and deferred inflows of resources	37,629	433,116	10,646	481,391
FUND BALANCES (DEFICITS)				
Nonspendable inventories	1,827			1,827
Restricted	256			256
Committed			53,513	53,513
Unassigned	(45)	(74,528)		(74,573)
Total fund balances (deficits)	2,038	(74,528)	53,513	(18,977)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 39,667	\$ 358,588	\$ 64,159	\$ 462,414

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Fund for the Advancement of Education	Total
REVENUES				
Income taxes			\$ 456,724	\$ 456,724
Federal government	\$ 834,465	\$ 1,490,199		2,324,664
Other	10			10
Total revenues	834,475	1,490,199	456,724	2,781,398
EXPENDITURES				
Current:				
Education	833,001	1,477,249	446,465	2,756,715
Capital outlays	731	1,857		2,588
Total expenditures	833,732	1,479,106	446,465	2,759,303
Excess (deficiency) of revenues over (under) expenditures	743	11,093	10,259	22,095
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out			(17,681)	(17,681)
Net other sources (uses) of financial resources			(17,681)	(17,681)
Net change in fund balances	743	11,093	(7,422)	4,414
Fund balances (deficits), July 1, 2015	742	(85,621)	60,935	(23,944)
Increase for changes in inventories	553			553
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 2,038	\$ (74,528)	\$ 53,513	\$ (18,977)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Agencies, Boards and Authorities

June 30, 2016 (Expressed in Thousands)

	Railsplitter Tobacco Settlement Authority	Illinois Gaming Board	Office of the State Fire Marshal	
	Railsplitter Trustee Account Fund	State Gaming Fund	Underground Storage Tank Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash equity with State Treasurer		\$ 49,004	\$ 69,419	\$ 118,423
Cash and cash equivalents	\$ 232,119			232,119
Securities lending collateral of State Treasurer			17,231	17,231
Receivables, net:				
Taxes		1,794	6,565	8,359
Other	137,769	50	5,555	143,374
Total assets	369,888	50,848	98,770	519,506
Deferred outflows of resources - intra-entity transfers of future revenues	707,203			707,203
Total assets and deferred outflows of resources	\$ 1,077,091	\$ 50,848	\$ 98,770	\$ 1,226,709
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities		\$ 1,691	\$ 27,014	\$ 28,705
Intergovernmental payables		9,470	2,108	11,578
Due to other funds	\$ 112,557	39,687	963	153,207
Obligations under securities lending of State Treasurer			17,231	17,231
Total liabilities	112,557	50,848	47,316	210,721
Deferred inflows of resources - unavailable revenue	137,769		5,721	143,490
Total liabilities and deferred inflows of resources	250,326	50,848	53,037	354,211
FUND BALANCES				
Restricted	826,765			826,765
Committed			45,733	45,733
Total fund balances	826,765		45,733	872,498
Total liabilities, deferred inflows of resources and fund balances	\$ 1,077,091	\$ 50,848	\$ 98,770	\$ 1,226,709

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Railsplitter Tobacco Settlement Authority Trustee Account Fund	Illinois Gaming Board State Gaming Fund	Office of the State Fire Marshal Underground Storage Tank Fund	Total
REVENUES				
Motor fuel taxes			\$ 75,680	\$ 75,680
Riverboat taxes		\$ 485,024		485,024
Licenses and fees		4,503	49	4,552
Interest and other investment income	\$ 345		213	558
Other	273,036	68	86	273,190
Total revenues	273,381	489,595	76,028	839,004
EXPENDITURES				
Current:				
Health and social services		496		496
General government	57		1,881	1,938
Public protection and justice		49,245	3,711	52,956
Environment and business regulation			35,013	35,013
Debt service:				
Principal	80,655			80,655
Interest	68,028			68,028
Intergovernmental		92,665		92,665
Total expenditures	148,740	142,406	40,605	331,751
Excess (deficiency) of revenues over (under) expenditures	124,641	347,189	35,423	507,253
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out	(232,969)	(347,189)	(13,993)	(594,151)
Net other sources (uses) of financial resources	(232,969)	(347,189)	(13,993)	(594,151)
Net change in fund balances	(108,328)	-	21,430	(86,898)
Fund balances, July 1, 2015	935,093		24,303	959,396
FUND BALANCES, JUNE 30, 2016	\$ 826,765	\$ -	\$ 45,733	\$ 872,498

This Page Left Intentionally Blank

DEBT SERVICE FUNDS

The Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest.

SIGNIFICANT NONMAJOR GOVERNMENTAL DEBT SERVICE FUNDS DESCRIPTIONS

Treasurer

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

Governor's Office of Management and Budget

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

State of Illinois

Combining Balance Sheet
Nonmajor Debt Service Funds

June 30, 2016 (Expressed in Thousands)

	Treasurer		Governor's Office of Management and Budget		Total
	General Obligation Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund	Other	Total	
ASSETS					
Cash equity with State Treasurer	\$ 1,321,067	\$ 9,420	\$ 7,750		\$ 1,338,237
Cash and cash equivalents	11,973	126,224	22,516		160,713
Securities lending collateral of State Treasurer	281,317	2,385			283,702
Receivables, net:					
Intergovernmental	10,048				10,048
Other	505	11			516
Due from other funds	2,946				2,946
Loans and notes receivable, net	6,371				6,371
Total assets	\$ 1,634,227	\$ 138,040	\$ 30,266		\$ 1,802,533
LIABILITIES					
Obligations under securities lending of State Treasurer	\$ 281,317	\$ 2,385			\$ 283,702
Total liabilities	281,317	2,385			283,702
FUND BALANCES					
Restricted	1,352,910	135,655	\$ 30,266		1,518,831
Total fund balances	1,352,910	135,655	30,266		1,518,831
Total liabilities and fund balances	\$ 1,634,227	\$ 138,040	\$ 30,266		\$ 1,802,533

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Treasurer		Governor's Office of Management and Budget		Other	Total
	General Obligation Bond Retirement and Interest Fund	Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund			
REVENUES						
Federal government	\$ 56,676					\$ 56,676
Licenses and fees	12					12
Interest and other investment income	5,721	\$ 735		\$ 13		6,469
Other	67					67
Total revenues	62,476	735		13		63,224
EXPENDITURES						
Current:						
General government		208				208
Employment and economic development				19		19
Transportation				1		1
Debt service:						
Principal	1,664,750	234,430		16,955		1,916,135
Interest	1,385,827	119,231		2,935		1,507,993
Total expenditures	3,050,577	353,869		19,910		3,424,356
Excess (deficiency) of revenues over (under) expenditures	(2,988,101)	(353,134)		(19,897)		(3,361,132)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	3,096,004	461,927		17,612		3,575,543
Transfers-out		(108,711)				(108,711)
Net other sources (uses) of financial resources	3,096,004	353,216		17,612		3,466,832
Net change in fund balances	107,903	82		(2,285)		105,700
Fund balances, July 1, 2015	1,245,007	135,573		32,551		1,413,131
FUND BALANCES, JUNE 30, 2016	\$ 1,352,910	\$ 135,655		\$ 30,266		\$ 1,518,831

This Page Left Intentionally Blank

CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition and/or construction of capital facilities and other capital assets.

SIGNIFICANT NONMAJOR GOVERNMENTAL CAPITAL PROJECTS FUNDS DESCRIPTIONS

Department of Commerce and Economic Opportunity

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

Department of Transportation

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

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

Transportation Bond Series D Fund--to account for the proceeds from bond issues used to finance State highways, arterial highways, freeways, roads, bridges, structures separating highways and railroads and roads, and bridges on roads maintained by counties, municipalities, townships or road districts.

Capital Development Board

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

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

State of Illinois

Combining Balance Sheet
 Nonmajor Capital Projects Funds

June 30, 2016 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board		Other	Total
	Build Illinois Bond Fund	Transportation				
ASSETS						
Cash equity with State Treasurer	\$ 9,479	\$ 681,221	\$ 119,532	\$ 4,785	\$ 815,017	
Cash and cash equivalents			5,939	72	6,011	
Receivables, net:						
Intergovernmental			8,204	221	8,425	
Other	5	3			8	
Due from other funds	1,556		19,409	1,687	22,652	
Loans and notes receivable, net	1,500				1,500	
Total assets	\$ 12,540	\$ 681,224	\$ 153,084	\$ 6,765	\$ 853,613	
LIABILITIES						
Accounts payable and accrued liabilities	\$ 10,076	\$ 69,617	\$ 36,227	\$ 60	\$ 115,980	
Intergovernmental payables	30,562	97,066	1,833		129,461	
Due to other funds	3,357	4	520	29	3,910	
Due to component units		1			1	
Unearned revenue			1,976		1,976	
Total liabilities	43,995	166,688	40,556	89	251,328	
FUND BALANCES (DEFICITS)						
Restricted		514,536	100,147	4,312	618,995	
Committed			12,381	2,364	14,745	
Unassigned	(31,455)				(31,455)	
Total fund balances (deficits)	(31,455)	514,536	112,528	6,676	602,285	
Total liabilities and fund balances (deficits)	\$ 12,540	\$ 681,224	\$ 153,084	\$ 6,765	\$ 853,613	

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board		Other	Total
	Build Illinois Bond Fund	Transportation				
REVENUES						
Federal government			\$	33,385		\$ 33,385
Other	\$ 30	\$ 3		38,148		38,181
Total revenues	30	3		71,533		71,566
EXPENDITURES						
Current:						
Education	3,818			39,538	\$ 14,222	57,578
General government	1,819	6,550		19,614	5	27,988
Employment and economic development	5,696					5,696
Transportation		361,257			739	361,996
Environment and business regulation	6,923			1,096	26	8,045
Capital outlays		347,104		51,507		398,611
Total expenditures	18,256	714,911		111,755	14,992	859,914
Excess (deficiency) of revenues over (under) expenditures	(18,226)	(714,908)		(40,222)	(14,992)	(788,348)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation bonds issued		930,000		100,000		1,030,000
Premiums on general obligation bonds issued		54,166		6,773		60,939
Transfers-in		103,868			2,031	105,899
Transfers-out		(103,891)				(103,891)
Net other sources (uses) of financial resources		984,143		106,773	2,031	1,092,947
Net change in fund balances	(18,226)	269,235		66,551	(12,961)	304,599
Fund balances (deficits), July 1, 2015	(13,229)	245,301		45,977	19,637	297,686
FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (31,455)	\$ 514,536		\$ 112,528	\$ 6,676	\$ 602,285

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Transportation

June 30, 2016 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 31,091	\$ 367,430	\$ 282,700	\$ 681,221
Other receivables, net	3			3
Total assets	\$ 31,094	\$ 367,430	\$ 282,700	\$ 681,224
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,656	\$ 17,059	\$ 50,902	\$ 69,617
Intergovernmental payables	7,987	78,473	10,606	97,066
Due to other funds		4		4
Due to component units		1		1
Total liabilities	9,643	95,537	61,508	166,688
FUND BALANCES				
Restricted	21,451	271,893	221,192	514,536
Total fund balances	21,451	271,893	221,192	514,536
Total liabilities and fund balances	\$ 31,094	\$ 367,430	\$ 282,700	\$ 681,224

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	Total
REVENUES				
Other	\$ 3			\$ 3
Total revenues	<u>3</u>			<u>3</u>
EXPENDITURES				
Current:				
General government	33	\$ 3,204	\$ 3,313	6,550
Transportation	7,247	240,286	113,724	361,257
Capital outlays	14,659	38,938	293,507	347,104
Total expenditures	<u>21,939</u>	<u>282,428</u>	<u>410,544</u>	<u>714,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,936)</u>	<u>(282,428)</u>	<u>(410,544)</u>	<u>(714,908)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	10,000	506,000	414,000	930,000
Premiums on general obligation bonds issued	472	28,403	25,291	54,166
Transfers-in			103,868	103,868
Transfers-out		(103,891)		(103,891)
Net other sources (uses) of financial resources	<u>10,472</u>	<u>430,512</u>	<u>543,159</u>	<u>984,143</u>
Net change in fund balances	<u>(11,464)</u>	<u>148,084</u>	<u>132,615</u>	<u>269,235</u>
Fund balances, July 1, 2015	32,915	123,809	88,577	245,301
FUND BALANCES, JUNE 30, 2016	<u>\$ 21,451</u>	<u>\$ 271,893</u>	<u>\$ 221,192</u>	<u>\$ 514,536</u>

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Capital Development Board

June 30, 2016 (Expressed in Thousands)

	Capital Development Fund	CDB Contributory Trust Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 104,757	\$ 14,775	\$ 119,532
Cash and cash equivalents	5,939		5,939
Intergovernmental receivables, net:		8,204	8,204
Due from other funds	13,381	6,028	19,409
Total assets	\$ 124,077	\$ 29,007	\$ 153,084
LIABILITIES			
Accounts payable and accrued liabilities	\$ 21,717	\$ 14,510	\$ 36,227
Intergovernmental payables	1,833		1,833
Due to other funds	380	140	520
Unearned revenue		1,976	1,976
Total liabilities	23,930	16,626	40,556
FUND BALANCES			
Restricted	100,147		100,147
Committed		12,381	12,381
Total fund balances	100,147	12,381	112,528
Total liabilities and fund balances	\$ 124,077	\$ 29,007	\$ 153,084

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Capital Development Fund	CDB Contributory Trust Fund	Total
REVENUES			
Federal government		\$ 33,385	\$ 33,385
Other		38,148	38,148
Total revenues		<u>71,533</u>	<u>71,533</u>
EXPENDITURES			
Current:			
Education	\$ 816	38,722	39,538
General government	19,613	1	19,614
Environment and business regulation	1,096		1,096
Capital outlays	19,404	32,103	51,507
Total expenditures	<u>40,929</u>	<u>70,826</u>	<u>111,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40,929)</u>	<u>707</u>	<u>(40,222)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
General obligation bonds issued	100,000		100,000
Premiums on general obligation bonds issued	6,773		6,773
Net other sources (uses) of financial resources	<u>106,773</u>		<u>106,773</u>
Net change in fund balances	<u>65,844</u>	<u>707</u>	<u>66,551</u>
Fund balances, July 1, 2015	34,303	11,674	45,977
FUND BALANCES, JUNE 30, 2016	<u>\$ 100,147</u>	<u>\$ 12,381</u>	<u>\$ 112,528</u>

This Page Left Intentionally Blank

PERMANENT FUNDS

The Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

SIGNIFICANT NONMAJOR GOVERNMENTAL PERMANENT FUNDS DESCRIPTIONS

Department of Natural Resources

Fish and Wildlife Endowment Fund--to account for resources obtained from the issuance of lifetime hunting, fishing or sportsmen's combination licenses.

Illinois Habitat Endowment Trust Fund--to account for resources obtained from private donations and transfers or deposits from the Park and Conservation Fund. All deposits into the fund shall become part of the trust fund corpus.

Department of Human Services

DHS Permanent Trust Fund --to account for resources obtained for the maintenance and support of residents of an institution of the Department.

Burr Bequest Fund--to account for a bequest received from the Burr estate.

Illinois Power Agency

Illinois Power Agency Trust Fund--to account for resources obtained from private grants and other monies received. No more than ninety percent of investment income may be appropriated annually, and investment income not appropriated is to be added to the principal of the fund.

State of Illinois

Combining Balance Sheet
Nonmajor Permanent Funds

June 30, 2016 (Expressed in Thousands)

	Natural Resources	Human Services	Illinois Power Agency Illinois Power Agency Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 14,196			\$ 14,196
Cash and cash equivalents		\$ 169		169
Securities lending collateral of State Treasurer	595			595
Investments		1,203	\$ 32,833	34,036
Other receivables, net:	4			4
Total assets	\$ 14,795	\$ 1,372	\$ 32,833	\$ 49,000
LIABILITIES				
Due to other funds		\$ 144		\$ 144
Obligations under securities lending of State Treasurer	\$ 595			595
Total liabilities	595	144		739
FUND BALANCES				
Nonspendable endowments and similar funds	10,924	1,097	\$ 32,833	44,854
Restricted	3,276	131		3,407
Total fund balances	14,200	1,228	32,833	48,261
Total liabilities and fund balances	\$ 14,795	\$ 1,372	\$ 32,833	\$ 49,000

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Natural Resources	Human Services	Illinois Power Agency Illinois Power Agency Trust Fund	Total
REVENUES				
Licenses and fees	\$ 64			\$ 64
Interest and other investment income	31	\$ 34	\$ (281)	(216)
Total revenues	<u>95</u>	<u>34</u>	<u>(281)</u>	<u>(152)</u>
EXPENDITURES				
Current:				
Health and social services		47		47
Total expenditures		<u>47</u>		<u>47</u>
Excess (deficiency) of revenues over (under) expenditures	<u>95</u>	<u>(13)</u>	<u>(281)</u>	<u>(199)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out		(13)		(13)
Net other sources (uses) of financial resources		<u>(13)</u>		<u>(13)</u>
Net change in fund balances	<u>95</u>	<u>(26)</u>	<u>(281)</u>	<u>(212)</u>
Fund balances, July 1, 2015	14,105	1,254	33,114	48,473
FUND BALANCES, JUNE 30, 2016	<u>\$ 14,200</u>	<u>\$ 1,228</u>	<u>\$ 32,833</u>	<u>\$ 48,261</u>

State of Illinois

Combining Balance Sheet - Nonmajor Permanent Funds

Natural Resources

June 30, 2016 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 2,255	\$ 11,941	\$ 14,196
Securities lending collateral of State Treasurer	595		595
Other receivables, net:	1	3	4
Total assets	\$ 2,851	\$ 11,944	\$ 14,795
LIABILITIES			
Obligations under securities lending of State Treasurer	\$ 595		\$ 595
Total liabilities	595		595
FUND BALANCES			
Nonspendable endowments and similar funds	2,256	\$ 8,668	10,924
Restricted		3,276	3,276
Total fund balances	2,256	11,944	14,200
Total liabilities and fund balances	\$ 2,851	\$ 11,944	\$ 14,795

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
REVENUES			
Licenses and fees	\$ 64		\$ 64
Interest and other investment income	11	\$ 20	31
Total revenues	75	20	95
Net change in fund balances	75	20	95
Fund balances, July 1, 2015	2,181	11,924	14,105
FUND BALANCES, JUNE 30, 2016	\$ 2,256	\$ 11,944	\$ 14,200

State of Illinois

Combining Balance Sheet - Nonmajor Permanent Funds

Human Services

June 30, 2016 (Expressed in Thousands)

	DHS Permanent Trust Fund	Burr Bequest Fund	Total
ASSETS			
Cash and cash equivalents	\$ 125	\$ 44	\$ 169
Investments	258	945	1,203
Total assets	\$ 383	\$ 989	\$ 1,372
LIABILITIES			
Due to other funds	\$ 144		\$ 144
Total liabilities	144		144
FUND BALANCES			
Nonspendable endowments and similar funds	152	\$ 945	1,097
Restricted	87	44	131
Total fund balances	239	989	1,228
Total liabilities and fund balances	\$ 383	\$ 989	\$ 1,372

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Permanent Funds
Human Services**

For the Year Ended June 30, 2016 (Expressed in Thousands)

	DHS Permanent Trust Fund	Burr Bequest Fund	Total
REVENUES			
Interest and other investment income	\$ 34		\$ 34
Total revenues	34		34
EXPENDITURES			
Current:			
Health and social services	33	\$ 14	47
Total expenditures	33	14	47
Excess (deficiency) of revenues over (under) expenditures	1	(14)	(13)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out	(13)		(13)
Net other sources (uses) of financial resources	(13)		(13)
Net change in fund balances	(12)	(14)	(26)
Fund balances, July 1, 2015	251	1,003	1,254
FUND BALANCES, JUNE 30, 2016	\$ 239	\$ 989	\$ 1,228

This Page Left Intentionally Blank

ENTERPRISE FUNDS

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

SIGNIFICANT NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

Department of Financial and Professional Regulation

Bank and Trust Company Fund--to account for all fees under the Illinois Banking Act, the Corporate Fiduciary Act, the Illinois Savings Association Banking Act and the Foreign Banking Office Act.

Department of the Lottery

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

Student Assistance Commission

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

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

Illinois Designated Account Purchase Program Fund--to purchase guaranteed student loans from lenders in order to reduce the lenders' collection and administration costs, and to act as a servicer of student loans.

State of Illinois

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2016 (Expressed in Thousands)

	Financial and Professional Regulation		Lottery	Student Assistance Commission	Other	Total
	Bank and Trust Company Fund	State Lottery Fund				
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Cash equity with State Treasurer	\$ 8,753	\$ 199,963	\$ 87,674	\$ 35,242	\$ 331,632	
Cash and cash equivalents		27,464	19,930	4,115	51,509	
Securities lending collateral of State Treasurer	3,111		23,638	7,358	34,107	
Investments		31,206	1,000	29,011	61,217	
Receivables, net:						
Intergovernmental			24,466	405	24,871	
Other	6,353	80,002	43	4,072	90,470	
Due from other funds			5,121	179	5,300	
Restricted assets:						
Cash and cash equivalents			16,709		16,709	
Other receivables, net			13,417		13,417	
Loans and notes receivable, net			57,475		57,475	
Prepaid expenses				49	49	
Total current assets	18,217	338,635	249,473	80,431	686,756	
Investments		294,508		17,843	312,351	
Restricted loans and notes receivable, net			353,062		353,062	
Capital assets being depreciated, net		58	2,397	2,329	4,784	
Total noncurrent assets		294,566	355,459	20,172	670,197	
Total assets	18,217	633,201	604,932	100,603	1,356,953	
Deferred outflows of resources - pensions	9,432	10,475	7,383		27,290	
Total assets and deferred outflows of resources	27,649	643,676	612,315	100,603	1,384,243	
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES						
Accounts payable and accrued liabilities	3,906	227,291	12,996	13,943	258,136	
Intergovernmental payables	2	69	7,988	3	8,062	
Due to other funds	15	105,833	4,968	62	110,878	
Due to component units		8			8	
Unearned revenue		3,415		18,553	21,968	
Obligations under securities lending of State Treasurer	3,111		23,638	7,358	34,107	
Short-term notes payable			158,257		158,257	
Current portion of long-term liabilities	178	29,472	195	755	30,600	
Total current liabilities	7,212	366,088	208,042	40,674	622,016	
Noncurrent portion of long-term liabilities	62,882	317,986	277,066	7,255	665,189	
Total liabilities	70,094	684,074	485,108	47,929	1,287,205	
Deferred inflows of resources - unamortized deferred amounts on refundings			41,099		41,099	
Deferred inflows of resources - pensions	5,594	3,597	39,552		48,743	
Total liabilities and deferred inflows of resources	75,688	687,671	565,759	47,929	1,377,047	
NET POSITION						
Net investment in capital assets		58	2,397	2,329	4,784	
Restricted for:						
Debt service			12,870		12,870	
Education			40,087		40,087	
Unrestricted	(48,039)	(44,053)	(8,798)	50,345	(50,545)	
Total net position	\$ (48,039)	\$ (43,995)	\$ 46,556	\$ 52,674	\$ 7,196	

State of Illinois

Combining Statement of Revenues, Expenses
and Changes in Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Financial and Professional Regulation		Lottery		Student Assistance Commission	Other	Total
	Bank and Trust Company Fund		State Lottery Fund				
OPERATING REVENUES							
Charges for sales and services	\$ 22,590	\$	2,855,535	\$	39,206	\$ 72,247	\$ 2,989,578
Interest income pledged as revenue bond security					19,563	5	19,568
Other			6,521				6,521
Total operating revenues	22,590		2,862,056		58,769	72,252	3,015,667
OPERATING EXPENSES							
Cost of sales and services	18,178		160,942		142,732	1,108	322,960
Benefit payments and refunds						42,961	42,961
Prizes and claims			1,837,402				1,837,402
Interest	40				278		318
General and administrative			139,735		16,431	8,172	164,338
Depreciation			35		398	424	857
Other						16,162	16,162
Total operating expenses	18,218		2,138,114		159,839	68,827	2,384,998
Operating income (loss)	4,372		723,942		(101,070)	3,425	630,669
NONOPERATING REVENUES (EXPENSES)							
Interest and investment income	40		27,948		422	263	28,673
Interest expense			(11,996)			(22)	(12,018)
Federal government					130,364		130,364
Other revenues						52	52
Other expenses					(4,501)		(4,501)
Income (loss) before transfers	4,412		739,894		25,215	3,718	773,239
Transfers-in					31,041		31,041
Transfers-out	(3,105)		(724,164)		(31,041)		(758,310)
Change in net position	1,307		15,730		25,215	3,718	45,970
Net position, July 1, 2015	(49,346)		(59,725)		21,341	48,956	(38,774)
NET POSITION, JUNE 30, 2016	\$ (48,039)	\$	(43,995)	\$	46,556	\$ 52,674	\$ 7,196

State of Illinois

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Financial and Professional Regulation		Student Assistance Commission	Other	Total
	Bank and Trust Company Fund	Lottery State Lottery Fund			
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	\$ 22,448		\$ 156,078	\$ 71,693	\$ 250,219
Cash received from lottery sales		\$ 2,870,260			2,870,260
Cash payments to suppliers for goods and services		(84,826)	(6,260)	(43,300)	(134,386)
Cash payments to employees for services	(16,197)	(16,582)	(14,215)	(14,322)	(61,316)
Cash payments for lottery prizes		(1,935,551)			(1,935,551)
Cash payments for commissions and bonuses		(160,942)			(160,942)
Cash receipts from student loan principal			70,870		70,870
Cash receipts from student loan interest			13,234		13,234
Cash payments for student loans issued			(4,881)		(4,881)
Cash receipts from other operating activities		6,752		1,088	7,840
Cash payments for other operating activities	(86)	(230)	(264,794)	(9,146)	(274,256)
Net cash provided (used) by operating activities	6,165	678,881	(49,968)	6,013	641,091
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal paid on revenue bonds and other borrowings			(69,144)	(22)	(69,166)
Interest paid on revenue bonds and other borrowings			(4,013)		(4,013)
Grants received			129,272	52	129,324
Grants paid			(4,587)		(4,587)
Transfers-in from other funds			32,407		32,407
Transfers-out to other funds	(3,105)	(680,202)	(32,407)		(715,714)
Net cash provided (used) by noncapital financing activities	(3,105)	(680,202)	51,528	30	(631,749)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets			(173)	(20)	(193)
Net cash provided (used) by capital and related financing activities			(173)	(20)	(193)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities		(33,569)	(1,995)	(30,794)	(66,358)
Proceeds from sales and maturities of investment securities		37,230	5,017	26,141	68,388
Cash paid for long-term annuity prizes payable		(37,000)			(37,000)
Interest and dividends on investments	37	(81)	426	340	722
Net cash provided (used) by investing activities	37	(33,420)	3,448	(4,313)	(34,248)
Net increase (decrease) in cash and cash equivalents	3,097	(34,741)	4,835	1,710	(25,099)
Cash and cash equivalents, July 1, 2015	5,656	262,168	119,478	37,647	424,949
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 8,753	\$ 227,427	\$ 124,313	\$ 39,357	\$ 399,850
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Total cash and cash equivalents per Statement of Net Position		\$ 27,464	\$ 19,930	\$ 4,115	\$ 51,509
Add: cash equity with State Treasurer	\$ 8,753	199,963	87,674	35,242	331,632
Add: restricted cash equivalents			16,709		16,709
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 8,753	\$ 227,427	\$ 124,313	\$ 39,357	\$ 399,850

(continued)

State of Illinois

Combining Statement of Cash Flows
Nonmajor Enterprise Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)
(continued)

	Financial and Professional Regulation		Lottery	Student Assistance Commission	Other	Total
	Bank and Trust Company Fund	State Lottery Fund				
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ 4,372	\$ 723,942	\$ (101,070)	\$ 3,425	\$ 630,669	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		35	398	424	857	
Provision for uncollectible accounts	2	1,796	4,343		6,141	
Amortization			1,399		1,399	
Interest and investment income			(17)	(5)	(22)	
Interest expense			278		278	
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	(22)	(13,319)	(644)	(369)	(14,354)	
(Increase) decrease in intergovernmental receivables			56	(318)	(262)	
(Increase) decrease in due from other funds			(71)	38	(33)	
(Increase) decrease in due from component units			21		21	
(Increase) decrease in loans and notes receivable			63,561		63,561	
(Increase) decrease in prepaid expenses		20,000		32	20,032	
(Increase) decrease in deferred outflows of resources - pensions	1,771	1,243	5,195		8,209	
Increase (decrease) in accounts payable and accrued liabilities	468	(91,038)	(3,283)	3,198	(90,655)	
Increase (decrease) in intergovernmental payables	(28)	(3)	(6,703)		(6,734)	
Increase (decrease) in due to other funds	(251)	1,068	(338)	23	502	
Increase (decrease) in due to component units		7			7	
Increase (decrease) in unearned revenue		626		417	1,043	
Increase (decrease) in net pension liability	(3,275)	(269)	(46,105)		(49,649)	
Increase (decrease) in other liabilities	(161)	(28)	1,153	(852)	112	
Increase (decrease) in long-term annuity prizes payable		33,569			33,569	
Increase (decrease) in deferred inflows of resources - pensions	3,289	1,252	31,859		36,400	
Total adjustments	1,793	(45,061)	51,102	2,588	10,422	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 6,165	\$ 678,881	\$ (49,968)	\$ 6,013	\$ 641,091	
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Transfer of assets from (to) other state funds			\$ (259)		\$ (259)	
Increase (decrease) in fair value of investments		\$ 15,730	4	\$ (87)	15,647	
Interest accreted on investments		11,986			11,986	
Interest accreted on long-term annuity prizes payable		(11,986)			(11,986)	

State of Illinois

Combining Statement of Net Position - Nonmajor Enterprise Funds

Student Assistance Commission

June 30, 2016 (Expressed in Thousands)

	Federal Student Loan Fund	Student Loan Operation Fund	Illinois Designated Account Purchase Program Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash equity with State Treasurer	\$ 34,324	\$ 53,350		\$ 87,674
Cash and cash equivalents			\$ 19,930	19,930
Securities lending collateral of State Treasurer	9,420	14,218		23,638
Investments			1,000	1,000
Receivables, net:				
Intergovernmental	23,884	582		24,466
Other	17	26		43
Due from other funds	1,368	3,753		5,121
Restricted assets:				
Cash and cash equivalents			16,709	16,709
Other receivables, net			13,417	13,417
Loans and notes receivable, net			57,475	57,475
Total current assets	69,013	71,929	108,531	249,473
Restricted loans and notes receivable, net			353,062	353,062
Capital assets being depreciated, net		2,397		2,397
Total noncurrent assets		2,397	353,062	355,459
Total assets	69,013	74,326	461,593	604,932
Deferred outflows of resources - pensions		6,997	386	7,383
Total assets and deferred outflows of resources	69,013	81,323	461,979	612,315
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	11,374	648	974	12,996
Intergovernmental payables	7,061		927	7,988
Due to other funds	1,071	1,785	2,112	4,968
Obligations under securities lending of State Treasurer	9,420	14,218		23,638
Short-term notes payable			158,257	158,257
Current portion of long-term liabilities		187	8	195
Total current liabilities	28,926	16,838	162,278	208,042
Noncurrent portion of long-term liabilities		47,548	229,518	277,066
Total liabilities	28,926	64,386	391,796	485,108
Deferred inflows of resources - unamortized deferred amounts on refundings			41,099	41,099
Deferred inflows of resources - pensions		35,307	4,245	39,552
Total liabilities and deferred inflows of resources	28,926	99,693	437,140	565,759
NET POSITION				
Net investment in capital assets		2,397		2,397
Restricted for:				
Debt service			12,870	12,870
Education	40,087			40,087
Unrestricted		(20,767)	11,969	(8,798)
Total net position	\$ 40,087	\$ (18,370)	\$ 24,839	\$ 46,556

State of Illinois

**Combining Statement of Revenues, Expenses
and Changes in Net Position - Nonmajor Enterprise Funds
Student Assistance Commission**

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Federal Student Loan Fund	Student Loan Operation Fund	Illinois Designated Account Purchase Program Fund	Total
OPERATING REVENUES				
Charges for sales and services	\$ 28,748	\$ 10,458		\$ 39,206
Interest income pledged as revenue bond security			\$ 19,563	19,563
Total operating revenues	28,748	10,458	19,563	58,769
OPERATING EXPENSES				
Cost of sales and services	132,955	9,777		142,732
Interest			278	278
General and administrative		6,991	9,440	16,431
Depreciation		398		398
Total operating expenses	132,955	17,166	9,718	159,839
Operating income (loss)	(104,207)	(6,708)	9,845	(101,070)
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	180	242		422
Federal government	130,364			130,364
Other expenses		(259)	(4,242)	(4,501)
Income (loss) before transfers	26,337	(6,725)	5,603	25,215
Transfers-in	3,211	27,830		31,041
Transfers-out	(27,830)	(3,211)		(31,041)
Change in net position	1,718	17,894	5,603	25,215
Net position, July 1, 2015	38,369	(36,264)	19,236	21,341
NET POSITION, JUNE 30, 2016	\$ 40,087	\$ (18,370)	\$ 24,839	\$ 46,556

State of Illinois

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

Student Assistance Commission

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Federal Student Loan Fund	Student Loan Operation Fund	Illinois Designated Account Purchase Program Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from sales and services	\$ 146,338	\$ 9,740		\$ 156,078
Cash payments to suppliers for goods and services		(4,924)	\$ (1,336)	(6,260)
Cash payments to employees for services		(13,486)	(729)	(14,215)
Cash receipts from student loan principal			70,870	70,870
Cash receipts from student loan interest			13,234	13,234
Cash payments for student loans issued			(4,881)	(4,881)
Cash payments for other operating activities	(260,309)	(4,485)		(264,794)
Net cash provided (used) by operating activities	(113,971)	(13,155)	77,158	(49,968)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on revenue bonds and other borrowings			(69,144)	(69,144)
Interest paid on revenue bonds and other borrowings			(4,013)	(4,013)
Grants received	129,272			129,272
Grants paid			(4,587)	(4,587)
Transfers-in from other funds	3,346	29,061		32,407
Transfers-out to other funds	(29,061)	(3,346)		(32,407)
Net cash provided (used) by noncapital financing activities	103,557	25,715	(77,744)	51,528
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(173)		(173)
Net cash provided (used) by capital and related financing activities		(173)		(173)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities			(1,995)	(1,995)
Proceeds from sales and maturities of investment securities			5,017	5,017
Interest and dividends on investments	179	234	13	426
Net cash provided (used) by investing activities	179	234	3,035	3,448
Net increase (decrease) in cash and cash equivalents	(10,235)	12,621	2,449	4,835
Cash and cash equivalents, July 1, 2015	44,559	40,729	34,190	119,478
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 34,324	\$ 53,350	\$ 36,639	\$ 124,313
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Total cash and cash equivalents per Statement of Net Position			\$ 19,930	\$ 19,930
Add: cash equity with State Treasurer	\$ 34,324	\$ 53,350		87,674
Add: restricted cash equivalents			16,709	16,709
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 34,324	\$ 53,350	\$ 36,639	\$ 124,313
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ (104,207)	\$ (6,708)	\$ 9,845	\$ (101,070)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		398		398
Provision for uncollectible accounts			4,343	4,343
Amortization			1,399	1,399
Interest and investment income			(17)	(17)
Interest expense			278	278
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable			(644)	(644)
(Increase) decrease in intergovernmental receivables		56		56
(Increase) decrease in due from other funds	(11)	(60)		(71)
(Increase) decrease in due from component units		21		21
(Increase) decrease in loans and notes receivable			63,561	63,561
(Increase) decrease in deferred outflows of resources - pensions		5,020	175	5,195
Increase (decrease) in accounts payable and accrued liabilities	(3,050)	(189)	(44)	(3,283)
Increase (decrease) in intergovernmental payables	(6,703)			(6,703)
Increase (decrease) in due to other funds		(145)	(193)	(338)
Increase (decrease) in net pension liability		(44,756)	(1,349)	(46,105)
Increase (decrease) in other liabilities		1,134	19	1,153
Increase (decrease) in deferred inflows of resources - pensions		32,074	(215)	31,859
Total adjustments	(9,764)	(6,447)	67,313	51,102
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (113,971)	\$ (13,155)	\$ 77,158	\$ (49,968)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Transfer of assets from (to) other state funds		\$ (259)		\$ (259)
Increase (decrease) in fair value of investments			\$ 4	\$ 4

INTERNAL SERVICE FUNDS

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

SIGNIFICANT INTERNAL SERVICE FUNDS DESCRIPTIONS

Office of the Auditor General

Audit Expense Fund--to account for the costs in association with conducting audits in accordance with the State Auditing Act.

Department of Central Management Services

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

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

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

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

Professional Services Fund--to account for the cost of professional services rendered by the Department of Central Management Services on behalf of other agencies. Revenues consist of charges from user agencies.

Workers' Compensation Revolving Fund--to account for workers' compensation expenses of State employees. Revenues consist of charges from the funds which paid the employees during the employees' active service.

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

Department of Corrections

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

State of Illinois

Combining Statement of Net Position

Internal Service Funds

June 30, 2016 (Expressed in Thousands)

	Auditor General		Corrections			Total
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Other		
ASSETS						
Cash equity with State Treasurer	\$ 20,389	\$ 405,146	\$ 3,346	\$ 1,142	\$	430,023
Cash and cash equivalents		77,737				77,737
Securities lending collateral of State Treasurer		65,532				65,532
Receivables, net:						
Intergovernmental		3,025	12			3,037
Other		12,738	4	6,120		18,862
Due from other funds	17,449	4,312,361	34,534	4,875		4,369,219
Due from component units	311	8,328	43	202		8,884
Inventories		1,680	6,233	1,517		9,430
Prepaid expenses			3			3
Total current assets	38,149	4,886,547	44,175	13,856		4,982,727
Capital assets not being depreciated		58,627				58,627
Capital assets being depreciated, net		231,070	2,516			233,586
Total noncurrent assets		289,697	2,516			292,213
Total assets	38,149	5,176,244	46,691	13,856		5,274,940
LIABILITIES						
Accounts payable and accrued liabilities	4,910	3,890,752	18,118	4,223		3,918,003
Intergovernmental payables		30,011	31			30,042
Due to other funds	1	40,048	3,260	6,971		50,280
Due to component units		1,115	6			1,121
Unearned revenue		5,384				5,384
Obligations under securities lending of State Treasurer		65,532				65,532
Current portion of long-term liabilities		126,624	264			126,888
Total current liabilities	4,911	4,159,466	21,679	11,194		4,197,250
Noncurrent portion of long-term liabilities		524,190	884			525,074
Total liabilities	4,911	4,683,656	22,563	11,194		4,722,324
NET POSITION						
Net investment in capital assets		281,482	2,516			283,998
Restricted for debt service		4,448				4,448
Unrestricted	33,238	206,658	21,612	2,662		264,170
Total net position	\$ 33,238	\$ 492,588	\$ 24,128	\$ 2,662	\$	\$ 552,616

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	<u>Auditor General</u>		<u>Corrections</u>			Total
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund	Other		
OPERATING REVENUES						
Charges for sales and services	\$ 25,269	\$ 3,204,989	\$ 41,880	\$ 17,680	\$	3,289,818
Other		15				15
Total operating revenues	25,269	3,205,004	41,880	17,680		3,289,833
OPERATING EXPENSES						
Cost of sales and services	21,944	432,859	30,850	17,813		503,466
Benefit payments and refunds		2,438,883				2,438,883
General and administrative		92,812	8,051	11		100,874
Depreciation		33,634	553			34,187
Total operating expenses	21,944	2,998,188	39,454	17,824		3,077,410
Operating income (loss)	3,325	206,816	2,426	(144)		212,423
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income		1,424	10	73		1,507
Interest expense		(215,568)	(549)			(216,117)
Federal government		6,335				6,335
Other revenues			807			807
Other expenses		(435)				(435)
Income (loss) before contributions and transfers	3,325	(1,428)	2,694	(71)		4,520
Contributions of capital assets		6,280				6,280
Transfers-out		(3,099)				(3,099)
Change in net position	3,325	1,753	2,694	(71)		7,701
Net position, July 1, 2015	29,913	490,835	21,434	2,733		544,915
NET POSITION, JUNE 30, 2016	\$ 33,238	\$ 492,588	\$ 24,128	\$ 2,662	\$	552,616

State of Illinois

Combining Statement of Cash Flows
Internal Service Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

	<u>Auditor General</u>	<u>Central</u>	<u>Corrections</u>		<u>Total</u>
	Audit Expense Fund	Management Services	Working Capital Revolving Fund	Other	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from sales and services	\$ 3,300	\$ 112,002	\$ 1,696		\$ 116,998
Cash received from transactions with other funds	23,342	1,075,450	21,384	\$ 27,359	1,147,535
Cash payments to suppliers for goods and services	(21,668)	(800,312)	(13,382)	(27,098)	(862,460)
Cash payments to employees for services	(385)	(144,140)	(9,509)		(154,034)
Cash payments for workers compensation		(113,269)			(113,269)
Cash receipts from other operating activities		65,907	1,354		67,261
Net cash provided (used) by operating activities	4,589	195,638	1,543	261	202,031
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interest paid on other borrowings		(40,316)	(3)		(40,319)
Grants received		6,656			6,656
Transfers-out to other funds		(3,099)			(3,099)
Net cash provided (used) by noncapital financing activities		(36,759)	(3)		(36,762)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets		(19,190)	(129)		(19,319)
Principal paid on capital debt		(3,755)	(1)		(3,756)
Interest paid on capital debt		(606)			(606)
Proceeds from sales of capital assets			7		7
Net cash provided (used) by capital and related financing activities		(23,551)	(123)		(23,674)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest and dividends on investments		1,382		73	1,455
Net cash provided (used) by investing activities		1,382		73	1,455
Net increase (decrease) in cash and cash equivalents	4,589	136,710	1,417	334	143,050
Cash and cash equivalents, July 1, 2015	15,800	346,173	1,929	808	364,710
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	<u>\$ 20,389</u>	<u>\$ 482,883</u>	<u>\$ 3,346</u>	<u>\$ 1,142</u>	<u>\$ 507,760</u>
Reconciliation of cash and cash equivalents to the statement of net position:					
Total cash and cash equivalents per statement of net position		\$ 77,737			\$ 77,737
Add: cash equity with State Treasurer	\$ 20,389	405,146	\$ 3,346	\$ 1,142	430,023
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	<u>\$ 20,389</u>	<u>\$ 482,883</u>	<u>\$ 3,346</u>	<u>\$ 1,142</u>	<u>\$ 507,760</u>

(continued)

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)
(continued)

	Auditor General		Central	Corrections		
	Audit Expense		Management	Working Capital		
	Fund		Services	Revolving Fund	Other	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ 3,325	\$ 206,816	\$ 2,426	\$ (144)	\$ 212,423	
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		33,634	553			34,187
Provision for uncollectible accounts		8				8
Miscellaneous income				1,354		1,354
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable		19,434	(37)	8,070		27,467
(Increase) decrease in intergovernmental receivables		(1,248)	33			(1,215)
(Increase) decrease in due from other funds	179	(2,013,585)	(18,813)	1,408		(2,030,811)
(Increase) decrease in due from component units	1,194	6,089		201		7,484
(Increase) decrease in inventories		1,510	392	77		1,979
(Increase) decrease in prepaid expenses			2			2
Increase (decrease) in accounts payable and accrued liabilities	(107)	1,912,444	14,776	(970)		1,926,143
Increase (decrease) in intergovernmental payables	(1)	16,395	(4)			16,390
Increase (decrease) in due to other funds	(1)	7,212	996	(8,381)		(174)
Increase (decrease) in due to component units		840	5			845
Increase (decrease) in unearned revenue		(2,029)				(2,029)
Increase (decrease) in other liabilities		8,118	(140)			7,978
Total adjustments	1,264	(11,178)	(883)	405		(10,392)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 4,589	\$ 195,638	\$ 1,543	\$ 261	\$ 202,031	
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (loss) on disposal of capital assets		\$ (167)	\$ 10		\$ (157)	
Transfer of assets from (to) other state funds		5,821				5,821
Donated assets		191				191

State of Illinois

Combining Statement of Net Position - Internal Service Funds

Central Management Services

June 30, 2016 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Revolving Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Health Insurance Reserve Fund	Total
ASSETS								
Cash equity with State Treasurer	\$ 5,695	\$ 14,678	\$ 45,453	\$ 38,509	\$ 8,506	\$ 54,487	\$ 237,818	\$ 405,146
Cash and cash equivalents				4,448		13,473	59,816	77,737
Securities lending collateral of State Treasurer				6,494	2,401	5,931	50,706	65,532
Receivables, net:								
Intergovernmental			1,993				1,032	3,025
Other	14	14	419	14	4	11	12,262	12,738
Due from other funds	43,544	176,213	70,977	120,434	9,994	574,113	3,317,086	4,312,361
Due from component units		721	633	77			6,897	8,328
Inventories	1,680							1,680
Total current assets	50,933	191,626	119,475	169,976	20,905	648,015	3,685,617	4,886,547
Capital assets not being depreciated		19,842	607	38,178				58,627
Capital assets being depreciated, net	7,273	10,034	65,921	147,842				231,070
Total noncurrent assets	7,273	29,876	66,528	186,020				289,697
Total assets	58,206	221,502	186,003	355,996	20,905	648,015	3,685,617	5,176,244
LIABILITIES								
Accounts payable and accrued liabilities	20,612	93,054	61,087	79,919	3,371	9,700	3,623,009	3,890,752
Intergovernmental payables	29	8,663	5,522	9,076	1		6,720	30,011
Due to other funds	2,730	25,873	4,497	1,555	873	20	4,500	40,048
Due to component units	84	1	164	480	12		374	1,115
Unearned revenue			5,384					5,384
Obligations under securities lending of State Treasurer				6,494	2,401	5,931	50,706	65,532
Current portion of long-term liabilities	218	578	128	4,261	53	121,345	41	126,624
Total current liabilities	23,673	128,169	76,782	101,785	6,711	136,996	3,685,350	4,159,466
Noncurrent portion of long-term liabilities	1,010	4,042	1,039	6,592	221	511,019	267	524,190
Total liabilities	24,683	132,211	77,821	108,377	6,932	648,015	3,685,617	4,683,656
NET POSITION								
Net investment in capital assets	7,273	29,876	66,528	177,805				281,482
Restricted for debt service				4,448				4,448
Unrestricted	26,250	59,415	41,654	65,366	13,973			206,658
Total net position	\$ 33,523	\$ 89,291	\$ 108,182	\$ 247,619	\$ 13,973	\$ -	\$ -	\$ 492,588

State of Illinois

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

Central Management Services

For the Year Ended June 30, 2016 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Revolving Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Health Insurance Reserve Fund	Total
OPERATING REVENUES								
Charges for sales and services	\$ 45,311	\$ 188,768	\$ 55,523	\$ 193,490	\$ 12,438	\$ 138,418	\$2,571,041	\$ 3,204,989
Other	15							15
Total operating revenues	45,326	188,768	55,523	193,490	12,438	138,418	2,571,041	3,205,004
OPERATING EXPENSES								
Cost of sales and services	28,231	152,081	82,829	157,959	11,759			432,859
Benefit payments and refunds						138,492	2,300,391	2,438,883
General and administrative	5,556	1,483	6,238	6,186			73,349	92,812
Depreciation	6,232	6,486	7,429	13,483			4	33,634
Total operating expenses	40,019	160,050	96,496	177,628	11,759	138,492	2,373,744	2,998,188
Operating income (loss)	5,307	28,718	(40,973)	15,862	679	(74)	197,297	206,816
NONOPERATING REVENUES (EXPENSES)								
Interest and investment income				113	44	76	1,191	1,424
Interest expense	(963)	(3,596)	(1,800)	(4,384)		(2)	(204,823)	(215,568)
Federal government							6,335	6,335
Other expenses	(110)	(77)	(34)	(214)				(435)
Income (loss) before contributions and transfers	4,234	25,045	(42,807)	11,377	723	-	-	(1,428)
Contributions of capital assets	437	4,895	784	164				6,280
Transfers-out				(3,099)				(3,099)
Change in net position	4,671	29,940	(42,023)	8,442	723	-	-	1,753
Net position, July 1, 2015	28,852	59,351	150,205	239,177	13,250			490,835
NET POSITION, JUNE 30, 2016	\$ 33,523	\$ 89,291	\$ 108,182	\$ 247,619	\$ 13,973	\$ -	\$ -	\$ 492,588

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2016 (Expressed in Thousands)

	State Garage Revolving Fund	Statistical Services Revolving Fund	Communications Revolving Fund	Facilities Management Revolving Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Health Insurance Reserve Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Cash received from sales and services	\$ (427)		\$ 6,660	\$ 1,615			\$ 104,154	\$ 112,002
Cash received from transactions with other funds	17,900	\$ 78,643	60,829	137,800	\$ 8,783	\$ 154,475	617,020	1,075,450
Cash payments to suppliers for goods and services	(8,092)	(1,420)	(5,210)	(75,136)	(8,808)	(8,091)	(693,555)	(800,312)
Cash payments to employees for services	(13,375)	(69,365)	(24,617)	(31,197)			(5,586)	(144,140)
Cash payments for workers compensation						(113,269)		(113,269)
Cash receipts from other operating activities	15						65,892	65,907
Net cash provided (used) by operating activities	(3,979)	7,858	37,662	33,082	(25)	33,115	87,925	195,638
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Interest paid on other borrowings		(6)				(2)	(40,308)	(40,316)
Grants received							6,656	6,656
Transfers-out to other funds				(3,099)				(3,099)
Net cash provided (used) by noncapital financing activities		(6)		(3,099)		(2)	(33,652)	(36,759)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	(2,229)	(16,488)	(445)	(28)				(19,190)
Principal paid on capital debt				(3,755)				(3,755)
Interest paid on capital debt				(606)				(606)
Net cash provided (used) by capital and related financing activities	(2,229)	(16,488)	(445)	(4,389)				(23,551)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest and dividends on investments				105	44	74	1,159	1,382
Net cash provided (used) by investing activities				105	44	74	1,159	1,382
Net increase (decrease) in cash and cash equivalents	(6,208)	(8,636)	37,217	25,699	19	33,187	55,432	136,710
Cash and cash equivalents, July 1, 2015	11,903	23,314	8,236	17,258	8,487	34,773	242,202	346,173
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 5,695	\$ 14,678	\$ 45,453	\$ 42,957	\$ 8,506	\$ 67,960	\$ 297,634	\$ 482,883
Reconciliation of cash and cash equivalents to the statement of net position:								
Total cash and cash equivalents per statement of net position				\$ 4,448		\$ 13,473	\$ 59,816	\$ 77,737
Add: cash equity with State Treasurer	\$ 5,695	\$ 14,678	\$ 45,453	38,509	\$ 8,506	54,487	237,818	405,146
CASH AND CASH EQUIVALENTS, JUNE 30, 2016	\$ 5,695	\$ 14,678	\$ 45,453	\$ 42,957	\$ 8,506	\$ 67,960	\$ 297,634	\$ 482,883
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
OPERATING INCOME (LOSS)	\$ 5,307	\$ 28,718	\$ (40,973)	\$ 15,862	\$ 679	\$ (74)	\$ 197,297	\$ 206,816
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation	6,232	6,486	7,429	13,483			4	33,634
Provision for uncollectible accounts		8						8
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	8	(2)	1,279	1			18,148	19,434
(Increase) decrease in intergovernmental receivables			(1,248)					(1,248)
(Increase) decrease in due from other funds	(28,207)	(109,613)	20,626	(52,309)	(3,655)	16,078	(1,856,505)	(2,013,585)
(Increase) decrease in due from component units	4	(694)	83	58			6,638	6,089
(Increase) decrease in inventories	1,510							1,510
Increase (decrease) in accounts payable and accrued liabilities	9,244	82,148	47,749	49,465	2,320	8,655	1,712,863	1,912,444
Increase (decrease) in intergovernmental payables	(7)	2,082	961	6,691	(14)	(1)	6,683	16,395
Increase (decrease) in due to other funds	1,742	(1,401)	3,630	139	660	(27)	2,469	7,212
Increase (decrease) in due to component units	47	1	78	328	12		374	840
Increase (decrease) in unearned revenue			(1,789)	(240)				(2,029)
Increase (decrease) in other liabilities	141	125	(163)	(396)	(27)	8,484	(46)	8,118
Total adjustments	(9,286)	(20,860)	78,635	17,220	(704)	33,189	(109,372)	(11,178)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (3,979)	\$ 7,858	\$ 37,662	\$ 33,082	\$ (25)	\$ 33,115	\$ 87,925	\$ 195,638
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES								
Gain (loss) on disposal of capital assets	\$ (110)		\$ (34)	\$ (23)				\$ (167)
Transfer of assets from (to) other state funds	437	4,818	593	(27)				5,821
Donated assets			191					191

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

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

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS DESCRIPTIONS

Department of Central Management Services

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

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

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

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

See Note 16 for description of retirement systems.

State of Illinois

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

June 30, 2016 (Expressed in Thousands)

	Central Management Services					
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security	General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
ASSETS						
Cash equity with State Treasurer	\$ 3,983	\$ 71,060	\$ 2,942	\$ 5,543	\$ 49,540	\$ 300,328
Cash and cash equivalents	40,974	14,981	946			
Securities lending collateral of State Treasurer	816	10,904	549	1,359	11,503	64,256
Investments:						
Equities	3,240,710					
Fixed income	116,069					
Private equity						
Real estate						
Other	559,210					
Equity in Illinois State Board of Investments				42,604	785,176	14,741,055
Securities lending collateral						
Receivables, net:						
Members		5,928	185	320	114	8,652
Employers		4,432	185			
Investment income	1	20	1	2	21	115
Intergovernmental		200	16			
Pending investment sales						
Other	473	2,389	216		5	7,305
Due from other funds					61	114
Due from primary government funds				670	5,503	70,356
Due from component units						
Prepaid expenses						
Loans and notes receivable, net	35,724					
Capital assets not being depreciated						971
Capital assets being depreciated, net				16	48	5,967
Total assets	3,997,960	109,914	5,040	50,514	851,971	15,199,119
LIABILITIES						
Accounts payable and accrued liabilities	750	158,047	33,815		50	8,627
Intergovernmental payables	2	2	58			
Due to other funds				89	86	
Due to primary government funds	158	313	28			86,668
Obligations under securities lending of State Treasurer	816	10,904	549	1,359	11,503	64,256
Securities lending collateral						
Payable to brokers for unsettled trades						
Long term obligations:						
Due within one year	22	18			1	88
Due subsequent to one year	141	45	3	15	43	953
Total liabilities	1,889	169,329	34,453	1,463	11,683	160,592
NET POSITION						
Restricted for:						
Pension benefits				49,051	840,288	15,038,527
Defined contribution	3,996,071					
Unrestricted		(59,415)	(29,413)			
Total net position	\$ 3,996,071	\$ (59,415)	\$ (29,413)	\$ 49,051	\$ 840,288	\$ 15,038,527

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 40,638			\$ 474,034
173,939	\$ 731,633		962,473
35,144			124,531
16,083,526	9,982,597	\$ 946,669	30,253,502
9,887,153	3,695,045	211,152	13,909,419
5,465,172			5,465,172
6,943,206	987,032	38,869	7,969,107
7,079,930	1,770,261	623,823	10,033,224
			15,568,835
3,098,892	602,405		3,701,297
53,246	7,813	3,267	79,525
14,905	1,285	1,726	22,533
110,893	42,367		153,420
			216
4,622,648	434,264		5,056,912
			10,388
			175
473,553	229,878		779,960
	813		813
4,339	133		4,472
			35,724
238	532		1,741
3,368	5,717		15,116
54,090,790	18,491,775	1,825,506	94,622,589
57,018	29,461		287,768
			62
			175
28			87,195
35,144			124,531
3,098,883	602,090		3,700,973
5,646,802	853,367		6,500,169
109	56		294
1,849	1,171		4,220
8,839,833	1,486,145		10,705,387
45,250,957	17,005,630		78,184,453
		1,825,506	5,821,577
			(88,828)
\$ 45,250,957	\$ 17,005,630	\$ 1,825,506	\$ 83,917,202

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Central Management Services			General Assembly Retirement System	Judges' Retirement System	State Employees' Retirement System
	Deferred Compensation Plan	Teacher Health Insurance Security	Community College Health Insurance Security			
ADDITIONS						
Contributions:						
Employer		\$ 86,146	\$ 4,417	\$ 16,073	\$ 132,060	\$ 1,882,243
State		108,259	4,625			
Members:						
Employees	\$ 169,314	115,355	4,417	1,309	14,962	256,198
Retirees		124,788	12,284			
Federal Medicare Part D		1,838	157			
Other	5,734	87				
Total contributions	175,048	436,473	25,900	17,382	147,022	2,138,441
Investment income:						
Interest and other investment income	42,166	174	9	1,390	24,071	449,946
Net increase (decrease) in fair value of investments	(76,969)			(1,812)	(28,497)	(536,994)
Reimbursements of expenses not separable from investment income	1,871					
Less investment expense	(1,386)			(118)	(2,045)	(38,395)
Net investment income	(34,318)	174	9	(540)	(6,471)	(125,443)
Total additions	140,730	436,647	25,909	16,842	140,551	2,012,998
DEDUCTIONS						
Benefit payments	265,858	425,246	27,189	21,841	132,572	2,190,501
Refunds	21			142	658	26,709
Depreciation				2	6	652
General and administrative	2,766	9,332	1,940	380	937	15,475
Other	1,475					
Total deductions	270,120	434,578	29,129	22,365	134,173	2,233,337
Change in net position						
Restricted for:						
Pension benefits				(5,523)	6,378	(220,339)
Retiree health insurance benefits (unrestricted deficit)		2,069	(3,220)			
Defined contribution	(129,390)					
Net position, July 1, 2015	4,125,461	(61,484)	(26,193)	54,574	833,910	15,258,866
NET POSITION, JUNE 30, 2016	\$ 3,996,071	\$ (59,415)	\$ (29,413)	\$ 49,051	\$ 840,288	\$ 15,038,527

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 147,409	\$ 39,348	\$ 6,836	\$ 2,314,532
3,742,469	1,542,947	58,534	5,456,834
951,809	278,884	76,457	1,868,705
			137,072
			1,995
632			6,453
4,842,319	1,861,179	141,827	9,785,591
1,548,884	338,937		2,405,577
(843,378)	(259,900)	3,192	(1,744,358)
			1,871
(749,609)	(61,993)		(853,546)
(44,103)	17,044	3,192	(190,456)
4,798,216	1,878,223	145,019	9,595,135
5,848,180	2,235,813	45,957	11,193,157
83,027	85,016	26,631	222,204
1,101	495		2,256
21,867	14,237	479	67,413
			1,475
5,954,175	2,335,561	73,067	11,486,505
(1,155,959)	(457,338)		(1,832,781)
			(1,151)
		71,952	(57,438)
46,406,916	17,462,968	1,753,554	85,808,572
\$ 45,250,957	\$ 17,005,630	\$ 1,825,506	\$ 83,917,202

This Page Left Intentionally Blank

PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose Trust Funds are maintained to account for resources legally held in trust for use by individuals, private organizations and other governments. There is no requirement that any portion of these resources be preserved as capital.

SIGNIFICANT PRIVATE-PURPOSE TRUST FUND DESCRIPTION

Treasurer

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

State of Illinois

Combining Statement of Fiduciary Net Position

Private-Purpose Trust Funds

June 30, 2016 (Expressed in Thousands)

	Treasurer		
	College		
	Savings Pool	Other	Total
	Fund		
ASSETS			
Cash equity with State Treasurer		\$ 1,264	\$ 1,264
Cash and cash equivalents	\$ 645,512	72	645,584
Securities lending collateral of State Treasurer		335	335
Investments:			
Equities	4,841,446	363	4,841,809
Fixed income	2,625,585	161	2,625,746
Investment income receivables, net	15,006		15,006
Loans and notes receivable, net		45	45
Total assets	8,127,549	2,240	8,129,789
LIABILITIES			
Accounts payable and accrued liabilities	2,717		2,717
Obligations under securities lending of State Treasurer		335	335
Other liabilities	10,968		10,968
Total liabilities	13,685	335	14,020
NET POSITION			
Net position restricted for individuals, organizations and other governments	\$ 8,113,864	\$ 1,905	\$ 8,115,769

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Treasurer College Savings Pool Fund	Other	Total
ADDITIONS			
Contributions:			
Participants	\$ 2,808,626		\$ 2,808,626
Other		\$ 36	36
Total contributions	2,808,626	36	2,808,662
Investment income:			
Interest and other investment income	129,137	6	129,143
Net increase (decrease) in fair value of investments	(93,969)	2	(93,967)
Net investment income	35,168	8	35,176
Total additions	2,843,794	44	2,843,838
DEDUCTIONS			
Payments in accordance with trust agreements	2,311,763		2,311,763
General and administrative	25,262	13	25,275
Total deductions	2,337,025	13	2,337,038
Change in net position restricted for individuals, organizations and other governments	506,769	31	506,800
Net position, July 1, 2015	7,607,095	1,874	7,608,969
NET POSITION, JUNE 30, 2016	\$ 8,113,864	\$ 1,905	\$ 8,115,769

This Page Left Intentionally Blank

AGENCY FUNDS

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

SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

Department of Insurance

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

Department of Healthcare and Family Services

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

Department of Revenue

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

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

Metropolitan Pier and Exposition Authority Trust Fund--to receive and record monies obtained under the Metropolitan Pier and Exposition Authority Act.

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

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

State of Illinois

Combining Statement of Fiduciary Net Position

Agency Funds

June 30, 2016 (Expressed in Thousands)

	Insurance	Healthcare and Family Services				
		Child Support Enforcement Trust				
	Security Deposit Fund	Administrative Fund	Revenue	Other	Total	
ASSETS						
Cash equity with State Treasurer		\$ 16,697	\$ 428,946	\$ 119,099	\$ 564,742	
Cash and cash equivalents	\$ 6,680	186		15,927	22,793	
Securities lending collateral of State Treasurer			64,699	10,790	75,489	
Investments	1,060,155			26,345	1,086,500	
Receivables, net:						
Taxes			203,201	28,623	231,824	
Intergovernmental				980	980	
Other		207,043	116	1,441	208,600	
Due from primary government funds		1	70,044	7,657	77,702	
Other assets				110	110	
Total assets	\$ 1,066,835	\$ 223,927	\$ 767,006	\$ 210,972	\$ 2,268,740	
LIABILITIES						
Accounts payable and accrued liabilities		\$ 17,958	\$ 5,933	\$ 19,591	\$ 43,482	
Intergovernmental payables			696,374	130,206	826,580	
Due to component units				30	30	
Obligations under securities lending of State Treasurer			64,699	10,790	75,489	
Depository and other liabilities	\$ 1,066,835	205,969		50,355	1,323,159	
Total liabilities	\$ 1,066,835	\$ 223,927	\$ 767,006	\$ 210,972	\$ 2,268,740	

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2016 (Expressed in Thousands)

Agency/Fund	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Insurance:				
Security Deposit Fund				
Assets				
Cash and cash equivalents	\$ 2,068	\$ 30,870	\$ 26,258	\$ 6,680
Investments	957,916	317,998	215,759	1,060,155
Total assets	\$ 959,984	\$ 348,868	\$ 242,017	\$ 1,066,835
Liabilities				
Depository and other liabilities	\$ 959,984	\$ 348,868	\$ 242,017	\$ 1,066,835
Total liabilities	\$ 959,984	\$ 348,868	\$ 242,017	\$ 1,066,835
Healthcare and Family Services:				
Child Support Enforcement Trust				
Administrative Fund				
Assets				
Cash equity with State Treasurer	\$ 15,492	\$ 144,806	\$ 143,601	\$ 16,697
Cash and cash equivalents	634	82,753	83,201	186
Other receivables, net	207,149	144,699	144,805	207,043
Due from primary government funds		2	1	1
Total assets	\$ 223,275	\$ 372,260	\$ 371,608	\$ 223,927
Liabilities				
Accounts payable and accrued liabilities	\$ 16,460	\$ 11,615	\$ 10,117	\$ 17,958
Depository and other liabilities	206,815	215,839	216,685	205,969
Total liabilities	\$ 223,275	\$ 227,454	\$ 226,802	\$ 223,927
Revenue:				
Assets				
Cash equity with State Treasurer	\$ 340,256	\$ 3,151,661	\$ 3,062,971	\$ 428,946
Securities lending collateral of State Treasurer	98,838	1,021,986	1,056,125	64,699
Taxes receivable, net	200,290	3,013,112	3,010,201	203,201
Other receivables, net	95	1,072	1,051	116
Due from primary government funds	58,629	151,647	140,232	70,044
Total assets	\$ 698,108	\$ 7,339,478	\$ 7,270,580	\$ 767,006
Liabilities				
Accounts payable and accrued liabilities	\$ 9,881	\$ 5,933	\$ 9,881	\$ 5,933
Intergovernmental payables	589,389	3,160,075	3,053,090	696,374
Obligations under securities lending of State Treasurer	98,838	1,021,986	1,056,125	64,699
Total liabilities	\$ 698,108	\$ 4,187,994	\$ 4,119,096	\$ 767,006
Other:				
Assets				
Cash equity with State Treasurer	\$ 107,561	\$ 1,128,714	\$ 1,117,176	\$ 119,099
Cash and cash equivalents	21,646	1,274,828	1,280,547	15,927
Securities lending collateral of State Treasurer	20,944	235,685	245,839	10,790
Investments	28,747	3,438	5,840	26,345
Taxes receivable, net	33,498	727,684	732,559	28,623
Intergovernmental receivables, net	589	16,664	16,273	980
Other receivables, net	936	12,852	12,347	1,441
Due from primary government funds	3,256	8,664	4,263	7,657
Other assets	110			110
Total assets	\$ 217,287	\$ 3,408,529	\$ 3,414,844	\$ 210,972
Liabilities				
Accounts payable and accrued liabilities	\$ 21,776	\$ 1,496,091	\$ 1,498,276	\$ 19,591
Intergovernmental payables	122,061	741,526	733,381	130,206
Due to component units	38	378	386	30
Obligations under securities lending of State Treasurer	20,944	235,685	245,839	10,790
Depository and other liabilities	52,468	160,385	162,498	50,355
Total liabilities	\$ 217,287	\$ 2,634,065	\$ 2,640,380	\$ 210,972

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 463,309	\$ 4,425,181	\$ 4,323,748	\$ 564,742
Cash and cash equivalents	24,348	1,388,451	1,390,006	22,793
Securities lending collateral of State Treasurer	119,782	1,257,671	1,301,964	75,489
Investments	986,663	321,436	221,599	1,086,500
Taxes receivable, net	233,788	3,740,796	3,742,760	231,824
Intergovernmental receivables, net	589	16,664	16,273	980
Other receivables, net	208,180	158,623	158,203	208,600
Due from primary government funds	61,885	160,313	144,496	77,702
Other assets	110			110
Total assets	\$ 2,098,654	\$ 11,469,135	\$ 11,299,049	\$ 2,268,740
Liabilities				
Accounts payable and accrued liabilities	\$ 48,117	\$ 1,513,639	\$ 1,518,274	\$ 43,482
Intergovernmental payables	711,450	3,901,601	3,786,471	826,580
Due to component units	38	378	386	30
Obligations under securities lending of State Treasurer	119,782	1,257,671	1,301,964	75,489
Depository and other liabilities	1,219,267	725,092	621,200	1,323,159
Total liabilities	\$ 2,098,654	\$ 7,398,381	\$ 7,228,295	\$ 2,268,740

State of Illinois

Combining Statement of Fiduciary Net Position - Agency Funds

Revenue

June 30, 2016 (Expressed in Thousands)

	Home Rule Municipal Retailers Occupation Tax Fund	Home Rule County Retailers Occupation Tax Fund	Metropolitan Pier and Exposition Authority Trust Fund	Municipal Telecommunications Fund	RTA Sales Tax Trust Fund	Total
ASSETS						
Cash equity with State Treasurer	\$ 116,456	\$ 139,768	\$ 43,811	\$ 22,881	\$ 106,030	\$ 428,946
Securities lending collateral of State Treasurer	17,116	26,234	8,304		13,045	64,699
Receivables, net:						
Taxes	78,727	14,855	15,593	1,084	92,942	203,201
Other	31	47	15		23	116
Due from primary government funds				35,695	34,349	70,044
Total assets	\$ 212,330	\$ 180,904	\$ 67,723	\$ 59,660	\$ 246,389	\$ 767,006
LIABILITIES						
Accounts payable and accrued liabilities			\$ 253	\$ 5,680		\$ 5,933
Intergovernmental payables	\$ 195,214	\$ 154,670	59,166	53,980	\$ 233,344	696,374
Obligations under securities lending of State Treasurer	17,116	26,234	8,304		13,045	64,699
Total liabilities	\$ 212,330	\$ 180,904	\$ 67,723	\$ 59,660	\$ 246,389	\$ 767,006

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds - Revenue

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Home Rule Municipal Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 119,208	\$ 988,529	\$ 991,281	\$ 116,456
Securities lending collateral of State Treasurer	34,248	343,657	360,789	17,116
Taxes receivable, net	69,745	997,145	988,163	78,727
Other receivables, net	33	364	366	31
Total assets	\$ 223,234	\$ 2,329,695	\$ 2,340,599	\$ 212,330
Liabilities				
Intergovernmental payables	\$ 188,986	\$ 997,509	\$ 991,281	\$ 195,214
Obligations under securities lending of State Treasurer	34,248	343,657	360,789	17,116
Total liabilities	\$ 223,234	\$ 1,341,166	\$ 1,352,070	\$ 212,330
Home Rule County Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 16,464	\$ 529,612	\$ 406,308	\$ 139,768
Securities lending collateral of State Treasurer	19,543	317,824	311,133	26,234
Taxes receivable, net	20,072	524,103	529,320	14,855
Other receivables, net	19	320	292	47
Total assets	\$ 56,098	\$ 1,371,859	\$ 1,247,053	\$ 180,904
Liabilities				
Intergovernmental payables	\$ 36,555	\$ 524,423	\$ 406,308	\$ 154,670
Obligations under securities lending of State Treasurer	19,543	317,824	311,133	26,234
Total liabilities	\$ 56,098	\$ 842,247	\$ 717,441	\$ 180,904
Metropolitan Pier and Exposition Authority Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 52,066	\$ 145,946	\$ 154,201	\$ 43,811
Securities lending collateral of State Treasurer	17,828	93,610	103,134	8,304
Taxes receivable, net	15,110	146,324	145,841	15,593
Other receivables, net	17	103	105	15
Total assets	\$ 85,021	\$ 385,983	\$ 403,281	\$ 67,723
Liabilities				
Accounts payable and accrued liabilities	\$ 278	\$ 253	\$ 278	\$ 253
Intergovernmental payables	66,915	146,174	153,923	59,166
Obligations under securities lending of State Treasurer	17,828	93,610	103,134	8,304
Total liabilities	\$ 85,021	\$ 240,037	\$ 257,335	\$ 67,723
Municipal Telecommunications Fund				
Assets				
Cash equity with State Treasurer	\$ 42,761	\$ 216,129	\$ 236,009	\$ 22,881
Taxes receivable, net	1,639	215,397	215,952	1,084
Due from primary government funds	24,080	11,615		35,695
Total assets	\$ 68,480	\$ 443,141	\$ 451,961	\$ 59,660
Liabilities				
Accounts payable and accrued liabilities	\$ 9,603	\$ 5,680	\$ 9,603	\$ 5,680
Intergovernmental payables	58,877	221,509	226,406	53,980
Total liabilities	\$ 68,480	\$ 227,189	\$ 236,009	\$ 59,660
RTA Sales Tax Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 109,757	\$ 1,271,445	\$ 1,275,172	\$ 106,030
Securities lending collateral of State Treasurer	27,219	266,895	281,069	13,045
Taxes receivable, net	93,724	1,130,143	1,130,925	92,942
Other receivables, net	26	285	288	23
Due from primary government funds	34,549	140,032	140,232	34,349
Total assets	\$ 265,275	\$ 2,808,800	\$ 2,827,686	\$ 246,389
Liabilities				
Intergovernmental payables	\$ 238,056	\$ 1,270,460	\$ 1,275,172	\$ 233,344
Obligations under securities lending of State Treasurer	27,219	266,895	281,069	13,045
Total liabilities	\$ 265,275	\$ 1,537,355	\$ 1,556,241	\$ 246,389

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 340,256	\$ 3,151,661	\$ 3,062,971	\$ 428,946
Securities lending collateral of State Treasurer	98,838	1,021,986	1,056,125	64,699
Taxes receivable, net	200,290	3,013,112	3,010,201	203,201
Other receivables, net	95	1,072	1,051	116
Due from primary government funds	58,629	151,647	140,232	70,044
Total assets	\$ 698,108	\$ 7,339,478	\$ 7,270,580	\$ 767,006
Liabilities				
Accounts payable and accrued liabilities	\$ 9,881	\$ 5,933	\$ 9,881	\$ 5,933
Intergovernmental payables	589,389	3,160,075	3,053,090	696,374
Obligations under securities lending of State Treasurer	98,838	1,021,986	1,056,125	64,699
Total liabilities	\$ 698,108	\$ 4,187,994	\$ 4,119,096	\$ 767,006

This Page Left Intentionally Blank

COMPONENT UNITS

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

NONMAJOR COMPONENT UNITS DESCRIPTIONS

NONMAJOR AUTHORITIES

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

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.

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.

NONMAJOR UNIVERSITIES

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

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

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

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

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

State of Illinois

Combining Statement of Net Position
Component Units - Other Authorities

June 30, 2016 (Expressed in Thousands)

	Comprehensive Health Insurance Plan Board	Illinois Finance Authority	Illinois Medical District Commission	Southwestern Illinois Development Authority
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash and cash equivalents	\$ 20,018	\$ 9,723	\$ 2,219	\$ 6,496
Securities lending collateral of State Treasurer		4,744		
Investments		20,229		
Receivables, net:				
Intergovernmental		3,000		
Other	118	5,663	496	68
Due from component units		32,592	25,559	
Due from primary government		38,775	604	1,392
Prepaid expenses	3	38	21	5
Loans and notes receivable, net		18,911		1,923
Restricted assets:				
Cash equity with State Treasurer		17,950		
Cash and cash equivalents		84,116	13,546	
Investments		15,562		31
Other receivables, net		84		
Loans and notes receivable, net		22,893		
Other assets	38			36
Net pension asset			206	
Capital assets not being depreciated			46,317	100
Capital assets being depreciated, net	8	29	17,658	247
Total assets	20,185	274,309	106,626	10,298
Deferred outflows of resources - unamortized deferred amounts on bond refundings		577		
Deferred outflows of resources - pensions	854		287	55
Total assets and deferred outflows of resources	21,039	274,886	106,913	10,353
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Accounts payable and accrued liabilities	548	3,672	597	13
Due to component units			28,937	1,392
Due to primary government	1	3,380		
Unearned revenue	181	132	461	
Obligations under securities lending collateral of State Treasurer		4,744		
Assets held for others		19		
Other liabilities	1,803	442		
Long-term obligations:				
Due within one year	117	24,523	921	
Due subsequent to one year	6,723	118,653	21,074	52
Total liabilities	9,373	155,565	51,990	1,457
Deferred inflows of resources - pensions	2,202		557	
Total liabilities and deferred inflows of resources	11,575	155,565	52,547	1,457
NET POSITION				
Net investment in capital assets	8	29	35,640	347
Restricted for:				
Debt service		1,692		
Other expendable purposes	9,456	59,004		6,410
Unrestricted		58,596	18,726	2,139
Total net position	\$ 9,464	\$ 119,321	\$ 54,366	\$ 8,896

**Upper Illinois
River Valley
Development
Authority**

		Total	
\$	162	\$	38,618
			4,744
	56		20,285
			3,000
			6,345
			58,151
			40,771
			67
			20,834
			17,950
			97,662
			15,593
			84
			22,893
			74
			206
			46,417
			17,942
	218		411,636
			577
			1,196
	218		413,409
			4,830
			30,329
			3,381
			774
			4,744
			19
			2,245
			25,561
			146,502
			218,385
			2,759
			221,144
			36,024
			1,692
			74,870
	218		79,679
\$	218	\$	192,265

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue
		Charges for services	Operating grants and contributions	
Comprehensive Health Insurance Plan Board	\$ 7,602	\$ 2,743	\$ 34	\$ (4,825)
Illinois Finance Authority	8,435	9,049		614
Illinois Medical District Commission	7,317	5,585		(1,732)
Southwestern Illinois Development Authority	458	473	400	415
Upper Illinois River Valley Development Authority	89	37		(52)
Total	<u>\$ 23,901</u>	<u>\$ 17,887</u>	<u>\$ 434</u>	<u>\$ (5,580)</u>

General revenues						
Interest and investment income	Other	Total general revenues	Change in net position	Net position, July 1, 2015	Net position, June 30, 2016	
\$ 15	\$ 10,348	\$ 10,363	\$ 5,538	\$ 3,926	\$ 9,464	
900	538	1,438	2,052	117,269	119,321	
1,164	12,773	13,937	12,205	42,161	54,366	
17	44	61	476	8,420	8,896	
			(52)	270	218	
<u>\$ 2,096</u>	<u>\$ 23,703</u>	<u>\$ 25,799</u>	<u>\$ 20,219</u>	<u>\$ 172,046</u>	<u>\$ 192,265</u>	

State of Illinois

Combining Statement of Net Position

Component Units - Other Universities

June 30, 2016 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Cash equity with State Treasurer	\$ 1,608			
Cash and cash equivalents	17,005	\$ 9,305	\$ 29,243	\$ 29,322
Securities lending collateral of State Treasurer	426			
Investments		2,109	3,256	1,780
Receivables, net:				
Intergovernmental			412	5,251
Other	5,220	17,359	7,459	8,209
Due from component units		23		
Due from primary government	1,697	353	19	506
Inventories	22	1,697	60	8
Prepaid expenses	268	184	225	1,007
Unamortized bond insurance costs		19	122	
Loans and notes receivable, net	650	6,246	3,358	1,175
Restricted assets:				
Cash and cash equivalents	2,967	17,994		2,219
Investments	5,170	82,567		8,603
Other receivables		1,752		
Other assets				
Other assets		288		899
Capital assets not being depreciated	23,261	86,227	4,053	36,397
Capital assets being depreciated, net	131,422	202,878	116,673	131,007
Total assets	189,716	429,001	164,880	226,383
Deferred outflows of resources - unamortized deferred amounts on bond refundings				
Deferred outflows of resources - pensions	288	159	89	993
Total assets and deferred outflows of resources	190,004	429,160	164,969	227,376
LIABILITIES				
Accounts payable and accrued liabilities	9,657	9,303	4,830	8,757
Intergovernmental payables			3,633	210
Due to component units	36			
Due to primary government				4
Unearned revenue	2,606	3,806	4,298	1,208
Obligations under securities lending collateral of State Treasurer	426			
Assets held for others		4,265		787
Other liabilities		5,760		
Long-term obligations:				
Due within one year	2,587	7,396	3,144	2,790
Due subsequent to one year	14,070	98,021	40,399	62,527
Total liabilities	29,382	128,551	56,304	76,283
NET POSITION				
Net investment in capital assets	142,099	194,445	80,855	116,581
Restricted for:				
Debt service		3,145		1,630
Capital projects	437			
Nonexpendable purposes	2,950	57,305	1,972	8,603
Other expendable purposes	3,544	35,398	2,136	6,997
Unrestricted	11,592	10,316	23,702	17,282
Total net position	\$ 160,622	\$ 300,609	\$ 108,665	\$ 151,093

Western Illinois University		Total
	\$	1,608
\$ 43,487		128,362
		426
14,878		22,023
		5,663
12,252		50,499
11		34
1,057		3,632
2,254		4,041
516		2,200
328		469
1,759		13,188
140		23,320
38,027		134,367
		1,752
4,713		4,713
523		1,710
10,346		160,284
231,326		813,306
361,617		1,371,597
1,013		1,013
361		1,890
362,991		1,374,500
20,557		53,104
		3,843
17		53
1,943		1,947
5,277		17,195
		426
		5,052
2,343		8,103
8,854		24,771
92,318		307,335
131,309		421,829
152,895		686,875
		4,775
		437
28,260		99,090
14,992		63,067
35,535		98,427
\$ 231,682	\$	952,671

State of Illinois

Combining Statement of Activities
Component Units - Other Universities

For the Year Ended June 30, 2016 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue	
		Charges for services	Operating grants and contributions		
Chicago State University	\$ 131,494	\$ 37,111	\$ 21,993	\$ 1,699	\$ (70,691)
Eastern Illinois University	220,038	91,764	22,809	21	(105,444)
Governors State University	122,929	52,307	13,832		(56,790)
Northeastern Illinois University	191,648	57,180	42,073		(92,395)
Western Illinois University	318,487	125,746	38,882		(153,859)
Total	<u>\$ 984,596</u>	<u>\$ 364,108</u>	<u>\$ 139,589</u>	<u>\$ 1,720</u>	<u>\$ (479,179)</u>

General revenues				Additions to permanent endowments	Total general revenues and additions to permanent endowments	Change in net position	Net position, July 1, 2015	Net position, June 30, 2016
Pension revenue recognized	State appropriations	Interest and investment income	Other					
\$ 29,113	\$ 34,713	\$ 142	\$ 20		\$ 63,988	\$ (6,703)	\$ 167,325	\$ 160,622
43,195	38,007	765	2,423	\$ 1,671	86,061	(19,383)	319,992	300,609
22,278	22,000	190	863	98	45,429	(11,361)	120,026	108,665
34,868	36,830	(430)		495	71,763	(20,632)	171,725	151,093
52,759	51,980	(505)	3,095	1,015	108,344	(45,515)	277,197	231,682
<u>\$ 182,213</u>	<u>\$ 183,530</u>	<u>\$ 162</u>	<u>\$ 6,401</u>	<u>\$ 3,279</u>	<u>\$ 375,585</u>	<u>\$ (103,594)</u>	<u>\$ 1,056,265</u>	<u>\$ 952,671</u>

This Page Left Intentionally Blank

Budgetary Schedules

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

- General** – funds established to account for those services traditionally provided by a state government which are not accounted for in other funds;
- Highway** – funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State;
- Special State** – funds designated by statute as special funds in the State Treasury and not elsewhere classified;
- Bond Financed** – funds established to receive and administer the proceeds of various bond issues of the State;
- Debt Service** – funds established to finance and account for the payment of principal and interest generally associated with the general and special obligation bond issues of the State;
- Federal Trust** – funds established pursuant to grants and contracts or under statutory authority between State agencies and the federal government;
- Revolving** – funds established to finance and account for intra-governmental services; and
- State Trust** – funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

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

GAAP Basis	Budgetary Basis Includes
General Fund	All General Funds Highway Funds: 1 fund included as an other highway fund Special State Funds: County Provider Trust Fund Long-Term Care Provider Fund Hospital Provider Fund Drug Rebate Fund Healthcare Provider Relief Fund Public Transportation Fund School Infrastructure Fund and 49 funds included as other special state funds Debt Service Funds: Capital Projects Fund Federal Trust Funds: 2 funds included as other federal trust funds State Trust Funds: Public Assistance Recoveries Trust Fund and 2 funds included as an other state trust funds

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, 2016 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 15,518,000	\$ 14,863,525	\$ (654,475)			
Sales taxes	8,204,000	8,062,575	(141,425)			
Motor fuel taxes				\$ 1,252,200	\$ 1,277,134	\$ 24,934
Public utility taxes	1,183,000	926,136	(256,864)			
Federal government	3,301,000	2,625,516	(675,484)	1,587,800	1,537,524	(50,276)
Other	2,143,000	2,275,778	132,778	1,541,709	1,595,495	53,786
Less:						
Refunds				23,368	20,584	(2,784)
Total revenues	30,349,000	28,753,530	(1,595,470)	4,358,341	4,389,569	31,228
EXPENDITURES:						
Current:						
Health and social services	498,216	345,982	(152,234)			
Education	12,370,884	12,359,568	(11,316)			
General government	1,517,471	1,501,945	(15,526)	179,094	177,422	(1,672)
Employment and economic development				4,000	4,000	-
Transportation				4,168,084	3,794,489	(373,595)
Public protection and justice	503,158	502,019	(1,139)			
Environment and business regulation				30,000	30,000	-
Debt service:						
Principal						
Interest						
Capital outlays	122	118	(4)	12,037	11,552	(485)
Total expenditures	14,889,851	14,709,632	(180,219)	4,393,215	4,017,463	(375,752)
Excess (deficiency) of revenues over (under) expenditures	15,459,149	14,043,898	(1,415,251)	(34,874)	372,106	406,980
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	8,319,839	8,319,839	-	1,143,708	1,143,708	-
Operating transfers-out	(10,965,373)	(10,965,373)	-	(1,515,258)	(1,515,258)	-
Total other sources (uses) of financial resources	(2,645,534)	(2,645,534)	-	(371,550)	(371,550)	-
Budgetary funds-nonbudgeted accounts	(12,040,513)	(12,040,513)	-	(442)	(442)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	773,102	(642,149)	(1,415,251)	(406,866)	114	406,980
Budgetary fund balances (deficits), July 1, 2015, as previously reported	(2,899,730)	(2,899,730)	-	1,255,655	1,255,655	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2015, as reclassified	(2,899,730)	(2,899,730)	-	1,255,655	1,255,655	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (2,126,628)	\$ (3,541,879)	\$ (1,415,251)	\$ 848,789	\$ 1,255,769	\$ 406,980

Special State Funds			Bond Financed Funds			Debt Service Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 3,035,115	\$ 4,198,842	\$ 1,163,727				\$ 56,925	\$ 56,925	\$ -
999,817	1,086,119	86,302						
70,746	76,906	6,160						
266,596	480,870	214,274						
8,636,304	10,048,567	1,412,263				53,922	57,009	3,087
9,144,816	7,263,242	(1,881,574)	\$ 24	\$ 24	\$ -	712,867	721,002	8,135
2,163,337	2,150,729	(12,608)						
19,990,057	21,003,817	1,013,760	24	24	-	823,714	834,936	11,222
15,392,974	12,164,157	(3,228,817)						
799,942	725,667	(74,275)	15,965	14,382	(1,583)			
7,936,829	4,511,443	(3,425,386)	19,935	13,795	(6,140)			
1,018,685	504,544	(514,141)	2,000	1,858	(142)			
1,090,915	921,705	(169,210)	723,007	722,892	(115)			
458,354	207,317	(251,037)						
1,384,097	1,130,501	(253,596)	24,241	6,263	(17,978)			
						1,906,240	1,906,004	(236)
						1,630,106	1,630,106	-
7,406	1,678	(5,728)	1,540	1,540	-			
28,089,202	20,167,012	(7,922,190)	786,688	760,730	(25,958)	3,536,346	3,536,110	(236)
(8,099,145)	836,805	8,935,950	(786,664)	(760,706)	25,958	(2,712,632)	(2,701,174)	11,458
			1,083,365	1,083,365	-			
3,560,139	3,560,139	-	103,868	103,868	-	3,781,369	3,781,369	-
(2,878,092)	(2,878,092)	-	(103,868)	(103,868)	-	(1,038,754)	(1,038,754)	-
682,047	682,047	-	1,083,365	1,083,365	-	2,742,615	2,742,615	-
(36,024)	(36,024)	-	(16,757)	(16,757)	-			
(7,453,122)	1,482,828	8,935,950	279,944	305,902	25,958	29,983	41,441	11,458
743,730	743,730	-	449,446	449,446	-	1,559,403	1,559,403	-
743,730	743,730	-	449,446	449,446	-	1,559,403	1,559,403	-
\$ (6,709,392)	\$ 2,226,558	\$ 8,935,950	\$ 729,390	\$ 755,348	\$ 25,958	\$ 1,589,386	\$ 1,600,844	\$ 11,458

(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, 2016 (Expressed in Thousands)

(continued)

	Federal Trust Funds			Revolving Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Motor fuel taxes						
Public utility taxes						
Federal government	\$ 4,840,082	\$ 4,546,895	\$ (293,187)	\$ 300	\$ 281	\$ (19)
Other	292,066	298,939	6,873	544,633	241,892	(302,741)
Less:						
Refunds	320	-	(320)	8,829	87	(8,742)
Total revenues	5,131,828	4,845,834	(285,994)	536,104	242,086	(294,018)
EXPENDITURES:						
Current:						
Health and social services	2,120,217	1,577,769	(542,448)			
Education	3,497,653	2,515,840	(981,813)			
General government	18,883	12,731	(6,152)	846,653	508,638	(338,015)
Employment and economic development	1,090,896	426,770	(664,126)			
Transportation	130,251	108,305	(21,946)	900	11	(889)
Public protection and justice	435,564	166,512	(269,052)	55,973	37,517	(18,456)
Environment and business regulation	233,682	84,460	(149,222)			
Debt service:						
Principal						
Interest						
Capital outlays	6,346	1,013	(5,333)	14,677	95	(14,582)
Total expenditures	7,533,492	4,893,400	(2,640,092)	918,203	546,261	(371,942)
Excess (deficiency) of revenues over (under) expenditures	(2,401,664)	(47,566)	2,354,098	(382,099)	(304,175)	77,924
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	55,163	55,163	-	151,169	151,169	-
Operating transfers-out	(34,923)	(34,923)	-	(2,909)	(2,909)	-
Total other sources (uses) of financial resources	20,240	20,240	-	148,260	148,260	-
Budgetary funds-nonbudgeted accounts	(12,931)	(12,931)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(2,394,355)	(40,257)	2,354,098	(233,839)	(155,915)	77,924
Budgetary fund balances (deficits), July 1, 2015, as previously reported	(160,355)	(160,355)	-	96,947	96,947	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2015, as reclassified	(160,355)	(160,355)	-	96,947	96,947	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (2,554,710)	\$ (200,612)	\$ 2,354,098	\$ (136,892)	\$ (58,968)	\$ 77,924

State Trust Funds			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 18,553,115	\$ 19,062,367	\$ 509,252
			9,260,742	9,205,619	(55,123)
			1,322,946	1,354,040	31,094
\$ 2,099	\$ 217,572	\$ 215,473	1,451,695	1,624,578	172,883
107,734	147,822	40,088	18,527,142	18,963,614	436,472
648,306	1,441,779	793,473	15,027,421	13,838,151	(1,189,270)
312	150	(162)	2,196,166	2,171,550	(24,616)
757,827	1,807,023	1,049,196	61,946,895	61,876,819	(70,076)
406,173	305,371	(100,802)	18,417,580	14,393,279	(4,024,301)
18,709	3,976	(14,733)	16,703,153	15,619,433	(1,083,720)
140,457	100,536	(39,921)	10,659,322	6,826,510	(3,832,812)
1,373		(1,373)	2,116,954	937,172	(1,179,782)
			6,113,157	5,547,402	(565,755)
15,500	1,548	(13,952)	1,468,549	914,913	(553,636)
10,891	5,901	(4,990)	1,682,911	1,257,125	(425,786)
			1,906,240	1,906,004	(236)
			1,630,106	1,630,106	-
874	33	(841)	43,002	16,029	(26,973)
593,977	417,365	(176,612)	60,740,974	49,047,973	(11,693,001)
163,850	1,389,658	1,225,808	1,205,921	12,828,846	11,622,925
			1,083,365	1,083,365	-
			17,115,255	17,115,255	-
(262,014)	(262,014)	-	(16,801,191)	(16,801,191)	-
(262,014)	(262,014)	-	1,397,429	1,397,429	-
(898,734)	(898,734)	-	(13,005,401)	(13,005,401)	-
(996,898)	228,910	1,225,808	(10,402,051)	1,220,874	11,622,925
312,875	312,875	-	1,357,971	1,357,971	-
(113,554)	(113,554)	-	(113,554)	(113,554)	-
199,321	199,321	-	1,244,417	1,244,417	-
\$ (797,577)	\$ 428,231	\$ 1,225,808	\$ (9,157,634)	\$ 2,465,291	\$ 11,622,925

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, 2016 (Expressed in Thousands)

	General Revenue			Common School Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 14,316,000	\$ 13,712,682	\$ (603,318)			
Sales taxes	6,163,000	6,057,043	(105,957)	\$ 2,041,000	\$ 2,005,532	\$ (35,468)
Public utility taxes	1,080,000	845,040	(234,960)			
Federal government	3,301,000	2,625,516	(675,484)			
Other	2,062,000	2,170,011	108,011			
Total revenues	26,922,000	25,410,292	(1,511,708)	2,041,000	2,005,532	(35,468)
EXPENDITURES:						
Current:						
Health and social services	498,216	345,982	(152,234)			
Education	3,907,368	3,896,365	(11,003)			
General government	1,517,471	1,501,945	(15,526)			
Public protection and justice	503,158	502,019	(1,139)			
Capital outlays	122	118	(4)			
Total expenditures	6,426,335	6,246,429	(179,906)			
Excess (deficiency) of revenues over (under) expenditures	20,495,665	19,163,863	(1,331,802)	2,041,000	2,005,532	(35,468)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	975,113	975,113	-			
Operating transfers-out	(8,956,504)	(8,956,504)	-	(1,997,157)	(1,997,157)	-
Total other sources (uses) of financial resources	(7,981,391)	(7,981,391)	-	(1,997,157)	(1,997,157)	-
Budgetary funds-nonbudgeted accounts	(12,028,488)	(12,028,488)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	485,786	(846,016)	(1,331,802)	43,843	8,375	(35,468)
Budgetary fund balances (deficits), July 1, 2015	(2,399,625)	(2,399,625)	-	120,854	120,854	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (1,913,839)	\$ (3,245,641)	\$ (1,331,802)	\$ 164,697	\$ 129,229	\$ (35,468)

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,202,000	\$ 1,150,843	\$ (51,157)				\$ 15,518,000	\$ 14,863,525	\$ (654,475)
			\$ 103,000	\$ 81,096	\$ (21,904)	8,204,000	8,062,575	(141,425)
						1,183,000	926,136	(256,864)
	2,327	2,327	81,000	103,440	22,440	3,301,000	2,625,516	(675,484)
1,202,000	1,153,170	(48,830)	184,000	184,536	536	2,143,000	2,275,778	132,778
						30,349,000	28,753,530	(1,595,470)
						498,216	345,982	(152,234)
1,110,382	1,110,169	(213)	7,353,134	7,353,034	(100)	12,370,884	12,359,568	(11,316)
						1,517,471	1,501,945	(15,526)
						503,158	502,019	(1,139)
						122	118	(4)
1,110,382	1,110,169	(213)	7,353,134	7,353,034	(100)	14,889,851	14,709,632	(180,219)
91,618	43,001	(48,617)	(7,169,134)	(7,168,498)	636	15,459,149	14,043,898	(1,415,251)
277,505	277,505	-	7,067,221	7,067,221	-	8,319,839	8,319,839	-
(11,457)	(11,457)	-	(255)	(255)	-	(10,965,373)	(10,965,373)	-
266,048	266,048	-	7,066,966	7,066,966	-	(2,645,534)	(2,645,534)	-
(12,025)	(12,025)	-				(12,040,513)	(12,040,513)	-
345,641	297,024	(48,617)	(102,168)	(101,532)	636	773,102	(642,149)	(1,415,251)
(280,610)	(280,610)	-	(340,349)	(340,349)	-	(2,899,730)	(2,899,730)	-
\$ 65,031	\$ 16,414	\$ (48,617)	\$ (442,517)	\$ (441,881)	\$ 636	\$ (2,126,628)	\$ (3,541,879)	\$ (1,415,251)

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, 2016 (Expressed in Thousands)

	Road			Motor Fuel Tax - State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 1,252,200	\$ 1,277,134	\$ 24,934
Federal government	\$ 1,587,800	\$ 1,537,497	\$ (50,303)		27	27
Other	1,011,300	1,064,206	52,906		880	880
Less:						
Refunds	2,570	1,379	(1,191)	20,798	19,205	(1,593)
Total revenues	2,596,530	2,600,324	3,794	1,231,402	1,258,836	27,434
EXPENDITURES:						
Current:						
General government	121,072	120,268	(804)	58,022	57,154	(868)
Employment and economic development	4,000	4,000	-			
Transportation	2,762,464	2,393,227	(369,237)	17,275	13,146	(4,129)
Environment and business regulation				30,000	30,000	-
Capital outlays	12,017	11,549	(468)	20	3	(17)
Total expenditures	2,899,553	2,529,044	(370,509)	105,317	100,303	(5,014)
Excess (deficiency) of revenues over (under) expenditures	(303,023)	71,280	374,303	1,126,085	1,158,533	32,448
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	307,261	307,261	-			
Operating transfers-out	(363,454)	(363,454)	-	(1,148,775)	(1,148,775)	-
Total other sources (uses) of financial resources	(56,193)	(56,193)	-	(1,148,775)	(1,148,775)	-
Budgetary funds-nonbudgeted accounts	(442)	(442)	-			
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(359,658)	14,645	374,303	(22,690)	9,758	32,448
Budgetary fund balances (deficits), July 1, 2015	788,374	788,374	-	85,187	85,187	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 428,716	\$ 803,019	\$ 374,303	\$ 62,497	\$ 94,945	\$ 32,448

Motor Fuel Tax - Municipalities			State Construction Account			Other		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 530,409	\$ 530,409	\$ -			
			530,409	530,409	-			
\$ 285,775	\$ 285,775	\$ -	778,354	778,135	(219)	\$ 324,216	\$ 324,206	\$ (10)
285,775	285,775	-	778,354	778,135	(219)	324,216	324,206	(10)
(285,775)	(285,775)	-	(247,945)	(247,726)	219	(324,216)	(324,206)	10
285,682	285,682	-	212,610	212,610	-	338,155	338,155	-
			(28)	(28)	-	(3,001)	(3,001)	-
285,682	285,682	-	212,582	212,582	-	335,154	335,154	-
(93)	(93)	-	(35,363)	(35,144)	219	10,938	10,948	10
(15,782)	(15,782)	-	390,440	390,440	-	7,436	7,436	-
\$ (15,875)	\$ (15,875)	\$ -	\$ 355,077	\$ 355,296	\$ 219	\$ 18,374	\$ 18,384	\$ 10

(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, 2016 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
REVENUES:			
Motor fuel taxes	\$ 1,252,200	\$ 1,277,134	\$ 24,934
Federal government	1,587,800	1,537,524	(50,276)
Other	1,541,709	1,595,495	53,786
Less:			
Refunds	23,368	20,584	(2,784)
Total revenues	<u>4,358,341</u>	<u>4,389,569</u>	<u>31,228</u>
EXPENDITURES:			
Current:			
General government	179,094	177,422	(1,672)
Employment and economic development	4,000	4,000	-
Transportation	4,168,084	3,794,489	(373,595)
Environment and business regulation	30,000	30,000	-
Capital outlays	12,037	11,552	(485)
Total expenditures	<u>4,393,215</u>	<u>4,017,463</u>	<u>(375,752)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,874)</u>	<u>372,106</u>	<u>406,980</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	1,143,708	1,143,708	-
Operating transfers-out	(1,515,258)	(1,515,258)	-
Total other sources (uses) of financial resources	<u>(371,550)</u>	<u>(371,550)</u>	<u>-</u>
Budgetary funds-nonbudgeted accounts	<u>(442)</u>	<u>(442)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(406,866)</u>	<u>114</u>	<u>406,980</u>
Budgetary fund balances (deficits), July 1, 2015	1,255,655	1,255,655	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	<u>\$ 848,789</u>	<u>\$ 1,255,769</u>	<u>\$ 406,980</u>

This Page Left Intentionally Blank

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, 2016 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 508,251	\$ 1,671,741	\$ 1,163,490	\$ 458,507	\$ 458,385	\$ (122)
Sales taxes	827,382	884,207	56,825			
Motor fuel taxes						
Public utility taxes	8,484	206,933	198,449	69,993	69,273	(720)
Federal government	7,154,113	8,811,387	1,657,274	150,900	163,168	12,268
Other	6,838,797	5,060,208	(1,778,589)	734,620	742,451	7,831
Less:						
Refunds	8,850	33	(8,817)	50		(50)
Total revenues	15,328,177	16,634,443	1,306,266	1,413,970	1,433,277	19,307
EXPENDITURES:						
Current:						
Health and social services	13,240,920	10,870,635	(2,370,285)	1,030	497	(533)
Education	17,296	15,918	(1,378)	486,600	446,154	(40,446)
General government	7,297,932	4,057,037	(3,240,895)	154,981	142,571	(12,410)
Employment and economic development						
Transportation	792,179	720,181	(71,998)			
Public protection and justice	450	16	(434)			
Environment and business regulation				691,523	641,028	(50,495)
Capital outlays	455	1	(454)	50	6	(44)
Total expenditures	21,349,232	15,663,788	(5,685,444)	1,334,184	1,230,256	(103,928)
Excess (deficiency) of revenues over (under) expenditures	(6,021,055)	970,655	6,991,710	79,786	203,021	123,235
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	2,434,104	2,434,104	-	155,450	155,450	-
Operating transfers-out	(1,847,289)	(1,847,289)	-	(669,099)	(669,099)	-
Total other sources (uses) of financial resources	586,815	586,815	-	(513,649)	(513,649)	-
Budgetary funds-nonbudgeted accounts	(457)	(457)	-	(13,272)	(13,272)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(5,434,697)	1,557,013	6,991,710	(447,135)	(323,900)	123,235
Budgetary fund balances (deficits), July 1, 2015	(638,032)	(638,032)	-	(63,207)	(63,207)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$(6,072,729)	\$ 918,981	\$ 6,991,710	\$ (510,342)	\$ (387,107)	\$ 123,235

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 2,068,357	\$ 2,068,716	\$ 359	\$ 3,035,115	\$ 4,198,842	\$ 1,163,727
172,435	201,912	29,477	999,817	1,086,119	86,302
70,746	76,906	6,160	70,746	76,906	6,160
188,119	204,664	16,545	266,596	480,870	214,274
1,331,291	1,074,012	(257,279)	8,636,304	10,048,567	1,412,263
1,571,399	1,460,583	(110,816)	9,144,816	7,263,242	(1,881,574)
2,154,437	2,150,696	(3,741)	2,163,337	2,150,729	(12,608)
3,247,910	2,936,097	(311,813)	19,990,057	21,003,817	1,013,760
2,151,024	1,293,025	(857,999)	15,392,974	12,164,157	(3,228,817)
296,046	263,595	(32,451)	799,942	725,667	(74,275)
483,916	311,835	(172,081)	7,936,829	4,511,443	(3,425,386)
1,018,685	504,544	(514,141)	1,018,685	504,544	(514,141)
298,736	201,524	(97,212)	1,090,915	921,705	(169,210)
457,904	207,301	(250,603)	458,354	207,317	(251,037)
692,574	489,473	(203,101)	1,384,097	1,130,501	(253,596)
6,901	1,671	(5,230)	7,406	1,678	(5,728)
5,405,786	3,272,968	(2,132,818)	28,089,202	20,167,012	(7,922,190)
(2,157,876)	(336,871)	1,821,005	(8,099,145)	836,805	8,935,950
970,585	970,585	-	3,560,139	3,560,139	-
(361,704)	(361,704)	-	(2,878,092)	(2,878,092)	-
608,881	608,881	-	682,047	682,047	-
(22,295)	(22,295)	-	(36,024)	(36,024)	-
(1,571,290)	249,715	1,821,005	(7,453,122)	1,482,828	8,935,950
1,444,969	1,444,969	-	743,730	743,730	-
\$ (126,321)	\$ 1,694,684	\$ 1,821,005	\$ (6,709,392)	\$ 2,226,558	\$ 8,935,950

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, 2016 (Expressed in Thousands)

	Central Management Services			Human Services		
	Health Insurance Reserve			Commitment to Human Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 458,507	\$ 458,385	\$ (122)
Sales taxes						
Public utility taxes						
Federal government	\$ 6,440	\$ 7,777	\$ 1,337			
Other	2,277,294	782,013	(1,495,281)			
Less:						
Refunds						
Total revenues	2,283,734	789,790	(1,493,944)	458,507	458,385	(122)
EXPENDITURES:						
Current:						
Health and social services					(1)	(1)
Education						
General government	3,011,600	479,049	(2,532,551)			
Public protection and justice						
Transportation						
Capital outlays						
Total expenditures	3,011,600	479,049	(2,532,551)		(1)	(1)
Excess (deficiency) of revenues over (under) expenditures	(727,866)	310,741	1,038,607	458,507	458,386	(121)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out						
Total other sources (uses) of financial resources						
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(727,866)	310,741	1,038,607	458,507	458,386	(121)
Budgetary fund balances (deficits), July 1, 2015	(115,426)	(115,426)	-	(25,482)	(25,482)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (843,292)	\$ 195,315	\$ 1,038,607	\$ 433,025	\$ 432,904	\$ (121)

Healthcare and Family Services			Revenue			Transportation		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 49,744	\$ 1,213,356	\$ 1,163,612			
			827,382	884,207	56,825			
			8,484	206,933	198,449			
\$ 6,496,453	\$ 8,135,619	\$ 1,639,166				\$ 211,883	\$ 211,883	\$ -
3,180,934	2,830,422	(350,512)	136,893	137,383	490			
8,750	23	(8,727)						
9,668,637	10,966,018	1,297,381	1,022,503	2,441,879	1,419,376	211,883	211,883	-
12,722,291	10,409,194	(2,313,097)						
			17,296	15,918	(1,378)			
			3,063,792	3,034,919	(28,873)	1,611	940	(671)
			450	16	(434)			
						792,179	720,181	(71,998)
			5		(5)			
12,722,291	10,409,194	(2,313,097)	3,081,543	3,050,853	(30,690)	793,790	721,121	(72,669)
(3,053,654)	556,824	3,610,478	(2,059,040)	(608,974)	1,450,066	(581,907)	(509,238)	72,669
342,049	342,049	-	1,579,957	1,579,957	-	512,098	512,098	-
(200,329)	(200,329)	-	(969,240)	(969,240)	-	(28)	(28)	-
141,720	141,720	-	610,717	610,717	-	512,070	512,070	-
(2,911,934)	698,544	3,610,478	(1,448,323)	1,743	1,450,066	(69,837)	2,832	72,669
(640,981)	(640,981)	-	213,341	213,341	-	8,804	8,804	-
\$ (3,552,915)	\$ 57,563	\$ 3,610,478	\$ (1,234,982)	\$ 215,084	\$ 1,450,066	\$ (61,033)	\$ 11,636	\$ 72,669

(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, 2016 (Expressed in Thousands)

(continued)	Other			Final Budget	Total		
	Other Code Departments				Final Budget	Actual	Variance Over (Under)
	Final Budget	Actual	Variance Over (Under)				
REVENUES:							
Income taxes				\$ 508,251	\$ 1,671,741	\$ 1,163,490	
Sales taxes				827,382	884,207	56,825	
Public utility taxes				8,484	206,933	198,449	
Federal government	\$ 439,337	\$ 456,108	\$ 16,771	7,154,113	8,811,387	1,657,274	
Other	1,243,676	1,310,390	66,714	6,838,797	5,060,208	(1,778,589)	
Less:							
Refunds	100	10	(90)	8,850	33	(8,817)	
Total revenues	1,682,913	1,766,488	83,575	15,328,177	16,634,443	1,306,266	
EXPENDITURES:							
Current:							
Health and social services	518,629	461,442	(57,187)	13,240,920	10,870,635	(2,370,285)	
Education				17,296	15,918	(1,378)	
General government	1,220,929	542,129	(678,800)	7,297,932	4,057,037	(3,240,895)	
Public protection and justice				450	16	(434)	
Transportation				792,179	720,181	(71,998)	
Capital outlays	450	1	(449)	455	1	(454)	
Total expenditures	1,740,008	1,003,572	(736,436)	21,349,232	15,663,788	(5,685,444)	
Excess (deficiency) of revenues over (under) expenditures	(57,095)	762,916	820,011	(6,021,055)	970,655	6,991,710	
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:							
Operating transfers-in				2,434,104	2,434,104	-	
Operating transfers-out	(677,692)	(677,692)	-	(1,847,289)	(1,847,289)	-	
Total other sources (uses) of financial resources	(677,692)	(677,692)	-	586,815	586,815	-	
Budgetary funds-nonbudgeted accounts	(457)	(457)	-	(457)	(457)	-	
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(735,244)	84,767	820,011	(5,434,697)	1,557,013	6,991,710	
Budgetary fund balances (deficits), July 1, 2015	(78,288)	(78,288)	-	(638,032)	(638,032)	-	
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (813,532)	\$ 6,479	\$ 820,011	\$ (6,072,729)	\$ 918,981	\$ 6,991,710	

This Page Left Intentionally Blank

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, 2016 (Expressed in Thousands)

	County Provider Trust			Long Term Care Provider		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,398,724	\$ 1,388,344	\$ (10,380)	\$ 209,481	\$ 169,106	\$ (40,375)
Other	706,494	701,495	(4,999)	200,827	194,776	(6,051)
Less:						
Refunds	1,000		(1,000)	2,750	23	(2,727)
Total revenues	2,104,218	2,089,839	(14,379)	407,558	363,859	(43,699)
EXPENDITURES:						
Current:						
Health and social services	2,525,000	2,143,852	(381,148)	553,929	365,325	(188,604)
Total expenditures	2,525,000	2,143,852	(381,148)	553,929	365,325	(188,604)
Excess (deficiency) of revenues over (under) expenditures	(420,782)	(54,013)	366,769	(146,371)	(1,466)	144,905
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				30,414	30,414	-
Operating transfers-out				(20,016)	(20,016)	-
Total other sources (uses) of financial resources				10,398	10,398	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(420,782)	(54,013)	366,769	(135,973)	8,932	144,905
Budgetary fund balances (deficits), July 1, 2015	(23,981)	(23,981)	-	(6,365)	(6,365)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (444,763)	\$ (77,994)	\$ 366,769	\$ (142,338)	\$ 2,567	\$ 144,905

Hospital Provider			Drug Rebate Fund			Healthcare Provider Relief		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,560,358	\$ 1,503,850	\$ (56,508)	\$ 279,923	\$ 385,981	\$ 106,058	\$ 3,047,967	\$ 4,688,338	\$ 1,640,371
1,182,645	1,184,747	2,102	110	241	131	1,090,858	749,163	(341,695)
5,000		(5,000)						
2,738,003	2,688,597	(49,406)	280,033	386,222	106,189	4,138,825	5,437,501	1,298,676
3,000,000	2,663,698	(336,302)	700,000	556,442	(143,558)	5,943,362	4,679,877	(1,263,485)
3,000,000	2,663,698	(336,302)	700,000	556,442	(143,558)	5,943,362	4,679,877	(1,263,485)
(261,997)	24,899	286,896	(419,967)	(170,220)	249,747	(1,804,537)	757,624	2,562,161
			261,635	261,635	-	50,000	50,000	-
(180,077)	(180,077)	-	(16)	(16)	-	(220)	(220)	-
(180,077)	(180,077)	-	261,619	261,619	-	49,780	49,780	-
(442,074)	(155,178)	286,896	(158,348)	91,399	249,747	(1,754,757)	807,404	2,562,161
116,515	116,515	-	(41,667)	(41,667)	-	(685,483)	(685,483)	-
\$ (325,559)	\$ (38,663)	\$ 286,896	\$ (200,015)	\$ 49,732	\$ 249,747	\$ (2,440,240)	\$ 121,921	\$ 2,562,161

(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, 2016 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 6,496,453	\$ 8,135,619	\$ 1,639,166
Other	3,180,934	2,830,422	(350,512)
Less:			
Refunds	8,750	23	(8,727)
Total revenues	<u>9,668,637</u>	<u>10,966,018</u>	<u>1,297,381</u>
EXPENDITURES:			
Current:			
Health and social services	12,722,291	10,409,194	(2,313,097)
Total expenditures	<u>12,722,291</u>	<u>10,409,194</u>	<u>(2,313,097)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,053,654)</u>	556,824	3,610,478
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	342,049	342,049	-
Operating transfers-out	(200,329)	(200,329)	-
Total other sources (uses) of financial resources	<u>141,720</u>	<u>141,720</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(2,911,934)</u>	698,544	3,610,478
Budgetary fund balances (deficits), July 1, 2015	(640,981)	(640,981)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	<u>\$ (3,552,915)</u>	<u>\$ 57,563</u>	<u>\$ 3,610,478</u>

This Page Left Intentionally Blank

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, 2016 (Expressed in Thousands)

	State and Local Sales Tax Reform			Local Government Distributive		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes	\$ 352,486	\$ 409,311	\$ 56,825			
Public utility taxes						
Other						
Total revenues	352,486	409,311	56,825			
EXPENDITURES:						
Current:						
Education						
General government	87,014	81,530	(5,484)	\$ 1,556,223	\$ 1,537,989	\$ (18,234)
Public protection and justice						
Capital outlays						
Total expenditures	87,014	81,530	(5,484)	1,556,223	1,537,989	(18,234)
Excess (deficiency) of revenues over (under) expenditures	265,472	327,781	62,309	(1,556,223)	(1,537,989)	18,234
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				1,535,237	1,535,237	-
Operating transfers-out	(312,138)	(312,138)	-	(36)	(36)	-
Total other sources (uses) of financial resources	(312,138)	(312,138)	-	1,535,201	1,535,201	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(46,666)	15,643	62,309	(21,022)	(2,788)	18,234
Budgetary fund balances (deficits), July 1, 2015	12,975	12,975	-	(36,556)	(36,556)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (33,691)	\$ 28,618	\$ 62,309	\$ (57,578)	\$ (39,344)	\$ 18,234

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)
\$ 49,744	\$ 1,213,356	\$ 1,163,612	\$ 474,896	\$ 474,896	\$ -	\$ 49,744	\$ 1,213,356	\$ 1,163,612
8,484	206,933	198,449				827,382	884,207	56,825
21	511	490	136,872	136,872	-	8,484	206,933	198,449
58,249	1,420,800	1,362,551	611,768	611,768	-	136,893	137,383	490
						1,022,503	2,441,879	1,419,376
17,296	15,918	(1,378)				17,296	15,918	(1,378)
1,420,555	1,415,400	(5,155)				3,063,792	3,034,919	(28,873)
450	16	(434)				450	16	(434)
5		(5)				5		(5)
1,438,306	1,431,334	(6,972)				3,081,543	3,050,853	(30,690)
(1,380,057)	(10,534)	1,369,523	611,768	611,768	-	(2,059,040)	(608,974)	1,450,066
5,254	5,254	-	39,466	39,466	-	1,579,957	1,579,957	-
(5,833)	(5,833)	-	(651,233)	(651,233)	-	(969,240)	(969,240)	-
(579)	(579)	-	(611,767)	(611,767)	-	610,717	610,717	-
(1,380,636)	(11,113)	1,369,523	1	1	-	(1,448,323)	1,743	1,450,066
236,923	236,923	-	(1)	(1)	-	213,341	213,341	-
\$ (1,143,713)	\$ 225,810	\$ 1,369,523	\$ -	\$ -	\$ -	\$ (1,234,982)	\$ 215,084	\$ 1,450,066

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 Transportation

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Federal High Speed Rail			Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 211,883	\$ 211,883	\$ -			
Total revenues	211,883	211,883	-			
EXPENDITURES:						
Current:						
General government				\$ 1,611	\$ 940	\$ (671)
Transportation	261,179	261,179	-	531,000	459,002	(71,998)
Total expenditures	261,179	261,179	-	532,611	459,942	(72,669)
Excess (deficiency) of revenues over (under) expenditures	(49,296)	(49,296)	-	(532,611)	(459,942)	72,669
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				512,098	512,098	-
Operating transfers-out	(7)	(7)	-	(21)	(21)	-
Total other sources (uses) of financial resources	(7)	(7)	-	512,077	512,077	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(49,303)	(49,303)	-	(20,534)	52,135	72,669
Budgetary fund balances (deficits), July 1, 2015	3,999	3,999	-	4,805	4,805	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (45,304)	\$ (45,304)	\$ -	\$ (15,729)	\$ 56,940	\$ 72,669

Total		
Final Budget	Actual	Variance Over (Under)
\$ 211,883	\$ 211,883	\$ -
211,883	211,883	-
1,611	940	(671)
792,179	720,181	(71,998)
793,790	721,121	(72,669)
(581,907)	(509,238)	72,669
512,098	512,098	-
(28)	(28)	-
512,070	512,070	-
(69,837)	2,832	72,669
8,804	8,804	-
\$ (61,033)	\$ 11,636	\$ 72,669

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Children and Family Services DCFS Children's Services			State Lottery State Lottery Fund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 439,337	\$ 456,108	\$ 16,771			
Other	3,614	5,976	2,362	\$ 1,240,062	\$ 1,304,414	\$ 64,352
Less:						
Refunds				100	10	(90)
Total revenues	442,951	462,084	19,133	1,239,962	1,304,404	64,442
EXPENDITURES:						
Current:						
Health and social services	518,629	461,442	(57,187)			
General government	1,500	558	(942)	1,219,429	541,571	(677,858)
Capital outlays				450	1	(449)
Total expenditures	520,129	462,000	(58,129)	1,219,879	541,572	(678,307)
Excess (deficiency) of revenues over (under) expenditures	(77,178)	84	77,262	20,083	762,832	742,749
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(371)	(371)	-	(677,321)	(677,321)	-
Total other sources (uses) of financial resources	(371)	(371)	-	(677,321)	(677,321)	-
Budgetary funds-nonbudgeted accounts	(230)	(230)	-	(227)	(227)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(77,779)	(517)	77,262	(657,465)	85,284	742,749
Budgetary fund balances (deficits), July 1, 2015	(40,836)	(40,836)	-	(37,452)	(37,452)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (118,615)	\$ (41,353)	\$ 77,262	\$ (694,917)	\$ 47,832	\$ 742,749

Total		
Final Budget	Actual	Variance Over (Under)
\$ 439,337	\$ 456,108	\$ 16,771
1,243,676	1,310,390	66,714
100	10	(90)
1,682,913	1,766,488	83,575
518,629	461,442	(57,187)
1,220,929	542,129	(678,800)
450	1	(449)
1,740,008	1,003,572	(736,436)
(57,095)	762,916	820,011
(677,692)	(677,692)	-
(677,692)	(677,692)	-
(457)	(457)	-
(735,244)	84,767	820,011
(78,288)	(78,288)	-
\$ (813,532)	\$ 6,479	\$ 820,011

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Illinois Gaming Board State Gaming Fund			Environmental Protection Agency Water Revolving Fund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income tax						
Public utility tax						
Federal government				\$ 150,900	\$ 163,168	\$ 12,268
Other	\$ 473,073	\$ 484,188	\$ 11,115	215,140	212,451	(2,689)
Less:						
Refunds	50		(50)			
Total revenues	473,023	484,188	11,165	366,040	375,619	9,579
EXPENDITURES:						
Current:						
Health and social services	1,030	497	(533)			
Education						
General government	154,244	141,848	(12,396)	691,523	641,028	(50,495)
Environment and business regulation						
Capital outlays	50	6	(44)			
Total expenditures	155,324	142,351	(12,973)	691,523	641,028	(50,495)
Excess (deficiency) of revenues over (under) expenditures	317,699	341,837	24,138	(325,483)	(265,409)	60,074
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out	(344,691)	(344,691)	-			
Total other sources (uses) of financial resources	(344,691)	(344,691)	-			
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(26,992)	(2,854)	24,138	(325,483)	(265,409)	60,074
Budgetary fund balances (deficits), July 1, 2015	24,769	24,769	-	268,419	268,419	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (2,223)	\$ 21,915	\$ 24,138	\$ (57,064)	\$ 3,010	\$ 60,074

State Board of Education			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 458,507	\$ 458,385	\$ (122)	\$ 458,507	\$ 458,385	\$ (122)
69,993	69,273	(720)	69,993	69,273	(720)
46,407	45,812	(595)	734,620	742,451	7,831
			50	-	(50)
574,907	573,470	(1,437)	1,413,970	1,433,277	19,307
			1,030	497	(533)
486,600	446,154	(40,446)	486,600	446,154	(40,446)
737	723	(14)	154,981	142,571	(12,410)
			691,523	641,028	(50,495)
			50	6	(44)
487,337	446,877	(40,460)	1,334,184	1,230,256	(103,928)
87,570	126,593	39,023	79,786	203,021	123,235
155,450	155,450	-	155,450	155,450	-
(324,408)	(324,408)	-	(669,099)	(669,099)	-
(168,958)	(168,958)	-	(513,649)	(513,649)	-
(13,272)	(13,272)	-	(13,272)	(13,272)	-
(94,660)	(55,637)	39,023	(447,135)	(323,900)	123,235
(356,395)	(356,395)	-	(63,207)	(63,207)	-
\$ (451,055)	\$ (412,032)	\$ 39,023	\$ (510,342)	\$ (387,107)	\$ 123,235

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 - State Board of Education

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Fund for Advancement of Education			School Infrastructure Fund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income tax	\$ 458,507	\$ 458,385	\$ (122)			
Public utility tax				\$ 69,993	\$ 69,273	\$ (720)
Other				46,407	45,812	(595)
Total revenues	458,507	458,385	(122)	116,400	115,085	(1,315)
EXPENDITURES:						
Current:						
Education	446,000	446,000	-	40,600	154	(40,446)
General government				737	723	(14)
Total expenditures	446,000	446,000	-	41,337	877	(40,460)
Excess (deficiency) of revenues over (under) expenditures	12,507	12,385	(122)	75,063	114,208	39,145
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				155,450	155,450	-
Operating transfers-out				(324,408)	(324,408)	-
Total other sources (uses) of financial resources				(168,958)	(168,958)	-
Budgetary funds-nonbudgeted accounts				(13,272)	(13,272)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	12,507	12,385	(122)	(107,167)	(68,022)	39,145
Budgetary fund balances (deficits), July 1, 2015	1	1	-	(356,396)	(356,396)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 12,508	\$ 12,386	\$ (122)	\$ (463,563)	\$ (424,418)	\$ 39,145

Total		
Final Budget	Actual	Variance Over (Under)
\$ 458,507	\$ 458,385	\$ (122)
69,993	69,273	(720)
46,407	45,812	(595)
574,907	573,470	(1,437)
486,600	446,154	(40,446)
737	723	(14)
487,337	446,877	(40,460)
87,570	126,593	39,023
155,450	155,450	-
(324,408)	(324,408)	-
(168,958)	(168,958)	-
(13,272)	(13,272)	-
(94,660)	(55,637)	39,023
(356,395)	(356,395)	-
\$ (451,055)	\$ (412,032)	\$ 39,023

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Transportation			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other				\$ 24	\$ 24	\$ -
Total revenues				24	24	-
EXPENDITURES:						
Current:						
Education				15,965	14,382	(1,583)
General government				19,935	13,795	(6,140)
Employment and economic development				2,000	1,858	(142)
Transportation	\$ 701,213	\$ 701,192	\$ (21)	21,794	21,700	(94)
Environment and business regulation				24,241	6,263	(17,978)
Capital outlays				1,540	1,540	-
Total expenditures	701,213	701,192	(21)	85,475	59,538	(25,937)
Excess (deficiency) of revenues over (under) expenditures	(701,213)	(701,192)	21	(85,451)	(59,514)	25,937
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	967,177	967,177	-	116,188	116,188	-
Operating transfers in	103,868	103,868	-			
Operating transfers out	(103,868)	(103,868)	-			
Total other sources (uses) of financial resources	967,177	967,177	-	116,188	116,188	-
Budgetary funds-nonbudgeted accounts				(16,757)	(16,757)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	265,964	265,985	21	13,980	39,917	25,937
Budgetary fund balances (deficits), July 1, 2015	378,200	378,200	-	71,246	71,246	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 644,164	\$ 644,185	\$ 21	\$ 85,226	\$ 111,163	\$ 25,937

Total		
Final Budget	Actual	Variance Over (Under)
\$ 24	\$ 24	\$ -
24	24	-

15,965	14,382	(1,583)
19,935	13,795	(6,140)
2,000	1,858	(142)
723,007	722,892	(115)
24,241	6,263	(17,978)
1,540	1,540	-
786,688	760,730	(25,958)
(786,664)	(760,706)	25,958

1,083,365	1,083,365	-
103,868	103,868	-
(103,868)	(103,868)	-
1,083,365	1,083,365	-
(16,757)	(16,757)	-

279,944	305,902	25,958
449,446	449,446	-
\$ 729,390	\$ 755,348	\$ 25,958

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Transportation Bond Series B			Transportation Bond Series D		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
EXPENDITURES:						
Current:						
Transportation	\$ 313,748	\$ 313,748	\$ -	\$ 387,465	\$ 387,444	\$ (21)
Total expenditures	313,748	313,748	-	387,465	387,444	(21)
Excess (deficiency) of revenues over (under) expenditures	(313,748)	(313,748)	-	(387,465)	(387,444)	21
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	531,199	531,199	-	435,978	435,978	-
Operating transfers in				103,868	103,868	-
Operating transfers out	(103,868)	(103,868)	-			
Total other sources (uses) of financial resources	427,331	427,331	-	539,846	539,846	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	113,583	113,583	-	152,381	152,402	21
Budgetary fund balances (deficits), July 1, 2015	249,165	249,165	-	129,035	129,035	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 362,748	\$ 362,748	\$ -	\$ 281,416	\$ 281,437	\$ 21

Total		
Final Budget	Actual	Variance Over (Under)
\$ 701,213	\$ 701,192	\$ (21)
701,213	701,192	(21)
(701,213)	(701,192)	21
967,177	967,177	-
103,868	103,868	-
(103,868)	(103,868)	-
967,177	967,177	-
265,964	265,985	21
378,200	378,200	-
\$ 644,164	\$ 644,185	\$ 21

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, 2016 (Expressed in Thousands)

	General Obligation Bond, Retirement, and Interest			Capital Projects		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Sales taxes				\$ 56,925	\$ 56,925	\$ -
Federal government	\$ 53,922	\$ 57,009	\$ 3,087			
Other	34,547	42,699	8,152	678,260	678,260	-
Total revenues	88,469	99,708	11,239	735,185	735,185	-
EXPENDITURES:						
Debt service:						
Principal	1,432,240	1,432,240	-			
Interest	1,630,106	1,630,106	-			
Total expenditures	3,062,346	3,062,346	-			
Excess (deficiency) of revenues over (under) expenditures	(2,973,877)	(2,962,638)	11,239	735,185	735,185	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	3,308,019	3,308,019	-			
Operating transfers-out				(1,038,754)	(1,038,754)	-
Total other sources (uses) of financial resources	3,308,019	3,308,019	-	(1,038,754)	(1,038,754)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	334,142	345,381	11,239	(303,569)	(303,569)	-
Budgetary fund balances (deficits), July 1, 2015	2,035,345	2,035,345	-	(493,479)	(493,479)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ 2,369,487	\$ 2,380,726	\$ 11,239	\$ (797,048)	\$ (797,048)	\$ -

Build Illinois Bond, Retirement, and Interest			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 56,925	\$ 56,925	\$ -
						53,922	57,009	3,087
\$ 60	\$ 43	\$ (17)				712,867	721,002	8,135
60	43	(17)				823,714	834,936	11,222
460,000	459,914	(86)	\$ 14,000	\$ 13,850	\$ (150)	1,906,240	1,906,004	(236)
						1,630,106	1,630,106	-
460,000	459,914	(86)	14,000	13,850	(150)	3,536,346	3,536,110	(236)
(459,940)	(459,871)	69	(14,000)	(13,850)	150	(2,712,632)	(2,701,174)	11,458
461,927	461,927	-	11,423	11,423	-	3,781,369	3,781,369	-
						(1,038,754)	(1,038,754)	-
461,927	461,927	-	11,423	11,423	-	2,742,615	2,742,615	-
1,987	2,056	69	(2,577)	(2,427)	150	29,983	41,441	11,458
7,362	7,362	-	10,175	10,175	-	1,559,403	1,559,403	-
\$ 9,349	\$ 9,418	\$ 69	\$ 7,598	\$ 7,748	\$ 150	\$ 1,589,386	\$ 1,600,844	\$ 11,458

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, 2016 (Expressed in Thousands)

	Human Services			State Board of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 928,785	\$ 847,904	\$ (80,881)	\$ 2,232,611	\$ 2,286,753	\$ 54,142
Other	75,456	69,675	(5,781)		10	10
Less:						
Refunds	200		(200)			
Total revenues	1,004,041	917,579	(86,462)	2,232,611	2,286,763	54,152
EXPENDITURES:						
Current:						
Health and social services	1,132,858	933,257	(199,601)			
Education				3,143,101	2,321,238	(821,863)
General government						
Employment and economic development						
Transportation						
Public protection and justice						
Environment and business regulation						
Capital outlays				989	83	(906)
Total expenditures	1,132,858	933,257	(199,601)	3,144,090	2,321,321	(822,769)
Excess (deficiency) of revenues over (under) expenditures	(128,817)	(15,678)	113,139	(911,479)	(34,558)	876,921
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	6,623	6,623	-			
Operating transfers-out				(13,966)	(13,966)	-
Total other sources (uses) of financial resources	6,623	6,623	-	(13,966)	(13,966)	-
Budgetary funds-nonbudgeted accounts	(97)	(97)	-	(946)	(946)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(122,291)	(9,152)	113,139	(926,391)	(49,470)	876,921
Budgetary fund balances (deficits), July 1, 2015	(13,129)	(13,129)	-	(270,603)	(270,603)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (135,420)	\$ (22,281)	\$ 113,139	\$ (1,196,994)	\$ (320,073)	\$ 876,921

	Other			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$	1,678,686	\$ 1,412,238	\$ (266,448)	\$ 4,840,082	\$ 4,546,895	\$ (293,187)
	216,610	229,254	12,644	292,066	298,939	6,873
	120		(120)	320		(320)
	1,895,176	1,641,492	(253,684)	5,131,828	4,845,834	(285,994)
	987,359	644,512	(342,847)	2,120,217	1,577,769	(542,448)
	354,552	194,602	(159,950)	3,497,653	2,515,840	(981,813)
	18,883	12,731	(6,152)	18,883	12,731	(6,152)
	1,090,896	426,770	(664,126)	1,090,896	426,770	(664,126)
	130,251	108,305	(21,946)	130,251	108,305	(21,946)
	435,564	166,512	(269,052)	435,564	166,512	(269,052)
	233,682	84,460	(149,222)	233,682	84,460	(149,222)
	5,357	930	(4,427)	6,346	1,013	(5,333)
	3,256,544	1,638,822	(1,617,722)	7,533,492	4,893,400	(2,640,092)
	(1,361,368)	2,670	1,364,038	(2,401,664)	(47,566)	2,354,098
	48,540	48,540	-	55,163	55,163	-
	(20,957)	(20,957)	-	(34,923)	(34,923)	-
	27,583	27,583	-	20,240	20,240	-
	(11,888)	(11,888)	-	(12,931)	(12,931)	-
	(1,345,673)	18,365	1,364,038	(2,394,355)	(40,257)	2,354,098
	123,377	123,377	-	(160,355)	(160,355)	-
\$	(1,222,296)	\$ 141,742	\$ 1,364,038	\$ (2,554,710)	\$ (200,612)	\$ 2,354,098

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Employment & Training			DHS Special Purpose Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 471,151	\$ 424,602	\$ (46,549)	\$ 238,000	\$ 225,573	\$ (12,427)
Other					156	156
Less:						
Refunds						
Total revenues	471,151	424,602	(46,549)	238,000	225,729	(12,271)
EXPENDITURES:						
Current:						
Health and social services	505,000	410,508	(94,492)	304,214	260,717	(43,497)
Total expenditures	505,000	410,508	(94,492)	304,214	260,717	(43,497)
Excess (deficiency) of revenues over (under) expenditures	(33,849)	14,094	47,943	(66,214)	(34,988)	31,226
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				6,623	6,623	-
Total other sources (uses) of financial resources				6,623	6,623	-
Budgetary funds-nonbudgeted accounts				(97)	(97)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(33,849)	14,094	47,943	(59,688)	(28,462)	31,226
Budgetary fund balances (deficits), July 1, 2015	(41,381)	(41,381)	-	42,485	42,485	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (75,230)	\$ (27,287)	\$ 47,943	\$ (17,203)	\$ 14,023	\$ 31,226

USDA Women, Infants and Children			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 219,634	\$ 197,729	\$ (21,905)	\$ 928,785	\$ 847,904	\$ (80,881)
75,456	69,519	(5,937)	75,456	69,675	(5,781)
200		(200)	200		(200)
294,890	267,248	(27,642)	1,004,041	917,579	(86,462)
323,644	262,032	(61,612)	1,132,858	933,257	(199,601)
323,644	262,032	(61,612)	1,132,858	933,257	(199,601)
(28,754)	5,216	33,970	(128,817)	(15,678)	113,139
			6,623	6,623	-
			6,623	6,623	-
			(97)	(97)	-
(28,754)	5,216	33,970	(122,291)	(9,152)	113,139
(14,233)	(14,233)	-	(13,129)	(13,129)	-
\$ (42,987)	\$ (9,017)	\$ 33,970	\$ (135,420)	\$ (22,281)	\$ 113,139

State of Illinois

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

For the Year Ended June 30, 2016 (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	\$ 654,073	\$ 789,056	\$ 134,983	\$ 1,578,538	\$ 1,497,697	\$ (80,841)
Other		10	10			
Total revenues	654,073	789,066	134,993	1,578,538	1,497,697	(80,841)
EXPENDITURES:						
Current:						
Education	869,595	819,067	(50,528)	2,273,506	1,502,171	(771,335)
Capital outlays	310	54	(256)	679	29	(650)
Total expenditures	869,905	819,121	(50,784)	2,274,185	1,502,200	(771,985)
Excess (deficiency) of revenues over (under) expenditures	(215,832)	(30,055)	185,777	(695,647)	(4,503)	691,144
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(13,966)	(13,966)	-
Total other sources (uses) of financial resources				(13,966)	(13,966)	-
Budgetary funds-nonbudgeted accounts	(227)	(227)	-	(719)	(719)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(216,059)	(30,282)	185,777	(710,332)	(19,188)	691,144
Budgetary fund balances (deficits), July 1, 2015	(5,902)	(5,902)	-	(264,701)	(264,701)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (221,961)	\$ (36,184)	\$ 185,777	\$ (975,033)	\$ (283,889)	\$ 691,144

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 2,232,611	\$ 2,286,753	\$ 54,142	
-	10	10	
2,232,611	2,286,763	54,152	

3,143,101	2,321,238	(821,863)
989	83	(906)
3,144,090	2,321,321	(822,769)

(911,479)	(34,558)	876,921
(13,966)	(13,966)	-
(13,966)	(13,966)	-
(946)	(946)	-

(926,391)	(49,470)	876,921
(270,603)	(270,603)	-
\$ (1,196,994)	\$ (320,073)	\$ 876,921

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, 2016 (Expressed in Thousands)

	Code Departments			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes				\$ 2,099	\$ 217,572	\$ 215,473
Federal government		\$ 62,178	\$ 62,178	107,734	85,644	(22,090)
Other	\$ 347,059	968,835	621,776	301,247	472,944	171,697
Less:						
Refunds				312	150	(162)
Total revenues	347,059	1,031,013	683,954	410,768	776,010	365,242
EXPENDITURES:						
Current:						
Health and social services	167,532	108,682	(58,850)	238,641	196,689	(41,952)
Education				18,709	3,976	(14,733)
General government				140,457	100,536	(39,921)
Employment and Economic Development				1,373		(1,373)
Public protection and justice				15,500	1,548	(13,952)
Environment and business regulation				10,891	5,901	(4,990)
Capital outlays	874	33	(841)			
Total expenditures	168,406	108,715	(59,691)	425,571	308,650	(116,921)
Excess (deficiency) of revenues over (under) expenditures	178,653	922,298	743,645	(14,803)	467,360	482,163
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(261,678)	(261,678)	-	(336)	(336)	-
Total other sources (uses) of financial resources	(261,678)	(261,678)	-	(336)	(336)	-
Budgetary funds-nonbudgeted accounts	(425,301)	(425,301)	-	(473,433)	(473,433)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(508,326)	235,319	743,645	(488,572)	(6,409)	482,163
Budgetary fund balances (deficits), July 1, 2015, as previously reported	97,096	97,096	-	215,779	215,779	-
Reclassifications between budgetary/nonbudgetary funds-net	(107,701)	(107,701)	-	(5,853)	(5,853)	-
Budgetary fund balances (deficits), July 1, 2015, as reclassified	(10,605)	(10,605)	-	209,926	209,926	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (518,931)	\$ 224,714	\$ 743,645	\$ (278,646)	\$ 203,517	\$ 482,163

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 2,099	\$ 217,572	\$ 215,473	
107,734	147,822	40,088	
648,306	1,441,779	793,473	
312	150	(162)	
757,827	1,807,023	1,049,196	
406,173	305,371	(100,802)	
18,709	3,976	(14,733)	
140,457	100,536	(39,921)	
1,373		(1,373)	
15,500	1,548	(13,952)	
10,891	5,901	(4,990)	
874	33	(841)	
593,977	417,365	(176,612)	
163,850	1,389,658	1,225,808	
(262,014)	(262,014)	-	
(262,014)	(262,014)	-	
(898,734)	(898,734)	-	
(996,898)	228,910	1,225,808	
312,875	312,875	-	
(113,554)	(113,554)	-	
199,321	199,321	-	
\$ (797,577)	\$ 428,231	\$ 1,225,808	

State of Illinois

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

For the Year Ended June 30, 2016 (Expressed in Thousands)

	Healthcare and Family Services			Revenue		
	Public Aid Recoveries Trust			Home Rule Municipal ROT		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government		\$ 62,178	\$ 62,178			
Other	\$ 347,059	968,835	621,776			
Total revenues	347,059	1,031,013	683,954			
EXPENDITURES:						
Current:						
Health and social services	167,532	108,682	(58,850)			
Capital outlays	874	33	(841)			
Total expenditures	168,406	108,715	(59,691)			
Excess (deficiency) of revenues over (under) expenditures	178,653	922,298	743,645			
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(261,678)	(261,678)	-			
Total other sources (uses) of financial resources	(261,678)	(261,678)	-			
Budgetary funds-nonbudgeted accounts	(425,301)	(425,301)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(508,326)	235,319	743,645			
Budgetary fund balances (deficits), July 1, 2015	(10,605)	(10,605)	-	\$ 107,701	\$ 107,701	\$ -
Reclassifications between budgetary/nonbudgetary funds-net				(107,701)	(107,701)	-
Budgetary fund balances (deficits), July 1, 2015, as reclassified	(10,605)	(10,605)	-	-	-	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2016	\$ (518,931)	\$ 224,714	\$ 743,645	\$ -	\$ -	\$ -

	Total		
Final Budget	Actual	Variance Over (Under)	
	\$ 62,178	\$ 62,178	
\$ 347,059	968,835	621,776	
347,059	1,031,013	683,954	
167,532	108,682	(58,850)	
874	33	(841)	
168,406	108,715	(59,691)	
178,653	922,298	743,645	
(261,678)	(261,678)	-	
(261,678)	(261,678)	-	
(425,301)	(425,301)	-	
(508,326)	235,319	743,645	
97,096	97,096	-	
(107,701)	(107,701)	-	
(10,605)	(10,605)	-	
\$ (518,931)	\$ 224,714	\$ 743,645	

This Page Left Intentionally Blank

Statistical Section

This Page Left Intentionally Blank

STATISTICAL SECTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.	346
Revenue Capacity	
These schedules contain information to help the reader assess the State's most significant revenue sources: the personal income tax and the sales tax.	354
Debt Capacity	
These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.	358
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.	366
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.	368

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

State of Illinois

Net Position by Component

Last Ten Fiscal Year Ends

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities					
Net investment in capital assets	\$ 15,583,035	\$ 15,180,555	\$ 15,097,043	\$ 14,805,078	\$ 14,990,452
Restricted	3,436,636	3,440,869	4,142,084	3,753,003	3,568,812
Unrestricted	(150,588,893)	(143,928,601)	(68,297,390)	(66,410,019)	(65,144,723)
Total governmental activities net position	<u>(131,569,222)</u>	<u>(125,307,177)</u>	<u>(49,058,263)</u>	<u>(47,851,938)</u>	<u>(46,585,459)</u>
Business-type Activities					
Net investment in capital assets	4,803	5,748	6,532	5,628	4,673
Restricted	5,371,256	5,240,507	4,911,161	4,291,086	2,253,093
Unrestricted	(533,887)	(921,900)	(1,094,605)	(1,271,930)	(422,682)
Total business-type activities net position	<u>4,842,172</u>	<u>4,324,355</u>	<u>3,823,088</u>	<u>3,024,784</u>	<u>1,835,084</u>
Primary Government					
Net investment in capital assets	15,587,838	15,186,303	15,103,575	14,810,706	14,995,125
Restricted	8,807,892	8,681,376	9,053,245	8,044,089	5,821,905
Unrestricted	(151,122,780)	(144,850,501)	(69,391,995)	(67,681,949)	(65,567,405)
Total primary government net position	<u>\$ (126,727,050)</u>	<u>\$ (120,982,822)</u>	<u>\$ (45,235,175)</u>	<u>\$ (44,827,154)</u>	<u>\$ (44,750,375)</u>

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

The deficit balance of net position increased significantly in 2015 due to the implementation of GASB Statement No. 68.

State of Illinois

Fund Balances, Governmental Funds

Last Ten Fiscal Year Ends

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2016	2015	2014	2013	2012
General fund (per GASB 54)					
Nonspendable	\$ 28,074	\$ 28,301	\$ 30,567	\$ 32,395	\$ 34,652
Restricted	79,294	45,569	58,852	65,729	40,572
Committed	1,139,048	1,311,460	1,138,836	739,161	917,589
Unassigned	(10,837,635)	(8,238,260)	(7,906,594)	(8,171,762)	(10,070,984)
General fund (prior to GASB 54)					
Reserved					
Unreserved					
Total general fund	<u>(9,591,219)</u>	<u>(6,852,930)</u>	<u>(6,678,339)</u>	<u>(7,334,477)</u>	<u>(9,078,171)</u>
All other governmental funds (per GASB 54)					
Nonspendable	\$ 121,976	\$ 120,025	\$ 101,255	\$ 108,746	\$ 85,281
Restricted	2,953,020	2,987,518	3,623,415	3,347,699	3,248,413
Committed	3,576,223	3,110,300	5,480,900	3,408,438	3,783,223
Assigned	9,835	1,227	10,007	9,265	7,959
Unassigned	(1,370,410)	(1,374,629)	(1,230,375)	(1,432,956)	(1,553,553)
All other governmental funds (prior to GASB 54)					
Reserved					
Unreserved, reported in:					
Special revenue funds					
Debt service funds					
Capital projects funds					
Permanent funds					
Total all other governmental funds	<u>\$ 5,290,644</u>	<u>\$ 4,844,441</u>	<u>\$ 7,985,202</u>	<u>\$ 5,441,192</u>	<u>\$ 5,571,323</u>

Notes: Balances have been restated for prior period adjustments, corrections and reclassifications when practical. Additionally, due to the implementation of GASB Statement No. 54 in fiscal year 2011, fund balances have been classified as Nonspendable, Restricted, Committed, Assigned and Unassigned. For fiscal years prior to 2011, fund balances were classified as Reserved or Unreserved according to GASB Statement No. 34.

Schedule 1

Ended June 30,				
2011	2010	2009	2008	2007
\$ 14,696,923	\$ 14,770,681	\$ 14,148,546	\$ 13,688,917	\$ 13,370,326
3,447,715	1,257,062	998,026	978,277	954,435
(61,753,364)	(53,562,848)	(44,608,334)	(39,213,817)	(35,169,568)
(43,608,726)	(37,535,105)	(29,461,762)	(24,546,623)	(20,844,807)
3,890	3,791	3,630	2,983	2,966
2,362,947	2,182,492	2,732,443	4,533,482	4,534,492
(1,129,243)	(1,227,648)	(161,927)	(840)	(15,145)
1,237,594	958,635	2,574,146	4,535,625	4,522,313
14,700,813	14,774,472	14,152,176	13,691,900	13,373,292
5,810,662	3,439,554	3,730,469	5,511,759	5,488,927
(62,882,607)	(54,790,496)	(44,770,261)	(39,214,657)	(35,184,713)
<u>\$(42,371,132)</u>	<u>\$(36,576,470)</u>	<u>\$(26,887,616)</u>	<u>\$(20,010,998)</u>	<u>\$(16,322,494)</u>

Schedule 2

Ended June 30,				
2011	2010	2009	2008	2007
\$ 32,108				
37,247				
1,132,322				
(9,211,633)				
	\$ 44,002	\$ 40,803	\$ 67,135	\$ 53,544
	(8,861,844)	(7,463,137)	(4,102,555)	(4,224,670)
<u>(8,009,956)</u>	<u>(8,817,842)</u>	<u>(7,422,334)</u>	<u>(4,035,420)</u>	<u>(4,171,126)</u>
\$ 78,447				
3,192,381				
3,437,839				
20,984				
(1,698,486)				
	\$ 501,514	\$ 507,169	\$ 488,365	\$ 165,428
	1,287,511	1,990,761	2,215,352	2,441,850
	1,061,585	837,423	850,615	834,197
	2,036,453	15,991	46,248	143,539
	13,648	916	1,248	1,131
<u>\$ 5,031,165</u>	<u>\$ 4,900,711</u>	<u>\$ 3,352,260</u>	<u>\$ 3,601,828</u>	<u>\$ 3,586,145</u>

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2016	2015	2014	2013	2012
Governmental Activities:					
Expenses					
Health and social services	\$ 28,910,642	\$ 29,744,877	\$ 27,341,750	\$ 25,885,439	\$ 26,021,677
Education	19,277,492	19,302,465	19,049,547	18,363,509	17,703,469
General government	2,826,077	2,717,269	2,449,947	2,771,340	2,575,789
Employment and economic development	834,844	1,251,097	1,271,862	1,318,453	1,332,412
Transportation	4,702,430	5,132,636	5,103,505	5,007,079	4,471,245
Public protection and justice	3,931,125	3,600,577	3,394,190	3,460,726	3,621,072
Environment and business regulation	801,393	1,104,370	1,050,615	910,189	1,033,428
Intergovernmental-revenue sharing	5,905,841	5,956,535	5,669,666	5,397,613	5,329,498
Interest	1,761,607	1,709,219	1,783,172	1,518,871	1,608,440
Total governmental activities expenses	68,951,451	70,519,045	67,114,254	64,633,219	63,697,030
Program revenues					
Charges for services:					
Health and social services	332,674	236,140	402,880	298,154	175,218
Education	10,156	9,446	8,251	8,378	6,666
General government	2,150,695	2,170,928	2,110,376	2,177,257	2,177,712
Employment and economic development	76,595	27,622	13,046	18,468	17,107
Transportation	53,133	16,082	124,869	45,358	27,096
Public protection and justice	154,511	145,548	146,781	125,859	131,729
Environment and business regulation	437,622	416,124	441,445	388,894	446,925
Operating grants and contributions	20,956,206	21,882,386	19,928,670	18,650,189	18,378,500
Capital grants and contributions	1,531,259	1,524,107	1,673,267	1,344,794	1,555,210
Total governmental activities program revenues	25,702,851	26,428,383	24,849,585	23,057,351	22,916,163
Total governmental activities net program expense	(43,248,600)	(44,090,662)	(42,264,669)	(41,575,868)	(40,780,867)
General revenues and other changes in net position					
Taxes					
Income taxes	16,897,452	19,881,531	20,992,371	21,259,064	19,585,251
Sales taxes	11,165,310	10,997,205	10,585,448	10,213,130	9,800,153
Motor fuel taxes	1,322,372	1,292,178	1,272,818	1,253,806	1,269,484
Public utility taxes	1,427,368	1,460,558	1,469,128	1,475,677	1,487,570
Riverboat taxes	485,024	498,309	521,092	583,699	495,055
Medical providers assessment taxes	1,376,128	1,400,813	1,672,787	1,165,644	964,307
Other taxes	2,742,805	2,843,428	2,306,427	2,288,341	2,341,243
Interest and investment income	72,294	64,104	61,354	46,900	53,597
Other revenues	762,820	777,298	1,342,507	1,134,424	1,029,051
Gain on capital assets traded-in	-	-	-	-	-
Special items	-	-	-	64,598	-
Transfers	734,982	779,330	834,412	824,106	778,423
Total general revenues and other changes in net position	36,986,555	39,994,754	41,058,344	40,309,389	37,804,134
Total governmental activities change in net position	(6,262,045)	(4,095,908)	(1,206,325)	(1,266,479)	(2,976,733)

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

Revenue from income taxes increased significantly beginning in 2011 as the State legislatures voted to raise the individual income tax rate from 3% to 5% and the corporate income tax rate from 4.8% to 7.0%. In January 2015, the individual income tax rate dropped from 5% to 3.75% and the corporate income tax rate dropped from 7% to 5.25%.

Revenue from medical providers assessment taxes increased significantly during fiscal year 2007 as the State retroactively assessed taxes for fiscal year 2006 revenues upon approval in November 2006 by the federal government of the State's Hospital Assessment plan.

Schedule 3

Ended June 30,				
2011	2010	2009	2008	2007
\$ 24,972,973	\$ 24,444,776	\$ 23,532,863	\$ 21,687,952	\$ 21,417,224
17,839,554	17,255,748	16,337,431	15,242,711	14,433,190
1,755,142	1,478,124	1,956,817	1,935,074	1,668,454
1,581,353	1,258,762	861,955	874,861	988,866
4,867,065	4,852,940	4,275,112	4,198,002	3,818,291
3,579,498	3,391,692	3,246,422	3,223,783	2,730,219
1,055,309	1,033,959	803,815	926,138	835,328
5,191,373	4,205,934	4,631,525	5,139,754	5,036,015
1,368,509	1,183,995	1,123,866	1,137,058	1,200,754
<u>62,210,776</u>	<u>59,105,930</u>	<u>56,769,806</u>	<u>54,365,333</u>	<u>52,128,341</u>
228,431	173,099	177,666	154,884	137,591
4,886	5,222	4,446	4,529	14,650
2,195,738	1,891,921	2,109,969	2,100,042	2,046,175
22,681	29,567	20,208	19,714	22,075
45,553	117,720	53,885	78,574	44,292
121,456	107,568	57,543	97,923	89,335
316,821	436,716	346,929	344,794	361,174
19,734,925	20,733,921	18,041,268	14,287,548	14,537,244
1,586,140	964,434	1,495,709	1,274,394	1,025,947
<u>24,256,631</u>	<u>24,460,168</u>	<u>22,307,623</u>	<u>18,362,402</u>	<u>18,278,483</u>
<u>(37,954,145)</u>	<u>(34,645,762)</u>	<u>(34,462,183)</u>	<u>(36,002,931)</u>	<u>(33,849,858)</u>
14,407,585	10,186,345	11,845,194	13,413,993	12,337,762
9,619,503	8,840,841	9,157,404	10,147,458	9,846,437
1,302,295	1,295,473	1,349,275	1,405,713	1,443,544
1,572,930	1,558,036	1,678,023	1,691,688	1,605,502
457,865	483,091	533,271	696,835	817,590
942,557	969,933	978,248	804,168	1,538,512
1,800,980	1,715,169	2,181,647	2,134,966	1,973,612
62,254	52,233	139,553	325,057	358,191
1,019,165	803,293	1,006,261	1,013,148	1,173,423
-	19	4,814	-	-
-	-	-	-	-
<u>695,390</u>	<u>667,986</u>	<u>673,354</u>	<u>668,089</u>	<u>653,519</u>
<u>31,880,524</u>	<u>26,572,419</u>	<u>29,547,044</u>	<u>32,301,115</u>	<u>31,748,092</u>
<u>(6,073,621)</u>	<u>(8,073,343)</u>	<u>(4,915,139)</u>	<u>(3,701,816)</u>	<u>(2,101,766)</u>

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

(continued)

	For the Fiscal Year				
	2016	2015	2014	2013	2012
Business-Type Activities:					
Expenses					
Unemployment compensation trust	1,904,271	1,842,424	2,758,692	3,594,082	5,087,631
Water revolving	39,200	43,880	37,355	45,840	85,366
Prepaid tuition program	57,776	27,931	25,595	94,691	193,523
Lottery	2,150,110	2,138,677	2,084,750	2,097,604	1,941,324
Designated account purchase program	13,960	14,821	17,769	38,197	41,617
Federal student loans	132,955	133,205	167,595	177,412	189,251
Student loan operation fund	17,166	26,772	28,494	31,158	61,292
Other	87,067	83,895	75,671	85,124	114,742
Total business-type activities expenses	4,402,505	4,311,605	5,195,921	6,164,108	7,714,746
Program revenues					
Charges for services:					
Unemployment compensation trust	2,206,079	2,397,199	2,643,598	3,209,935	3,216,031
Water revolving	51,881	46,568	43,823	43,516	42,958
Prepaid tuition program	60,993	67,762	138,703	126,025	35,294
Lottery	2,862,056	2,850,711	2,868,500	2,902,357	2,682,379
Designated account purchase program	19,563	22,253	25,371	29,858	36,110
Federal student loans	28,748	27,456	33,716	29,797	23,688
Student loan operation fund	10,458	11,134	10,085	13,848	14,172
Other	94,894	87,167	86,875	90,174	108,607
Operating grants and contributions	238,119	270,208	943,403	1,724,991	2,891,670
Total business-type activities program revenues	5,572,791	5,780,458	6,794,074	8,170,501	9,050,909
Total business-type activities net program revenue (expense)	1,170,286	1,468,853	1,598,153	2,006,393	1,336,163
General revenues and other changes in net position					
Interest and investment income	64,737	50,713	34,563	7,413	39,750
Other revenues	-	-	-	-	-
Special items	-	-	-	-	-
Transfers	(734,982)	(779,330)	(834,412)	(824,106)	(778,423)
Total business-type activities general revenues and other changes in net position	(670,245)	(728,617)	(799,849)	(816,693)	(738,673)
Total business-type activities change in net position	500,041	740,236	798,304	1,189,700	597,490
Total primary government change in net position	\$ (5,762,004)	\$ (3,355,672)	\$ (408,021)	\$ (76,779)	\$ (2,379,243)

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

Schedule 3

Ended June 30,				
2011	2010	2009	2008	2007
6,424,471	8,259,960	5,086,053	1,991,147	1,795,169
84,114	113,383	18,085	17,689	22,820
94,405	86,447	74,718	73,559	61,641
1,601,387	1,544,196	1,443,717	1,411,951	1,370,559
58,376	57,250	62,622	101,174	303,817
212,839	214,905	199,964	192,771	180,554
25,668	28,170	31,184	33,781	98,595
169,082	112,161	91,128	114,492	113,622
<u>8,670,342</u>	<u>10,416,472</u>	<u>7,007,471</u>	<u>3,936,564</u>	<u>3,946,777</u>
2,626,928	1,849,486	1,600,817	1,998,139	2,391,445
44,393	44,940	46,007	44,163	62,818
170,250	90,249	(153,932)	(75,740)	127,123
2,269,675	2,196,315	2,082,039	2,062,048	2,003,739
45,434	55,073	50,809	74,913	192,214
19,458	22,451	19,756	25,629	172,003
11,721	12,704	12,344	15,649	44,901
214,655	106,428	118,514	121,326	121,329
<u>4,196,904</u>	<u>5,086,516</u>	<u>1,866,986</u>	<u>246,854</u>	<u>178,263</u>
<u>9,599,418</u>	<u>9,464,162</u>	<u>5,643,340</u>	<u>4,512,981</u>	<u>5,293,835</u>
<u>929,076</u>	<u>(952,310)</u>	<u>(1,364,131)</u>	<u>576,417</u>	<u>1,347,058</u>
41,959	4,785	76,006	115,694	86,036
3,314	-	-	145	1,900
-	-	-	(10,855)	-
<u>(695,390)</u>	<u>(667,986)</u>	<u>(673,354)</u>	<u>(668,089)</u>	<u>(653,519)</u>
<u>(650,117)</u>	<u>(663,201)</u>	<u>(597,348)</u>	<u>(563,105)</u>	<u>(565,583)</u>
<u>278,959</u>	<u>(1,615,511)</u>	<u>(1,961,479)</u>	<u>13,312</u>	<u>781,475</u>
<u>\$ (5,794,662)</u>	<u>\$ (9,688,854)</u>	<u>\$ (6,876,618)</u>	<u>\$ (3,688,504)</u>	<u>\$ (1,320,291)</u>

State of Illinois

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Income taxes	\$ 16,907,923	\$ 19,909,259	\$ 20,948,992	\$ 21,094,432	\$ 19,597,757
Sales taxes	11,162,605	11,006,405	10,602,973	10,218,389	9,794,571
Motor fuel taxes	1,322,727	1,291,139	1,273,009	1,254,260	1,275,042
Public utility taxes	1,431,179	1,461,807	1,472,798	1,463,308	1,495,251
Riverboat taxes	485,024	498,309	521,092	583,699	495,055
Medical providers assessment taxes	1,375,891	1,412,493	1,677,667	1,149,310	961,546
Other taxes	2,782,600	2,756,193	2,346,081	2,306,255	2,168,203
Federal government	21,763,831	21,981,451	20,573,411	19,605,267	18,213,961
Licenses and fees	2,737,014	2,706,962	2,649,213	2,491,802	2,587,031
Interest and other investment income	70,194	62,298	59,328	45,082	52,495
Other revenues	2,216,198	2,284,297	2,873,794	2,260,237	2,095,164
Total revenues	62,255,186	65,370,613	64,998,358	62,472,041	58,736,076
Expenditures					
Health and social services	28,274,261	29,029,974	27,024,378	25,403,862	25,643,420
Education	16,361,980	17,159,014	17,424,910	16,190,331	15,064,753
General government	2,479,319	2,375,648	2,286,984	2,243,536	2,214,383
Employment and economic development	762,998	1,223,773	1,291,102	1,291,834	1,298,303
Transportation	3,341,966	3,807,979	3,830,329	3,696,646	3,272,768
Public protection and justice	3,070,350	3,062,535	2,966,836	2,937,295	3,180,977
Environment and business regulation	739,662	956,821	948,652	808,257	930,414
Debt service:					
Principal	1,999,951	2,405,138	2,038,117	1,899,704	1,819,303
Interest	1,576,845	1,677,217	1,608,331	1,570,741	1,576,539
Capital outlay	1,867,445	1,829,993	1,776,463	1,600,425	1,916,674
Intergovernmental	5,905,841	5,956,535	5,669,666	5,397,613	5,329,498
Total expenditures	66,380,618	69,484,627	66,865,768	63,040,244	62,247,032
Deficiency of revenues (under) expenditures	(4,125,432)	(4,114,014)	(1,867,410)	(568,203)	(3,510,956)
Other Financing Sources (Uses)					
General and special obligation and revenue bonds issued	1,030,000	-	4,077,000	1,150,000	2,100,040
Premiums on general and special obligation and revenue bonds issued	60,939	-	169,216	41,540	80,268
Discounts on general obligation bonds issued	-	-	-	-	-
General and special obligation refunding bonds issued	-	-	-	604,110	1,797,740
Premiums on general and special obligation refunding bonds issued	-	-	-	85,084	165,789
Transfers-in	6,011,305	7,182,740	5,844,706	6,057,771	6,099,132
Transfers-out	(5,273,483)	(6,403,418)	(5,010,303)	(5,233,178)	(5,334,744)
Payment to refunded bond escrow agent	-	-	-	(686,236)	(1,934,435)
Capital lease financing	3,181	3,451	2,006	1,006	2,788
Total other financing sources (uses)	1,831,942	782,773	5,082,625	2,020,097	2,976,578
Special Items	-	-	-	165,001	-
Net change in fund balances	\$ (2,293,490)	\$ (3,331,241)	\$ 3,215,215	\$ 1,616,895	\$ (534,378)
Debt service as a percentage of noncapital expenditures	5.54%	6.03%	5.60%	5.65%	5.63%

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

Revenue from income taxes increased significantly beginning in 2011 as the State legislatures voted to raise the individual income tax rate from 3% to 5% and the corporate income tax rate from 4.8% to 7.0%. In January 2015, the individual income tax rate dropped from 5% to 3.75% and the corporate income tax rate dropped from 7% to 5.25%.

Revenue from medical providers assessment taxes increased significantly during fiscal year 2008 as the State recognized assessed taxes from the previous fiscal year which were unavailable at June 30, 2007.

Schedule 4

Ended June 30,				
2011	2010	2009	2008	2007
\$ 14,410,452	\$ 10,132,945	\$ 11,860,233	\$ 13,546,025	\$ 12,244,124
9,627,310	8,820,201	9,156,235	10,142,098	9,864,637
1,299,397	1,302,000	1,350,032	1,410,656	1,436,518
1,578,941	1,564,966	1,667,389	1,695,635	1,615,402
457,865	483,091	533,271	696,835	817,590
944,635	970,164	975,086	1,538,237	804,797
1,815,470	1,923,107	1,902,400	2,100,913	1,973,752
20,389,879	21,084,394	18,148,428	15,123,364	14,343,656
2,406,475	2,294,068	2,051,258	2,138,772	2,126,360
51,462	52,094	136,596	318,787	349,817
2,175,221	1,975,536	2,317,811	2,186,591	2,401,881
<u>55,157,107</u>	<u>50,602,566</u>	<u>50,098,739</u>	<u>50,897,913</u>	<u>47,978,534</u>
24,571,136	24,130,047	23,171,985	21,212,437	21,231,376
15,681,944	15,525,027	14,319,907	13,281,734	12,357,592
1,383,859	1,316,201	1,360,562	1,304,174	1,316,223
1,534,519	1,193,374	802,053	814,898	960,102
3,617,622	3,698,028	3,200,491	3,029,674	2,800,738
3,043,677	3,003,370	2,817,374	2,723,434	2,488,988
945,980	944,869	802,942	797,785	770,455
1,975,685	925,276	928,339	937,114	864,533
1,353,275	1,073,432	1,102,787	1,100,439	1,116,514
2,024,842	1,882,840	1,456,465	1,238,397	1,607,162
5,191,373	4,205,934	4,631,525	5,139,754	5,036,015
<u>61,323,912</u>	<u>57,898,398</u>	<u>54,594,430</u>	<u>51,579,840</u>	<u>50,549,698</u>
<u>(6,166,805)</u>	<u>(7,295,832)</u>	<u>(4,495,691)</u>	<u>(681,927)</u>	<u>(2,571,164)</u>
6,403,460	6,698,015	150,000	175,000	258,000
6,607	42,840	2,290	6,724	12,085
(90)	-	-	-	-
-	1,956,380	-	-	329,000
-	157,131	-	-	14,014
9,694,259	11,375,512	9,554,492	11,883,985	9,088,399
(9,068,773)	(10,691,690)	(8,864,876)	(11,214,684)	(8,402,727)
-	(2,090,772)	-	-	(341,849)
1,282	1,001	1,364	1,625	8,288
<u>7,036,745</u>	<u>7,448,417</u>	<u>843,270</u>	<u>852,650</u>	<u>965,210</u>
-	-	-	-	-
<u>\$ 869,940</u>	<u>\$ 152,585</u>	<u>\$ (3,652,421)</u>	<u>\$ 170,723</u>	<u>\$ (1,605,954)</u>
<u>5.61%</u>	<u>3.57%</u>	<u>3.82%</u>	<u>4.05%</u>	<u>4.05%</u>

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

	For the Calendar Year				
	2015	2014	2013	2012	2011
Farm earnings	\$ 452,497	\$ 3,612,720	\$ 8,062,715	\$ 3,210,000	\$ 5,532,292
Agricultural/forestry, fishing, and other	485,855	437,576	361,331	397,219	334,697
Mining	1,233,744	1,334,800	1,273,964	1,271,440	1,259,647
Construction/utilities	27,323,008	25,498,685	23,606,891	21,354,976	21,977,275
Manufacturing	52,993,425	52,946,318	51,552,196	52,943,137	47,835,270
Transportation and public utilities	22,029,897	21,426,795	20,974,737	19,826,411	18,671,925
Wholesale trade	30,695,093	29,922,554	29,164,197	28,424,193	26,825,228
Retail trade	25,093,437	24,117,502	23,654,210	23,084,384	22,108,376
Finance, insurance, and real estate	50,947,405	45,049,643	38,591,892	34,985,114	33,124,647
Services	198,918,613	190,588,905	183,000,050	179,180,906	170,633,157
Federal, civilian	8,682,522	8,414,230	8,269,453	8,477,026	8,651,107
Military	2,343,602	2,352,988	2,483,026	2,591,007	2,665,531
State and local government	56,451,420	55,475,844	54,771,010	53,511,408	53,141,184
Other	169,138,598	163,713,599	155,016,980	158,343,942	149,532,130
Total personal income	\$ 646,789,116	\$ 624,892,159	\$ 600,782,652	\$ 587,601,163	\$ 562,292,466
Tax liability	\$ 11,758,489	\$ 15,532,205	\$ 14,701,925	\$ 15,703,310	\$ 12,855,244
Average effective rate	1.82%	2.49%	2.45%	2.67%	2.29%

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				
	2016	2015	2014	2013	2012
General merchandise	\$ 18,840,242	\$ 20,525,330	\$ 20,909,371	\$ 20,984,402	\$ 21,379,802
Food	22,385,459	21,908,129	20,659,706	19,927,008	20,602,149
Drinking and eating places	21,770,507	22,062,665	20,728,370	19,171,381	19,377,805
Apparel	7,130,282	7,420,636	7,001,093	6,600,261	6,601,677
Furniture, household, and radio	9,681,795	9,641,594	9,327,989	8,827,231	9,201,686
Lumber, building, and hardware	9,415,743	9,462,798	8,976,058	8,503,130	8,593,170
Automotive and filling stations	39,773,435	40,196,438	34,835,154	36,601,135	35,771,184
Drugs and other retail	30,733,251	29,927,521	28,062,832	26,806,067	27,458,332
Agriculture and extractives	25,603,217	27,431,997	26,517,679	23,787,602	24,608,599
Manufacturing	5,693,816	5,476,697	4,772,007	4,308,047	4,308,079
Total	\$ 191,027,747	\$ 194,053,805	\$ 181,790,259	\$ 175,516,264	\$ 177,902,483

Direct sales tax rate:

Qualifying food, drugs, and medical appliances	1.00%	1.00%	1.00%	1.00%	1.00%
General merchandise	6.25%	6.25%	6.25%	6.25%	6.25%

Source: Department of Revenue

Schedule 5

Ended December 31,				
2010	2009	2008	2007	2006
\$ 2,682,784	\$ 3,675,328	\$ 5,422,610	\$ 3,189,921	\$ 2,078,022
400,042	337,430	303,781	353,138	344,059
1,055,190	958,850	1,649,272	2,380,656	2,765,061
22,168,867	23,583,056	27,041,713	27,690,823	28,794,477
44,739,656	44,218,451	50,343,959	49,625,389	48,647,548
15,909,648	15,504,381	16,443,681	16,598,805	16,486,056
24,751,332	24,685,079	26,518,608	26,280,719	24,612,794
21,188,835	21,193,604	22,157,215	23,039,406	22,162,856
41,170,325	40,564,313	42,836,772	44,827,372	44,379,687
161,269,661	159,690,997	163,105,293	159,925,967	151,644,458
8,688,814	8,013,486	7,842,572	8,429,172	8,172,661
2,933,969	2,901,517	2,742,642	3,107,053	2,911,719
52,870,403	50,758,390	49,244,161	42,813,098	40,860,095
141,431,602	135,560,354	136,783,471	124,325,490	110,633,528
<u>\$ 541,261,128</u>	<u>\$ 531,645,236</u>	<u>\$ 552,435,750</u>	<u>\$ 532,587,009</u>	<u>\$ 504,493,021</u>
<u>\$ 8,131,062</u>	<u>\$ 7,812,307</u>	<u>\$ 8,402,169</u>	<u>\$ 8,762,122</u>	<u>\$ 8,388,536</u>
<u>1.50%</u>	<u>1.47%</u>	<u>1.52%</u>	<u>1.65%</u>	<u>1.66%</u>

Schedule 6

Ended June 30,				
2011	2010	2009	2008	2007
\$ 12,406,368	\$ 12,014,343	\$ 17,198,339	\$ 20,795,910	\$ 20,309,083
19,700,141	18,932,808	19,434,980	20,055,709	18,894,356
18,408,341	16,857,284	17,362,456	17,839,212	17,116,672
14,736,097	13,560,264	9,192,958	6,360,979	6,141,805
8,833,159	8,249,837	8,797,308	10,466,904	10,280,540
8,332,430	8,040,005	8,678,872	12,620,346	12,626,543
33,575,575	29,714,908	30,055,943	37,943,597	32,772,319
25,180,327	23,792,285	24,366,956	25,329,145	24,817,828
24,720,332	21,475,741	23,809,122	27,059,367	25,952,233
4,294,155	3,980,846	4,445,506	4,990,610	5,068,327
<u>\$ 170,186,925</u>	<u>\$ 156,618,321</u>	<u>\$ 163,342,440</u>	<u>\$ 183,461,779</u>	<u>\$ 173,979,706</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 2015 and 2006
(Amounts in Thousands)

For the Calendar Year Ended December 31, 2015

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	52,131	0.92%	\$ 2,316,236	19.70%
\$100,001 - \$500,000	1,026,516	18.14%	5,091,356	43.29%
\$50,001 - \$100,000	1,325,436	23.42%	2,545,294	21.65%
\$25,001 - \$50,000	1,267,861	22.40%	1,247,080	10.61%
\$25,000 and less	1,988,306	35.12%	558,523	4.75%
Total	5,660,250	100.00%	\$ 11,758,489	100.00%

For the Calendar Year Ended December 31, 2006

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	44,869	0.82%	\$ 2,087,090	24.88%
\$100,001 - \$500,000	694,857	12.78%	2,804,326	33.43%
\$50,001 - \$100,000	1,295,592	23.81%	2,035,531	24.27%
\$25,001 - \$50,000	1,291,086	23.73%	1,013,659	12.08%
\$25,000 and less	2,114,277	38.86%	447,930	5.34%
Total	5,440,681	100.00%	\$ 8,388,536	100.00%

Note: Generally, the tax liability for a filer (an individual or married couple) is calculated by taking the filer's federal adjusted gross income and subtracting the number of exemptions and multiplying the result by the State's income tax rate. The State exemption amount was \$2,000 for calendar year 2006 and \$2,150 for calendar year 2015. An exemption is allowed on a return for each filer and dependent. Additional exemptions are allowed for each filer who is 65 or older and for each filer who is legally blind.

Source: Department of Revenue

Sales Tax Revenue Payers by Industry
Fiscal Years 2016 and 2007
(Amounts in Thousands)

	For the Fiscal Year Ended June 30, 2016			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	1,970	0.34%	\$ 1,201,956	9.14%
Food	6,712	1.15%	976,776	7.43%
Drinking and eating places	26,773	4.59%	1,856,322	14.11%
Apparel	7,905	1.35%	596,645	4.54%
Furniture, household, and radio	11,917	2.04%	776,443	5.90%
Lumber, building, and hardware	11,738	2.01%	796,814	6.06%
Automotive and filling stations	384,301	65.82%	2,808,007	21.34%
Drugs and other retail	52,139	8.93%	1,719,203	13.07%
Agriculture and extractives	66,845	11.45%	1,940,376	14.75%
Manufacturing	13,533	2.32%	481,328	3.66%
Total	583,833	100.00%	\$ 13,153,870	100.00%

	For the Fiscal Year Ended June 30, 2007			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,216	0.19%	\$ 1,288,094	11.25%
Food	8,037	0.71%	698,054	6.10%
Drinking and eating places	25,947	2.28%	1,322,874	11.56%
Apparel	8,202	0.72%	486,977	4.25%
Furniture, household, and radio	15,096	1.33%	777,804	6.79%
Lumber, building, and hardware	13,062	1.15%	812,045	7.09%
Automotive and filling stations	929,728	81.68%	2,402,677	20.99%
Drugs and other retail	59,984	5.26%	1,344,659	11.75%
Agriculture and extractives	64,216	5.64%	1,885,147	16.47%
Manufacturing	11,819	1.04%	429,770	3.75%
Total	1,138,307	100.00%	\$ 11,448,101	100.00%

Note: Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax revenue.

Also, in fiscal year 2007, the Department of Revenue changed their system of returns for automobile sales to counting each individual sale of a vehicle as a sales tax return filed.

Source: Department of Revenue

State of Illinois

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts in Thousands)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>For the Fiscal 2012</u>
Governmental activities					
General obligation bonds	\$ 26,795,531	\$ 27,421,318	\$ 29,543,582	\$ 27,398,638	\$ 28,141,980
Special obligation bonds	2,650,435	2,912,003	3,181,684	3,000,345	2,934,527
Revenue bonds	1,156,699	1,237,731	1,314,929	1,386,166	1,450,094
Capital leases	7,580	7,244	6,073	6,818	7,648
Installment purchases	36	442	808	1,155	3,412
Certificates of participation	24,370	33,060	41,265	49,020	58,190
Total governmental activities	<u>30,634,651</u>	<u>31,611,798</u>	<u>34,088,341</u>	<u>31,842,142</u>	<u>32,595,851</u>
Business-type activities					
Revenue bonds	622,017	925,265	1,457,745	1,822,051	590,704
Capital leases	26	26	-	-	-
Total business-type activities	<u>622,043</u>	<u>925,291</u>	<u>1,457,745</u>	<u>1,822,051</u>	<u>590,704</u>
Total primary government	<u>\$ 31,256,694</u>	<u>\$ 32,537,089</u>	<u>\$ 35,546,086</u>	<u>\$ 33,664,193</u>	<u>\$ 33,186,555</u>
Total primary government debt as a percentage of personal income	<u>4.83%</u>	<u>5.21%</u>	<u>5.92%</u>	<u>5.73%</u>	<u>5.90%</u>
Total amount of primary government debt per capita	<u>\$ 2.431</u>	<u>\$ 2.526</u>	<u>\$ 2.758</u>	<u>\$ 2.615</u>	<u>\$ 2.580</u>

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

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

Schedule 9

Year Ended June 30,				
2011	2010	2009	2008	2007
\$ 28,256,367	\$ 25,136,941	\$ 19,669,908	\$ 20,253,876	\$ 20,865,798
2,394,597	2,591,591	2,204,110	2,365,323	2,467,733
1,509,846	-	-	-	-
6,632	6,477	8,736	9,727	10,735
8,109	14,158	19,067	12,302	16,241
66,870	75,095	82,895	90,300	97,335
<u>32,242,421</u>	<u>27,824,262</u>	<u>21,984,716</u>	<u>22,731,528</u>	<u>23,457,842</u>
704,284	1,019,701	1,027,300	879,441	3,709,323
4	7	3	5	-
<u>704,288</u>	<u>1,019,708</u>	<u>1,027,303</u>	<u>879,446</u>	<u>3,709,323</u>
<u>\$ 32,946,709</u>	<u>\$ 28,843,970</u>	<u>\$ 23,012,019</u>	<u>\$ 23,610,974</u>	<u>\$ 27,167,165</u>
<u>6.09%</u>	<u>5.43%</u>	<u>4.17%</u>	<u>4.43%</u>	<u>5.39%</u>
<u>\$ 2.566</u>	<u>\$ 2.254</u>	<u>\$ 1.805</u>	<u>\$ 1.860</u>	<u>\$ 2.149</u>

State of Illinois

Ratios of General Bonded Debt Outstanding and Debt Limitations

Last Ten Fiscal Years

(Amounts in Thousands)

	2016	2015	2014	2013	For the Fiscal 2012
General bonded debt					
General obligation bonds	\$ 26,795,531	\$ 27,421,318	\$ 29,543,582	\$ 27,398,638	\$ 28,141,980
Special obligation bonds	2,650,435	2,912,003	3,181,684	3,000,345	2,934,527
	<u>\$ 29,445,966</u>	<u>\$ 30,333,321</u>	<u>\$ 32,725,266</u>	<u>\$ 30,398,983</u>	<u>\$ 31,076,507</u>
Less: Amounts restricted for debt service	1,513,092	1,407,540	1,804,967	1,615,537	1,478,072
Net total general bonded debt	<u>\$ 27,932,874</u>	<u>\$ 28,925,781</u>	<u>\$ 30,920,299</u>	<u>\$ 28,783,446</u>	<u>\$ 29,598,435</u>
Total general bonded debt as a percentage of personal income	<u>4.32%</u>	<u>4.63%</u>	<u>5.15%</u>	<u>4.90%</u>	<u>5.26%</u>
Total general bonded debt as a percentage of taxable sales	<u>14.62%</u>	<u>14.91%</u>	<u>17.01%</u>	<u>16.40%</u>	<u>16.64%</u>
Total amount of general obligation debt per capita	<u>\$ 2.172</u>	<u>\$ 2.245</u>	<u>\$ 2.399</u>	<u>\$ 2.236</u>	<u>\$ 2.301</u>
Authorized general bonded debt					
General obligation bonds	\$ 58,455,951	\$ 57,855,951	\$ 57,855,951	\$ 55,630,951	\$ 54,014,151
Special obligation bonds	6,446,009	6,446,009	6,446,009	5,903,509	5,903,509
Total authorized general bonded debt	<u>\$ 64,901,960</u>	<u>\$ 64,301,960</u>	<u>\$ 64,301,960</u>	<u>\$ 61,534,460</u>	<u>\$ 59,917,660</u>
Issued general bonded debt					
General obligation bonds	\$ 55,438,046	\$ 54,408,046	\$ 54,408,046	\$ 50,733,045	\$ 49,883,046
Special obligation bonds	5,512,193	5,512,193	5,512,193	5,110,193	4,810,193
Total issued general bonded debt	<u>\$ 60,950,239</u>	<u>\$ 59,920,239</u>	<u>\$ 59,920,239</u>	<u>\$ 55,843,238</u>	<u>\$ 54,693,239</u>
General bonded debt margin (Authorized but unissued debt)					
General obligation bonds	\$ 8,397,243	\$ 9,013,252	\$ 7,981,693	\$ 8,983,350	\$ 7,852,278
Special obligation bonds	1,076,761	1,072,806	1,069,091	925,101	1,221,821
Total general bonded debt margin	<u>\$ 9,474,004</u>	<u>\$ 10,086,058</u>	<u>\$ 9,050,784</u>	<u>\$ 9,908,451</u>	<u>\$ 9,074,099</u>
Issued bonded debt to authorized bonded debt ratio					
General obligation bonds	94.84%	94.04%	94.04%	91.20%	92.35%
Special obligation bonds	85.51%	85.51%	85.51%	86.56%	81.48%
Total issued bonded debt to authorized bonded debt ratio	93.91%	93.19%	93.19%	90.75%	91.28%

Note: Details regarding the State's general obligation bonds can be found in Note 9 of the financial statements.
 Details regarding the State's special obligation bonds can be found in Note 10 of the financial statements.

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

The State's authorized bonded debt limits are established by the General Obligation Bond Act (30 ILCS 330), the Metropolitan Civic Center Support Act (30 ILCS 355), and the Build Illinois Bond Act (30 ILCS 425).

Schedule 10

Year Ended June 30,				
2011	2010	2009	2008	2007
\$ 28,256,367	\$ 25,136,941	\$ 19,669,908	\$ 20,253,876	\$ 20,865,798
2,394,597	2,591,591	2,204,110	2,365,323	2,467,733
<u>\$ 30,650,964</u>	<u>27,728,532</u>	<u>21,874,018</u>	<u>22,619,199</u>	<u>23,333,531</u>
1,366,885	1,071,220	848,302	861,152	846,063
<u>\$ 29,284,079</u>	<u>\$ 26,657,312</u>	<u>\$ 21,025,716</u>	<u>\$ 21,758,047</u>	<u>\$ 22,487,468</u>
5.41%	5.01%	3.81%	4.09%	4.46%
17.21%	17.02%	12.87%	11.86%	12.93%
<u>\$ 2.281</u>	<u>\$ 2.083</u>	<u>\$ 1.649</u>	<u>\$ 1.714</u>	<u>\$ 1.779</u>
\$ 54,014,151	\$ 45,755,802	\$ 39,231,174	\$ 34,196,174	\$ 34,196,174
4,815,509	4,815,509	4,005,509	4,005,509	4,005,509
<u>\$ 58,829,660</u>	<u>\$ 50,571,311</u>	<u>\$ 43,236,683</u>	<u>\$ 38,201,683</u>	<u>\$ 38,201,683</u>
\$ 46,710,306	\$ 41,810,306	\$ 34,140,911	\$ 33,990,911	\$ 33,865,911
4,085,153	4,085,153	3,555,233	3,437,968	3,387,968
<u>\$ 50,795,459</u>	<u>\$ 45,895,459</u>	<u>\$ 37,696,144</u>	<u>\$ 37,428,879</u>	<u>\$ 37,253,879</u>
\$ 10,481,559	\$ 6,900,602	\$ 7,809,162	\$ 2,765,379	\$ 2,732,465
852,891	852,891	570,096	567,541	617,541
<u>\$ 11,334,450</u>	<u>\$ 7,753,493</u>	<u>\$ 8,379,258</u>	<u>\$ 3,332,920</u>	<u>\$ 3,350,006</u>
86.48%	91.38%	87.02%	99.40%	99.03%
84.83%	84.83%	88.76%	85.83%	84.58%
86.34%	90.75%	87.19%	97.98%	97.52%

Pledged Revenue Coverage
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
PRIMARY GOVERNMENT							
Build Illinois Bond Fund - Pledged revenue of portion of sales tax collections							
2016	\$ 614,099	\$ -	\$ 614,099	\$ 234,430	\$ 119,231	\$ 353,661	1.74
2015	604,324	-	604,324	240,995	128,985	369,980	1.63
2014	570,824	-	570,824	218,619	133,039	351,658	1.62
2013	553,946	-	553,946	212,379	129,518	341,897	1.62
2012	530,664	-	530,664	180,589	118,942	299,531	1.77
2011	509,368	-	509,368	180,565	118,598	299,163	1.70
2010	473,452	-	473,452	157,180	117,552	274,732	1.72
2009	500,012	-	500,012	152,065	113,199	265,264	1.88
2008	560,514	-	560,514	145,505	120,417	265,922	2.11
2007	545,699	-	545,699	138,515	125,698	264,213	2.07
Civic Center Bond Fund - Pledged revenue of portion of sales tax collections							
2016	\$ 19,000	\$ -	\$ 19,000	\$ 12,020	\$ 1,830	\$ 13,850	1.37
2015	19,000	-	19,000	11,415	2,492	13,907	1.37
2014	19,000	-	19,000	10,705	3,112	13,817	1.38
2013	19,000	-	19,000	10,095	3,690	13,785	1.38
2012	19,000	-	19,000	9,555	4,242	13,797	1.38
2011	19,000	-	19,000	9,085	4,761	13,846	1.37
2010	19,000	-	19,000	8,595	5,253	13,848	1.37
2009	19,000	-	19,000	8,100	5,750	13,850	1.37
2008	19,000	-	19,000	7,610	6,236	13,846	1.37
2007	19,000	-	19,000	7,175	6,677	13,852	1.37
Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments (a)							
2016	\$ 19,563	\$ 9,440	\$ 10,123	\$ 43,844	\$ 1,563	\$ 45,407	0.22
2015	22,253	9,103	13,150	54,134	3,848	57,982	0.23
2014	25,371	15,256	10,115	52,047	4,527	56,574	0.18
2013	29,858	18,899	10,959	92,362	6,765	99,127	0.11
2012	36,110	26,091	10,019	109,497	8,530	118,027	0.08
2011	45,434	35,211	10,223	982,105	11,416	993,521	0.01
2010	55,073	32,859	22,214	96,100	10,516	106,616	0.21
2009	50,809	28,085	22,724	-	17,988	17,988	1.26
2008	74,913	30,472	44,441	150	57,142	57,292	0.78
2007	192,214	90,691	101,523	40,135	154,887	195,022	0.52
Railsplitter Tobacco Settlement Authority - Pledged revenue of tobacco settlement funds (b)							
2016	\$ 280,797	\$ 130,634	\$ 150,163	\$ 80,655	\$ 68,028	\$ 148,683	1.01
2015	261,917	114,350	147,567	76,820	71,869	148,689	0.99
2014	270,085	123,917	146,168	70,860	74,938	145,798	1.00
2013	273,681	131,267	142,414	63,550	77,480	141,030	1.01
2012	275,468	133,160	142,308	59,375	79,599	138,974	1.02
2011	402,666	248,429	154,237	-	38,252	38,252	4.03
Department of Employment Security - Pledged revenue of building receipts (c)							
2016	\$ 368,579	\$ -	\$ 368,579	\$ 237,785	\$ 29,524	\$ 267,309	1.38
2015	414,406	-	414,406	433,140	49,444	482,584	0.86
2014	344,952	-	344,952	215,480	61,312	276,792	1.25
2013	193,699	-	193,699	203,055	57,583	260,638	0.74

- (a) The Commission redeemed \$59.950 million, \$2.608 billion, and \$690.180 million of principal by the sale of a portion of their student loan portfolio during fiscal years 2013, 2008, and 2007, respectively.
- (b) The Railsplitter Tobacco Settlement Authority, a blended component unit of the State, issued \$1.510 billion of Tobacco Settlement Revenue Bonds in December 2010.
- (c) The Department of Employment Security issued \$1.470 million of Unemployment Insurance Fund Building Receipts Revenue Bonds in July 2012.

Pledged Revenue Coverage
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
MAJOR COMPONENT UNITS							
Illinois Housing Development Authority - Pledged revenue of loans receivable repayments							
2016	\$ 62,512	\$ 5,523	\$ 56,989	\$ 183,750	\$ 34,377	\$ 218,127	0.26
2015	56,126	9,493	46,633	336,936	41,163	378,099	0.12
2014	66,045	10,675	55,370	218,678	49,851	268,529	0.21
2013	65,062	9,584	55,478	349,020	60,467	409,487	0.14
2012	81,132	11,933	69,199	267,187	57,897	325,084	0.21
2011	74,874	6,483	68,391	243,050	58,716	301,766	0.23
2010	83,711	5,861	77,850	231,650	66,863	298,513	0.26
2009	88,542	6,604	81,938	116,119	75,836	191,955	0.43
2008	106,031	6,653	99,378	348,355	80,330	428,685	0.23
2007	103,846	6,619	97,227	355,485	77,406	432,891	0.22
Illinois State Toll Highway Authority - Pledged revenue of toll fees (d)							
2015	\$ 1,325,455	\$ 350,740	\$ 974,715	\$ 97,795	\$ 246,651	\$ 344,446	2.83
2014	1,100,033	314,538	785,495	92,855	240,893	333,748	2.35
2013	1,068,367	296,793	771,574	56,365	211,314	267,679	2.88
2012	995,573	269,094	726,479	53,040	206,323	259,363	2.80
2011	728,578	266,506	462,072	49,910	211,493	261,403	1.77
2010	706,445	277,282	429,163	1,065	204,881	205,946	2.08
2009	785,593	283,106	502,487	97,150	174,821	271,971	1.85
2008	836,557	406,169	430,388	50,030	145,679	195,709	2.20
2007	675,190	252,529	422,661	47,350	121,071	168,421	2.51
2006	660,874	219,292	441,582	45,035	72,012	117,047	3.77
Illinois State University - Pledged revenue of usage fees and rental income							
2016	\$ 88,044	\$ 54,846	\$ 33,198	\$ 7,195	\$ 3,644	\$ 10,839	3.06
2015	87,449	58,231	29,218	7,160	3,683	10,843	2.69
2014	84,936	60,890	24,046	2,755	3,720	6,475	3.71
2013	81,249	57,399	23,850	14,590	4,285	18,875	1.26
2012	87,124	64,890	22,234	6,190	3,758	9,948	2.24
2011	83,258	61,508	21,750	6,280	3,839	10,119	2.15
2010	82,139	64,864	17,275	5,380	3,894	9,274	1.86
2009	78,019	54,617	23,402	5,330	4,058	9,388	2.49
2008	75,181	53,912	21,269	5,265	2,647	7,912	2.69
2007	71,720	50,346	21,374	5,185	2,757	7,942	2.69
Northern Illinois University - Pledged revenue of usage fees and rental income							
2016	\$ 78,223	\$ 58,971	\$ 19,252	\$ 3,899	\$ 13,295	\$ 17,194	1.12
2015	80,768	64,079	16,689	3,890	13,300	17,190	0.97
2014	80,797	67,566	13,231	3,729	13,301	17,030	0.78
2013	85,191	83,957	1,234	6,295	13,403	19,698	0.06
2012	86,240	71,704	14,536	6,930	14,296	21,226	0.68
2011	78,426	67,201	11,225	6,300	3,857	10,157	1.11
2010	77,446	58,863	18,583	6,175	3,977	10,152	1.83
2009	77,095	66,095	11,000	6,060	4,090	10,150	1.08
2008	76,692	66,080	10,612	5,945	4,204	10,149	1.05
2007	76,742	69,751	6,991	5,840	4,311	10,151	0.69

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

Pledged Revenue Coverage

Last Ten Fiscal Years

(Amounts in Thousands)

Fiscal Year	Gross Revenues	Direct Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
Southern Illinois University - Pledged revenue of usage fees, rental income, and medical fees							
2016	\$ 155,471	\$ 116,393	\$ 39,078	\$ 20,160	\$ 8,706	\$ 28,866	1.35
2015	162,707	120,094	42,613	18,645	10,061	28,706	1.48
2014	155,028	117,631	37,397	17,805	10,495	28,300	1.32
2013	151,239	115,212	36,027	18,100	10,415	28,515	1.26
2012	153,006	118,090	34,916	19,790	10,536	30,326	1.15
2011	146,101	110,760	35,341	16,120	10,661	26,781	1.32
2010	141,220	105,452	35,768	13,190	10,693	23,883	1.50
2009	137,463	106,839	30,624	12,815	8,437	21,252	1.44
2008	125,666	101,535	24,131	12,365	7,592	19,957	1.21
2007	116,481	92,345	24,136	10,920	7,430	18,350	1.32
University of Illinois - Pledged revenue of usage fees, rental income, and medical fees							
2016	\$ 1,334,514	\$ 1,231,585	\$ 102,929	\$ 60,320	\$ 51,479	\$ 111,799	0.92
2015	1,243,699	1,158,801	84,898	46,870	53,236	100,106	0.85
2014	1,196,041	1,117,078	78,963	46,130	46,754	92,884	0.85
2013	1,195,843	1,100,918	94,925	42,100	46,821	88,921	1.07
2012	1,115,945	1,023,263	92,682	38,895	47,070	85,965	1.08
2011	1,013,468	937,189	76,279	35,425	45,781	81,206	0.94
2010	1,021,060	894,862	126,198	34,200	44,880	79,080	1.60
2009	896,275	797,980	98,295	32,265	43,325	75,590	1.30
2008	883,813	784,154	99,659	30,330	44,631	74,961	1.33
2007	841,998	737,499	104,499	29,710	41,118	70,828	1.48

This Page Left Intentionally Blank

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

	2015		2014		2013		2012		For the Calendar 2011	
Population										
State		12,860		12,882		12,890		12,875		12,862
Percentage change		-0.17%		-0.06%		0.12%		0.10%		0.17%
National		321,419		318,907		316,427		314,103		311,719
Percentage change		0.79%		0.78%		0.74%		0.76%		0.77%
Total Personal Income										
State	\$	646,789,116	\$	624,892,159	\$	600,782,652	\$	587,601,163	\$	562,292,466
Percentage change		3.50%		4.01%		2.24%		4.50%		3.89%
National	\$	15,463,981,000	\$	14,801,624,000	\$	14,068,960,000	\$	13,904,485,000	\$	13,233,436,000
Percentage change		4.47%		5.21%		1.18%		5.07%		6.21%
Per Capita Personal Income										
State	\$	50,295	\$	48,508	\$	46,610	\$	45,638	\$	43,718
Percentage change		3.68%		4.07%		2.13%		4.39%		3.71%
National	\$	48,112	\$	46,414	\$	44,462	\$	44,267	\$	42,453
Percentage change		3.66%		4.39%		0.44%		4.27%		5.40%
Labor Force										
State labor force		6,512		6,515		6,561		6,585		6,587
Employed		6,126		6,054		5,965		5,993		5,948
Unemployed		386		461		597		592		639
Unemployment rate		5.9%		7.1%		9.1%		9.0%		9.7%

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

Year Ended,				
2010	2009	2008	2007	2006
12,840	12,797	12,747	12,696	12,644
0.34%	0.39%	0.40%	0.41%	0.27%
309,347	306,772	304,094	301,231	298,380
0.84%	0.88%	0.95%	0.96%	0.97%
\$ 541,261,128	\$ 531,645,236	\$ 552,435,750	\$ 532,587,009	\$ 504,493,021
1.81%	-3.76%	3.73%	5.57%	6.87%
\$ 12,459,613,000	\$ 12,079,444,000	\$ 12,492,705,000	\$ 11,995,419,000	\$ 11,381,350,000
3.15%	-3.31%	4.15%	5.40%	7.27%
\$ 42,154	\$ 41,529	\$ 43,620	\$ 42,360	\$ 40,219
1.50%	-4.79%	2.97%	5.32%	6.70%
\$ 40,277	\$ 39,376	\$ 41,082	\$ 39,821	\$ 38,144
2.29%	-4.15%	3.17%	4.40%	6.24%
6,625	6,619	6,657	6,666	6,526
5,937	5,943	6,238	6,334	6,231
688	676	419	332	295
10.4%	10.2%	6.3%	5.0%	4.5%

**Principal Employers
Fiscal Years 2016 and 2007**

Employer	2016	
	Employees	Percentage of Total State Employment
State of Illinois	62,719	1.02%
AB Acquisitions LLC	61,559	1.00%
U.S. Government	51,400	0.84%
Walmart	47,185	0.77%
Jones Lang Lasalle Inc.	46,220	0.75%
Chicago School Board	37,406	0.61%
City of Chicago	30,276	0.49%
University of Illinois	29,525	0.48%
Walgreens	28,822	0.47%
U.S. Postal Service	28,300	0.46%
Total	423,412	6.89%

Employer	2007	
	Employees	Percentage of Total State Employment
U.S. Government	88,200	1.40%
State of Illinois	72,312	1.14%
Chicago School Board	44,437	0.70%
Walmart	42,200	0.67%
City of Chicago	35,867	0.57%
Jewel-Osco	29,200	0.46%
University of Illinois	29,200	0.46%
Cook County	23,706	0.38%
Caterpillar	22,700	0.36%
Advocate Health Care	16,500	0.26%
Total	404,322	6.40%

Source: Department of Commerce and Economic Opportunity and various employer websites

This Page Left Intentionally Blank

State of Illinois
Employees by Function
Last Ten Fiscal Years

	Employees as of				
	2016	2015	2014	2013	2012
Health and social services	20,550	20,939	20,466	19,275	19,976
Education	671	696	724	723	713
General government	10,777	11,233	11,476	11,396	11,286
Employment and economic development	2,084	2,204	2,305	2,466	2,990
Transportation	6,715	7,122	7,351	7,475	7,386
Public protection and justice	18,233	18,313	17,675	17,642	18,013
Environment and business regulation	3,689	3,963	4,058	3,859	3,964
Total	62,719	64,470	64,055	62,836	64,328

Schedule 14

June 30,				
2011	2010	2009	2008	2007
21,519	21,258	21,912	22,701	22,784
727	778	767	758	750
11,905	11,534	12,205	12,366	12,515
3,119	3,303	3,287	3,074	3,213
7,529	7,662	7,574	7,638	8,407
19,134	18,903	18,886	18,913	19,793
4,213	4,304	4,398	4,694	4,850
68,146	67,742	69,029	70,144	72,312

State of Illinois

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

Function/Program	For the Fiscal Year				
	2016	2015	2014	2013	2012
Health and Social Services					
Child abuse and neglect					
Calls to abuse/neglect hotline	245,388	222,719	231,536	236,589	253,444
Children investigated	127,249	110,079	109,769	108,594	106,220
Medical programs					
Number of children enrolled in medical programs	1,490,290	1,504,802	1,546,091	1,635,686	1,685,822
Number of non-senior adults enrolled in medical programs*	1,244,883	1,247,553	1,027,702	663,844	635,262
Child support					
Number of child support cases with orders	392,500	392,331	404,918	406,748	404,752
Persons with disabilities receiving in-home services to prevent institutionalization	29,325	29,595	30,357	31,406	32,820
Immunization rates of children under age two	46%	45%	76%	83%	77%
General government					
Taxes					
Number of individual income tax returns processed	6,143,475	6,185,708	6,143,408	5,946,121	5,961,003
Percent of individual income tax returns filed electronically	82%	81%	79%	79%	78%
Total number of payments processed through State Treasury	14,085,085	14,992,358	15,209,821	15,357,708	15,337,111
Education					
Elementary and secondary education					
Public school enrollment	2,041,779	2,054,556	2,073,480	2,081,731	2,087,628
Graduation rate	85.5%	85.6%	86.0%	83.2%	82.3%
Dropout rate	2.0%	2.3%	2.2%	2.4%	2.5%
Higher education					
Enrollment	Not available	771,886	806,467	863,542	884,053
Transportation					
Miles of pavement maintained/improved	674	1,379	894	661	921
Number of bridges maintained/improved	66	188	222	183	262
Employment and economic development					
Unemployment insurance **					
Number of claims	607,139	630,594	725,979	781,394	763,319
Average duration (weeks)	16.72	17.99	17.92	17.97	19.01
State Fair					
State Fair attendees	357,409	411,547	847,690	961,063	918,534
DuQuoin State Fair attendees	105,622	315,808	350,000	258,000	285,100
Tourism					
Historic site attendance (in thousands)	1,671	2,100	1,915	1,935	1,990
Public protection and justice					
Crime Rates					
Violent crime rates per 100,000 in population **	383	370	373	415	429
Property crime rates per 100,000 in population **	1,989	2,076	2,274	2,579	2,689
Total crime rates per 100,000 in population	<u>2,372</u>	<u>2,446</u>	<u>2,647</u>	<u>2,994</u>	<u>3,118</u>
Forensic services					
Number of original crime scenes processed	5,766	3,630	3,736	2,337	2,328
Number of Deoxyribonucleic Acid (DNA) cases worked	5,450	5,704	6,086	4,790	4,982
Total number of forensic cases worked	83,157	83,594	91,878	94,550	101,076
Number of DNA offender samples worked	28,993	31,992	33,901	31,766	29,589
Environment and business regulation					
Professional Regulation					
Professional complaints received	9,214	8,893	10,875	11,765	12,466
Licenses placed on probation	418	440	446	527	470

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

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

Schedule 15

Ended or as of June 30,				
2011	2010	2009	2008	2007
258,999	256,492	258,237	266,011	258,563
101,508	109,186	111,574	111,869	111,746
1,663,260	1,628,782	1,553,227	1,457,829	1,369,050
621,851	606,680	562,689	580,760	545,502
410,433	404,800	394,123	390,745	420,004
38,682	39,165	39,412	38,093	36,858
83%	81%	78%	78%	83%
5,961,385	5,946,127	6,132,529	6,119,040	5,963,636
71%	60%	56%	52%	46%
16,143,902	16,050,005	15,912,093	15,623,763	15,512,005
2,087,762	2,112,132	2,112,132	2,113,435	2,118,692
83.8%	87.8%	87.1%	86.5%	85.9%
2.7%	3.8%	3.5%	4.1%	3.5%
924,749	914,763	867,090	821,026	814,189
931	2,620	2,528	933	908
263	292	293	272	274
863,328	1,221,195	872,368	696,109	670,402
21.34	20.63	16.71	17.31	17.34
817,393	673,223	737,052	613,000	703,000
351,000	353,100	331,000	298,000	330,000
1,940	2,200	2,010	2,206	2,221
435	509	540	548	562
2,681	2,790	3,010	3,014	3,127
3,116	3,299	3,550	3,562	3,689
2,529	2,594	3,081	3,138	3,457
5,225	5,284	4,590	3,390	2,830
104,043	111,669	115,044	112,644	119,045
30,736	33,025	35,722	37,937	46,647
10,634	11,159	13,800	10,912	9,498
431	603	530	455	344

State of Illinois

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

	For the Fiscal Year				
	2016	2015	2014	2013	2012
Health and social services					
Mental health facilities	14	14	14	14	17
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	15,969	17,085	15,989	15,994	16,000
Bridges	7,847	7,823	7,770	7,770	7,734
Public protection and justice					
Adult correctional facilities	25	25	25	25	27
Juvenile correctional facilities	6	6	6	6	8
Environment and business regulation					
State park acreage	478,832	475,304	469,870	474,813	473,761
Protected natural area acreage	108,880	108,343	106,741	104,815	99,866

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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
17	18	18	18	18
4	4	4	4	4
16,018	16,057	16,075	16,090	16,398
7,726	7,708	7,693	7,844	8,284
27	27	28	28	28
8	10	8	8	8
473,500	470,649	469,244	373,857	371,793
96,255	93,662	89,399	89,764	89,731