

ILLINOIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR
ENDED JUNE 30, 2017

illinoiscomptroller.gov



STATE OF ILLINOIS
COMPTROLLER
SUSANA A. MENDOZA



STATE OF ILLINOIS

Comprehensive Annual Financial Report

~ 2017 ~

For Fiscal Year Ended June 30, 2017

Comptroller Susana A. Mendoza



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Introductory Section

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STATE OF ILLINOIS
COMPTROLLER

SUSANA A. MENDOZA

March 15, 2018

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, 2017. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2017, 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 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 special revenue funds where funds greater than 1% of the total are presented, and component units where all component units 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 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. In addition, P.A. 100-0023 extended the lapse period to September 30 for fiscal year 2017 to allow the State time to pay fiscal year 2017 expenditures.

Many State programs are accounted for in the General Fund. As analyzed in the MD&A, the GAAP basis financial position of the General Fund at June 30, 2017, decreased from June 30, 2016. The fund deficit in the State's General Fund increased by \$5.021 billion on a GAAP basis, from a deficit of \$9.591 billion to a deficit of \$14.612 billion. On the *budgetary basis*, there was a \$7.984 billion fund deficit at June 30, 2017, compared to a \$3.542 billion fund deficit at June 30, 2016, resulting in a \$4.442 billion 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 6.027 million nonfarm payroll jobs and an unemployment rate of 5.3% in fiscal year 2017.

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.

Revenues Initiative

Effective beginning July 1, 2017, the legislature voted to raise the individual income tax rate from 3.75% to 4.95% and the corporate income tax rate from 5.25% to 7%.

Income Tax Proceed Bonds

Coinciding with the increase in income tax rates, Public Act 100-023, which became effective July 6, 2017, authorized the issuance of an additional \$6.0 billion in general obligation bonds, to be known as The Income Tax Proceed Bonds. The Act authorizes the bond proceeds to be used solely for the purpose of paying obligations incurred by the State prior to July 1, 2017.

Transfers to Defray Operating Costs

In addition to the authorization to issue bonds, Public Act 100-0023 allows for the transfer of approximately \$293 million to the General Fund, the Budget Stabilization Fund, the Healthcare Provider Relief Fund and the Health Insurance Reserve Fund, from various other state funds, to help defray operating costs. The Act also authorizes interfund borrowings of up to \$1.2 billion to the General Funds and the Health Insurance Reserve Fund from various other state funds. The Act requires repayment of the interfund borrowings within 24 months from the date borrowed.

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.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The fiscal year 2017 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 2017 with \$6.095 billion in such costs. This represents an increase of \$1.833 billion from the fiscal year 2016 balance of \$4.262 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 the General Fund's revenues in any given year. 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. As of June 30, 2017, the balance in the Budget Stabilization Fund was \$9.922 million, an amount insufficient in practical terms to address the State's annual cash management needs and timing variations between spending and revenues.

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, 2017, the State reported a net pension liability totaling \$137.670 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, 2016, the valuation reported a \$38.138 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, and Public Act 100-0023, effective July 6, 2017, suspended some of the restrictions for general obligation bonds issued in fiscal year 2017 and 2018. Under Public Act 99-0523 and Public Act 100-0023, 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 and 2018. Also under Public Act 99-0523 and Public Act 100-0023, 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 each of the fiscal years 2017 and 2018.

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, 2016, 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

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Government Finance Officers Association

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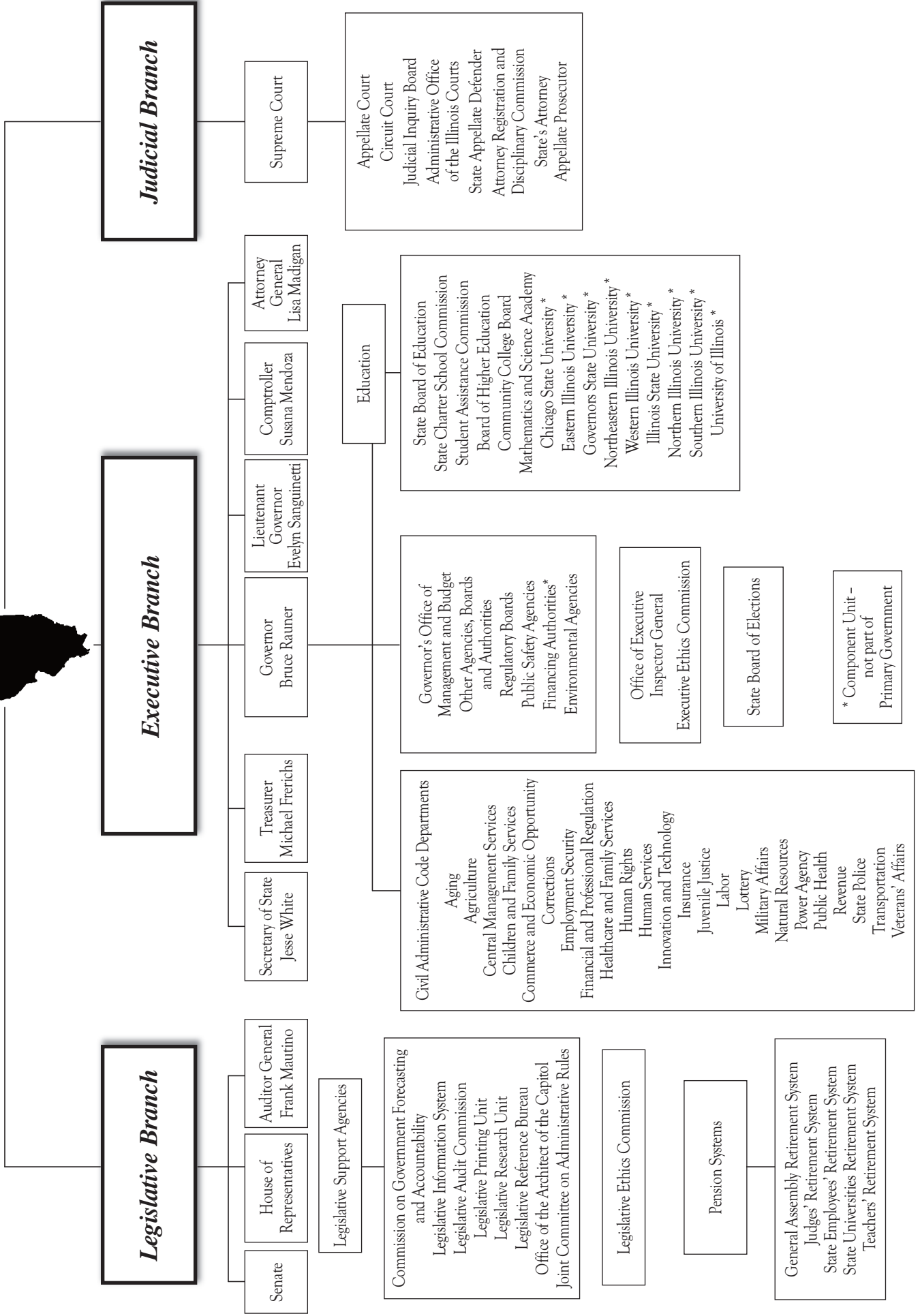
State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morill

Executive Director/CEO



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Financial Section

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

INDEPENDENT AUDITOR'S 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, 2017, 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%, 21%, 6%, 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, 2017, 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 Matter

The deficit for net position of governmental activities in Fiscal Year 2017 continued to increase by \$10,091,734,000, from \$131,569,222,000 at June 30, 2016, to \$141,660,956,000 at June 30, 2017. 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, 185-188, 189-195 and 196 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.

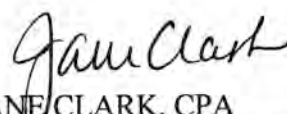
The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures 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 March 15, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois' 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


JANE CLARK, CPA
Director of Financial and Compliance Audits
Office of the Auditor General

Springfield, Illinois
March 15, 2018

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, 2017. 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 197. 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 \$9.861 billion or 7.8% during the current fiscal year. The net position of the State’s governmental activities decreased \$10.092 billion or 7.7% and the net position of the State’s business-type activities increased \$231 million or 4.8%. 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, 2017 and 2016:

Net Position as of June 30 (in millions of dollars)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other non-current assets	\$ 23,502	\$ 19,295	\$ 8,054	\$ 7,952	\$ 31,556	\$ 27,247
Capital assets	22,744	22,531	4	5	22,748	22,536
Total assets	46,246	41,826	8,058	7,957	54,304	49,783
Deferred outflow s of resources	26,511	12,382	72	39	26,583	12,421
Other liabilities	27,934	20,932	984	675	28,918	21,607
Long-term liabilities	183,872	161,682	1,990	2,385	185,862	164,067
Total liabilities	211,806	182,614	2,974	3,060	214,780	185,674
Deferred inflow s of resources	2,612	3,163	83	94	2,695	3,257
Net position:						
Invested in capital assets	15,993	15,583	4	5	15,997	15,588
Restricted	3,585	3,437	5,451	5,371	9,036	8,808
Unrestricted	(161,239)	(150,589)	(382)	(534)	(161,621)	(151,123)
Total net position	\$ (141,661)	\$ (131,569)	\$ 5,073	\$ 4,842	\$ (136,588)	\$ (126,727)

The State's largest asset is its capital assets (\$22.748 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 (\$137.670 billion) and bonds payable obligation (\$29.152 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 increased \$4.521 billion from \$49.783 billion at June 30, 2016, to \$54.304 billion at June 30, 2017, due mainly to \$2.521 billion more in intergovernmental receivables, and \$1.063 billion more in restricted loans and notes receivable. The State's deferred outflows of resources increased \$14.162 billion from \$12.421 billion at June 30, 2016, to \$26.583 billion at June 30, 2017, due primarily from the \$14.215 billion increase in pension related deferred outflows of resources.

The State's increase in liabilities of \$29.106 billion from \$185.674 billion at June 30, 2016, to \$214.780 billion at June 30, 2017, resulted mainly from an increase in net pension liabilities of \$21.646 billion. More detailed information regarding the net pension liability and related amounts is presented in Note 16 of the financial statements on page 138. Other significant changes included increases in accounts payable and accrued liabilities by \$4.863 billion, as well as a \$2.280 billion increase in the State's net other postemployment benefit obligation.

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
	2017	2016	2017	2016	2017	2016	2016 to 2017
Revenues							
Program revenues							
Charges for services	\$ 3,490	\$ 3,216	\$ 5,134	\$ 5,334	\$ 8,624	\$ 8,550	0.9%
Operating grants and contributions	23,177	20,956	263	238	23,440	21,194	10.6%
Capital grants and contributions	1,504	1,531	-	-	1,504	1,531	(1.8%)
General revenues							
Income taxes	16,427	16,898	-	-	16,427	16,898	(2.8%)
Sales taxes	11,332	11,165	-	-	11,332	11,165	1.5%
Motor fuel taxes	1,304	1,322	-	-	1,304	1,322	(1.4%)
Public utility taxes	1,439	1,427	-	-	1,439	1,427	0.8%
Riverboat taxes	475	485	-	-	475	485	(2.1%)
Medical providers assessment taxes	1,566	1,376	-	-	1,566	1,376	13.8%
Other taxes	2,804	2,743	-	-	2,804	2,743	2.2%
Interest and investment earnings	96	72	26	65	122	137	(10.9%)
Other revenue	760	763	-	-	760	763	(0.4%)
Total revenues	64,374	61,954	5,423	5,637	69,797	67,591	3.3%
Expenses							
Health and social services	30,272	28,911	-	-	30,272	28,911	4.7%
Education	22,331	19,277	-	-	22,331	19,277	15.8%
General government	2,908	2,826	-	-	2,908	2,826	2.9%
Employment and economic development	962	835	-	-	962	835	15.2%
Transportation	5,282	4,702	-	-	5,282	4,702	12.3%
Public protection and justice	4,523	3,931	-	-	4,523	3,931	15.1%
Environment and business regulation	927	801	-	-	927	801	15.7%
Unemployment compensation fund	-	-	1,846	1,904	1,846	1,904	(3.0%)
Water revolving fund	-	-	47	39	47	39	20.5%
Prepaid tuition programs	-	-	158	58	158	58	172.4%
Designated account purchase program fund	-	-	10	14	10	14	(28.6%)
Lottery	-	-	2,129	2,150	2,129	2,150	(1.0%)
Federal student loans	-	-	132	133	132	133	(0.8%)
Student loan operating fund	-	-	23	17	23	17	35.3%
Other business-type activities	-	-	90	87	90	87	3.4%
Intergovernmental	6,146	5,906	-	-	6,146	5,906	4.1%
Interest	1,872	1,762	-	-	1,872	1,762	6.2%
Total expenses	75,223	68,951	4,435	4,402	79,658	73,353	8.6%
Excess (deficiency) before transfers	(10,849)	(6,997)	988	1,235	(9,861)	(5,762)	(71.1%)
Transfers	757	735	(757)	(735)	-	-	0.0%
Increase (decrease) in net position	(10,092)	(6,262)	231	500	(9,861)	(5,762)	(71.1%)
Net position - beginning, as restated *	(131,569)	(125,307)	4,842	4,342	(126,727)	(120,965)	(4.8%)
Net position - ending	<u>\$ (141,661)</u>	<u>\$ (131,569)</u>	<u>\$ 5,073</u>	<u>\$ 4,842</u>	<u>\$ (136,588)</u>	<u>\$ (126,727)</u>	<u>(7.8%)</u>

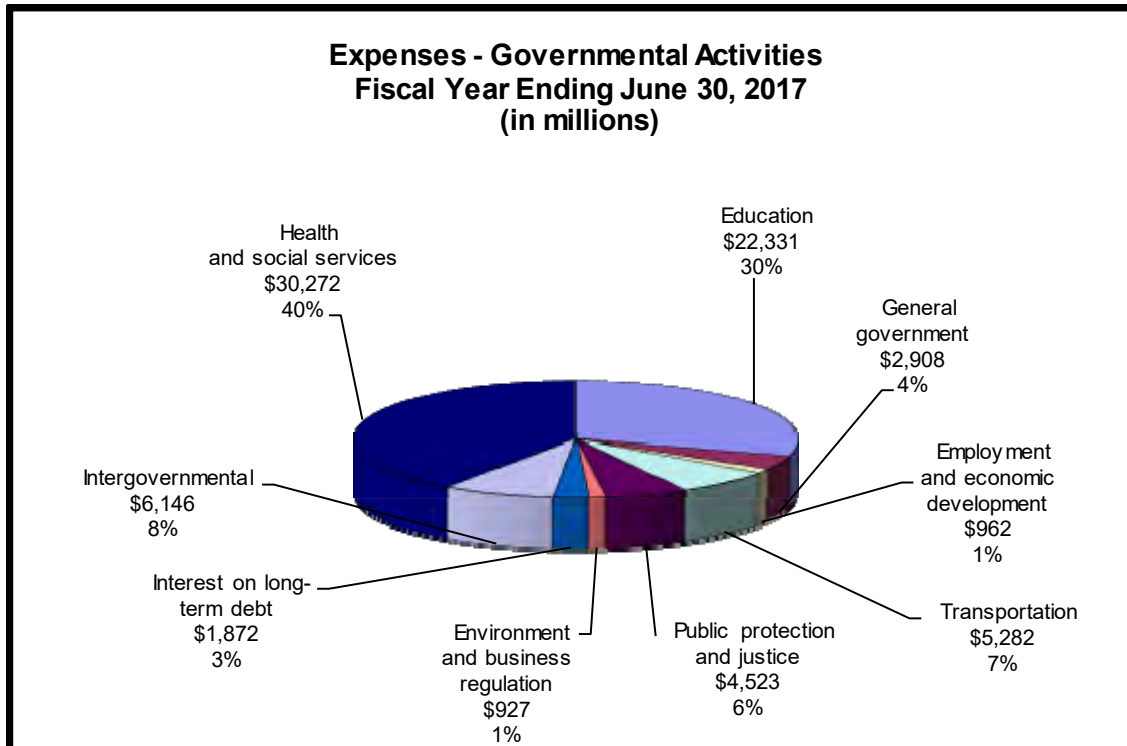
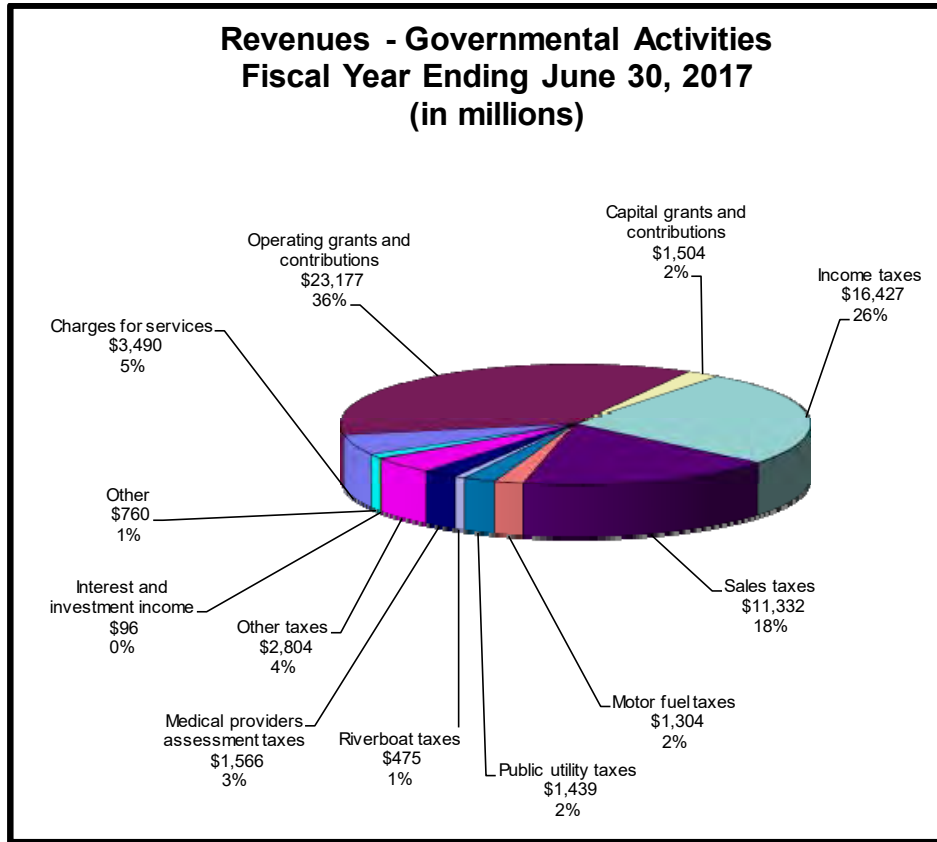
*The 2016 beginning net position has been restated to reflect the implementation of GASB 72 "Fair Value Measurement and Application."

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 increased \$2.420 billion (3.9%) during fiscal year 2017 with the largest revenue increase consisting of \$2.221 billion in operating grants and contributions.

The State's governmental activities expenses increased \$6.272 billion (9.1%) during fiscal year 2017, due mostly to increases in education program expenses of \$3.054 billion and health and social services program expenses of \$1.361 billion.

Business-type Activities:

Net position of business-type activities increased \$231 million during the fiscal year 2017. This increase was attributed mainly to a \$154 million increase in net position of the Unemployment Compensation Trust Fund, which paid off \$395 million in revenue bonds during the current fiscal year.

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 197. 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 2017 with a deficit for the sixteenth consecutive year. At June 30, 2017, the General Funds' budgetary fund balance was a deficit of \$7.984 billion compared to a \$3.542 billion deficit recorded at June 30, 2016. The final budget projected a \$5.491 billion deficit.

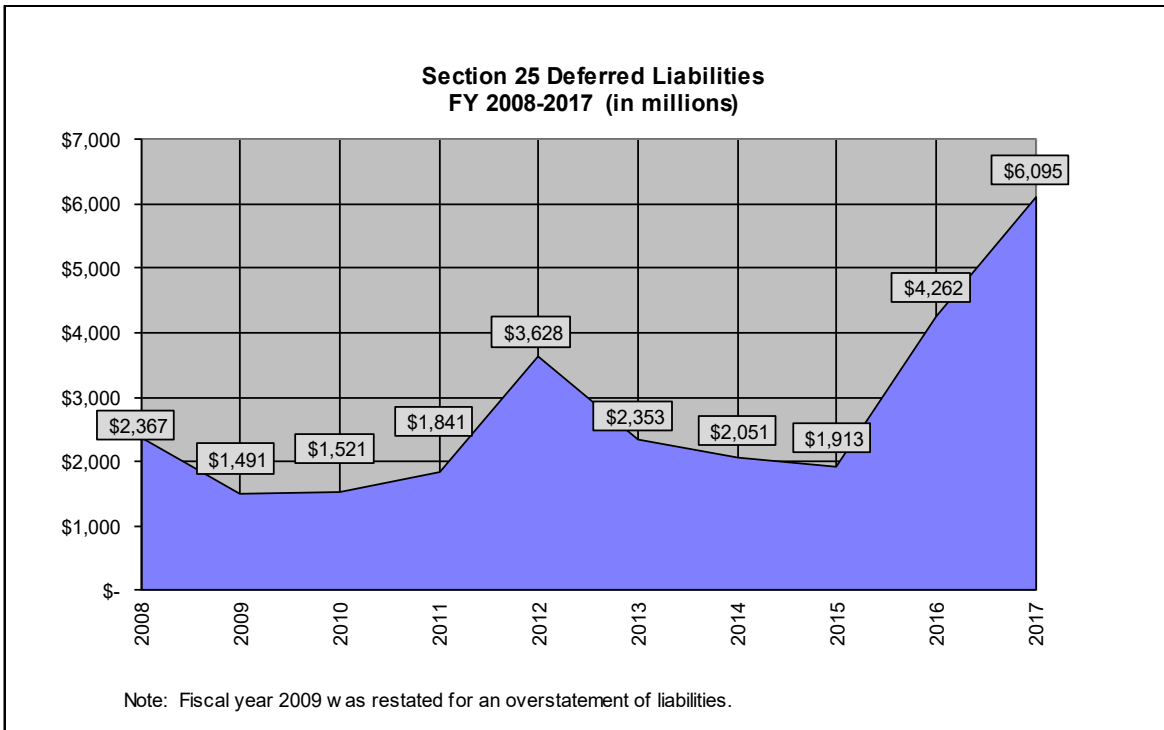
The majority of the \$2.493 billion decrease in the General Funds' budgetary balance between the final budget and the actual results was due to \$2.997 billion less in actual revenues than budgeted revenues, offset by \$504 million less in actual expenditures than budgeted expenditures. Actual income tax revenues and federal government revenues were \$907 million and \$1.784 billion less than budgeted, respectively.

The General Fund’s assets at June 30, 2017, were \$11.767 billion, which is an increase of \$4.547 billion from the June 30, 2016, balance of \$7.220 billion. Cash equity with the State Treasurer, securities lending collateral balances and intergovernmental receivables increased \$872 million, \$665 million, and \$2.689 billion, respectively.

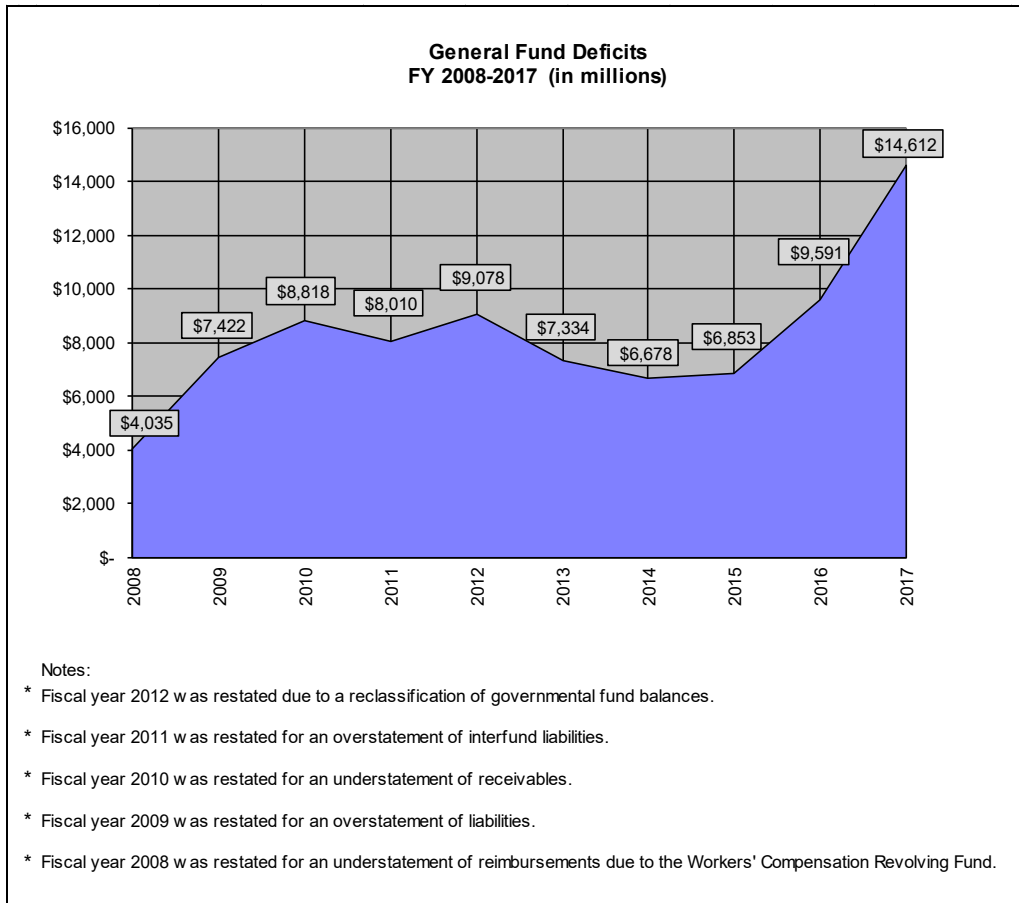
The General Fund’s liabilities at June 30, 2017, were \$23.206 billion, which is an increase of \$7.782 billion from the June 30, 2016, balance of \$15.424 billion. The increase was due in part from limitations on appropriations, as during fiscal year 2017, the State of Illinois operated without a complete budget. Portions of the fiscal year 2017 budget were passed by the legislature on July 6, 2017, subsequent to year end, affecting the timing of approval of expenditures and resulting in increased payables at year end.

The General Fund’s deferred inflows of resources at June 30, 2017, were \$3.173 billion, which is an increase of \$1.786 billion from the June 30, 2016, balance of \$1.387 billion. The increase relates to unavailable revenue associated with the timing of collections of intergovernmental receivables.

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 \$1.833 billion from \$4.262 billion at June 30, 2016, to \$6.095 billion at June 30, 2017.



During fiscal year 2017, the General Fund’s fund deficit increased from \$9.591 billion to \$14.612 billion, a \$5.021 billion increase.



During fiscal year 2017, General Fund revenues increased \$112 million to \$39.188 billion. General Fund expenditures increased \$1.949 billion to \$42.624 billion in fiscal year 2017 due mainly to increased spending on health and social services and education programs of \$1.434 billion and \$532 million, respectively. Transfers in to the General Fund decreased \$148 million, while transfers out of the General Fund increased \$297 million.

Cash flow problems caused the State to hold over \$10.498 billion in payments and interfund transfers from the General Fund at June 30, 2017.

Road Fund

The Road Fund incurred a \$109 million increase in fund balance in the current year and has a \$769 million fund balance. Revenues increased \$5 million to \$2.904 billion in fiscal year 2017, and expenditures increased \$25 million to \$2.462 billion.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2017, the State had \$22.748 billion in capital assets, net of accumulated depreciation, in the following categories:

Capital Assets as of June 30 (net of depreciation, in millions of dollars)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land and land improvements	\$ 3,475	\$ 3,450	\$ -	\$ -	\$ 3,475	\$ 3,450
Site improvements	252	271	-	-	252	271
Buildings and building improvements	1,755	1,825	2	2	1,757	1,827
Equipment	243	216	1	1	244	217
Intangible assets	520	400	1	2	521	402
Infrastructure	16,063	16,125	-	-	16,063	16,125
Other	41	39	-	-	41	39
Subtotal	22,349	22,326	4	5	22,353	22,331
Construction in progress	395	205	-	-	395	205
Total	\$ 22,744	\$ 22,531	\$ 4	\$ 5	\$ 22,748	\$ 22,536

Infrastructure assets consist of 71% of the State's net capital assets and comprise \$1.064 billion of the \$1.599 billion (67%) 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 90.

Debt Administration:

Bonded Indebtedness

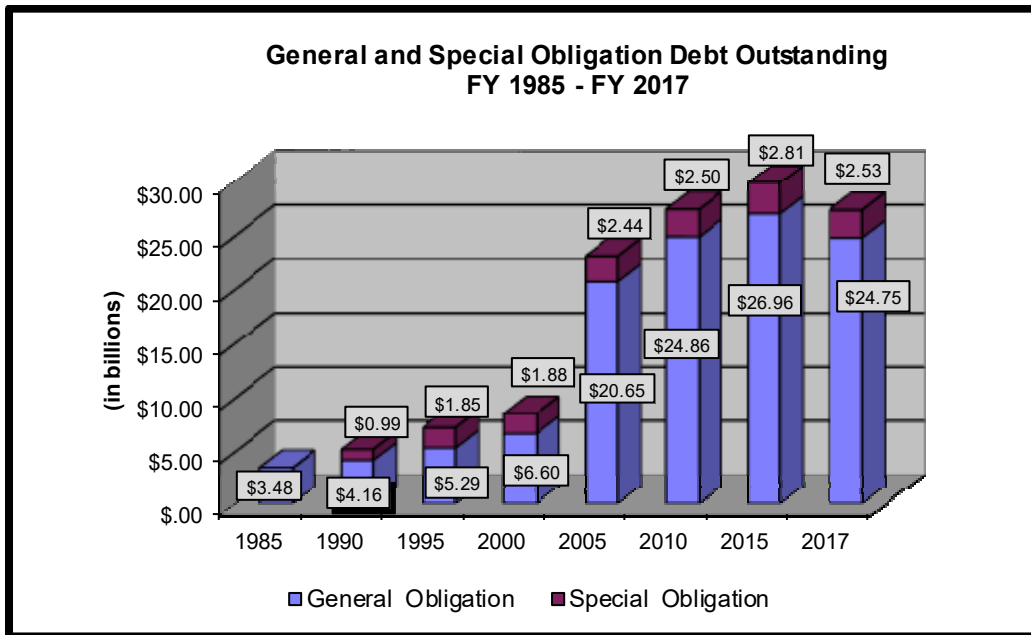
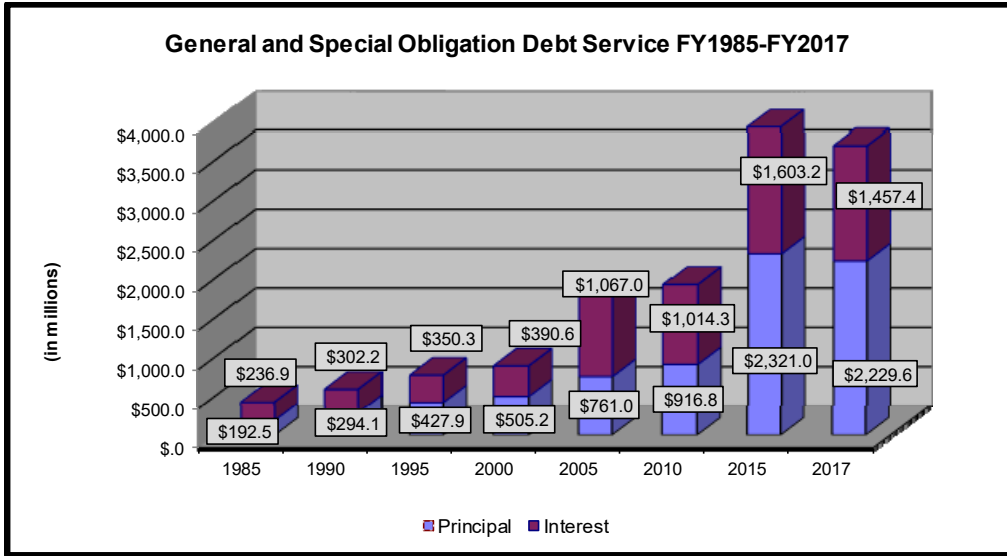
The State, certain State agencies and component units of the State are empowered by law to authorize, issue, and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation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

Outstanding Bonded Debt as of June 30 (in millions of dollars)						
Primary Government	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds (backed by the State)	\$ 24,751	\$ 26,334	\$ -	\$ -	\$24,751	\$ 26,334
Special obligation bonds (backed by specific fee revenue)	2,533	2,569	-	-	2,533	2,569
Revenue bonds (backed by specific tax and fee revenue)	1,068	1,152	198	613	1,266	1,765
	<u>\$ 28,352</u>	<u>\$ 30,055</u>	<u>\$ 198</u>	<u>\$ 613</u>	<u>\$28,550</u>	<u>\$ 30,668</u>

As shown above, Illinois had outstanding general and special obligation bonds at June 30, 2017 totaling \$27.284 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 \$9.175 billion and \$1.800 billion for pension purposes, issued in 2003 and 2011 respectively, are included in the outstanding general obligation bonds as of June 30, 2017.

Debt service principal of \$2.230 billion and interest costs of \$1.457 billion were paid and charged, respectively, in fiscal year 2017 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 \$1.266 billion of revenue bonds and \$19.642 billion of non-pension long-term obligations outstanding as of June 30, 2017.

The State’s general obligation bond ratings were Baa3 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, 2017. Since June 30, 2017, Standard and Poor’s revised their rating to BBB- with a Stable Outlook.

The State’s special obligation–Build Illinois Bonds – ratings were Baa3 with a Negative Outlook by Moody’s Investor Services, AA- with a Negative Outlook by Standard and Poor’s, and AA+ with a Stable Outlook by Fitch Ratings as of June 30, 2017. Since June 30, 2017, Standard and Poor’s revised their rating to AA- with a Stable Outlook.

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 2017, the net pension liability as reported in the financial statements totaled \$137.670 billion, an increase of \$21.646 billion from the fiscal year 2016 balance of \$116.024 billion.

During fiscal year 2017, 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 2017

Economic growth continued at a steady pace in Illinois during fiscal year 2017. 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 6.027 million workers in fiscal year 2017, an increase of 28,000 jobs or 0.47% above 2016 employment and 15,000 jobs or 0.25% 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 6.152 million Illinoisans was employed in fiscal year 2017, a slight increase over the average of 6.151 million in fiscal year 2016.

The average Illinois unemployment rate decreased from 6.2% and 6.0% in fiscal years 2015 and 2016, respectively, to 5.3% in fiscal year 2017. At June 30, 2017, the rate was 5.0%. 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 390,000 during fiscal year 2016 to 347,000 for fiscal year 2017.

A more comprehensive measure of Illinois' economic performance is the change in state personal income adjusted for inflation. This value decreased 0.4% in fiscal year 2017 as nominal personal income rose 1.4% and the consumer price index was up 1.9%. State personal income adjusted for inflation had shown an increase in 2015 of 3.8% and an increase of 2.3% in 2016.

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, 2017. If you have any questions about this report or need additional financial information, contact the Office of the Comptroller at (217) 782-6000.

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

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State of Illinois

Statement of Net Position

June 30, 2017 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash equity with State Treasurer	\$ 10,095,464	\$ 303,527	\$ 10,398,991	\$ 996,602
Cash and cash equivalents	262,612	255,014	517,626	1,074,069
Deposits held by federal government		1,535,405	1,535,405	
Securities lending collateral of State Treasurer	3,216,112	70,680	3,286,792	6,033
Investments	42,176	1,220,316	1,262,492	2,141,403
Receivables, net:				
Taxes	1,888,483	420,713	2,309,196	
Intergovernmental	5,112,397	50,945	5,163,342	247,311
Other	830,514	195,311	1,025,825	690,053
Internal balances	65,649	(65,649)	-	
Due from fiduciary funds	106,875	357	107,232	
Due from component units	446,596	8,131	454,727	34,763
Due from primary government				781,101
Inventories	117,276		117,276	48,311
Prepaid expenses	23,137	202	23,339	44,995
Unamortized bond insurance costs	10,849		10,849	8,475
Loans and notes receivable, net	59,447	1,063,670	1,123,117	1,427,674
Restricted assets:				
Cash equity with State Treasurer	585,522		585,522	196,018
Cash and cash equivalents	257,831	14,197	272,028	683,309
Investments	12,082		12,082	4,425,156
Taxes receivables	287		287	
Intergovernmental receivables	3,306		3,306	
Other receivables	299,837	26,812	326,649	104,742
Loans and notes receivable, net		2,953,659	2,953,659	24,540
Other assets	45,466		45,466	6,296
Derivative instrument				1
Other assets	20,273		20,273	27,029
Capital assets not being depreciated	4,285,424		4,285,424	2,169,394
Capital assets being depreciated, net	18,458,752	4,214	18,462,966	12,615,049
Total assets	46,246,367	8,057,504	54,303,871	27,752,324
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - accumulated decrease in fair value of derivatives	110,582		110,582	218,872
Deferred outflows of resources - unamortized deferred amounts on bond refundings	58,570	530	59,100	126,081
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings				6,791
Deferred outflows of resources - pensions	26,341,739	71,554	26,413,293	241,741
Total deferred outflows of resources	26,510,891	72,084	26,582,975	593,485

State of Illinois

Statement of Net Position

June 30, 2017 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable and accrued liabilities	16,107,395	254,140	16,361,535	1,155,548
Intergovernmental payables	6,088,082	13,252	6,101,334	38,202
Due to fiduciary funds	1,045,884		1,045,884	
Due to component units	289,521	491,680	781,201	34,763
Due to primary government				452,011
Unearned revenue	1,077,167	18,924	1,096,091	436,045
Obligations under security lending of State Treasurer	3,216,112	70,680	3,286,792	6,033
Assets held for others				256,701
Short-term notes payable		135,457	135,457	3,963
Derivative instrument	110,582		110,582	220,919
Other liabilities				17,357
Long-term obligations:				
Due within one year	2,582,144	177,874	2,760,018	480,957
Due subsequent to one year	181,289,465	1,812,114	183,101,579	11,907,323
Total liabilities	211,806,352	2,974,121	214,780,473	15,009,822
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - loan origination points				8,128
Deferred inflows of resources - accumulated increase in fair value of derivatives				119
Deferred inflows of resources - unamortized deferred amounts on bond refundings	30,321	37,177	67,498	149
Deferred inflows of resources - service concession arrangements				32,419
Deferred inflows of resources - pensions	2,581,541	45,145	2,626,686	33,530
Total deferred inflows of resources	2,611,862	82,322	2,694,184	74,345
NET POSITION				
Net investment in capital assets	15,992,970	4,205	15,997,175	5,976,431
Restricted for:				
Debt service	2,278,106	16,657	2,294,763	446,097
Capital grants/projects	362,438		362,438	60,299
Repayment of loan from component unit		2,612,355	2,612,355	
Unemployment compensation benefits		2,132,104	2,132,104	
Municipal lending		646,106	646,106	
Education	19,285	43,712	62,997	
Employment and economic development	170,184		170,184	
Health and social services	314,516		314,516	
Public protection and justice	53,605		53,605	
Environment and business regulation	149,715		149,715	
Transportation	363		363	
Other purposes	184,782		184,782	
Funds held as permanent investments:				
Nonexpendable purposes	48,993		48,993	1,526,480
Expendable purposes	3,502		3,502	3,442,381
Unrestricted	(161,239,415)	(381,994)	(161,621,409)	1,809,954
Total net position	\$ (141,660,956)	\$ 5,073,145	\$ (136,587,811)	\$ 13,261,642

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, 2017 (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	\$30,271,727	\$ 515,062	\$ 19,140,740	
Education	22,330,561	10,599	2,349,047	
General government	2,907,779	2,243,389	75,115	\$ 27,354
Employment and economic development	962,010	31,282	584,685	
Transportation	5,282,459	110,920	733,055	1,474,902
Public protection and justice	4,522,776	148,115	197,595	
Environment and business regulation	927,409	431,116	96,534	1,660
Intergovernmental-revenue sharing	6,145,598			
Interest	1,872,321			
Total governmental activities	<u>75,222,640</u>	<u>3,490,483</u>	<u>23,176,771</u>	<u>1,503,916</u>
Business-type activities				
Unemployment compensation trust	1,846,247	1,987,231		
Water revolving	46,947	61,059	130,466	
Prepaid tuition program	157,576	86,303		
Lottery	2,129,455	2,850,445		
Designated account purchase program	10,030	17,822		
Federal student loans	131,593	20,909	132,188	
Student loan operation fund	22,507	11,363		
Other	90,266	98,539		
Total business-type activities	<u>4,434,621</u>	<u>5,133,671</u>	<u>262,654</u>	
Total primary government	<u>\$79,657,261</u>	<u>\$ 8,624,154</u>	<u>\$ 23,439,425</u>	<u>\$ 1,503,916</u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 283,395	\$ 87,931	\$ 320,645	
Illinois State Toll Highway Authority	1,028,267	1,303,284		
Other Authorities	38,361	26,488		
Universities				
Illinois State University	598,871	309,422	40,367	
Northern Illinois University	591,092	247,021	80,803	
Southern Illinois University	1,282,638	544,142	129,606	\$ 1,627
University of Illinois	6,218,542	2,954,782	947,958	4,979
Other Universities	974,302	329,036	154,256	55
Total component units	<u>\$11,015,468</u>	<u>\$ 5,802,106</u>	<u>\$ 1,673,635</u>	<u>\$ 6,661</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, 2016				
Net position, June 30, 2017				

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
\$ (10,615,925)		\$ (10,615,925)	
(19,970,915)		(19,970,915)	
(561,921)		(561,921)	
(346,043)		(346,043)	
(2,963,582)		(2,963,582)	
(4,177,066)		(4,177,066)	
(398,099)		(398,099)	
(6,145,598)		(6,145,598)	
(1,872,321)		(1,872,321)	
<u>(47,051,470)</u>			
	\$ 140,984	140,984	
	144,578	144,578	
	(71,273)	(71,273)	
	720,990	720,990	
	7,792	7,792	
	21,504	21,504	
	(11,144)	(11,144)	
	8,273	8,273	
	<u>961,704</u>		
		(46,089,766)	
			\$ 125,181
			275,017
			(11,873)
			(249,082)
			(263,268)
			(607,263)
			(2,310,823)
			(490,955)
			<u>(3,533,066)</u>
16,427,074		16,427,074	
11,332,134		11,332,134	
1,303,773		1,303,773	
1,439,332		1,439,332	
475,299		475,299	
1,565,845		1,565,845	
2,803,658		2,803,658	
96,389	25,948	122,337	441,783
759,553		759,553	349,156
			1,761,795
			1,596,177
			79,338
756,679	(756,679)	-	
<u>36,959,736</u>	<u>(730,731)</u>	<u>36,229,005</u>	<u>4,228,249</u>
(10,091,734)	230,973	(9,860,761)	695,183
(131,569,222)	4,842,172	(126,727,050)	12,566,459
<u>\$ (141,660,956)</u>	<u>\$ 5,073,145</u>	<u>\$ (136,587,811)</u>	<u>\$ 13,261,642</u>

State of Illinois

**Balance Sheet -
Governmental Funds**

June 30, 2017 (Expressed in Thousands)

	General Fund	Road Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash equity with State Treasurer	\$ 3,167,431	\$ 1,248,358	\$ 5,928,303	\$ 10,344,092
Cash and cash equivalents	9,878		424,623	434,501
Securities lending collateral of State Treasurer	2,094,586	387,135	694,452	3,176,173
Investments			54,258	54,258
Receivables, net:				
Taxes	1,449,709		439,061	1,888,770
Intergovernmental	4,057,466	138,421	913,618	5,109,505
Other	582,175	21,376	500,311	1,103,862
Due from other funds	358,967	57,016	1,106,435	1,522,418
Due from component units	5,314	84,213	345,518	435,045
Inventories	21,891	63,664	21,743	107,298
Loans and notes receivable, net	4,827	55	54,565	59,447
Other assets	15,000		50,739	65,739
Total assets	11,767,244	2,000,238	10,533,626	24,301,108
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - intra-entity transfers of future revenues			620,558	620,558
Total deferred outflows of resources			620,558	620,558
Total assets and deferred outflows of resources	\$ 11,767,244	\$ 2,000,238	\$ 11,154,184	\$ 24,921,666
LIABILITIES				
Accounts payable and accrued liabilities	\$ 8,658,408	\$ 270,895	\$ 1,079,415	\$ 10,008,718
Intergovernmental payables	3,831,198	163,887	2,071,795	6,066,880
Due to other funds	7,843,146	208,543	606,313	8,658,002
Due to component units	45,534	150,419	92,978	288,931
Unearned revenue	732,683	17,123	308,599	1,058,405
Obligations under security lending of State Treasurer	2,094,586	387,135	694,452	3,176,173
Matured portion of long-term liabilities	188	819		1,007
Total liabilities	23,205,743	1,198,821	4,853,552	29,258,116
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unavailable revenue	3,173,114	32,726	557,402	3,763,242
Deferred inflows of resources - intra-entity transfers of future revenues			620,558	620,558
Total deferred inflows of resources	3,173,114	32,726	1,177,960	4,383,800
FUND BALANCES (DEFICITS)				
Nonspendable - long-term portion of loans and notes receivable	4,827			4,827
Nonspendable - inventories	21,891	63,664	21,743	107,298
Nonspendable - endowments and similar funds			48,993	48,993
Restricted	52,233		3,160,928	3,213,161
Committed	1,946,730	705,027	3,048,681	5,700,438
Assigned			1,658	1,658
Unassigned	(16,637,294)		(1,159,331)	(17,796,625)
Total fund balances (deficits)	(14,611,613)	768,691	5,122,672	(8,720,250)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 11,767,244	\$ 2,000,238	\$ 11,154,184	\$ 24,921,666

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, 2017
(Expressed in Thousands)

Total fund balances-governmental funds \$ (8,720,250)

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 \$340,139, are not financial resources and therefore are not reported in the funds. 22,404,037

Prepaid expenses for governmental activities are current uses of financial resources for funds. 23,136

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. 10,849

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. 28,249

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. 634,167

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. 3,763,242

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 \$629,876, consist of:

Net pension liability	\$ (137,385,793)	
Deferred outflows of resources - pensions	26,341,739	
Deferred inflows of resources - pensions	(2,581,541)	
Net other postemployment benefit obligation	(16,484,893)	
General obligation bonds	(24,751,068)	
Special obligation bonds	(2,532,789)	
Revenue bonds	(1,067,500)	
Unamortized premiums	(610,087)	
Unamortized discounts	1,207	
Compensated absences	(349,147)	
Certificates of participation	(10,925)	
Pollution remediation obligation	(27,250)	
Auto liability	(16,624)	
Capital leases	(5,857)	
Accrued interest	(323,858)	
	(159,804,386)	<u><u>\$ (141,660,956)</u></u>

Net position of governmental activities \$ (141,660,956)

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, 2017 (Expressed in Thousands)

	General Fund	Road Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Income taxes	\$ 12,824,434		\$ 3,604,376	\$ 16,428,810
Sales taxes	8,047,903		3,306,644	11,354,547
Motor fuel taxes		\$ 300,017	1,004,506	1,304,523
Public utility taxes	980,967		462,830	1,443,797
Riverboat taxes			475,299	475,299
Medical providers assessment taxes	1,545,511			1,545,511
Other taxes	2,346,844		443,556	2,790,400
Federal government	11,231,439	1,511,193	9,179,323	21,921,955
Licenses and fees	644,922	907,177	1,257,780	2,809,879
Interest and other investment income	53,707	8,389	31,276	93,372
Other	1,512,731	177,215	933,891	2,623,837
Total revenues	39,188,458	2,903,991	20,699,481	62,791,930
EXPENDITURES				
Current:				
Health and social services	23,309,573		5,990,396	29,299,969
Education	13,809,288		3,120,642	16,929,930
General government	1,959,079	457	392,331	2,351,867
Employment and economic development	117,840		764,432	882,272
Transportation	554,591	2,299,956	958,404	3,812,951
Public protection and justice	2,652,028		547,826	3,199,854
Environment and business regulation	165,616		595,753	761,369
Debt service:				
Principal	2,150	300	2,320,394	2,322,844
Interest	495	287	1,522,613	1,523,395
Capital outlays	53,306	160,727	1,290,576	1,504,609
Intergovernmental			6,145,598	6,145,598
Total expenditures	42,623,966	2,461,727	23,648,965	68,734,658
Excess (deficiency) of revenues over (under) expenditures	(3,435,508)	442,264	(2,949,484)	(5,942,728)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General and special obligation bonds issued			690,035	690,035
Premiums on general and special obligation bonds issued			54,443	54,443
General and special obligation refunding bonds issued			1,641,900	1,641,900
Premiums on general and special obligation refunding bonds issued			152,800	152,800
Transfers-in	1,715,189		4,385,699	6,100,888
Transfers-out	(3,301,088)	(340,475)	(1,702,497)	(5,344,060)
Payments to refunded bond escrow agent			(1,782,885)	(1,782,885)
Capital lease financing	1,123	341	293	1,757
Net other sources (uses) of financial resources	(1,584,776)	(340,134)	3,439,788	1,514,878
Net change in fund balances	(5,020,284)	102,130	490,304	(4,427,850)
Fund balances (deficits), July 1, 2016	(9,591,219)	659,286	4,631,358	(4,300,575)
Increase (decrease) for changes in inventories	(110)	7,275	1,010	8,175
FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (14,611,613)	\$ 768,691	\$ 5,122,672	\$ (8,720,250)

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, 2017
(Expressed in Thousands)

Net change in fund balances	\$ (4,427,850)
Change in inventories	8,175
	(4,419,675)

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. 12,880

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	\$ 1,504,609	
Depreciation expense	(1,316,406)	
Excess of capital outlays over depreciation expense		188,203

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. 16,839

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. (39,180)

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. (195)

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. 81,551

Because some revenues will not be collected for several months, they are considered "unavailable" revenues and revenue recognition is deferred in the governmental funds. Unavailable revenues increased by this amount during the year. 1,523,621

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 \$207,243	(2,539,178)	
Payments to refunded bond escrow agent	1,782,885	
Bond insurance costs deferred	4,831	
Bond principal retirements	2,314,325	
Deferred gain on current year refundings of debt	(11,383)	
Accrued interest paid to refunding agent	(53,950)	
Amortization of bond premiums	146,129	
Amortization of bond discounts	(117)	
Amortization of bond insurance costs	(1,717)	
Amortization of deferred amounts on refundings of debt	(17,394)	
Capital lease and installment purchase agreement proceeds	(1,757)	
Capital lease and installment purchase principal retirements	3,289	
Certificates of participation principal retirements	5,230	
Net increase in change in fund balance of governmental funds from long-term debt transactions		1,631,193

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	(21,598,934)	
Increase in deferred outflows of resources - pensions	14,182,308	
Decrease in deferred inflows of resources - pensions	581,518	
Increase in net other postemployment benefits obligation	(2,280,688)	
Decrease in compensated absences obligation	17,260	
Interest accreted on capital appreciation debt	(7,666)	
Increase in auto liability obligation	(310)	
Decrease in pollution remediation obligations	900	
Decrease in accrued interest on obligations	18,641	
Net increase in expenses for net increase in long-term liabilities not reported in governmental funds		(9,086,971)

Change in net position of governmental activities	\$ (10,091,734)
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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, 2017 (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						
Cash equity with State Treasurer		\$ 73,515	\$ 1,473	\$ 228,539	\$ 303,527	\$ 336,894
Cash and cash equivalents	\$ 169,592		23,559	61,863	255,014	85,942
Deposits held by federal government	1,535,405				1,535,405	
Securities lending collateral of State Treasurer		25,530		45,150	70,680	39,939
Investments			152,230	58,434	210,664	
Receivables, net:						
Taxes	420,713				420,713	
Intergovernmental	30,630	218		20,097	50,945	6,198
Other	77,154	11,104	12,868	60,898	162,024	26,489
Due from other funds	34,907			5,209	40,116	6,306,155
Due from component units	137	7,994			8,131	11,551
Loans and notes receivable, net		66,193			66,193	
Restricted assets:						
Cash and cash equivalents				14,197	14,197	
Other receivables, net		12,041		14,771	26,812	
Loans and notes receivable, net		149,347		45,988	195,335	
Inventories						9,978
Prepaid expenses		1		201	202	1
Total current assets	2,268,538	345,943	190,130	555,347	3,359,958	6,823,147
Investments			727,554	282,098	1,009,652	
Other receivables, net			33,287		33,287	
Loans and notes receivable, net		997,477			997,477	
Restricted loans and notes receivable, net		2,450,558		307,766	2,758,324	
Capital assets not being depreciated						126,197
Capital assets being depreciated, net		7		4,207	4,214	213,942
Total noncurrent assets		3,448,042	760,841	594,071	4,802,954	340,139
Total assets	2,268,538	3,793,985	950,971	1,149,418	8,162,912	7,163,286
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - unamortized deferred amounts on bond refundings		530			530	
Deferred outflows of resources - pensions		17,354		54,200	71,554	
Total deferred outflows of resources		17,884		54,200	72,084	
LIABILITIES						
Accounts payable and accrued liabilities	130,048	63	1,285	122,744	254,140	5,774,819
Intergovernmental payables	5,081	27		8,144	13,252	21,202
Due to other funds	1,305	47	284	14,726	16,362	43,931
Due to component units		491,596	82	2	491,680	590
Unearned revenue				18,924	18,924	18,762
Obligations under securities lending of State Treasurer		25,530		45,150	70,680	39,939
Short-term notes payable				135,457	135,457	
Current portion of long-term obligations		218	153,818	23,838	177,874	117,319
Total current liabilities	136,434	517,481	155,469	368,985	1,178,369	6,016,562
Due to other funds				89,046	89,046	
Noncurrent portion of long-term obligations		70,763	1,081,896	659,455	1,812,114	512,557
Total noncurrent liabilities		70,763	1,081,896	748,501	1,901,160	512,557
Total liabilities	136,434	588,244	1,237,365	1,117,486	3,079,529	6,529,119
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unamortized deferred amounts on bond refundings		121		37,056	37,177	
Deferred inflows of resources - pensions		6,539		38,606	45,145	
Total deferred inflows of resources		6,660		75,662	82,322	
NET POSITION						
Net investment in capital assets		(2)		4,207	4,205	335,909
Net position restricted for:						
Debt service				16,657	16,657	4,598
Repayment of loan from component unit		2,612,355			2,612,355	
Unemployment compensation benefits	2,132,104				2,132,104	
Municipal lending		646,106			646,106	
Education				43,712	43,712	
Unrestricted		(41,494)	(286,394)	(54,106)	(381,994)	293,660
Total net position	\$ 2,132,104	\$ 3,216,965	\$ (286,394)	\$ 10,470	\$5,073,145	\$ 634,167

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, 2017 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Major			Nonmajor Enterprise Funds		
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund			
OPERATING REVENUES						
Charges for sales and services			\$ 422	\$ 2,974,622	\$ 2,975,044	\$ 3,611,283
Interest income pledged as revenue bond security				17,844	17,844	
Interest and other investment income	\$ 512	\$ 61,059	69,053		130,624	
Participant contributions			16,828		16,828	
Employer contributions	1,974,489				1,974,489	
Other	5,293			6,204	11,497	37
Total operating revenues	1,980,294	61,059	86,303	2,998,670	5,126,326	3,611,320
OPERATING EXPENSES						
Cost of sales and services				322,490	322,490	473,782
Benefit payments and refunds	1,841,460			42,248	1,883,708	2,542,530
Prizes and claims				1,820,110	1,820,110	
Interest				1,187	1,187	
General and administrative		25,611	6,548	165,945	198,104	70,084
Depreciation		9		869	878	30,032
Other		9,120	151,028	16,587	176,735	39
Total operating expenses	1,841,460	34,740	157,576	2,369,436	4,403,212	3,116,467
Operating income (loss)	138,834	26,319	(71,273)	629,234	723,114	494,853
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	33,958	660		(8,670)	25,948	2,814
Interest expense	(4,787)	(9,274)		(11,216)	(25,277)	(423,186)
Federal government		130,466		132,188	262,654	6,502
Other revenues	6,937			408	7,345	700
Other expenses		(2,933)		(3,199)	(6,132)	(207)
Income (loss) before contributions and transfers	174,942	145,238	(71,273)	738,745	987,652	81,476
Contributions of capital assets						224
Transfers-in	1			25,698	25,699	3,077
Transfers-out	(21,209)			(761,169)	(782,378)	(3,226)
Change in net position	153,734	145,238	(71,273)	3,274	230,973	81,551
Net position, July 1, 2016	1,978,370	3,071,727	(215,121)	7,196	4,842,172	552,616
NET POSITION, JUNE 30, 2017	\$ 2,132,104	\$ 3,216,965	\$ (286,394)	\$ 10,470	\$ 5,073,145	\$ 634,167

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, 2017 (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			\$ 422	\$ 228,562	\$ 228,984	\$ 151,416
Cash received from lottery sales				2,842,019	2,842,019	
Cash received from transactions with other funds						1,561,061
Cash payments to suppliers for goods and services		\$ (8,711)	(3,809)	(279,854)	(292,374)	(1,440,371)
Cash payments to employees for services		(13,936)	(2,823)	(63,224)	(79,983)	(120,917)
Cash payments for lottery prizes				(1,823,083)	(1,823,083)	
Cash payments for commissions and bonuses				(160,045)	(160,045)	
Cash receipts from unemployment taxes	\$ 2,109,060				2,109,060	
Cash receipts from unemployment grants	5,377				5,377	
Cash payments for unemployment benefits	(1,843,237)				(1,843,237)	
Cash receipts from prepaid tuition contract sales			23,259		23,259	
Cash payments for tuition			(125,516)		(125,516)	
Cash payments for tuition contract refunds			(18,216)		(18,216)	
Cash receipts from student loan principal				60,806	60,806	
Cash receipts from student loan interest				11,774	11,774	
Cash payments for student loans issued				(5,179)	(5,179)	
Cash payments for workers' compensation						(103,860)
Cash receipts from other operating activities				17,496	17,496	50,260
Cash payments for other operating activities				(248,105)	(248,105)	
Net cash provided (used) by operating activities	271,200	(22,647)	(126,683)	581,167	703,037	97,589
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from revenue bonds and other borrowings		487,910			487,910	
Bond issuance costs paid		(1,004)			(1,004)	
Principal paid on revenue bonds and other borrowings	(380,480)	(35,252)		(57,671)	(473,403)	
Interest paid on revenue bonds and other borrowings	(13,447)	(10,188)		(4,881)	(28,516)	(161,236)
Grants received		130,311		137,461	267,772	2,911
Grants paid				(3,315)	(3,315)	
Transfers-in from other funds	1			25,428	25,429	3,077
Transfers-out to other funds	(23,869)			(766,498)	(790,367)	(3,226)
Federal recovery funds	32				32	
Net cash provided (used) by noncapital financing activities	(417,763)	571,777		(669,476)	(515,462)	(158,474)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets				(292)	(292)	(22,479)
Principal paid on capital debt		(17)			(17)	(3,997)
Interest paid on capital debt						(373)
Net cash used by capital and related financing activities		(17)		(292)	(309)	(26,849)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities		(110,619)	(395,161)	(48,541)	(554,321)	
Proceeds from sales and maturities of investment securities		105,945	499,165	70,959	676,069	
Cash paid to investment managers			(891)		(891)	
Cash paid for long-term annuity prizes payable				(30,752)	(30,752)	
Loan disbursements		(739,349)			(739,349)	
Loan repayments		212,849			212,849	
Interest and dividends on investments	34,470	50,860	46,851	1,684	133,865	2,810
Net cash provided (used) by investing activities	34,470	(480,314)	149,964	(6,650)	(302,530)	2,810
Net increase (decrease) in cash and cash equivalents	(112,093)	68,799	23,281	(95,251)	(115,264)	(84,924)
Cash and cash equivalents, July 1, 2016	1,817,090	4,716	1,751	399,850	2,223,407	507,760
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 1,704,997	\$ 73,515	\$ 25,032	\$ 304,599	\$ 2,108,143	\$ 422,836
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Total cash and cash equivalents per Statement of Net Position	\$ 169,592		\$ 23,559	\$ 61,863	\$ 255,014	\$ 85,942
Add: cash equity with State Treasurer		\$ 73,515	1,473	228,539	303,527	336,894
Add: deposits held by federal government	1,535,405				1,535,405	
Add: restricted cash equivalents				14,197	14,197	
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 1,704,997	\$ 73,515	\$ 25,032	\$ 304,599	\$ 2,108,143	\$ 422,836

State of Illinois

Statement of Cash Flows -
Proprietary Funds

For the Year Ended June 30, 2017 (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)	\$ 138,834	\$ 26,319	\$ (71,273)	\$ 629,234	\$ 723,114	\$ 494,853
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		9		869	878	30,032
Provision for uncollectible accounts		9,120		3,171	12,291	(233)
Amortization				1,395	1,395	
In-kind contribution of services		222			222	
Interest and investment income	(512)	(61,059)	(65,451)	(73)	(127,095)	
Interest expense				1,183	1,183	
Miscellaneous income						723
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	155,030		5,210	26,749	186,989	(7,497)
(Increase) decrease in intergovernmental receivables	(2,605)			(428)	(3,033)	509
(Increase) decrease in due from other funds	(12,384)			(325)	(12,709)	(1,936,931)
(Increase) decrease in due from component units		237			237	(2,667)
(Increase) decrease in loans and notes receivable				53,773	53,773	
(Increase) decrease in inventories						(548)
(Increase) decrease in prepaid expenses		(1)		(152)	(153)	2
(Increase) decrease in deferred outflows of resources - pensions		(6,209)		(26,910)	(33,119)	
Increase (decrease) in accounts payable and accrued liabilities	(8,390)	(128)	118	(135,760)	(144,160)	1,539,789
Increase (decrease) in intergovernmental payables	990	(527)		475	938	(8,840)
Increase (decrease) in due to other funds		(644)	3	(1,091)	(1,732)	(6,349)
Increase (decrease) in due to component units		(312)	(205)	(6)	(523)	(531)
Increase (decrease) in unearned revenue				(3,044)	(3,044)	13,378
Increase (decrease) in net pension liability		8,399		39,240	47,639	
Increase (decrease) in other liabilities		(236)	4,915	(805)	3,874	(18,101)
Increase (decrease) in long-term annuity prizes payable				3,809	3,809	
Increase (decrease) in deferred inflows of resources - pensions		2,400		(10,137)	(7,737)	
Total adjustments	132,366	(48,966)	(55,410)	(48,067)	(20,077)	(397,264)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 271,200	\$ (22,647)	\$ (126,683)	\$ 581,167	\$ 703,037	\$ 97,589
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (loss) on disposal of capital assets		\$ (29)			\$ (29)	\$ (178)
Transfer of assets from (to) other state funds						195
Gain on redemption of bonds	\$ 6,905				6,905	
Increase (decrease) in fair value of investments			\$ 42,581	\$ 21,925	64,506	
Interest accreted on investments				11,153	11,153	
Interest accreted on long-term annuity prizes payable				(11,153)	(11,153)	

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, 2017 (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	\$ 342,691		\$ 1,274	\$ 606,806
Cash and cash equivalents	721,934	\$ 1,391,280	771,644	28,161
Securities lending collateral of State Treasurer	135,539		410	94,149
Investments:				
Equities	33,114,310		5,929,454	
Fixed income	14,508,837	1,582,467	2,815,500	945,257
Private equity	6,439,749			
Real estate	8,171,209			
Other	11,272,404			
Equity in Illinois State Board of Investments	17,269,405			
Securities lending collateral	3,927,616			
Receivables, net:				
Taxes				199,396
Members	81,774			
Employers	21,647			
Investment income	161,038	1,836	19,685	
Intergovernmental	1,569			480
Pending investment sales	9,785,056			
Other	13,943		1	236,839
Due from other funds	172			
Due from primary government funds	1,002,969			42,915
Prepaid expenses	2,441			
Loans and notes receivable, net	36,099		48	
Other assets				102
Capital assets not being depreciated	1,738			
Capital assets being depreciated, net	15,264			
Total assets	107,027,404	2,975,583	9,538,016	\$ 2,154,105
LIABILITIES				
Accounts payable and accrued liabilities	369,505	151	3,137	\$ 73,051
Intergovernmental payables	2			809,168
Due to other funds	172	356		
Due to primary government funds	106,876			
Due to component units				36
Obligations under securities lending of State Treasurer	135,539		410	94,149
Security lending collateral	3,926,847			
Payable to brokers for unsettled trades	10,660,973			
Obligations under reverse repurchase agreements	28,485			
Depository and other liabilities			13,394	1,177,701
Long-term obligations:				
Due within one year	343			
Due subsequent to one year	4,108			
Total liabilities	15,232,850	507	16,941	\$ 2,154,105
NET POSITION				
Restricted for:				
Pension benefits	85,386,816			
Defined contribution	6,501,472			
Pool participants		2,975,076		
Individuals, organizations and other governments			9,521,075	
Unrestricted	(93,734)			
Total net position	\$ 91,794,554	\$ 2,975,076	\$ 9,521,075	

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, 2017 (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	\$ 2,251,323		
State	5,771,803		
Participants			\$ 1,222,985
Members:			
Employees	1,839,134		
Federal Medicare Part D	2,238		
Other contributions	8,079		20
Total contributions	9,872,577		1,223,005
Investment income:			
Interest and other investment income	2,433,743	\$ 39,472	130,919
Net increase (decrease) in fair value of investments	8,619,596		810,353
Reimbursements of expenses not separable from investment income	2,168		
Less investment expense	(874,077)	(3,236)	
Net investment income	10,181,430	36,236	941,272
Capital share and individual account transactions:			
Shares sold		11,963,694	
Reinvested distributions		36,236	
Shares redeemed		(11,861,492)	
Net capital share and individual account transactions		138,438	
Total additions	20,054,007	174,674	2,164,277
DEDUCTIONS			
Benefit payments	11,667,876		
Refunds	431,846		
Payments in accordance with trust agreements			731,270
Distribution to pool investors		36,236	
Depreciation	2,307		
General and administrative	72,261		27,699
Other	2,365		2
Total deductions	12,176,655	36,236	758,971
Change in net position			
Restricted for:			
Pension benefits	7,202,363		
Retiree health insurance benefits (unrestricted deficit)	(4,906)		
Defined contribution	679,895		
Pool participants		138,438	
Individuals, organizations and other governments			1,405,306
Net position, July 1, 2016	83,917,202	2,836,638	8,115,769
NET POSITION, JUNE 30, 2017	\$ 91,794,554	\$ 2,975,076	\$ 9,521,075

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, 2017 (Expressed in Thousands)

	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Other Authorities	Illinois State University	Northern Illinois University
ASSETS					
Cash equity with State Treasurer	\$ 46	\$ 995,958			
Cash and cash equivalents	482,412	51,833	\$ 40,479	\$ 50,532	\$ 9,377
Securities lending collateral of State Treasurer	15		5,822		
Investments	264,042		30,043	190,196	108,226
Receivables, net:					
Intergovernmental	51	99,932			
Other	3,171	17,576	1,612	31,507	45,930
Due from component units			34,168	136	15
Due from primary government	45,014	148,871	491,791	357	37
Inventories				2,739	2,941
Prepaid expenses		2,940	50	2,243	354
Unamortized bond insurance costs		5,645		244	1,540
Loans and notes receivable, net	1,306,872		16,212	7,897	7,467
Restricted assets:					
Cash equity with State Treasurer		177,918	18,100		
Cash and cash equivalents		175,973	201,077	8,205	46,754
Investments	745,589	320,000	19,523	160,799	60,909
Other receivables, net	96,413	715	63	4,292	
Loans and notes receivable, net			22,940		
Other assets				766	
Derivative instrument - asset	1				
Other assets	5,769		2	4,185	2,543
Capital assets not being depreciated		1,318,467	47,386	27,612	73,523
Capital assets being depreciated, net	26,158	6,885,491	20,297	404,703	398,957
Total assets	2,975,553	10,201,319	949,565	896,413	758,573
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - accumulated decrease in fair value of derivatives	689	214,574			
Deferred outflows of resources - unamortized deferred amounts on bond refundings		90,067	409		731
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings					
Deferred outflows of resources - pensions		198,416	1,636	651	1,163
Total deferred outflows of resources	689	503,057	2,045	651	1,894
LIABILITIES					
Accounts payable and accrued liabilities	73,837	370,365	15,829	17,653	36,792
Intergovernmental payables		21,098			13,610
Due to component units			8,050	56	1,697
Due to primary government	345,763	84,172	8,006	35	
Unearned revenue	8,654	190,172	449	10,303	13,247
Obligations under securities lending collateral of State Treasurer	15		5,822		
Assets held for others	184,045		5	7,535	
Short-term notes payable					
Derivative instrument - liability	689	214,574			
Other liabilities			807	8,844	
Long-term obligations:					
Due within one year	54,979	126,579	45,870	9,251	11,397
Due subsequent to one year	1,093,498	7,155,101	677,905	135,295	362,881
Total liabilities	1,761,480	8,162,061	762,743	188,972	439,624
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - loan origination points	8,128				
Deferred inflows of resources - accumulated increase in fair value of derivatives	1				
Deferred inflows of resources - unamortized deferred amounts on bond refundings	149				
Deferred inflows of resources - service concession arrangements					
Deferred inflows of resources - pensions		30,155	3,375		
Total deferred inflows of resources	8,278	30,155	3,375		
NET POSITION					
Net investment in capital assets	274	1,940,347	43,975	302,607	138,665
Restricted for:					
Debt service		389,470	1,698		
Capital projects					
Nonexpendable purposes				77,466	66,571
Other expendable purposes	1,001,365	51	66,954	225,439	107,649
Unrestricted	204,845	182,292	72,865	102,580	7,958
Total net position	\$ 1,206,484	\$ 2,512,160	\$ 185,492	\$ 708,092	\$ 320,843

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

Southern Illinois University	University of Illinois	Other Universities	Total
\$ 24,702	\$ 348,869	\$ 598	\$ 996,602
		65,865	1,074,069
		196	6,033
94,344	1,425,534	29,018	2,141,403
	140,765	6,563	247,311
65,243	480,540	44,474	690,053
157	232	55	34,763
7,194	82,661	5,176	781,101
7,868	32,023	2,740	48,311
556	36,471	2,381	44,995
882		164	8,475
19,328	58,922	10,976	1,427,674
			196,018
48,653	142,044	60,603	683,309
257,148	2,720,602	140,586	4,425,156
		3,259	104,742
		1,600	24,540
		5,530	6,296
			1
6,816	5,979	1,735	27,029
101,817	441,496	159,093	2,169,394
742,052	3,324,757	812,634	12,615,049
1,376,760	9,240,895	1,353,246	27,752,324
	3,609		218,872
2,653	31,366	855	126,081
219	6,572		6,791
2,592	35,483	1,800	241,741
5,464	77,030	2,655	593,485
46,617	547,883	46,572	1,155,548
		3,494	38,202
4	24,681	275	34,763
35	11,769	2,231	452,011
32,687	165,346	15,187	436,045
		196	6,033
20,897	39,135	5,084	256,701
	3,963		3,963
	5,656		220,919
		7,706	17,357
38,937	169,990	23,954	480,957
316,050	1,878,457	288,136	11,907,323
455,227	2,846,880	392,835	15,009,822
			8,128
	118		119
			149
		32,419	32,419
			33,530
	118	32,419	74,345
573,419	2,308,453	668,691	5,976,431
15,106	34,821	5,002	446,097
38,819	21,041	439	60,299
120,938	1,158,735	102,770	1,526,480
104,981	1,822,612	113,330	3,442,381
73,734	1,125,265	40,415	1,809,954
\$ 926,997	\$ 6,470,927	\$ 930,647	\$ 13,261,642

State of Illinois

Statement of Activities -

Component Units

For the Year Ended June 30, 2017 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue
		Charges for services	Operating grants and contributions	
Authorities:				
Illinois Housing Development Authority	\$ 283,395	\$ 87,931	\$ 320,645	\$ 125,181
Illinois State Toll Highway Authority	1,028,267	1,303,284		275,017
Other authorities	38,361	26,488		(11,873)
Universities:				
Illinois State University	598,871	309,422	40,367	(249,082)
Northern Illinois University	591,092	247,021	80,803	(263,268)
Southern Illinois University	1,282,638	544,142	129,606	(607,263)
University of Illinois	6,218,542	2,954,782	947,958	(2,310,823)
Other universities	974,302	329,036	154,256	(490,955)
Total	<u>\$ 11,015,468</u>	<u>\$ 5,802,106</u>	<u>\$ 1,673,635</u>	<u>\$ (3,533,066)</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, 2016	Net position, June 30, 2017
Pension revenue recognized	State appropriations	Interest and investment income	Other					
		\$ 30,629	\$ 181		\$ 30,810	\$ 155,991	\$ 1,050,493	\$ 1,206,484
		6,763	37,458		44,221	319,238	2,192,922	2,512,160
		3,258	1,842		5,100	(6,773)	192,265	185,492
\$ 105,808	\$ 108,578	14,938	39,260	\$ 4,009	272,593	23,511	684,581	708,092
108,341	126,175	2,309	3,711	2,063	242,599	(20,669)	341,512	320,843
238,418	266,129	20,898	36,906	7,435	569,786	(37,477)	964,474	926,997
1,086,779	872,065	349,052	222,826	63,487	2,594,209	283,386	6,187,541	6,470,927
222,449	223,230	13,936	6,972	2,344	468,931	(22,024)	952,671	930,647
<u>\$ 1,761,795</u>	<u>\$ 1,596,177</u>	<u>\$ 441,783</u>	<u>\$ 349,156</u>	<u>\$ 79,338</u>	<u>\$ 4,228,249</u>	<u>\$ 695,183</u>	<u>\$ 12,566,459</u>	<u>\$ 13,261,642</u>

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STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2017

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, 349 Henry Administration Building, 506 South Wright Street, Urbana, Illinois 61801.)

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, 2016, was \$124.254 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 2016 of \$210 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, motor fuel taxes, and various license and fee charges.

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 or committed 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

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 applies fair value to certain investments and provides 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	5-40
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-six fiscal years. Prior to fiscal year 1982, the State had funded the retirement costs at a level at least as great as the retirement benefits paid during the year.

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.

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.

The net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense associated with each of the State's retirement systems have been recognized in the government-wide, proprietary fund, and component unit financial statements.

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, 2017, the State adopted 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 implementation of the remaining portion of this statement had no impact on the State's financial statements.

Effective for the year ending June 30, 2017, the State adopted 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 that are administered through a trust that meet the specified criteria 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 implementation of this statement had no financial impact on the State's net position or results of operations.

Effective for the year ending June 30, 2017, the State adopted GASB Statement No. 77, *Tax Abatement Disclosures*, which requires governments that enter into tax abatement agreements to disclose specific information about the nature and magnitude of the agreements 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.

The statement provides 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. These additional disclosures have been detailed in Note 4.

Effective for the year ending June 30, 2017, the State adopted GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which amends the scope of GASB Statement No. 68 to exclude pensions provided by certain multi-employer defined benefit pension plans that are not state or local government plans. The implementation of this statement had no financial impact on the State's net position or results of operations.

Effective for the year ending June 30, 2017, the State adopted 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 implementation of this statement had no financial impact on the State's net position or results of operations.

Effective for the year ending June 30, 2017, the State adopted 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 implementation of this statement had no financial impact on the State's net position or results of operations.

S. Future Adoption of GASB Statements

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, 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, 2019, the State will adopt GASB Statement No. 83, *Certain Asset Retirement Obligations*, which establishes standards for the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement or permanent removal of a tangible capital asset from service such as from sale, abandonment, recycling, or disposal. The statement provides uniform criteria for governments to recognize and measure certain AROs including the timing and pattern of recognition of the liability and the corresponding deferred outflow of resources. 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, 2020, the State will adopt GASB Statement No. 84, *Fiduciary Activities*, the objective of which is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. The statement redefines the fiduciary fund types focusing on the resources to be reported within each. The types include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. A statement of fiduciary net position will be used to report assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position of pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. A statement of changes in fiduciary net position will be required to report additions to and deductions from the four fiduciary fund types including the presentation of investment earnings, investment costs, net investment earnings and deductions, disaggregated by type. 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. 85, *Omnibus 2017*, the objective of which is to address practice issues identified during the implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits.) 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. 86, *Certain Debt Extinguishment Issues*, which establishes uniform guidance for derecognizing debt that is defeased in-substance, regardless of how cash and other monetary assets placed in an irrevocable trust for the purpose of extinguishing debt were acquired. The statement will also improve consistency in financial reporting of prepaid insurance related to debt that has been extinguished. 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, 2021, the State will adopt GASB Statement No. 87, *Leases*, which is intended to improve accounting and financial reporting for leases by governments to better meet the information needs of financial statement users. The Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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, 2017, are as follows:

Table 2-1 (amounts expressed in thousands)

	General Fund	Road Fund	Other Nonmajor Funds	Total Governmental Funds
Fund Balances Nonspendable:				
Long-Term Portion of Loans and Notes Receivable	\$ 4,827	\$ -	\$ -	\$ 4,827
Inventories	21,891	63,664	21,743	107,298
Endowments and Similar Funds	-	-	48,993	48,993
Total Nonspendable	26,718	63,664	70,736	161,118
Restricted For:				
Debt Service	-	-	2,148,337	2,148,337
Capital Grants/Projects				
Transportation Construction/Maintenance	-	-	88,702	88,702
Other	-	-	273,736	273,736
Health and Social Services				
Vocational Rehabilitation Services	-	-	18,537	18,537
Other	50,092	-	132,330	182,422
Education	-	-	2,081	2,081
General Government				
Unclaimed Property	-	-	47,935	47,935
Rental Housing Support	-	-	16,591	16,591
Other	5	-	87,548	87,553
Employment and Economic Development	-	-	163,760	163,760
Transportation	-	-	363	363
Public Protection and Justice	2,136	-	51,469	53,605
Environment and Business Regulation				
Abandoned Mined Land Reclamation	-	-	40,251	40,251
Other	-	-	89,288	89,288
Total Restricted	52,233	-	3,160,928	3,213,161
Committed For:				
Capital Grants/Projects				
Transportation Construction/Maintenance	-	-	449,733	449,733
Other	-	-	13,943	13,943
Health and Social Services				
Healthcare/Pharmaceutical Provider Relief	260,782	-	-	260,782
Public Assistance Recoveries	452,046	-	-	452,046
Other	158,473	-	249,280	407,753
Education				
Education Assistance	730,077	-	64,828	794,905
Other	-	-	18,774	18,774
General Government				
School Infrastructure	222,330	-	-	222,330
Affordable Housing	-	-	392,153	392,153
State Universities Pension	-	-	8,929	8,929
Real estate tax-relief loan program	-	-	50,920	50,920
Identification Security and Theft Prevention Measures	-	-	35,296	35,296
Other	9,594	-	219,003	228,597
Employment and Economic Development				
Low Income Energy Assistance	-	-	89,862	89,862
Tourism Promotion	-	-	84,238	84,238
Coal Technology Research and Development	-	-	23,795	23,795
Renewable Energy Programs	-	-	173,266	173,266
Other	34,996	-	96,906	131,902
Transportation				
Downstate Public Transportation	-	-	120,490	120,490
Other	47,421	705,027	154,041	906,489
Public Protection and Justice	7,088	-	288,594	295,682
Environment and Business Regulation				
Clean Water Activities	-	-	22,394	22,394
Financial Regulation - Insurance Companies	-	-	42,235	42,235
Open Space Lands Acquisition and Development	-	-	55,182	55,182
Parks and Conservation Activities	-	-	32,540	32,540
Other	23,923	-	362,279	386,202
Total Committed	1,946,730	705,027	3,048,681	5,700,438
Assigned For:				
Health and Social Services	-	-	1,658	1,658
Total Assigned	-	-	1,658	1,658
Unassigned	(16,637,294)	-	(1,159,331)	(17,796,625)
	<u>\$ (14,611,613)</u>	<u>\$ 768,691</u>	<u>\$ 5,122,672</u>	<u>\$ (8,720,250)</u>

B. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$9.036 billion of restricted net position, of which \$3.721 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, 2017, consisted of the following:

Table 3-1 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>
Repurchase agreements	\$ 1,954,798
U.S. Treasury obligations	2,136,649
U.S. Agency obligations	4,271,313
Supranational bonds	99,250
Municipal debt	7,494
Commercial paper	2,990,420
Corporate debt securities	145,707
Money market mutual funds	1,004,587
Private equity	78,836
Equity in Public Treasurers' Investment Pool	1,393,602
Equity in other investment pools	40
Securities lending collateral invested in repurchase agreements	3,522,922
Total fair value	<u>\$ 17,605,618</u>

Funds maintained outside the State Treasury have independent statutory authority to manage their own deposits and investments. The investment authority of the Illinois State Board of Investment (“ISBI”), Teachers’ Retirement System (“TRS”), and State Universities Retirement System (“SURS”) is governed by the Illinois Pension Code (40 ILCS 5). Authorized investments consist of bonds, equities, real estate, venture capital, and other activities to be made with the care, skill, prudence, and diligence which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of investing similar retirement trusts. ISBI, TRS, and SURS each have published investment policies incorporating these guidelines. Primary government investments held outside of the State Treasury at June 30, 2017, 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	\$ 6,221
U.S. Treasury obligations	1,021,242
U.S. Agency obligations	86,234
Municipal debt	167,690
Annuities	276
Corporate debt securities	39,843
Debt mutual funds	2,935,441
Equity in Public Treasurers' Investment Pool	3,082,883
Equity in Illinois State Board of Investments	36,893
Government notes - non U.S.	3,215
Cash and pending trades	307
Money market mutual funds	1,307,845
Equity securities	296,365
Equity mutual funds	5,932,090
Blended mutual funds	264
Guaranteed investment contracts	586,808
Bond trust funds	66,434
Equity trust funds	1,087,351
Blended trust funds	2,451,044
Other	438,255
Total fair value	<u>\$ 19,546,701</u>

The ISBI is considered to be an internal investment pool of the State of Illinois, operating solely from investment income. The ISBI manages and invests the pension assets of three separate public employee retirement systems: General Assembly Retirement System, 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 \$70.340 million less than the deposits and investments of the ISBI, due to net payables of the ISBI.

Investments held by ISBI at June 30, 2017, consisted of the following:

Table 3-3 (amounts expressed in thousands)

Investment Type	Fair Value
U.S. Treasury obligations	\$ 2,463,827
U.S. Agency obligations	703,728
Municipal debt	8,524
Corporate obligations	1,042,633
Common stock and equity funds	5,079,274
Foreign equity securities	2,387,542
Foreign preferred stock	10,378
Commingled funds	1,334,988
Hedge funds	831,754
Real estate	1,601,027
Private equity	609,298
Money market instruments	294,723
Infrastructure funds	587,712
Bank loans	424,188
Forward currency contracts	(17)
Foreign forward currency contracts	(11,476)
Total Investments	<u>\$ 17,368,103</u>

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 \$285.003 million and \$274.520 million at June 30, 2017, respectively. Of the total bank balance of these cash deposits at June 30, 2017, \$67.964 million was uninsured with collateral held by the pledging financial institution in the State's name, \$7.885 million was uninsured with collateral held by the pledging financial institution but not in the State's name, and \$5.271 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 Northern Trust and Deutsche Bank AG, NY Branch. Northern Trust has an A+ Long-term Deposit/Debt rating by Standard and Poor's and an A2 rating by Moody's. The carrying amount and bank balance of ISBI's cash deposits were both \$8.536 million at June 30, 2017.

TRS's foreign currency held by investment managers at June 30, 2017, totaled \$81.744 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, 2017, the carrying amount was \$477.640 million and the bank balance was \$323.675 million, of which (\$355) thousand 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, 2017:

Table 3-4 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	P-1	Not Rated	Total
Repurchase agreements	\$ -	\$ -	\$ -	\$ 1,954,798	\$ -	\$ 1,954,798
U.S. Agency obligations	3,198,910	-	-	-	1,072,403	4,271,313
Supranational Bonds	99,250	-	-	-	-	99,250
Municipal debt	206	1,285	220	-	5,783	7,494
Commercial paper	-	-	-	2,990,420	-	2,990,420
Corporate debt securities	26,221	38,296	41,190	-	40,000	145,707
Money market mutual funds	1,004,587	-	-	-	-	1,004,587
Equity in Public Treasurers' Investment Pool	-	-	-	-	1,393,602 *	1,393,602
Equity in other investment pools	-	-	-	-	40	40
Securities lending collateral:						
Invested in repurchase agreements	-	-	-	-	3,522,922 **	3,522,922
Total subject to credit risk	\$4,329,174	\$ 39,581	\$ 41,410	\$4,945,218	\$6,034,750	15,390,133
U.S. Treasury obligations						2,136,649
Total fixed income securities						\$ 17,526,782

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

** The breakdown of Moody's credit ratings of the collateral for securities lending collateral invested in repurchase agreements was as follows: 8.36% Aaa, 2.50% Aa, 4.41% A, 4.52% Baa, 8.49% Ba, 16.44% B, 7.49% Caa, 0.38% Ca, 0.38% P-1, 47.03% Not Rated.

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, 2017:

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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,221	\$ -	\$ 6,221
U.S. Agency obligations	65,633	226	514	416	-	31	-	-	19,414	-	86,234
Municipal debt	26,522	87,961	26,566	7,679	401	-	-	-	18,398	163	167,690
Corporate debt securities	3,788	7,423	23,963	1,024	335	108	510	10	2,682	-	39,843
Government notes - non U.S.	-	-	1,025	-	-	-	-	-	2,190	-	3,215
Mutual funds	83,836	4,773	13,563	17,918	7	1	-	-	2,815,343	-	2,935,441
Equity in Public Treasurers' Investment Pool	-	-	-	-	-	-	-	-	3,082,883 *	-	3,082,883
Money market mutual funds	470,064	-	-	-	-	-	-	-	837,781 **	-	1,307,845
Bond trust funds	-	-	-	-	-	-	-	-	66,434	-	66,434
Total subject to credit risk	\$ 649,843	\$100,383	\$ 65,631	\$27,037	\$ 743	\$ 140	\$ 510	\$ 10	\$6,851,346	\$ 163	7,695,806
U.S. Treasury obligations											1,021,242
Total fixed income securities											\$8,717,048

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

** \$147.034 million of money market mutual funds were rated AAA by Standard and Poor's.

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

The following table summarizes the Moody's credit quality ratings for debt securities held by ISBI at June 30, 2017:

Table 3-6 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	U.S. Agency Obligations	Municipal Debt	Money Market Instruments	Total
Aaa	\$ 53,949	\$ 695,074	\$ -	\$ -	\$ 749,023
Aa	67,629	-	642	-	68,271
A	290,643	-	2,882	-	293,525
Baa	188,258	-	-	-	188,258
Ba	139,700	-	-	-	139,700
B	184,510	-	-	-	184,510
Caa	70,569	-	-	-	70,569
Ca	861	-	28	-	889
Not rated	46,514	8,654	4,972	294,723	354,863
Total subject to credit risk	\$ 1,042,633	\$ 703,728	\$ 8,524	\$ 294,723	\$ 2,049,608

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2017:

Table 3-7 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Municipal Obligations	Commingled Funds	Total
Aaa	\$ 395,066	\$ 118,629	\$ 608,940	\$ 559	\$ -	\$ 1,123,194
Aa	200,620	273,216	-	24,206	64,099	562,141
A	1,000,927	340,293	-	14,877	233,078	1,589,175
Baa	1,118,052	392,909	-	5,486	647,451	2,163,898
Ba	558,702	264,367	-	2,249	75,405	900,723
B	384,996	116,273	-	-	495,400	996,669
Caa	108,048	2,666	-	-	-	110,714
Ca	5,006	-	-	-	-	5,006
C	3,088	-	-	-	-	3,088
Not rated	67,584	19,889	-	-	1,366,315	1,453,788
Total subject to credit risk	\$ 3,842,089	\$ 1,528,242	\$ 608,940	\$ 47,377	\$ 2,881,748	8,908,396
U.S. Treasury obligations						1,643,787
Total fixed income securities						\$ 10,552,183

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2017:

Table 3-8 (amounts expressed in thousands)

Quality Rating	Corporate Debt Securities	Foreign Debt Securities	U.S. Agency Obligations	Municipal Obligations	Total
AAA	\$ 131,697	\$ 11,713	\$ -	\$ 4,475	\$ 147,885
AA	120,618	691	723,620	15,629	860,558
A	238,982	5,527	-	3,530	248,039
BBB	438,730	1,992	-	2,524	443,246
BB	77,689	10,518	-	-	88,207
B	30,853	3,453	-	-	34,306
CCC	13,613	847	-	227	14,687
CC	139	-	-	-	139
D	2,140	-	-	-	2,140
Not rated	201,098	4,086	17,581	34	222,799
Total subject to credit risk	\$ 1,255,559	\$ 38,827	\$ 741,201	\$ 26,419	2,062,006
U.S. Treasury obligations					1,703,558
U.S. Agency obligations explicitly guaranteed by U.S. government					104,867
Less cash equivalents					(80,316)
Total fixed income securities					\$ 3,790,115

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, 2017:

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	\$ 1,954,798	\$ 1,954,798	\$ -	\$ -
U.S. Treasury obligations	2,136,649	1,643,199	493,450	-
U.S. Agency obligations	4,271,313	1,845,693	2,425,620	-
Supranational Bonds	99,250	39,880	59,370	-
Municipal debt	7,494	1,309	6,185	-
Commercial paper	2,990,420	2,990,420	-	-
Corporate debt securities	145,707	29,604	116,103	-
Money market mutual funds	1,004,587	1,004,587	-	-
Equity in Public Treasurers' Investment Pool	1,393,602	1,393,602	-	-
Equity in other investment pools	40	-	9	31
Securities lending collateral:				
Invested in repurchase agreements	3,522,922	3,522,922	-	-
Total fixed income investments	\$ 17,526,782	\$ 14,426,014	\$ 3,100,737	\$ 31

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, 2017. 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	\$ 6,221	2.530
U.S. Treasury obligations	1,021,242	4.630
U.S. Agency obligations	86,234	3.730
Municipal debt	167,690	12.852
Corporate debt securities	39,843	7.861
Government notes - non U.S.	3,215	4.815
Mutual funds	2,935,441	4.284
Equity in Public Treasurers' Investment Pool	3,082,883	0.135
Money market mutual funds	1,307,845	0.085
Bond trust funds	66,434	8.260
Total fixed income investments	\$8,717,048	

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, 2017, the effective duration of the Barclay's U.S. Universal Index was 5.8 years. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2017:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Effective Weighted Duration (Years)
Government and agency obligations:		
U.S. Treasury obligations	\$2,463,827	8.1
U.S. Agency obligations	703,728	1.5
	\$3,167,555	
Municipal debt	8,524	10.7
Corporate obligations:		
Bank and finance	238,676	4.8
Industrials	332,737	5.6
Other	471,220	4.5
	1,042,633	
Total subject to interest rate risk	\$4,218,712	

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, 2017:

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	\$ 1,643,787	\$ 23,025	\$ 771,208	\$ 520,970	\$ 62,329	\$ 266,255	\$ -
U.S. Agency obligations	608,940	262,235	131,049	37,662	46,828	131,166	-
Municipal obligations	47,377	669	1,430	710	19,904	24,664	-
Corporate debt securities	3,842,089	387,008	1,567,834	1,217,303	266,509	403,435	-
Foreign debt securities	1,528,242	287,151	598,696	480,375	127,141	34,879	-
Commingled funds	2,881,748	-	1,394,904	259,282	-	-	1,227,562 *
Derivatives	3,428	1,537	(701)	3,660	(698)	(370)	-
Total subject to interest rate risk	10,555,611	\$ 961,625	\$ 4,464,420	\$ 2,519,962	\$ 522,013	\$ 860,029	\$ 1,227,562
Plus derivatives	(3,428)						
Total fixed income securities	\$ 10,552,183						

* 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, 2017:

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	\$ 2,549,626	\$ 183,052	\$ 682,094	\$ 668,192	\$ 169,294	\$ 846,994
Municipal obligations	26,419	128	2,048	2,336	7,835	14,072
Corporate debt securities	1,255,559	71,789	375,585	512,657	125,369	170,159
Foreign debt securities	38,827	14,569	2,680	3,594	924	17,060
Derivatives - swaps	6,048	73	(1,263)	7,225	(321)	334
Total subject to interest rate risk	3,876,479	\$ 269,611	\$ 1,061,144	\$ 1,194,004	\$ 303,101	\$ 1,048,619
Less derivatives - swaps	(6,048)					
Less cash equivalents	(80,316)					
Total fixed income securities	\$ 3,790,115					

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, 2017, 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, 2017:

Table 3-14 (amounts expressed in thousands)

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>	<u>Foreign Debt Securities</u>	<u>Foreign Currency and Pending Currency Transactions</u>
Canadian Dollar	\$ 5	\$ -	\$ -
Euro	92	-	-
Hong Kong Dollar	31	-	-
Indian Rupees	26	-	-
Japanese Yen	64	-	-
Mexican Peso	3	1,025	(676)
New Israeli Shekel	-	2,190	(688)
Total deposits and investments subject to foreign currency risk	<u>\$ 221</u>	<u>\$ 3,215</u>	<u>\$ (1,364)</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, 2017:

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	\$ 152,888	\$ -	\$ 21
British Pound Sterling	397,981	-	1
Canadian Dollar	34,677	-	-
Danish Krone	42,486	-	-
Euro	734,165	(11,489)	86
Hong Kong Dollar	85,006	-	-
Japanese Yen	588,719	14	-
Norwegian Krone	18,990	-	-
Singapore Dollar	30,188	-	-
Swedish Krona	76,544	-	-
Swiss Franc	191,492	-	-
Other currencies	44,784	(1)	3
Total investments subject to foreign currency risk	<u>\$ 2,397,920</u>	<u>\$ (11,476)</u>	<u>\$ 111</u>

In addition, certain investments held in infrastructure funds trade in a reported currency of Euro based dollars valued at \$55.801 million at June 30, 2017.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2017:

Table 3-16 (amounts expressed in thousands)

Currency Denomination	Foreign Currency	Foreign Equity Securities	Foreign Debt Obligations	Foreign Derivative Obligations	Total
Australian Dollar	\$ 3,938	\$ 397,096	\$ 36,453	\$ -	\$ 437,487
Brazilian Real	573	110,366	204,575	(14)	315,500
British Pound Sterling	17,960	1,159,841	128,426	(1,353)	1,304,874
Canadian Dollar	6,223	479,658	19,891	688	506,460
Danish Krone	181	136,113	12,830	-	149,124
Euro	20,963	2,263,051	189,970	(175)	2,473,809
Hong Kong Dollar	5,090	634,391	-	(415)	639,066
Indian Rupee	1,775	142,616	51,543	-	195,934
Indonesian Rupiah	428	71,678	127,784	-	199,890
Japanese Yen	13,790	1,538,340	31,967	(87)	1,584,010
Mexican Peso	(5,637)	53,351	287,956	296	335,966
New Taiwan Dollar	(294)	246,750	-	58	246,514
Singapore Dollar	954	123,786	10,517	-	135,257
South African Rand	791	114,773	35,957	279	151,800
South Korean Won	2,461	366,228	96,887	203	465,779
Swedish Krona	657	192,732	1,375	-	194,764
Swiss Franc	194	503,847	-	-	504,041
Other currencies	11,697	397,778	292,111	(40)	701,546
Total deposits and investments subject to foreign currency risk	<u>\$ 81,744</u>	<u>\$ 8,932,395</u>	<u>\$ 1,528,242</u>	<u>\$ (560)</u>	<u>\$ 10,541,821</u>

In addition, TRS has foreign currency investments in private equity with fair values totaling \$336.051 million (payable in Euros), \$56.409 million (payable in Japanese Yen), and \$99.164 million (payable in South Korean Won), and real estate with fair values totaling \$33.056 million (payable in Euros) and \$370 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, 2017:

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	\$ 93,442	\$ 496	\$ 2,702	\$ -	\$ (496)	\$ 96,144
Brazilian Real	19,721	-	3,531	(43)	(21)	23,188
British Pound Sterling	325,437	11,686	(10,060)	(106)	(400)	326,557
Canadian Dollar	94,273	241	1,325	(17)	526	96,348
Euro	587,637	12,139	(9,558)	(199)	(449)	589,570
Hong Kong Dollar	114,653	-	29	-	-	114,682
Japanese Yen	429,074	-	8,727	-	(80)	437,721
New Taiwan Dollar	30,670	-	(3,480)	-	-	27,190
Singapore Dollar	44,191	-	(3,563)	(14)	-	40,614
South Korean Won	46,966	-	(9,005)	-	-	37,961
Swedish Krona	85,118	-	1	-	-	85,119
Swiss Franc	114,550	-	(1,989)	-	-	112,561
Other currencies	98,645	1,856	(4,067)	(17)	-	96,417
Total investments subject to foreign currency risk	<u>\$ 2,084,377</u>	<u>\$ 26,418</u>	<u>\$ (25,407)</u>	<u>\$ (396)</u>	<u>\$ (920)</u>	<u>\$ 2,084,072</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	6 to 10 Years	More Than 10 Years
U.S. Agency obligations	AA+/Aaa	\$ 955,381	\$ 429,743	\$ 74,422	\$ 10,214	\$ 441,002
Commercial paper	*	11,144	11,144	-	-	-
Negotiable certificates of deposit	A/A2	21,450	21,450	-	-	-
Repurchase agreements backed by U.S. Agency obligations	AA+ /Aaa	100	-	100	-	-
Total subject to credit risk		988,075	462,337	74,522	10,214	441,002
U.S. Treasury obligations		21,556	13,963	6,193	515	885
Total subject to interest rate risk		\$ 1,009,631	\$ 476,300	\$ 80,715	\$ 10,729	\$ 441,887

* Of the \$11.144 million of commercial paper, \$999 thousand is rated A/A2, \$5.329 million is BBB/Baa3, and \$4.816 million is NR/A1 by Standard & Poor's/Moody's.

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 (\$274.643 million), Federal Home Loan Mortgage Corporation (\$173.328 million), and Federal National Mortgage Association (\$123.413 million).

ILLINOIS STATE TOLL HIGHWAY AUTHORITY ("THA")

Investments

Table 3-19 (amounts expressed in thousands)

Investment Type	Rating Standard & Poors/Moody's	Fair Value	Less Than 1 Year	1 to 5 Years
Money market mutual funds	AAA/Aaa	\$ 175,973	\$ 175,973	\$ -
Total subject to credit risk		175,973	175,973	-
U.S. Treasury obligations		320,000	175,000	145,000
Total subject to interest rate risk		495,973	\$ 350,973	\$ 145,000
Less cash equivalents		(175,973)		
Total investments		\$ 320,000		

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	\$ 144,370	\$ 30,059	\$ 114,311
Illinois Public Treasurers' Investment Pool	Not Rated/AAA	26,848	26,848	-
Money market mutual funds	Aaa/AAA	3,643	3,643	-
Total subject to credit risk		174,861	60,550	114,311
U.S. Treasury obligations		75,431	10,019	65,412
Total subject to interest rate risk		250,292	\$ 70,569	\$ 179,723
Less cash equivalents		(30,491)		
Total investments of the University		219,801		
Investments of component units		131,194		
Total investments		\$ 350,995		

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 Home Loan Bank (\$129.401 million) and Federal Farm Credit Bank (\$14.969 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	\$ 30,926	\$ 28,433	\$ 2,493
Money market mutual funds	AAA	8,932	8,932	-
Illinois Public Treasurers' Investment Pool	AAA	8,320	8,320	-
Total subject to credit risk		48,178	45,685	2,493
U.S. Treasury obligations		29,983	26,475	3,508
Total subject to interest rate risk		78,161	\$ 72,160	\$ 6,001
Less cash equivalents		(8,932)		
Total investments of the University		69,229		
Investments of component units		99,906		
Total investments		\$ 169,135		

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 National Mortgage Association (\$10.973 million), Federal Home Loan Bank (\$10.976 million), Federal Farm Credit Bank (\$4.987 million), and Federal Home Loan Mortgage Corporation (\$3.990 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	*	\$ 70,071	\$ 2,769	\$46,483	\$20,819
Equity in Public Treasurers' Investment Pool	AAA	34,952	34,952	-	-
Total subject to credit risk		105,023	37,721	46,483	20,819
U.S. Treasury obligations		39,063	14,841	8,557	15,665
Total subject to interest rate risk		144,086	\$ 52,562	\$55,040	\$36,484
Common stock		44			
Less cash equivalents		(34,952)			
Total investments of the University		109,178			
Investments of component units		242,314			
Total investments		\$351,492			

*Of the \$70,071 of U.S. Agency obligations, \$13,057 is rated AAA and \$57,014 is rated AA by Standard & Poor's.

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, the Barclay’s Capital Intermediate Government Credit Bond Index, and the Barclay’s Capital Intermediate Aggregate Bond Index. The U of I’s investments and maturities at June 30, 2017, 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	\$ 272,697	\$ -	\$ 107,971	\$ -	\$ -	\$ -
U.S. Agency obligations	107,971	-	23,200	8,760	-	-
Commercial paper	31,960	679,909	77,888	326,340	258,485	5,329
Corporate bonds	679,909	10,510	77,888	326,340	258,485	5,329
Bond mutual funds	137,834	76,601	7,622	18,263	24,311	1,000
Money market mutual funds	456,264	456,264	-	-	-	-
Illinois Public Treasurers' Investment Pool	2,885	2,885	-	-	-	-
Non government mortgage-backed securities	71,202	71,202	-	-	-	-
Other asset-backed securities	247,473	247,465	-	8	-	-
Government bonds - non U.S.	10,998	2,895	2,096	-	-	6,007
Municipal bonds	14,529	2,129	9,128	228	3,044	-
Total subject to credit risk	1,761,025	\$ 869,951	\$ 227,905	\$ 353,599	\$ 285,840	\$ 6,329
U.S. Treasury obligations	272,697					
Total fixed income securities	\$ 2,033,722					

At June 30, 2017, 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, 2017, 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	\$ 107,971	\$ -	\$ 107,971	\$ -	\$ -	\$ -
Commercial paper	31,960	-	23,200	8,760	-	-
Corporate bonds	679,909	10,510	77,888	326,340	258,485	5,329
Bond mutual funds	137,834	76,601	7,622	18,263	24,311	1,000
Money market mutual funds	456,264	456,264	-	-	-	-
Illinois Public Treasurers' Investment Pool	2,885	2,885	-	-	-	-
Non government mortgage-backed securities	71,202	71,202	-	-	-	-
Other asset-backed securities	247,473	247,465	-	8	-	-
Government bonds - non U.S.	10,998	2,895	2,096	-	-	6,007
Municipal bonds	14,529	2,129	9,128	228	3,044	-
Total subject to credit risk	1,761,025	\$ 869,951	\$ 227,905	\$ 353,599	\$ 285,840	\$ 6,329
U.S. Treasury obligations	272,697					
Total fixed income securities	\$ 2,033,722					

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 23 days. Cash collateral is generally invested in the lending agents' short-term investment pools, which at year-end had weighted average maturities of approximately 20 to 64 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, 2017.

State Agency/Component Unit	Fair Value	Collateral Value
State Treasurer	\$3,475,791	\$3,522,923
Illinois State Board of Investments	120,599	125,267
Teachers' Retirement System	3,156,393	3,246,772
State Universities Retirement System	688,029	704,387

REVERSE REPURCHASE AGREEMENTS

SURS held approximately \$28.485 million in reverse repurchase agreements at June 30, 2017. Investment guidelines permit certain portfolios to enter into reverse repurchase agreements, which are a sale of securities with a simultaneous agreement to repurchase the securities in the future at the same price plus a stated rate of interest. The market value of the securities underlying reverse repurchase agreements exceeds the cash received, providing the counterparty a margin against a decline in market value of the securities. If the counterparty defaults on their obligations to sell these securities back to SURS or provide cash of equal value, SURS could suffer an economic loss equal to the difference between the market value of the underlying securities plus accrued interest and the agreement obligation including accrued interest. This credit exposure at June 30, 2017 was (\$6.5) million.

SURS may enter into reverse repurchase agreements with various counterparties and such transactions are governed by Master Repurchase Agreements (MRA). MRAs are negotiated contracts and contain terms in which SURS seeks to minimize counterparty credit risk. SURS also controls credit exposures by limiting trades with any one counterparty to stipulated amounts. The counterparty credit exposure is monitored daily and managed through the transfer of margin, in the form of cash or securities, between SURS and the counterparty.

The cash proceeds from reverse repurchase agreements are reinvested. The maturities of the purchases made with the proceeds of reverse repurchase agreements are not necessarily matched to the maturities of the agreements. The agreed-upon yields earned by the counterparty were between 1.0 percent and 1.3 percent. The reverse repurchase agreements had open maturities, whereby a maturity date is not established upon entering into the agreement; however, interest rates on the agreements are negotiated daily. The agreements can be terminated at the will of either SURS or the counterparty.

4 TAXES RECEIVABLE AND TAX ABATEMENTS

Taxes receivable for the primary government at June 30, 2017, 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	\$ 984,726	\$ 254,961	\$ 1,239,687	\$ -	\$ -
Less allowance	(438,160)	(80,242)	(518,402)	-	-
Net income tax	546,566	174,719	721,285	-	-
Sales tax	678,632	117,598	796,230	-	-
Less allowance	(223,567)	(69,107)	(292,674)	-	-
Net sales tax	455,065	48,491	503,556	-	-
Motor fuel tax	-	127,515	127,515	-	-
Less allowance	-	(7,974)	(7,974)	-	-
Net motor fuel tax	-	119,541	119,541	-	-
Public utility tax	27,891	15,278	43,169	-	-
Less allowance	(5,760)	(213)	(5,973)	-	-
Net public utility tax	22,131	15,065	37,196	-	-
Riverboat tax	-	2,848	2,848	-	-
Less allowance	-	-	-	-	-
Net riverboat tax	-	2,848	2,848	-	-
Medical providers assessment tax	70,801	-	70,801	-	-
Less allowance	-	-	-	-	-
Net medical providers assessment tax	70,801	-	70,801	-	-
Other tax	381,867	79,778	461,645	-	-
Less allowance	(26,721)	(1,381)	(28,102)	-	-
Net other tax	355,146	78,397	433,543	-	-
Unemployment compensation tax	-	-	-	723,524	-
Less allowance	-	-	-	(302,811)	-
Net unemployment compensation tax	-	-	-	420,713	-
Taxes assessed by other governments	-	-	-	-	199,396
Total taxes receivable, net	\$ 1,449,709	\$ 439,061	\$ 1,888,770	\$ 420,713	\$ 199,396

The State provides tax abatements through two programs—the Economic Development for a Growing Economy (EDGE) Program and the Angel Investment Credit Program.

Under the Economic Development for a Growing Economy Tax Credit Act (35 ILCS 10), special tax incentives are provided to encourage businesses to locate or expand operations in Illinois when there is active consideration of a competing location in another state. EDGE can provide tax credits to qualifying businesses equal to the amount of state income taxes withheld from the salaries of employees in the newly created jobs. Non-refundable credits can be used against

corporate income taxes paid or individual income taxes paid if the business is organized as a pass-through entity. Abatements are obtained through application by a business to the Department of Commerce and Economic Opportunity and claimed on tax returns filed with the Department of Revenue. Applicants must show that if not for the credit, the project would not occur in Illinois by demonstrating that at least one other State is being considered for the project and receipt of tax credits is essential to the applicant's decision to create and/or retain jobs in the State. An applicant must agree to make an investment of at least \$5 million in capital improvements and create a minimum of 25 new full time jobs in Illinois. For a company with 100 or fewer employees, a business must agree to make a capital investment of \$1 million and create at least five new full time jobs in Illinois. Credits awarded may be carried forward for 10 taxable years. The Act provides for the recapture of abated taxes in the event a taxpayer does not fulfill the commitment it makes in return for the tax abatement. A taxpayer claiming the credit must hold the investment in the State for the full term of the agreement. If, during the term of the agreement, the project is moved from the State or otherwise ceased, the State can recapture the abated tax requiring the taxpayer to repay the full value of the credit previously claimed.

The Angel Investment Credit Program is authorized under Section 220 of the Illinois Income Tax Act (35 ILCS 5). The program was created to promote job growth and expand capital investment in Illinois by offering credits to interested businesses or individuals who make an investment in qualified innovative and new business ventures. Tax credits for qualified investors are equal to 25% of their investment made in the qualified business ventures and can be applied against corporate and individual income taxes. Abatements are obtained through application to the Department of Commerce and Economic Opportunity and claimed on tax returns filed with the Department of Revenue. In addition to investing in qualified new ventures, applicants must meet various requirements including supplying information demonstrating the venture provides the potential to increase jobs and capital investment in Illinois. Credits awarded may be carried forward for five taxable years. The Act provides for the recapture of abated taxes in the event a taxpayer does not fulfill the commitment it makes in return for the tax abatement. A taxpayer claiming the credit must hold the investment in the State for no less than three years. If, during the three-year period, the qualified new business venture is moved from the State or otherwise ceased, the State can recapture the abated tax requiring the taxpayer to repay the full value of the credit previously claimed.

For the fiscal year ended June 30, 2017, the State abated income taxes totaling approximately \$179.1 million and \$2.2 million under the EDGE and Angel Investment Credit Programs, respectively. The State Revenue Sharing Act (30 ILCS 115) requires specific portions of income tax revenues to be shared with Illinois municipalities and counties. Taxes abated under the EDGE and Angel Investment Credit Programs reduced the amounts shared by approximately \$13.4 million and \$163 thousand, respectively.

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2017, consisted of the following:

Due From	Due To									
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	\$ -	\$ 28,940	\$ 127,755	\$ -	\$ -	\$ -	\$ 98,641	\$ 239	\$ 103,392	\$ 358,967
Road Fund	-	-	56,872	-	-	-	-	144	-	57,016
Nonmajor Governmental Funds	778,303	7,184	319,195	1,305	-	-	2	446	-	1,106,435
Unemployment Compensation Trust Fund	33,744	1,162	-	-	-	-	-	-	1	34,907
Nonmajor Enterprise Funds	231	-	17	-	-	284	4,064	257	356	5,209
Internal Service Funds	6,022,874	171,257	65,861	-	47	-	1,065	41,568	3,483	6,306,155
Fiduciary Funds	1,007,994	-	36,613	-	-	-	-	1,277	172	1,046,056
Total	\$ 7,843,146	\$ 208,543	\$ 606,313	\$ 1,305	\$ 47	\$ 284	\$ 103,772	\$ 43,931	\$ 107,404	\$ 8,914,745

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.

The State Lottery Fund, a nonmajor enterprise fund, has reported \$98.382 million due to the General Fund, of which \$89.046 million is not expected to be repaid within one year.

Interfund transfers activity at June 30, 2017, consisted of the following:

Transfers-In	Transfers-Out						Total
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 27,808	\$ 954,804	\$ -	\$ 732,577	\$ -	\$ 1,715,189
Nonmajor Governmental Funds	3,298,011	312,667	747,692	21,209	2,894	3,226	4,385,699
Unemployment Compensation Trust Fund	-	-	1	-	-	-	1
Nonmajor Enterprise Funds	-	-	-	-	25,698	-	25,698
Internal Service Funds	3,077	-	-	-	-	-	3,077
Total	\$ 3,301,088	\$ 340,475	\$ 1,702,497	\$ 21,209	\$ 761,169	\$ 3,226	\$ 6,129,664

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, 2017, consisted of the following:

Due To	Due From								Total
	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Nonmajor Authorities	Illinois State University	Southern Illinois University	University of Illinois	Nonmajor Universities		
General Fund	\$ -	\$ -	\$ -	\$ 35	\$ 35	\$ 5,096	\$ 148	\$ 5,314	
Road Fund	-	84,172	-	-	-	41	-	84,213	
Nonmajor Governmental Funds	345,511	-	-	-	-	6	1	345,518	
Unemployment Compensation Trust Fund	-	-	-	-	-	114	23	137	
Water Revolving Fund	-	-	7,994	-	-	-	-	7,994	
Internal Service Funds	252	2,716	12	-	-	6,512	2,059	11,551	
Total	\$ 345,763	\$ 86,888	* \$ 8,006	\$ 35	\$ 35	\$ 11,769	\$ 2,231	\$ 454,727	

* The Illinois State Toll Highway Authority reported \$84,172 at December 31, 2016, its fiscal year-end.

The due to amounts for the State of Illinois to its component units, as of June 30, 2017, consisted of the following:

Due From	Due To								Total
	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	
General Fund	\$ -	\$ 24	\$ -	\$ 357	\$ 37	\$ 4,221	\$ 38,471	\$ 2,424	\$ 45,534
Road Fund	-	148,871	-	-	-	127	1,421	-	150,419
Nonmajor Governmental Funds	45,014	9	195	-	-	2,825	42,235	2,700	92,978
Water Revolving Fund	-	-	491,596	-	-	-	-	-	491,596
Prepaid Tuition Fund	-	-	-	-	-	-	30	52	82
Nonmajor Enterprise Funds	-	2	-	-	-	-	-	-	2
Internal Service Funds	-	65	-	-	-	21	504	-	590
Fiduciary Funds	-	36	-	-	-	-	-	-	36
Total	\$ 45,014	\$ 149,007	* \$ 491,791	\$ 357	\$ 37	\$ 7,194	\$ 82,661	\$ 5,176	\$ 781,237

* The Illinois State Toll Highway Authority reported \$148,871 at December 31, 2016, 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, 2017, 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	\$ 35,388	\$ -	\$ 1,394	\$ 36,782	\$ -	\$ 420,373	420,373	\$ 84
Deferred compensation loan program	-	-	-	-	-	-	-	36,099
Local government infrastructure	-	-	-	-	3,663,575	-	3,663,575	-
Port district construction	14,968	-	-	14,968	-	-	-	-
Real estate tax-relief loan program	-	-	39,683	39,683	-	-	-	-
Other	234	55	14,393	14,682	-	-	-	-
	<u>50,590</u>	<u>55</u>	<u>55,470</u>	<u>106,115</u>	<u>3,663,575</u>	<u>420,373</u>	<u>4,083,948</u>	<u>36,183</u>
Less: Allowance for uncollectible accounts	45,763	-	905	46,668	-	66,619	66,619	36
Total	<u>4,827</u>	<u>55</u>	<u>54,565</u>	<u>59,447</u>	<u>3,663,575</u>	<u>353,754</u>	<u>4,017,329</u>	<u>36,147</u>
Less: Amounts representing restricted assets	-	-	-	-	2,599,905	353,754	2,953,659	-
Loans and notes receivable, net	<u>\$ 4,827</u>	<u>\$ 55</u>	<u>\$ 54,565</u>	<u>\$ 59,447</u>	<u>\$ 1,063,670</u>	<u>\$ -</u>	<u>\$ 1,063,670</u>	<u>\$ 36,147</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	\$ 1,352,391	\$ -	\$ -	\$ -	\$ -
Student loan program	-	8,954	7,505	19,608	62,318
Other	-	-	-	43	-
	<u>1,352,391</u>	<u>8,954</u>	<u>7,505</u>	<u>19,651</u>	<u>62,318</u>
Less: Allowance for uncollectible accounts	45,519	1,057	38	323	3,396
Loans and notes receivable, net	<u>\$ 1,306,872</u>	<u>\$ 7,897</u>	<u>\$ 7,467</u>	<u>\$ 19,328</u>	<u>\$ 58,922</u>

7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, 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	\$ 3,450,517	\$ 57,160	\$ 32,234	\$ 7	\$ 3,475,450
Intangible assets	241,422	130,501	-	3,000	374,923
Historical treasures and works of art	39,210	491	-	-	39,701
Construction in progress	204,649	237,200	933	(45,566)	395,350
Total capital assets not being depreciated	<u>3,935,798</u>	<u>425,352</u>	<u>33,167</u>	<u>(42,559)</u>	<u>4,285,424</u>
Capital assets being depreciated:					
Infrastructure	28,345,151	1,063,732	803,708	900	28,606,075
Site improvements	802,045	663	940	2,372	804,140
Buildings and building improvements	4,666,225	11,710	3,407	39,209	4,713,737
Equipment	1,115,929	90,375	58,022	(413)	1,147,869
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	231,911	7,330	1,712	-	237,529
Total capital assets being depreciated	<u>35,162,361</u>	<u>1,173,810</u>	<u>867,789</u>	<u>42,068</u>	<u>35,510,450</u>
Less accumulated depreciation for:					
Infrastructure	12,220,320	1,126,043	803,708	-	12,542,655
Site improvements	530,984	20,752	102	23	551,657
Buildings and building improvements	2,841,663	117,509	244	55	2,958,983
Equipment	899,897	61,006	55,832	(569)	904,502
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	73,385	21,128	1,712	-	92,801
Total accumulated depreciation	<u>16,567,349</u>	<u>1,346,438</u>	<u>861,598</u>	<u>(491)</u>	<u>17,051,698</u>
Total capital assets being depreciated, net	<u>18,595,012</u>	<u>(172,628)</u>	<u>6,191</u>	<u>42,559</u>	<u>18,458,752</u>
Governmental activities capital assets, net	<u>\$ 22,530,810</u>	<u>\$ 252,724</u>	<u>\$ 39,358</u>	<u>\$ -</u>	<u>\$ 22,744,176</u>
Depreciation expense for governmental activities was charged to functions as follows:					
Health and social services				\$	26,679
Education					5,938
General government					21,022
Employment and economic development					16,476
Transportation					1,152,185
Public protection and justice					69,823
Environmental and business regulation					24,283
Internal service funds					30,032
Total					<u>\$ 1,346,438</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	\$ 432	\$ -	\$ 405	\$ -	\$ 27
Total capital assets being depreciated	432	-	405	-	27
Less accumulated depreciation for:					
Equipment	387	9	376	-	20
Total accumulated depreciation	387	9	376	-	20
Total capital assets being depreciated, net	45	(9)	29	-	7
Water Revolving Fund capital assets, net	45	(9)	29	-	7
Nonmajor enterprise funds:					
Capital assets being depreciated:					
Buildings and building improvements	2,472	-	-	-	2,472
Equipment	6,068	292	240	-	6,120
Intangible assets	3,357	-	-	-	3,357
Total capital assets being depreciated	11,897	292	240	-	11,949
Less accumulated depreciation for:					
Buildings and building improvements	536	50	-	-	586
Equipment	5,317	483	240	-	5,560
Intangible assets	1,260	336	-	-	1,596
Total accumulated depreciation	7,113	869	240	-	7,742
Total capital assets being depreciated, net	4,784	(577)	-	-	4,207
Nonmajor enterprise funds capital assets, net	4,784	(577)	-	-	4,207
Total Business-type activities					
Capital assets being depreciated, net	4,829	(586)	29	-	4,214
Business-type activities capital assets, net	\$ 4,829	\$ (586)	\$ 29	\$ -	\$ 4,214
Depreciation expense for business-type activities was charged to functions as follows:					
Water revolving					\$ 9
Other					869
Total					\$ 878

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	\$ -	\$ -	\$ (3)	\$ 1,735
Intangible assets	3	-	-	-	3
Total capital assets not being depreciated	1,741	-	-	(3)	1,738
Capital assets being depreciated:					
Site improvements	1,089	2	-	3	1,094
Buildings and building improvements	19,701	432	-	-	20,133
Equipment	22,147	747	595	-	22,299
Intangible assets	7,012	1,281	-	-	8,293
Total capital assets being depreciated	49,949	2,462	595	3	51,819
Less accumulated depreciation for:					
Site improvements	683	70	-	-	753
Buildings and building improvements	12,543	815	-	-	13,358
Equipment	19,785	814	586	-	20,013
Intangible assets	1,822	609	-	-	2,431
Total accumulated depreciation	34,833	2,308	586	-	36,555
Total capital assets being depreciated, net	15,116	154	9	3	15,264
Fiduciary funds capital assets, net	\$ 16,857	\$ 154	\$ 9	\$ -	\$ 17,002

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	\$ 44,664	\$ 1,513	\$ -	\$ -	\$ 46,177
Equipment	860	481	166	-	1,175
Intangible assets	2,832	369	144	-	3,057
Total capital assets being depreciated	48,356	2,363	310	-	50,409
Less accumulated depreciation for:					
Buildings and building improvements	20,270	1,044	-	-	21,314
Equipment	572	184	159	-	597
Intangible assets	2,144	340	144	-	2,340
Total accumulated depreciation	22,986	1,568	303	-	24,251
Total capital assets being depreciated, net	25,370	795	7	-	26,158
Capital assets, net	\$ 25,370	\$ 795	\$ 7	\$ -	\$ 26,158
Illinois State Toll Highway Authority:					
Capital assets not being depreciated:					
Land and land improvements	\$ 454,898	\$ 28,806	\$ 728	\$ -	\$ 482,976
Construction in progress	1,254,799	1,015,058	-	(1,434,366)	835,491
Total capital assets not being depreciated	1,709,697	1,043,864	728	(1,434,366)	1,318,467
Capital assets being depreciated:					
Infrastructure	8,199,766	86,248	38,331	1,434,366	9,682,049
Buildings and building improvements	56,712	1,606	-	-	58,318
Equipment	281,200	65,039	10,671	-	335,568
Total capital assets being depreciated	8,537,678	152,893	49,002	1,434,366	10,075,935
Less accumulated depreciation for:					
Infrastructure	2,649,986	343,548	38,331	-	2,955,203
Buildings and building improvements	42,026	1,059	-	-	43,085
Equipment	176,079	25,083	9,006	-	192,156
Total accumulated depreciation	2,868,091	369,690	47,337	-	3,190,444
Total capital assets being depreciated, net	5,669,587	(216,797)	1,665	1,434,366	6,885,491
Capital assets, net	\$ 7,379,284	\$ 827,067	\$ 2,393	\$ -	\$ 8,203,958

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	\$ 17,102	\$ -	\$ -	\$ 4,655	\$ 21,757
Construction in progress	6,440	5,729	-	(6,314)	5,855
Total capital assets not being depreciated	<u>23,542</u>	<u>5,729</u>	<u>-</u>	<u>(1,659)</u>	<u>27,612</u>
Capital assets being depreciated:					
Infrastructure	13,147	-	-	-	13,147
Site improvements	36,738	559	-	1,214	38,511
Buildings and building improvements	586,513	446	42	445	587,362
Equipment	187,106	4,054	2,918	-	188,242
Intangible assets	30,692	-	-	-	30,692
Total capital assets being depreciated	<u>854,196</u>	<u>5,059</u>	<u>2,960</u>	<u>1,659</u>	<u>857,954</u>
Less accumulated depreciation for:					
Infrastructure	7,902	302	-	-	8,204
Site improvements	16,193	1,127	-	-	17,320
Buildings and building improvements	245,846	13,468	42	-	259,272
Equipment	155,038	8,148	2,847	-	160,339
Intangible assets	6,076	2,040	-	-	8,116
Total accumulated depreciation	<u>431,055</u>	<u>25,085</u>	<u>2,889</u>	<u>-</u>	<u>453,251</u>
Total capital assets being depreciated, net	<u>423,141</u>	<u>(20,026)</u>	<u>71</u>	<u>1,659</u>	<u>404,703</u>
Capital assets, net	<u>\$ 446,683</u>	<u>\$ (14,297)</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 432,315</u>
Northern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 23,110	\$ 32	\$ -	\$ -	\$ 23,142
Construction in progress	37,657	14,435	145	(1,566)	50,381
Total capital assets not being depreciated	<u>60,767</u>	<u>14,467</u>	<u>145</u>	<u>(1,566)</u>	<u>73,523</u>
Capital assets being depreciated:					
Site improvements	83,417	-	-	234	83,651
Buildings and building improvements	695,420	398	3,233	1,332	693,917
Equipment	193,484	4,616	5,881	-	192,219
Intangible assets	3,820	-	-	-	3,820
Total capital assets being depreciated	<u>976,141</u>	<u>5,014</u>	<u>9,114</u>	<u>1,566</u>	<u>973,607</u>
Less accumulated depreciation for:					
Site improvements	48,150	2,856	-	-	51,006
Buildings and building improvements	310,831	19,330	175	-	329,986
Equipment	193,446	2,273	5,881	-	189,838
Intangible assets	3,820	-	-	-	3,820
Total accumulated depreciation	<u>556,247</u>	<u>24,459</u>	<u>6,056</u>	<u>-</u>	<u>574,650</u>
Total capital assets being depreciated, net	<u>419,894</u>	<u>(19,445)</u>	<u>3,058</u>	<u>1,566</u>	<u>398,957</u>
Capital assets, net	<u>\$ 480,661</u>	<u>\$ (4,978)</u>	<u>\$ 3,203</u>	<u>\$ -</u>	<u>\$ 472,480</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	\$ 22,501	\$ 2	\$ -	\$ -	\$ 22,503
Historic treasures and works of art	11,992	339	-	-	12,331
Construction in progress	57,191	20,869	105	(10,972)	66,983
Total capital assets not being depreciated	91,684	21,210	105	(10,972)	101,817
Capital assets being depreciated:					
Infrastructure	19,891	1,831	-	-	21,722
Site improvements	79,137	499	-	1,907	81,543
Buildings and building improvements	1,277,007	11,520	384	8,274	1,296,417
Equipment	382,473	8,016	9,702	791	381,578
Intangible assets	7,341	-	-	-	7,341
Total capital assets being depreciated	1,765,849	21,866	10,086	10,972	1,788,601
Less accumulated depreciation for:					
Infrastructure	10,273	1,382	-	-	11,655
Site improvements	50,647	3,502	-	-	54,149
Buildings and building improvements	595,054	34,253	-	-	629,307
Equipment	339,475	14,870	8,979	-	345,366
Intangible assets	5,430	642	-	-	6,072
Total accumulated depreciation	1,000,879	54,649	8,979	-	1,046,549
Total capital assets being depreciated, net	764,970	(32,783)	1,107	10,972	742,052
Capital assets, net	\$ 856,654	\$ (11,573)	\$ 1,212	\$ -	\$ 843,869
University of Illinois:					
Capital assets not being depreciated:					
Land and land improvements	\$ 135,822	\$ 790	\$ 140	\$ -	\$ 136,472
Intangible assets	130	-	-	-	130
Historic treasures and works of art	23,275	191	6	-	23,460
Construction in progress	400,905	222,015	-	(341,486)	281,434
Total capital assets not being depreciated	560,132	222,996	146	(341,486)	441,496
Capital assets being depreciated:					
Site improvements	725,329	-	-	5,442	730,771
Buildings and building improvements	4,163,444	613	1,209	321,978	4,484,826
Equipment	1,897,945	83,281	56,166	4,298	1,929,358
Intangible assets	180,828	3	104	9,768	190,495
Total capital assets being depreciated	6,967,546	83,897	57,479	341,486	7,335,450
Less accumulated depreciation for:					
Site improvements	442,977	24,001	-	-	466,978
Buildings and building improvements	1,708,986	109,377	542	160	1,817,981
Equipment	1,474,531	127,376	53,807	(160)	1,547,940
Intangible assets	174,297	3,601	104	-	177,794
Total accumulated depreciation	3,800,791	264,355	54,453	-	4,010,693
Total capital assets being depreciated, net	3,166,755	(180,458)	3,026	341,486	3,324,757
Capital assets, net	\$ 3,726,887	\$ 42,538	\$ 3,172	\$ -	\$ 3,766,253

8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for governmental activities for the year ended June 30, 2017, are summarized below:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	\$ 26,333,542	\$ 1,788,841 *	\$ (3,371,315)	\$ 24,751,068	\$ 2,006,927 ^
Special obligation bonds (note 10)	2,569,274	550,760 **	(587,245)	2,532,789	228,895 ^^
Revenue bonds (note 11)	1,152,200	-	(84,700)	1,067,500	89,040
Unamortized premiums:					
General obligation bonds (note 9)	463,313	131,635	(114,281)	480,667	61,113
Special obligation bonds (note 10)	81,161	75,608	(31,470)	125,299	19,210
Revenue bonds (note 11)	4,499	-	(378)	4,121	-
Unamortized (discounts):					
General obligation bonds (note 9)	(1,324)	-	117	(1,207)	(115)
Total bonds payable	<u>30,602,665</u>	<u>2,546,844</u>	<u>(4,189,272)</u>	<u>28,960,237</u>	<u>2,405,070</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	7,580	1,769	(3,487)	5,862	3,314
Installment purchases (note 13C)	36	-	(36)	-	-
Certificates of participation (note 13B)	24,370	-	(9,220)	15,150	9,815
Workers compensation (note 20)	632,233	74,856	(92,233)	614,856	111,669
Auto liability (note 20)	17,961	5,087	(5,417)	17,631	5,867
Pollution remediation obligation (note 13D)	28,150	-	(900)	27,250	150
Compensated absences (note 1L)	377,921	354,956	(372,940)	359,937	46,259
Net pension liability (note 16)	115,786,859	21,598,934	-	137,385,793	-
Net other postemployment benefits obligation (note 17)	14,204,205	2,280,688	-	16,484,893	-
Total other long-term obligations	<u>131,079,315</u>	<u>24,316,290</u>	<u>(484,233)</u>	<u>154,911,372</u>	<u>177,074</u>
Total Governmental Activities	<u>\$ 161,681,980</u>	<u>\$ 26,863,134</u>	<u>\$ (4,673,505)</u>	<u>\$ 183,871,609</u>	<u>\$ 2,582,144</u>

* Includes \$5,696 of interest accreted on capital appreciation debt.
** Includes \$1,970 of interest accreted on capital appreciation debt.
^ \$124 of interest will be accreted on capital appreciation debt in the next year.
^^ \$1,450 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, 2017, are summarized below:

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Primary Government Business-type Activities					
Unemployment Compensation Trust Fund:					
Bonds payable:					
Revenue bonds (note 11)	\$ 380,480	\$ -	\$ (380,480)	\$ -	\$ -
Unamortized premiums (note 11)	14,776	-	(14,776)	-	-
Total Unemployment Compensation Trust Fund	395,256	-	(395,256)	-	-
Water Revolving Fund:					
Other long-term obligations:					
Capital lease obligations (note 13A)	26	-	(17)	9	9
Compensated absences (note 1L)	1,444	1,075	(1,340)	1,179	209
Net pension liability	61,394	8,399	-	69,793	-
Total Water Revolving Fund	62,864	9,474	(1,357)	70,981	218
Prepaid Tuition Fund:					
Tuition and related accretion payable (note 13F)	1,230,799	148,646	(143,731)	1,235,714	153,818
Total Prepaid Tuition Fund	1,230,799	148,646	(143,731)	1,235,714	153,818
Nonmajor Enterprise Funds:					
Bonds payable:					
Revenue bonds (note 11)	232,811	-	(34,836)	197,975	-
Unamortized (discounts) (note 11)	(6,050)	-	208	(5,842)	-
Total bonds payable	226,761	-	(34,628)	192,133	-
Other long-term obligations:					
Lottery prize awards (note 13E)	281,052	14,962	(31,265)	264,749	22,606
Compensated absences (note 1L)	5,181	3,833	(4,486)	4,528	586
Net pension liability	175,499	38,720	520	214,739	-
Other obligations (note 13G)	7,296	316	(468)	7,144	646
Total other long-term obligations	469,028	57,831	(35,699)	491,160	23,838
Total Nonmajor Enterprise Funds	695,789	57,831	(70,327)	683,293	23,838
Total Business-type Activities	\$ 2,384,708	\$ 215,951	\$ (610,671)	\$ 1,989,988	\$ 177,874

Changes in long-term obligations for fiduciary funds for the year ended June 30, 2017, are summarized below:

Table 8-3 (amounts expressed in thousands)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Fiduciary Funds					
Capital lease obligations (note 13A)	\$ 25	\$ 72	\$ (25)	\$ 72	\$ 26
Compensated absences (note 1L)	4,489	2,903	(3,013)	4,379	317
Total Fiduciary Funds	\$ 4,514	\$ 2,975	\$ (3,038)	\$ 4,451	\$ 343

Changes in long-term obligations for component units for the year ended June 30, 2017, are summarized below:

Table 8-4 (amounts expressed in thousands)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Major Component Units					
Illinois Housing Development Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,023,662	\$ 311,576	\$ (256,702)	\$ 1,078,536	\$ 31,580
Notes payable (note 12)	52,307	784,300	(775,087)	61,520	22,092
Unamortized premiums (note 11)	5,362	4,130	(907)	8,585	525
Unamortized (discounts) (note 11)	(990)	-	21	(969)	(23)
Total bonds and notes payable	<u>1,080,341</u>	<u>1,100,006</u>	<u>(1,032,675)</u>	<u>1,147,672</u>	<u>54,174</u>
Other long-term obligations:					
Compensated absences (note 1L)	734	1,618	(1,547)	805	805
Total other long-term obligations	<u>734</u>	<u>1,618</u>	<u>(1,547)</u>	<u>805</u>	<u>805</u>
Total Illinois Housing Development Authority	<u>\$ 1,081,075</u>	<u>\$ 1,101,624</u>	<u>\$ (1,034,222)</u>	<u>\$ 1,148,477</u>	<u>\$ 54,979</u>
Illinois State Toll Highway Authority:					
Bonds payable:					
Revenue bonds (note 11)	\$ 5,784,165	\$ 633,060	\$ (520,525)	\$ 5,896,700	\$ 88,860
Unamortized premiums (note 11)	373,563	109,209	(25,794)	456,978	24,454
Unamortized (discounts) (note 11)	(7,589)	7,589	-	-	-
Total bonds payable	<u>6,150,139</u>	<u>749,858</u>	<u>(546,319)</u>	<u>6,353,678</u>	<u>113,314</u>
Other long-term obligations:					
Accrued self-insurance (note 20)	18,660	14,115	(15,465)	17,310	6,738
Compensated absences (note 1L)	9,559	6,667	(6,431)	9,795	6,500
Net pension liability	735,523	165,301	-	900,824	-
Other obligations (note 13G)	101	-	(28)	73	27
Total other long-term obligations	<u>763,843</u>	<u>186,083</u>	<u>(21,924)</u>	<u>928,002</u>	<u>13,265</u>
Total Illinois State Toll Highway Authority	<u>\$ 6,913,982</u>	<u>\$ 935,941</u>	<u>\$ (568,243)</u>	<u>\$ 7,281,680</u>	<u>\$ 126,579</u>
Illinois State University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 78,265	\$ -	\$ (4,095)	\$ 74,170	\$ 4,185
Unamortized premiums (note 11)	3,931	-	(301)	3,630	302
Total bonds payable	<u>82,196</u>	<u>-</u>	<u>(4,396)</u>	<u>77,800</u>	<u>4,487</u>
Other long-term obligations:					
Certificates of participation (note 13B)	51,065	-	(2,710)	48,355	2,795
Unamortized premiums (note 13B)	46	-	(3)	43	3
Unamortized (discounts) (note 13B)	(227)	-	14	(213)	(15)
Installment purchase obligations (note 13C)	2,765	-	(102)	2,663	105
Compensated absences (note 1L)	15,401	1,438	(1,325)	15,514	1,837
Other obligations (note 13G)	321	102	(39)	384	39
Total other long-term obligations	<u>69,371</u>	<u>1,540</u>	<u>(4,165)</u>	<u>66,746</u>	<u>4,764</u>
Total Illinois State University	<u>\$ 151,567</u>	<u>\$ 1,540</u>	<u>\$ (8,561)</u>	<u>\$ 144,546</u>	<u>\$ 9,251</u>

Table 8-4 (continued)
(amounts expressed in thousands)

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Major Component Units, continued					
Northern Illinois University:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 187,774	\$ -	\$ (3,894)	\$ 183,880	\$ 4,065
Notes payable (note 12)	144	-	(39)	105	41
Total bonds and notes payable	<u>187,918</u>	<u>-</u>	<u>(3,933)</u>	<u>183,985</u>	<u>4,106</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	131,224	-	(1,208)	130,016	1,530
Certificates of participation (note 13B)	12,340	-	(2,330)	10,010	1,060
Unamortized premiums (note 13B)	951	-	(95)	856	95
Compensated absences (note 1L)	15,540	2,109	(2,046)	15,603	1,843
Other obligations (note 13G)	36,639	-	(2,831)	33,808	2,763
Total other long-term obligations	<u>196,694</u>	<u>2,109</u>	<u>(8,510)</u>	<u>190,293</u>	<u>7,291</u>
Total Northern Illinois University	<u>\$ 384,612</u>	<u>\$ 2,109</u>	<u>\$ (12,443)</u>	<u>\$ 374,278</u>	<u>\$ 11,397</u>
Southern Illinois University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 243,419	\$ 3,214	\$ (19,595)	\$ 227,038	\$ 21,853 [^]
Unamortized premiums (note 11)	9,795	-	(739)	9,056	739
Total bonds payable	<u>253,214</u>	<u>3,214</u>	<u>(20,334)</u>	<u>236,094</u>	<u>22,592</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	4,967	275	(2,433)	2,809	1,872
Certificates of participation (note 13B)	38,820	-	(2,210)	36,610	2,285
Unamortized premiums (note 13B)	897	-	(51)	846	51
Accrued self-insurance (note 20)	31,804	13,998	(10,708)	35,094	8,201
Compensated absences (note 1L)	40,589	4,065	(3,643)	41,011	3,795
Other obligations (note 13G)	2,713	434	(624)	2,523	141
Total other long-term obligations	<u>119,790</u>	<u>18,772</u>	<u>(19,669)</u>	<u>118,893</u>	<u>16,345</u>
Total Southern Illinois University	<u>\$ 373,004</u>	<u>\$ 21,986</u>	<u>\$ (40,003)</u>	<u>\$ 354,987</u>	<u>\$ 38,937</u>
University of Illinois:					
Bonds payable:					
Revenue bonds (note 11)	\$ 1,272,816	\$ 6,234	\$ (57,765)	\$ 1,221,285	\$ 54,779 [^]
Unamortized premiums (note 11)	68,056	-	(4,011)	64,045	4,011
Total bonds payable	<u>1,340,872</u>	<u>6,234</u>	<u>(61,776)</u>	<u>1,285,330</u>	<u>58,790</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	4,575	260	(2,458)	2,377	1,572
Certificates of participation (note 13B)	244,100	116,845	(148,215)	212,730	32,480
Unamortized premiums (note 13B)	9,055	11,210	(3,425)	16,840	2,958
Accrued self-insurance (note 20)	219,234	60,984	(40,733)	239,485	45,097
Compensated absences (note 1L)	197,159	25,501	(18,468)	204,192	19,978
Other obligations (note 13G)	94,103	4,329	(10,939)	87,493	9,115
Total other long-term obligations	<u>768,226</u>	<u>219,129</u>	<u>(224,238)</u>	<u>763,117</u>	<u>111,200</u>
Total University of Illinois	<u>\$ 2,109,098</u>	<u>\$ 225,363</u>	<u>\$ (286,014)</u>	<u>\$ 2,048,447</u>	<u>\$ 169,990</u>

[^] \$352 of interest will be accreted on capital appreciation debt in the next year.

^{^^} \$931 of interest will be accreted on capital appreciation debt in the next year.

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9 GENERAL OBLIGATION BONDS

General obligation bonds outstanding and bonds authorized but unissued at June 30, 2017, 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:								
November	1997	\$ 168,330	8/1/2019	Accreted*	\$ -	\$ 30,531	\$ -	\$ -
November	1998	122,334	8/1/2020	Accreted*	-	18,582	-	-
October	2000	101,855	8/1/2022	Accreted*	-	13,173	-	-
August	2001	375,000	8/1/2018	5.5%	1,172	12,892	586	-
November	2001	375,000	11/1/2026	6.0%	1,414	16,847	-	-
October	2002	62,079	8/1/2024	Accreted*	1,389	4,190	556	-
June	2003	10,000,000	6/1/2033	4.35% to 5.1%	-	-	-	9,175,000
B-October	2003	40,170	10/1/2021	Variable**	-	-	-	-
B-October	2003	559,830	10/1/2033	Variable**	18,990	104,965	-	-
September	2004	285,000	9/1/2019	5.0%	-	44	-	-
September	2005	300,000	9/1/2030	4.5% to 5.0%	-	12,057	-	-
January	2006	325,000	1/1/2031	5.5%	-	18,880	480	-
June	2006	274,950	1/1/2021	5.0%	-	-	-	-
A-June	2006	285,000	6/1/2021	5.0%	-	29,920	600	-
April	2007	150,000	4/1/2032	4.5% to 5.0%	-	57,000	-	-
A-June	2007	108,000	6/1/2025	5.0%	-	18,897	-	-
B-June	2007	329,000	1/1/2021	5.25%	-	-	-	-
April	2008	125,000	4/1/2033	4.5% to 5.0%	-	49,228	-	-
April	2009	150,000	4/1/2034	4.0% to 5.25%	-	45,356	3,400	-
A-September	2009	400,000	9/1/2034	3.875% to 5.0%	1,800	19,817	14,383	-
B.A.B.^	2010-1	1,000,000	2/1/2035	5.163% to 6.63%	-	268,344	-	-
February	2010	1,501,300	1/1/2025	5.0%	-	-	-	-
B.A.B.^	2010-2	300,000	3/1/2035	5.2% to 6.9%	-	-	-	-
March	2010	56,000	3/1/2035	5.2% to 6.9%	-	-	-	-
B.A.B.^	2010-3	700,000	4/1/2035	5.297% to 6.725%	-	-	-	-
February	2011	3,700,000	3/1/2019	5.665% to 5.877%	-	-	-	1,800,000
B.A.B.^	2010-4	300,000	7/1/2035	5.125% to 7.1%	7,220	-	-	-
B.A.B.^	2010-5	900,000	7/1/2035	6.2% to 7.35%	21,660	-	-	-
A-January	2012	525,000	1/1/2037	3.0% to 5.0%	-	78,800	1,200	-
B-January	2012	275,000	1/1/2037	3.9% to 5.75%	40,000	3,369	15,989	-
March	2012	575,000	3/1/2037	5.0%	-	120,000	-	-
May	2012	1,797,740	8/1/2025	3.0% to 5.0%	-	-	-	-
September	2012	50,000	9/1/2022	4.0%	-	30,000	-	-
A-April	2013	450,000	4/1/2038	4.0% to 5.0%	-	54,180	-	-
B-April	2013	350,000	4/1/2038	2.77% to 5.52%	-	23,216	-	-
June	2013	1,300,000	7/1/2038	4.0% to 5.5%	1,144	162,536	5,280	-
December	2013	350,000	12/1/2038	2.69% to 5.65%	-	84,480	-	-
February	2014	1,025,000	2/1/2039	4.0% to 5.25%	-	264,000	-	-
April	2014	250,000	4/1/2039	4.25% to 5.0%	-	-	-	-
May	2014	750,000	5/1/2039	3.5% to 5.0%	-	22,880	-	-
January	2016	480,000	1/1/2041	3.75% to 5.0%	-	76,800	-	-
June	2016	550,000	6/1/2041	3.5% to 5.0%	9,600	19,200	-	-
October	2016	1,303,145	2/1/2032	4.0% to 5.0%	-	-	-	-
November	2016	480,000	11/1/2041	4.125% to 5.0%	-	80,000	-	-
Total		\$ 33,504,733			\$ 104,389	\$ 1,740,184	\$ 42,474	\$ 10,975,000
Authorized but Unissued					\$ 121,154	\$ 1,608,701	\$ 88,932	\$ 396,348
<p>^ Bonds issued under the American Recovery and Reinvestment Act of 2009 commonly referred to as "Build America Bonds." (B.A.B.)</p> <p>* Accreted bonds are shown at their accreted values as of 6/30/17. Imputed interest rates on these capital appreciation bonds range from 4.46% to 5.64%.</p> <p>** See Note 14--Derivatives for details on the variable rate bonds.</p>								

Table 9-1 (amounts expressed in thousands)
(continued)

School Construction	Transportation "A"	Transportation "B"	Transportation "D"	Refunding	Principal Outstanding June 30, 2017	Amount Related to Capital Assets	
\$ -	\$ -	\$ 4,590	\$ -	\$ -	\$ 35,121	\$ 8,177	
457	-	4,890	-	-	23,929	4,430	
20,370	-	-	-	-	33,543	4,138	
12,892	13,478	2,930	-	-	43,950	19,473	
21,299	8,480	4,961	-	-	53,001	17,040	
-	9,725	1,389	-	-	17,249	5,602	
-	-	-	-	-	9,175,000	-	
-	-	-	-	40,170	40,170	-	
211,945	183,945	39,985	-	-	559,830	258,812	
98	118	20	-	-	280	129	
9,422	5,876	3,040	-	-	30,395	9,456	
15,840	9,760	7,040	-	-	52,000	16,842	
-	-	-	-	73,320	73,320	38,657	
3,360	5,480	6,240	-	-	45,600	21,861	
13,800	6,600	12,600	-	-	90,000	38,211	
4,623	6,000	18,480	-	-	48,000	17,649	
-	-	-	-	94,000	94,000	48,584	
-	4,923	7,384	-	-	61,535	28,687	
-	13,600	39,644	-	-	102,000	34,938	
-	228,240	9,360	14,400	-	288,000	248,850	
-	237,960	108,000	105,696	-	720,000	384,145	
-	-	-	-	728,190	728,190	304,783	
126,000	-	-	90,000	-	216,000	73,692	
40,320	-	-	-	-	40,320	-	
46,080	241,920	39,600	176,400	-	504,000	386,356	
-	-	-	-	-	1,800,000	-	
-	123,310	45,557	51,913	-	228,000	165,816	
-	217,930	136,672	307,738	-	684,000	469,906	
80,000	-	140,000	120,000	-	420,000	126,657	
160,000	-	642	-	-	220,000	-	
-	130,400	36,800	172,800	-	460,000	300,946	
-	-	-	-	1,155,690	1,155,690	437,099	
-	-	-	-	-	30,000	30,000	
71,400	21,000	36,204	195,216	-	378,000	187,363	
33,769	81,827	125,578	29,610	-	294,000	114,567	
101,200	88,000	352,000	433,840	-	1,144,000	480,187	
75,263	25,520	56,737	66,000	-	308,000	102,307	
264,000	13,200	250,800	110,000	-	902,000	190,674	
-	14,520	33,000	172,480	-	220,000	135,256	
39,600	12,320	75,592	509,608	-	660,000	374,690	
-	-	168,960	215,040	-	460,800	249,160	
67,200	9,600	249,600	172,800	-	528,000	178,206	
-	-	-	-	1,303,145	1,303,145	537,300	
30,000	-	80,000	290,000	-	480,000	304,786	
<u>\$ 1,448,938</u>	<u>\$ 1,713,732</u>	<u>\$ 2,098,295</u>	<u>\$ 3,233,541</u>	<u>\$ 3,394,515</u>	<u>24,751,068</u>	<u>6,355,432</u>	
<u>\$ 417,856</u>	<u>\$ 176,791</u>	<u>\$ 1,905,733</u>	<u>\$ 848,025</u>	<u>\$ 1,444,510</u>			
					Unamortized premiums	480,667	217,936
					Unamortized (discounts)	(1,207)	(34)
					Total	<u>\$ 25,230,528</u>	<u>\$ 6,573,334</u>

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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, 2017, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2017, are as follows:

Table 9-2 (amounts expressed in thousands)

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 2,007,051	\$ 1,288,449	\$ 3,295,500
2019	1,995,985	1,185,966	3,181,951
2020	1,122,631	1,080,832	2,203,463
2021	1,150,089	1,024,478	2,174,567
2022	1,168,031	965,004	2,133,035
2023-2027	6,289,325	3,875,954	10,165,279
2028-2032	7,313,375	2,126,010	9,439,385
2033-2037	3,129,919	479,524	3,609,443
2038-2042	586,800	50,624	637,424
	<u>24,763,206</u>	<u>\$ 12,076,841</u>	<u>\$ 36,840,047</u>
Less: Unaccreted appreciation	(12,138)		
	<u>24,751,068</u>		
Unamortized premiums	480,667		
Unamortized (discounts)	(1,207)		
Total	<u>\$ 25,230,528</u>		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2017, 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, 2017, of \$3.4 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	\$ 519,871	\$ 11,354,547
50% of hotel operators tax	138,552	279,383
\$5 million of vehicle use tax	5,000	34,817
Total	<u>\$ 663,423</u>	<u>\$ 11,668,747</u>
Principal and interest requirements	\$ 328,726	
Percentage to principal and interest requirements	<u>202%</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, 2017, of \$48.9 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, 2017, are as follows:

Table 10-2 (amounts expressed in thousands)						
Governmental Activities						
	Original Issue Amount	Final Maturity	Interest Rate Ranges	Build Illinois		
				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	5.75%	-	-	-
Series of November 2002	182,225	6/15/2019	5.25%	7,390	839	1,677
Series of December 2009-A	154,920	6/15/2021	4.0%	17,320	-	8,250
Series of December 2009-B	375,000	6/15/2020	5.0%	27,458	-	11,752
Series of June 2010	455,080	6/15/2021	4.0% to 5.0%	-	-	-
Series of October 2011	300,000	6/15/2036	3.0% to 5.0%	95,910	1,204	140,386
Series of May 2012	425,040	6/15/2036	1.998% to 4.08%	57,570	69,680	171,809
Series of May 2013	300,000	6/15/2037	1.93% to 3.88%	83,332	41,668	116,667
Series of June 2013	604,110	6/15/2026	5.0%	-	-	-
Series of March 2014	402,000	6/15/2038	1.72% to 4.62%	111,128	43,747	183,751
Series of September 2016-A	150,025	6/15/2034	3.0% to 5.0%	82,500	22,501	24,675
Series of September 2016-B	60,010	6/15/2034	1.08% to 3.17%	28,534	12,000	19,476
Series of September 2016-C	152,000	6/15/2032	4.0% to 5.0%	-	-	-
Series of September 2016-D	186,755	6/15/2034	3.0% to 5.0%	-	-	-
Total	\$ 4,281,926			\$ 565,973	\$ 198,639	\$ 697,817
Authorized but Unissued				\$ 276,670	\$ 373,987	\$ 15,058

* The accreted bond is shown at its accreted value as of 6/30/17. 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, 2017	Amount Related to Capital Assets
		Civic Centers	Libraries		
\$ -	\$ -	\$ 23,949	\$ -	\$ 23,949	\$ -
-	-	17,096	2,634	19,730	-
252	-	-	-	13,790	4,458
-	29,245	-	-	29,245	795
2,333	-	-	-	70,000	4,195
-	41,755	-	-	41,755	15,451
279	-	-	-	10,185	661
250	-	-	-	25,820	-
855	-	-	-	40,065	209
-	115,490	-	-	115,490	10,825
-	-	-	-	237,500	548
37,431	-	-	-	336,490	319
8,333	-	-	-	250,000	1,063
-	418,230	-	-	418,230	83,331
13,124	-	-	-	351,750	-
20,349	-	-	-	150,025	-
-	-	-	-	60,010	-
-	152,000	-	-	152,000	24,656
-	186,755	-	-	186,755	766
<u>\$ 83,206</u>	<u>\$ 943,475</u>	<u>\$ 41,045</u>	<u>\$ 2,634</u>	<u>2,532,789</u>	<u>147,277</u>
<u>\$ 29,552</u>	<u>Unlimited</u>	<u>\$ 169,582</u>	<u>\$ 7,366</u>		
				Unamortized premiums	
				125,299	12,119
				<u>\$ 2,658,088</u>	<u>\$ 159,396</u>

Changes in special obligation bonds during the year ended June 30, 2017, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2017, are as follows:

Table 10-3 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 230,345	\$ 106,904	\$ 337,249
2019	217,645	97,606	315,251
2020	201,905	88,573	290,478
2021	162,515	80,334	242,849
2022	167,570	73,840	241,410
2023-2027	723,995	265,647	989,642
2028-2032	494,110	129,117	623,227
2033-2037	320,585	38,052	358,637
2038-2042	16,750	774	17,524
	2,535,420	\$ 880,847	\$ 3,416,267
Less: Unaccreted appreciation	(2,631)		
	2,532,789		
Unamortized premiums	125,299		
Total	\$ 2,658,088		

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, 2017 (except for the Illinois State Toll Highway Authority, which is as of December 31, 2016), 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	\$ 1,071,621	3.000% to 6.250%	2028
Business-type Activities			
Nonmajor enterprise fund:			
Illinois Designated Account Purchase Program	192,133	2.056% to 2.206%	2045
Major Component Units			
Illinois Housing Development Authority	1,086,152	0.420% to 10.750%	2059
Illinois State Toll Highway Authority	6,353,678	0.720% to 6.184%	2041
Illinois State University	77,800	1.300% to 5.000%	2033
Northern Illinois University	183,880	3.000% to 8.150%	2041
Southern Illinois University	236,094	1.000% to 6.200%	2035
University of Illinois	1,285,330	0.910% to 12.000%	2046

Changes in revenue bonds during the year ended June 30, 2017, are summarized in Note 8. Revenue bond debt service requirements, principal and interest as of June 30, 2017, are as follows:

Table 11-2 (amounts expressed in thousands)

Primary Government					
Year Ending June 30	Governmental Activities		Business-type Activities		
	Railsplitter Tobacco		Illinois Designated		
	Settlement Authority		Account Purchase Program		
	Principal	Interest	Principal	Interest	
2018	\$ 89,040	\$ 59,949	\$ -	\$ 4,137	
2019	93,620	55,496	-	4,137	
2020	98,565	50,782	-	4,137	
2021	103,900	45,607	-	4,137	
2022	109,655	40,120	43,975	4,137	
2023-2027	519,315	108,615	-	15,833	
2028-2032	53,405	3,204	-	15,833	
2033-2037	-	-	-	15,833	
2038-2042	-	-	-	15,833	
2043-2047	-	-	154,000	9,709	
	<u>1,067,500</u>	<u>\$ 363,773</u>	<u>197,975</u>	<u>\$ 93,726</u>	
Unamortized premiums	4,121			-	
Unamortized (discounts)	-			(5,842)	
Total	<u>\$ 1,071,621</u>		<u>\$ 192,133</u>		

Table 11-3 (amounts expressed in thousands)

Major Component Units						
Year Ending June 30	Illinois Housing Development Authority		Illinois State Toll Highway Authority		Illinois State University	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 31,580	\$ 20,920	\$ 88,860	\$ 289,352	\$ 4,185	\$ 3,299
2019	34,829	21,439	113,160	283,816	4,335	3,145
2020	35,679	21,394	118,780	277,896	4,520	2,956
2021	35,403	21,688	134,840	271,695	4,730	2,753
2022	34,650	22,915	142,230	264,806	4,940	2,539
2023-2027	195,683	122,308	788,765	1,215,919	28,390	8,993
2028-2032	204,292	104,158	1,404,495	978,905	20,970	3,029
2033-2037	191,490	69,277	1,475,295	621,548	2,100	105
2038-2042	173,435	39,120	1,630,275	177,442	-	-
2043-2047	121,601	11,159	-	-	-	-
2048-2052	11,290	2,641	-	-	-	-
2053-2057	6,172	1,154	-	-	-	-
2058-2062	2,432	87	-	-	-	-
	<u>1,078,536</u>	<u>\$ 458,260</u>	<u>5,896,700</u>	<u>\$ 4,381,379</u>	<u>74,170</u>	<u>\$ 26,819</u>
Unamortized premiums	8,585		456,978		3,630	
Unamortized (discounts)	(969)		-		-	
Total	<u>\$ 1,086,152</u>		<u>\$ 6,353,678</u>		<u>\$ 77,800</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
2018	\$ 4,065	\$ 13,129	\$ 22,205	\$ 8,049	\$ 55,710	\$ 51,288
2019	4,265	12,926	19,075	7,457	56,445	49,706
2020	4,480	12,713	19,690	6,863	59,075	47,945
2021	4,705	12,488	20,150	6,244	66,510	46,208
2022	4,960	12,230	18,285	5,631	69,365	44,112
2023-2027	28,880	57,081	87,480	19,922	262,415	181,559
2028-2032	37,290	47,457	49,960	6,638	268,310	122,659
2033-2037	47,935	31,267	10,300	1,108	196,385	68,917
2038-2042	47,300	9,769	-	-	142,175	33,474
2043-2047	-	-	-	-	65,610	3,901
	183,880	\$ 209,060	247,145	\$ 61,912	1,242,000	\$ 649,769
Less: Unaccreted appreciation	-	-	(20,107)	-	(20,715)	-
	183,880	-	227,038	-	1,221,285	-
Unamortized premiums	-	-	9,056	-	64,045	-
Total	\$ 183,880	\$ -	\$ 236,094	\$ -	\$ 1,285,330	\$ -

All but \$100 thousand of the \$1.086 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, 2017, the deferred amount is \$620.558 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 \$1.431 billion. The total principal and interest paid for the current year and total TSRs received were \$148.884 million and \$250.341 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, 2017, \$98.561 million of residual revenues was paid to the State and \$104.122 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 \$192.133 million of outstanding revenue bonds at June 30, 2017, 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 \$43.795 million of Homeowner Mortgage Revenue Bonds Series 2004C3, 2014A4 and 2014A5, and \$94.560 million of Housing Bonds Series 2008A, 2008B, 2008C, 2015A3, and 2017A2 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, \$7.495 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, 2016, the THA had outstanding variable rate demand bonds in the amount of \$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 2030 and 2031, respectively, and bear interest rates that are reset weekly by remarketing agents at rates not to exceed 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 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 \$12.400 million for the Series 1997B bonds, \$78.135 million for the three Series 2008 bonds, and \$37 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, 2017, 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	\$ 24,279,978	2055
Illinois Housing Development Authority	900,531	2059
Southwestern Illinois Development Authority	949,685	2048
Upper Illinois River Valley Development Authority	72,825	2045
Total	\$ 26,203,019	

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, 2017, were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Maturity Date
Major Component Units			
Illinois Housing Development Authority	\$ 61,520	0.20% to 2.70%	2027
Northern Illinois University	105	4.00%	2019
	\$ 61,625		

Changes in notes payable during the year ended June 30, 2017, are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2017, are as follows:

Year Ending June 30	Illinois Housing Development Authority		Northern Illinois University	
	Principal	Interest	Principal	Interest
	2018	\$ 22,092	\$ 608	\$ 41
2019	21,751	507	42	2
2020	1,532	408	22	-
2021	1,823	377	-	-
2022	1,836	341	-	-
2023-2027	4,565	1,290	-	-
2028-2032	7,921	209	-	-
	\$ 61,520	\$ 3,740	\$ 105	\$ 5

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 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 \$135.457 million outstanding under this line is shown as current at June 30, 2017.

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 2017, \$21.359 million of principal and \$5.086 million of interest was collected, all of which was transferred to the trust. During the same period, the trust paid \$1.567 million for interest expense and other professional fees and \$1.288 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 (2.00% at June 30, 2017). The line of credit is to be used to purchase property that is to be held for the U of I. The \$3.963 million outstanding under this line is shown as current at June 30, 2017.

Changes in short-term borrowing during the year ended June 30, 2017, are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Primary Government				
Business-type Activities				
Nonmajor enterprise funds	\$ 158,257	\$ -	\$ (22,800)	\$ 135,457
Major Component Units				
University of Illinois	\$ 4,757	\$ 502	\$ (1,296)	\$ 3,963

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)	\$ 5,862	\$ 9	\$ -	\$ -	\$ 72
Certificates of participation	(B)	15,150	-	-	-	-
Pollution remediation obligations	(D)	27,250	-	-	-	-
Obligations to Lottery Prize Winners	(E)	-	-	-	264,749	-
Prepaid Tuition Fund obligations	(F)	-	-	1,235,714	-	-
Other obligations	(G)	-	-	-	7,144	-
Total Other Long-Term Obligations		\$ 48,262	\$ 9	\$ 1,235,714	\$ 271,893	\$ 72

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)	\$ -	\$ -	\$ 130,016	\$ 2,809	\$ 2,377
Certificates of participation	(B)	-	48,185	10,866	37,456	229,570
Installment purchase obligations	(C)	-	2,663	-	-	-
Other obligations	(G)	73	384	33,808	2,523	87,493
Total Other Long-Term Obligations		\$ 73	\$ 51,232	\$ 174,690	\$ 42,788	\$ 319,440

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, 2017, assets capitalized under capitalized leases are as follows:

Primary Government	Governmental Activities	Business-type Activities	Fiduciary Funds
Buildings and building improvements	\$ 8,944	\$ -	\$ -
Equipment	8,818	27	99
	<u>17,762</u>	<u>27</u>	<u>99</u>
Less: Accumulated depreciation	11,677	20	13
	<u>\$ 6,085</u>	<u>\$ 7</u>	<u>\$ 86</u>

Table 13-4 (amounts expressed in thousands)

Major Component Units	Northern	Southern	University
	Illinois	Illinois	of
	University	University	Illinois
Land and land improvements	\$ -	\$ 288	\$ -
Buildings and building improvements	133,623	1,551	5,261
Equipment	-	6,875	2,306
	<u>133,623</u>	<u>8,714</u>	<u>7,567</u>
Less: Accumulated depreciation	19,143	4,306	2,076
	<u>\$ 114,480</u>	<u>\$ 4,408</u>	<u>\$ 5,491</u>

Future minimum commitments for non-cancelable capital leases as of June 30, 2017, are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Capitalized Leases					
	Governmental Activities		Business-type Activities		Fiduciary Funds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 3,314	\$ 655	\$ 9	\$ -	\$ 27	\$ 11
2019	1,768	325	-	-	19	10
2020	400	162	-	-	15	8
2021	343	64	-	-	11	7
2022	37	3	-	-	-	-
Total minimum lease payments	<u>\$ 5,862</u>	<u>\$ 1,209</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ 36</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
2018	\$ 1,530	\$ 8,697	\$ 1,872	\$ 44	\$ 1,572	\$ 44
2019	1,823	8,618	912	15	535	17
2020	2,221	8,525	23	1	183	6
2021	2,334	8,411	2	-	54	2
2022	2,457	8,291	-	-	33	-
2023-2027	14,477	39,029	-	-	-	-
2028-2032	19,815	33,557	-	-	-	-
2033-2037	27,575	25,803	-	-	-	-
2038-2042	38,449	14,927	-	-	-	-
2043-2047	19,335	2,016	-	-	-	-
Total minimum lease payments	<u>\$ 130,016</u>	<u>\$ 157,874</u>	<u>\$ 2,809</u>	<u>\$ 60</u>	<u>\$ 2,377</u>	<u>\$ 69</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, 2017 was \$3.140 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, 2017 was \$326.077 million, which includes unamortized premiums of \$18.585 million and unamortized discounts of \$213 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, 2017 was \$12.010 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, 2017, are as follows:

Primary Government Governmental Activities		Certificates of Participation					
		State-Issued		Non-State-Issued		Total	
Year Ending		Principal	Interest	Principal	Interest	Principal	Interest
June 30							
2018		\$ 3,140	\$ 96	\$ 6,675	\$ 511	\$ 9,815	\$ 607
2019		-	-	2,590	236	2,590	236
2020		-	-	2,745	80	2,745	80
		<u>\$ 3,140</u>	<u>\$ 96</u>	<u>\$ 12,010</u>	<u>\$ 827</u>	<u>\$ 15,150</u>	<u>\$ 923</u>

Table 13-8 (amounts expressed in thousands)

Year Ending June 30	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
2018	\$ 2,795	\$ 1,959	\$ 1,060	\$ 446	\$ 2,285	\$ 1,515	\$ 32,480	\$ 8,842
2019	2,885	1,864	1,105	402	2,360	1,435	33,510	7,706
2020	2,985	1,766	1,150	357	2,450	1,352	34,670	6,380
2021	3,100	1,662	1,200	304	2,550	1,253	35,975	4,761
2022	3,220	1,550	1,260	243	2,655	1,151	25,735	3,244
2023-2027	17,700	5,708	4,235	328	10,350	4,401	44,680	7,026
2028-2032	12,215	2,230	-	-	9,515	2,402	5,680	142
2033-2037	3,455	215	-	-	4,445	318	-	-
	48,355	\$ 16,954	10,010	\$ 2,080	36,610	\$ 13,827	212,730	\$ 38,101
Unamortized premiums	43		856		846		16,840	
Unamortized (discounts)	(213)		-		-		-	
	\$ 48,185		\$ 10,866		\$ 37,456		\$ 229,570	

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, 2017, are as follows:

Table 13-9 (amounts expressed in thousands)

Year Ending June 30	Major Component Unit		
	Illinois State University		
	Principal	Interest	Total
2018	\$ 105	\$ 89	\$ 194
2019	109	85	194
2020	113	81	194
2021	117	78	195
2022	121	73	194
2023-2027	2,098	223	2,321
	\$ 2,663	\$ 629	\$ 3,292

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.

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 \$53.7 million. The State has estimated its portion of the liability for the clean-up to be \$26.850 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, 2017, of \$400 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 \$276 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 \$287.287 million at June 30, 2017, with interest rates ranging from 1.8% to 7.7%. The present value of these liabilities owed to prize winners, approximating \$264.473 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, 2017, are as follows:

Primary Government Business-type Activities		State Lottery Fund
Year Ending June 30		Amount
2018		\$ 24,781
2019		22,623
2020		22,513
2021		24,602
2022		21,947
2023-2043		232,625
		349,091
Less: Present value adjustments		(84,342)
Present value of future prizes		\$ 264,749

F. Prepaid Tuition Fund Obligations

Tuition payable in the Illinois Prepaid Tuition Fund, a major enterprise fund, as of June 30, 2017, represents net principal payments received for contracts held by the fund in the amount of \$1,235.714 million, of which \$153.818 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 \$7.144 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 \$124.281 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. 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 fixed 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 outstanding 2003B bonds as a fee for the banks to issue their respective letters of credit on the 2003 bonds. 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 to Baa2 on June 8, 2016, further increased the fee from 2.60% to 2.85%.

In November 2016, the Letters of Credit expired and the State converted from bonds secured by the Letters of Credit to variable rate index bonds not requiring letters of credit. The converted Series 2003B Bonds, currently outstanding in the aggregate par amount of \$600 million, were remarketed and purchased in four separate sub-series on November 7, 2016, by four purchasers. The interest rate-setting mechanism on the Series 2003B Bonds is a SIFMA or LIBOR-based interest rate plus an initial applicable spread of 2.95%. When the State was downgraded, the applicable spread increased to 3.45%, with a mandatory tender date at the end of the rate period, on November 7, 2018. The applicable spread increases upon rating declines in the State’s ratings. The State has entered into continuing covenant agreements with each of the four purchasers. These purchasers are DNT Asset Trust (affiliated with JP Morgan Chase Bank), PNC Bank, National Association, State Street Public Lending Corporation, and RBC Municipal Products, LLC. As the State’s ratings on its general obligation bonds change, the interest rate on the Series 2003B Bonds also adjusts.

As of August 23, 2016, Barclays Bank PLC assumed the Agreement from AIG Financial Products Corp. via a novation and the ratings trigger applicable to the State was lowered from below BBB by Standard & Poor’s or Baa2 by Moody’s to below BBB- by Standard & Poor’s or Baa3 by Moody’s. As of September 12, 2016, Barclays Bank PLC assumed the Agreement from Merrill Lynch Capital Services, Inc. via a novation and the ratings trigger applicable to the State was lowered from below BBB by Standard & Poor’s or Baa2 by Moody’s to below BBB- by Standard & Poor’s or Baa3 by Moody’s. The ratings trigger was lowered again during fiscal year 2017 to below BB+ by Standard & Poor’s or Ba1 by Moody’s.

The original agreement with each counterparty was such that the variable rate received from each counterparty was either 67% of one-month LIBOR when one-month LIBOR was greater than or equal to 2.5%, or SIFMA when one-month LIBOR was less than 2.5%. The original agreements for AIG Financial Products Corp. and Merrill Lynch Capital Services, Inc., now with Barclays Bank PLC, have each been amended and restated in the novated Barclays Agreements to eliminate these terms and restructure the floating rate so that such rate is now solely 82.7% and 80.82% of one-month LIBOR, respectively.

Details of the Agreements are summarized below:

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%	(4)	\$ (71,618)		10/33	A-/Baa2/A-
General Obligation Bonds	54,000	10/03	3.890%	(4)	(10,071)		10/33	A+/A1/A+
	54,000	10/03	3.890%	(4)	(10,071)		10/33	A+/Aa3/AA-
	54,000	10/03	3.890%	80.82% of 1 mo. LIBOR ^{^^}	(9,499)		10/33	A-/A1/A
	54,000	10/03	3.890%	82.7% of 1 mo. LIBOR ^{^^}	(9,323)		10/33	A-/A1/A
	<u>\$ 600,000</u>				<u>\$ (110,582)</u>	<u>\$ 54,841</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
(4) 67% of 1 mo. LIBOR^{^^} when 1 mo. LIBOR^{^^} is > 2.5%, or SIFMA[^], when 1 mo. LIBOR^{^^} is < 2.5%

Mark-to-Market valuations shown above are calculated by a third-party consultant. In addition, valuations 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 Agreements could be terminated at such values. At the end of the fiscal year, the variable rate received by the State on the Agreements was the SIFMA rate (0.92% was in effect on June 30, 2017) as the LIBOR rate was below 2.50%.

During all of fiscal year 2017, 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, 2017, 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 increasing the cost of the synthetic rate structure. 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

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

Basis risk

Since the floating rate receipts under the Barclays Agreements is based on one-month LIBOR and the 2003 Bonds currently pay interest based upon the SIFMA index, 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 the SIFMA-based rate) in relation to the floating interest rate index which the State receives under the Barclays Agreements in the form of the one month LIBOR-based rate. If this were to occur, the State would experience a net increase in interest cost. 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, the floating index received under the Barclays Agreements could increase relative to 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 one of its counterparties fail to perform under the terms of the Agreement, there may be a termination of the Agreement. In such an event the State may incur an unhedged variable rate position with its 2003B general obligation bonds and potentially owe a net termination payment if the market value of the Agreement is negative.

Rollover risk

The 2003 bonds are currently in a variable rate index mode and are held by four institutional purchasers until November 7, 2018, when they are subject to mandatory purchase. If the Bonds are not remarketed there is a term-out period that ends approximately three years after the purchase date and requires 1/10th of the Bond principal to start amortizing 180 days after November in 5 semi-annual payments. The final installment will require the repayment of the balance of the principal on the Bonds. The interest rate during any term-out period ranges from 7.5% to 9.5%. Movement in the State's credit rating may subject it to an increase/decrease in credit support options when procuring a new liquidity or credit facility. An increase in the cost of credit support would result in an increase in the all-in cost of the synthetic fixed rate of the 2003B bonds.

As of June 30, 2017, 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			Interest Rate Swaps, Net	Total
	Principal	Interest	Interest Rate		
June 30					
2018	\$ -	\$ 5,520	\$ 17,820	\$ 23,340	\$ 23,340
2019	-	5,520	17,820	23,340	23,340
2020	-	5,520	17,820	23,340	23,340
2021	32,500	5,371	17,337	55,208	55,208
2022	66,300	4,916	15,870	87,086	87,086
2023-2027	211,800	16,862	54,434	283,096	283,096
2028-2032	230,200	6,597	21,298	258,095	258,095
2033-2034	59,200	713	2,302	62,215	62,215
Total	\$ 600,000	\$ 51,019	\$ 164,701	\$ 815,720	\$ 815,720

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, 2017, 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, 2017:

ISBI

Investment Derivatives	Fair Value at June 30, 2017	Change in Fair Value	Notional*
Currency Forwards	\$ (11,493)	\$ (10,156)	\$ -
Rights/Warrants	130	57	556
Grand Totals	\$ (11,363)	\$ (10,099)	\$ 556

* 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, 2017	Change in Fair Value	Notional*
Rights	\$ 1,230	\$ 2,286	\$ 2,366
Warrants	44,743	14,282	8,176
Currency Forwards			
Purchases	8,590,891		
Sales	(8,610,672)		
	(19,781)	49,461	-
Futures**			
Equity Futures Long	-	22,875	104,685
Equity Futures Short	-	(1,538)	(49,321)
Fixed Income Futures Long	-	(10,521)	446,330
Fixed Income Futures Short	-	19,180	(705,123)
Commodity Futures Long	-	(492)	8,550
Commodity Futures Short	-	727	(13,598)
	-	30,231	(208,477)
Options**			
Equity Options Purchased	-	(1,642)	-
Currency Forward Options Purchased	1,545	(8,315)	46,518
Currency Forward Options Written	(94)	3,023	6,992
Inflation Options Written	(125)	266	411
Options on Futures Purchased	71	(278)	43,905
Options on Futures Written	(288)	997	49,532
	1,109	(5,949)	147,358
Swaptions			
Swaptions Purchased	7,109	420	12,331
Swaptions Written	(5,868)	154	18,625
	1,241	574	30,956
Credit Default Swaps			
Credit Default Swaps Buying Protection	(3,603)	(1,089)	103,984
Credit Default Swaps Selling Protection	772	4,322	186,104
	(2,831)	3,233	290,088
Index Swaps	(11)	9,374	55,094
Interest Rate Swaps			
Pay Fixed Interest Rate Swaps	6,770	58,997	1,299,713
Receive Fixed Interest Rate Swaps	(500)	(4,838)	170,808
	6,270	54,159	1,470,521
Inflation-linked Swaps			
Pay Fixed Inflation Swaps	(2,201)	669	132,699
Receive Fixed Inflation Swaps	(149)	(856)	104,462
	(2,350)	(187)	237,161
Grand Totals	\$ 29,620	\$ 157,464	\$ 2,033,243

* 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, 2017:

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, 2017
Pay Fixed Interest						
Rate Swaps						
United States Dollar	18,365	\$ 18,365	12 mo. LIBOR**	1.09%	1/7/2018	\$ 4
United States Dollar	147,110	147,110	12 mo. LIBOR**	1.28%	1/31/2018	1
United States Dollar	36,555	36,623	12 mo. LIBOR**	0.94%	2/21/2018	68
United States Dollar	6,075	6,075	12 mo. LIBOR**	1.25%	10/7/2018	3
United States Dollar	92,600	92,648	3 mo. LIBOR**	1.75%	12/16/2018	(302)
United States Dollar	62,560	62,560	12 mo. LIBOR**	1.43%	3/31/2019	(52)
United States Dollar	48,600	48,617	3 mo. LIBOR**	1.25%	6/21/2019	337
United States Dollar	100	100	3 mo. LIBOR**	2.00%	12/16/2019	(1)
United States Dollar	18,200	18,210	3 mo. LIBOR**	2.00%	12/16/2019	(143)
United States Dollar	1,700	1,701	3 mo. LIBOR**	1.25%	6/21/2020	24
United States Dollar	500	500	3 mo. LIBOR**	2.00%	12/16/2020	(3)
United States Dollar	58,295	58,460	3 mo. LIBOR**	1.99%	5/31/2021	(350)
United States Dollar	800	800	3 mo. LIBOR**	1.25%	6/21/2021	19
United States Dollar	14,100	14,108	3 mo. LIBOR**	2.00%	6/15/2023	20
United States Dollar	6,500	6,519	3 mo. LIBOR**	2.00%	7/12/2023	19
United States Dollar	7,800	7,816	3 mo. LIBOR**	2.00%	7/12/2023	16
United States Dollar	12,693	12,731	3 mo. LIBOR**	2.21%	11/15/2023	(116)
United States Dollar	41,000	41,015	3 mo. LIBOR**	1.75%	12/21/2023	793
United States Dollar	825	825	3 mo. LIBOR**	2.11%	2/15/2024	(2)
United States Dollar	2,595	2,595	3 mo. LIBOR**	2.18%	2/15/2024	(17)
United States Dollar	8,548	8,549	3 mo. LIBOR**	2.15%	2/15/2024	(38)
United States Dollar	39,970	40,088	3 mo. LIBOR**	2.79%	3/31/2024	(1,780)
United States Dollar	15,955	15,955	3 mo. LIBOR**	1.96%	5/15/2024	167
United States Dollar	32,860	32,947	3 mo. LIBOR**	2.73%	7/7/2024	(1,354)
United States Dollar	13,890	13,920	3 mo. LIBOR**	1.91%	1/22/2025	222
United States Dollar	17,360	17,398	3 mo. LIBOR**	1.97%	1/23/2025	210
United States Dollar	10,240	10,262	3 mo. LIBOR**	1.97%	1/27/2025	122
United States Dollar	2,560	2,565	3 mo. LIBOR**	1.94%	1/29/2025	37
United States Dollar	2,170	2,174	3 mo. LIBOR**	1.94%	1/30/2025	31
United States Dollar	3,420	3,427	3 mo. LIBOR**	1.82%	2/3/2025	79
United States Dollar	7,050	7,051	3 mo. LIBOR**	1.98%	3/27/2025	88
United States Dollar	7,050	7,051	3 mo. LIBOR**	1.99%	3/27/2025	85
United States Dollar	7,760	7,782	3 mo. LIBOR**	2.45%	7/2/2025	(176)
United States Dollar	6,800	6,809	3 mo. LIBOR**	2.33%	8/19/2025	(70)
United States Dollar	2,200	2,201	3 mo. LIBOR**	2.30%	12/3/2025	(15)
United States Dollar	46,880	46,880	3 mo. LIBOR**	2.40%	3/16/2026	318
United States Dollar	17,600	17,600	3 mo. LIBOR**	2.30%	4/21/2026	205
United States Dollar	20,100	20,100	3 mo. LIBOR**	2.30%	4/27/2026	236
United States Dollar	700	700	3 mo. LIBOR**	2.25%	6/15/2026	(2)
United States Dollar	1,900	1,901	3 mo. LIBOR**	2.25%	6/15/2026	(5)
United States Dollar	27,600	27,600	3 mo. LIBOR**	1.85%	7/20/2026	896
United States Dollar	6,050	6,050	3 mo. LIBOR**	1.85%	7/27/2026	197
United States Dollar	25,600	25,600	3 mo. LIBOR**	2.00%	7/27/2026	664
United States Dollar	12,000	12,000	3 mo. LIBOR**	2.05%	8/31/2026	287
United States Dollar	6,530	6,532	3 mo. LIBOR**	1.75%	12/21/2026	281
United States Dollar	22,900	22,908	3 mo. LIBOR**	1.75%	12/21/2026	986
United States Dollar	27,670	27,680	3 mo. LIBOR**	1.75%	12/21/2026	1,243
United States Dollar	27,700	27,710	3 mo. LIBOR**	1.75%	12/21/2026	1,193
United States Dollar	3,156	3,156	12 mo. LIBOR**	1.82%	2/15/2027	44
United States Dollar	1,790	1,793	3 mo. LIBOR**	2.31%	5/8/2027	(7)
United States Dollar	32,000	32,011	3 mo. LIBOR**	1.50%	6/21/2027	2,300
United States Dollar	2,800	2,805	3 mo. LIBOR**	2.51%	5/3/2037	(10)
United States Dollar	19,030	19,086	3 mo. LIBOR**	3.49%	3/31/2044	(3,696)
United States Dollar	1,800	1,801	3 mo. LIBOR**	2.75%	12/16/2045	(71)
United States Dollar	6,600	6,604	3 mo. LIBOR**	2.50%	6/15/2046	89
United States Dollar	14,950	14,958	3 mo. LIBOR**	2.50%	6/15/2046	201
United States Dollar	5,400	5,403	3 mo. LIBOR**	2.25%	9/14/2046	364
United States Dollar	48,300	48,370	3 mo. LIBOR**	2.38%	11/18/2046	1,621
United States Dollar	800	800	3 mo. LIBOR**	2.25%	12/21/2046	54
United States Dollar	22,900	22,908	3 mo. LIBOR**	2.25%	12/21/2046	1,555
United States Dollar	7,500	7,519	3 mo. LIBOR**	2.54%	4/13/2047	(6)
United States Dollar	3,400	3,401	3 mo. LIBOR**	1.75%	6/21/2047	606
United States Dollar	3,800	3,801	3 mo. LIBOR**	1.75%	6/21/2047	678
United States Dollar	1,000	1,000	3 mo. LIBOR**	2.97%	10/25/2048	(73)
United States Dollar	570	570	3 mo. LIBOR**	2.95%	11/19/2048	(39)
United States Dollar	1,000	1,000	3 mo. LIBOR**	2.95%	12/12/2048	(68)
Canadian Dollar	1,600	1,233	3 mo. CDOR*****	2.30%	12/15/2025	(31)
Canadian Dollar	6,200	4,776	3 mo. CDOR*****	1.75%	12/16/2046	719
Euro	610	705	6 mo. EURIBOR*****	0.49%	2/27/2027	9
Euro	6,300	7,186	6 mo. EURIBOR*****	1.50%	3/21/2048	164
British Pound Sterling	17,220	22,368	6 mo. LIBOR**	0.75%	9/20/2019	(3)
British Pound Sterling	700	911	6 mo. LIBOR**	2.05%	9/23/2019	(27)
British Pound Sterling	20,760	26,966	6 mo. LIBOR**	2.34%	1/13/2026	(1,031)
British Pound Sterling	6,840	8,885	6 mo. LIBOR**	1.50%	9/20/2027	(110)
British Pound Sterling	8,500	11,041	6 mo. LIBOR**	1.50%	9/20/2027	(137)
British Pound Sterling	1,800	2,338	6 mo. LIBOR**	2.04%	2/1/2037	(20)
British Pound Sterling	3,500	4,546	6 mo. LIBOR**	2.05%	2/1/2037	(42)
British Pound Sterling	550	714	6 mo. LIBOR**	1.75%	3/21/2048	(23)
British Pound Sterling	14,610	18,978	6 mo. LIBOR**	1.75%	3/21/2048	(578)
Japanese Yen	1,490,000	13,262	6 mo. JPY***** LIBOR**	0.30%	3/18/2026	(87)
		<u>\$ 1,299,713</u>				<u>\$ 6,770</u>

Table 14-5 (amounts expressed in thousands)
(continued)

Asset Description	Par	Gross Notional*	TRS Receives	TRS Pays	Maturity Date	Fair Value June 30, 2017
Receive Fixed Interest						
Rate Swaps						
British Pound Sterling	6,700	\$ 8,776	3.53%	6 mo. LIBOR ^{^^}	10/15/2031	\$ 73
Euro	37,000	42,032	0.25% to 2.05%	6 mo. EURIBOR ^{^^^^}	9/20/2022-2/3/2037	(169)
Mexican Peso	221,600	12,578	7.03% to 8.04%	4 wk. Mexican TIE [^]	11/10/2021-2/25/2027	298
United States Dollar	108,055	107,422	1.50% to 2.68%	3 mo. LIBOR ^{^^}	12/16/2020-6/21/2047	(703)
		<u>\$ 170,808</u>				<u>\$ (501)</u>
Pay Fixed Inflation						
Linked Swaps						
British Pound Sterling	1,450	\$ 1,777	UK ^{^^^} Retail Price Index	3.59%	10/15/2046	\$ (107)
Euro	54,200	62,067	EMU HICP ^{^^^^}	0.29% to 1.36%	8/15/2017-6/15/2027	259
United States Dollar	71,140	68,855	U.S. CPI ^{^^^^} URNSA ^{^^^^}	1.55% to 2.56%	10/11/2017-7/20/2026	(2,353)
		<u>\$ 132,699</u>				<u>\$ (2,201)</u>
Receive Fixed Inflation						
Linked Swaps						
British Pound Sterling	32,999	\$ 42,662	3.14% to 3.59%	UK ^{^^^} Retail Price Index	1/14/2030-10/15/2046	\$ (202)
Euro	9,300	10,521	0.83% to 1.44%	EMU HICP ^{^^^^}	5/15/2018-6/15/2027	(86)
United States Dollar	51,140	51,279	1.73% to 2.06%	U.S. CPI ^{^^^^} URNSA ^{^^^^}	4/27/2019-9/20/2026	139
		<u>\$ 104,462</u>				<u>\$ (149)</u>

* Includes income/acrued payable amounts

^ TIE - Mexico Interbank Equilibrium Interest Rate

^^ LIBOR - London Interbank Offered Rate

^^^ UK - United Kingdom

^^^^ 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

SURS

Investment Derivatives	Fair Value at June 30, 2017	Changes in Fair Value	Notional*
Rights and Warrants	\$ 61	\$ 25	\$ 200
Currency Forwards			
Purchases	856	(5,802)	-
Sales	(1,563)	7,147	-
	(707)	1,345	-
Futures			
Equity Derivatives Long	12	(7,027)	182,079
Equity Derivatives Short	(72)	(72)	(42,915)
Fixed Income Long	(863)	(857)	486,496
Fixed Income Short	315	330	(560,376)
Commodity Short	(115)	(19)	(5,490)
Foreign Exchange Long	-	(19)	54
Foreign Exchange Short	(17)	(3)	(5,748)
	(740)	(7,667)	54,100
Options			
Equity Call	(187)	(187)	(15)
Equity Put	(311)	(311)	(45)
Fixed Income Call	94	166	(1,017,200)
Fixed Income Put	37	44	547,900
Cash and Cash Equivalents Call	-	196	-
Cash and Cash Equivalents Put	-	(292)	(100)
	(367)	(384)	(469,460)
Swaptions			
Call	(24)	399	49,800
Put	(169)	(418)	(145,735)
	(193)	(19)	(95,935)
Swaps			
Credit Default			
Buying Protection	(1,496)	(1,213)	35,267
Selling Protection	(299)	955	38,932
Pay Fixed Inflation-linked Swaps	(93)	(1,551)	5,828
Receive Fixed Inflation-linked Swaps	20	1,989	351
Receive Fixed Interest Rate	7,831	40,955	300,412
Volatility	85	83	3,600
	6,048	41,218	384,390
Grand Totals	\$ 4,102	\$ 34,518	\$ (126,705)

* 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, 2017:

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, 2017
pay fixed	\$ 5,828	3.14% to 3.40%	UK RPI All Items NSA ^{*****}	\$ (93)
	<u>\$ 5,828</u>			<u>\$ (93)</u>
receive fixed	\$ 351	UK RPI All Items NSA ^{*****}	3.59%	\$ 20
receive fixed	35,357	6 mo. EURIBOR-Act/360-Bloomberg ^{*****}	0.25% to 2.05%	(12)
receive fixed	(689)	BCID ^{^^}	11.68%	(21)
receive fixed	(847)	3 mo. CAD-BA-CDOR ^{^^^}	1.75% to 2.30%	526
receive fixed	(24,550)	6 mo. GBP-LIBOR BBA-Bloomberg ^{*****}	1.50% to 2.05%	(444)
receive fixed	(10,324)	6 mo. JPY-LIBOR BBA-Bloomberg ^{*****}	0.30%	(80)
receive fixed	301,465	3 mo. USD-LIBOR BBA-Bloomberg [^]	1.25% to 2.50%	7,862
	<u>\$ 300,763</u>			<u>\$ 7,851</u>
volatility	\$ 3,600	1 mo. USD-LIBOR BBA-Bloomberg [^]	N/A	\$ 85
	<u>\$ 3,600</u>			<u>\$ 85</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
^{****} Japanese Yen London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen
^{*****} 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

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, 2017, for each of the counterparties are as follows:

Table 14-8 (expressed in thousands)

Moody's Quality Rating	Fair Value	Net Exposure	Percentage of Net Exposure
Not Rated	\$ 95	\$ 95	100%
	<u>\$ 95</u>	<u>\$ 95</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, 2017, was \$103.066 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	
Aa2	\$ 20,767
Aa3	4,128
A1	53,915
A3	7,798
Baa1	4,347
Baa2	12,110
Not Rated	1
Total subject to credit risk	\$ 103,066

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 ten counterparties.

SURS: The maximum loss that would be recognized at June 30, 2017, if all counterparties fail to perform as contracted is \$13.8 million. This maximum exposure is reduced by \$2.7 million in collateral held and approximately \$9.0 million in liabilities, resulting in approximately \$2.1 million net exposure to credit risk. At June 30, 2017, the counterparties' credit ratings for currency forwards, swaptions, and swaps subject to credit risk are as follows:

Table 14-10 (amounts expressed in thousands)

Standard & Poor's Quality Rating	Forwards	Swaptions	Swaps	Total
AA	\$ -	\$ -	\$ (1,314)	\$ (1,314)
A	-	(159)	(218)	(377)
BBB	-	(34)	(419)	(453)
Not Rated	(707)	-	7,999	7,292
Total Subject to Credit Risk	\$ (707)	\$ (193)	\$ 6,048	\$ 5,148

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 IHDA'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 IHDA's swap advisor.

THA: The THA has entered into nine separate variable-to-fixed rate interest rate exchange agreements (swaps) in connection with its three variable rate bond issues. On April 28, 2016, THA redeemed all \$69.200 million principal amount of 1998 Series B bonds outstanding, in advance of their January 1, 2017 scheduled maturity. In connection with the redemption, THA terminated the two swaps associated with the 1998 Series B bonds. THA made termination payments totaling \$1.918 million from funds on hand in connection with the swap terminations. As a result, seven of the nine swaps were outstanding as of December 31, 2016 (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 mark-to-market values and expected swap cash flows 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. 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 \$235 thousand is not covered by the swap agreement. All of the swap agreements were entered at the same time as the original bonds were issued and terminate with maturity of the existing bonds. No cash was paid or received when the original swap agreements were entered into. The U of I engaged a third-party consultant to determine 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, 2017 (except for the THA, for which the fiscal year-end is December 31, 2016), 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	\$ 7,000	1/02	6.615%	1 mo. LIBOR ^{^^} +40bp ^{^^^}	\$ (689)	\$ 588	8/20	NR/Baa1		
Interest Rate Cap										
HB**										
Series 2008A	13,090	1/13	5.75%	N/A	-		12/17	AA-/Aa2		
Series 2008C	4,805	6/06	4.75%	N/A	1		6/21	A+/A1		
	<u>17,895</u>				<u>1</u>					
	<u>\$ 24,895</u>				<u>\$ (688)</u>	<u>\$ 588</u>				
THA~										
Interest Rate Exchange Agreements										
Series 2007 A-1	\$ 175,000	11/07	3.972%	SIFMA [^] 7 day Municipal Swap Index	\$ (33,231)		7/30	A/A1		
Series 2007 A-1	175,000	11/07	3.972%	SIFMA [^] 7 day Municipal Swap Index	(33,231)		7/30	A-/A1		
Series 2007 A-2	262,500	11/07	3.990%	SIFMA [^] 7 day Municipal Swap Index	(50,350)		7/30	A/A1		
Series 2007 A-2	87,500	11/07	3.990%	SIFMA [^] 7 day Municipal Swap Index	(16,784)		7/30	AA-/Aa2		
Series 2008 A-1	191,550	2/08	3.774%	SIFMA [^] 7 day Municipal Swap Index	(32,426)		1/31	AA-/Aa2		
Series 2008 A-1	191,550	2/08	3.774%	SIFMA [^] 7 day Municipal Swap Index	(32,426)		1/31	BBB+/A3		
Series 2008 A-2	95,775	2/08	3.764%	SIFMA [^] 7 day Municipal Swap Index	(16,126)		1/31	A/A1		
	<u>\$ 1,178,875</u>				<u>\$ (214,574)</u>	<u>\$ (59,408)</u>				
U of I										
Interest Rate Swap Contracts										
Revenue Bonds										
Series 2008										
(South Campus)	\$ 16,163	2/06 ^{***}	4.086%	68% of 1 mo. LIBOR ^{^^}	\$ (1,290)		1/22	BBB+/A3		
Series 2008										
(South Campus)	15,827	2/06 ^{***}	4.092%	68% of 1 mo. LIBOR ^{^^}	(1,258)		1/22	A+/Aa3		
Series 2008										
(Health Services Facility System)	28,825	11/08 ^{***}	3.534%	68% of 1 mo. LIBOR ^{^^}	(3,072)		10/26	A-/Baa2		
	<u>\$ 60,815</u>				<u>\$ (5,620)</u>	<u>\$ 3,509</u>				
~ As of 12/31/2016 (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										

Additionally, 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 2021. 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 \$5.241 million and (\$36) 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, 2017, 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, 2017, was \$1 thousand. This represents the maximum loss that would be recognized at June 30, 2017, 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 53% of the total notional amount of the outstanding swaps. IHDA does not have a policy regarding master netting arrangements.

THA: At December 31, 2016 (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 if (1) the counterparty's credit rating falls below a Standard & Poor's rating of AA- or a Moody's Investor Services' rating of Aa3, and (2) the fair value were to exceed certain thresholds as specified in the swap agreements. If the counterparty's credit rating were to fall below A- or A3 by S & P or Moody's, respectively, then the threshold is zero, requiring full collateralization regardless of the amount of fair value. 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 seven swaps outstanding at December 31, 2016, are with six different counterparties. The highest percentage of the total notional amount of swaps with a single counterparty is 30%. THA does not have a policy regarding master netting arrangements.

U of I: As of June 30, 2017, 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, 2017, one counterparty held 47%, another held 27%, and a third held 26% 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, 2017. 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, 2016. 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 2017, 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. The 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 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, 2016 (THA's fiscal year-end), the SIFMA rate in effect for the swaps was 0.41%.

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.

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. The 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, the IHDA will be re-exposed to the risks being hedged by the hedging derivative instrument. The 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, 2017, (except for the THA which is as of December 31, 2016), 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 Swaps, Net	Total	Principal	Interest	Interest Rate Swaps, Net	Total
2018	\$ 1,965	\$ 243	\$ 839	\$ 3,047	\$ -	\$ 8,561	\$ 37,410	\$ 45,971
2019	2,470	213	233	2,916	2,375	8,548	37,384	48,307
2020	2,480	180	129	2,789	2,500	8,529	37,309	48,338
2021	1,480	147	26	1,653	2,625	8,512	37,270	48,407
2022	490	134	-	624	2,750	8,488	37,105	48,343
2023-2027	10,230	601	-	10,831	349,125	38,834	173,333	561,292
2028-2032	935	149	-	1,084	819,500	12,364	62,490	894,354
2033-2037	1,185	99	-	1,284	-	-	-	-
2038-2042	1,360	35	-	1,395	-	-	-	-
Total	\$ 22,595	\$ 1,801	\$ 1,227	\$ 25,623	\$ 1,178,875	\$ 93,836	\$ 422,301	\$ 1,695,012

Year Ending June 30	University of Illinois-Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, Net	Total
2018	\$ 8,095	\$ 561	\$ 1,623	\$ 10,279
2019	8,375	487	1,375	10,237
2020	9,175	411	1,111	10,697
2021	9,545	326	829	10,700
2022	10,005	239	534	10,778
2023-2027	15,855	453	888	17,196
Total	\$ 61,050	\$ 2,477	\$ 6,360	\$ 69,887

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

15 REFUNDINGS OF LONG-TERM OBLIGATIONS

A. Advance Refundings

During the year ended June 30, 2017, the State and two major component units, issued advanced refunding debt to reduce future debt service payments. These revenue bonds were issued to refund portions of an earlier bond issuance. The principal of the refunded debt will be redeemed at a redemption price of 100%. The outstanding balance of the State of Illinois special obligation bonds refunded during the year ended June 30, 2017, was \$273.135 million, with redemption dates through 2019. The outstanding balance of the refunded revenue bonds of the Illinois State Toll Highway Authority was \$350.0 million, with redemption dates through 2018. The outstanding balance of the refunded certificates of participation of the University of Illinois was \$31.010 million, with redemption dates through 2017.

Proceeds from the bond sales were placed in an irrevocable trust used to service the debt requirements of the old debt until redemption. As a result, the refunded debt is considered to be defeased and the liability for the debt has been removed from the financial statements of State, Illinois State Toll Highway Authority, and University of Illinois, respectively.

Advance refundings issued during fiscal year 2017 were 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)
Primary Government							
Governmental Activities							
Special Obligation Bonds:							
Series 2016 C (September)	\$ 152,000	4.0% to 5.0%	\$ 165,545	4.0% to 5.0%	\$ 35,921	\$ 28,386	\$ (5,879)
Series 2016 D (September)	\$ 186,755	3.0% to 5.0%	\$ 189,220	4.0% to 5.25%	\$ 33,717	\$ 27,726	\$ (15,147)
Major Component Units							
Revenue Bonds							
Illinois State Toll Highway Authority							
Series 2016 A	\$ 333,060	4.0% to 5.0%	\$ 350,000	5.50%	\$ 70,125	\$ 50,900	\$ (38,132)
Certificates of Participation							
University of Illinois:							
Series 2016 B	\$ 4,495	5.00%	\$ 5,145	4.625%	\$ 913	\$ 742	\$ (254)
Series 2016 C	\$ 15,400	3.0% to 5.0%	\$ 15,520	5.0%	\$ 879	\$ 869	\$ (627)
Series 2016 D	\$ 9,515	3.0% to 5.0%	\$ 10,345	4.75% to 5.25%	\$ 1,512	\$ 1,374	\$ (2,081)

B. Current Year Refundings

During the year ended June 30, 2017, 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 January 1, 2017 through July 1, 2048, at redemption prices of 100%. Current refunding debt issued during fiscal year 2017, was as follows:

Table 15-2 (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)
Primary Government							
Governmental Activities							
General Obligation Bonds:							
Series 2016 (October)	\$ 1,303,145	4.0% to 5.0%	\$ 1,374,170	4.0% to 5.0%	\$ 159,385	\$ 106,356	\$ 32,409
Major Component Units							
Revenue Bonds							
Illinois Housing Development Authority							
Multifamily Revenue Bonds, Series 2016 A	\$ 24,716	2.625%	\$ 25,575	4.80% to 5.05%	\$ 11,563	\$ 8,353	\$ -
Illinois Housing Development Authority							
Homeowner Mortgage Revenue Bonds, Series 2016 B	\$ 38,305	1.08% to 3.50%	\$ 39,400	4.4% to 4.9%	\$ 8,966	\$ 5,186	\$ -
Illinois Housing Development Authority							
Housing Bonds, Series 2017 A-1 and A-2	\$ 54,415	A-1--0.85% to 3.766% A-2--Variable	\$ 54,415	4.35% to 6.35%	\$ 43,640	\$ 33,109	\$ -
Certificates of Participation							
University of Illinois							
Series 2016 A	\$ 87,435	2.0% to 5.0%	\$ 86,680	3.765%	\$ 986	\$ 940	\$ (3,133)

C. Prior Year Refundings

In prior years, the State defeased certain callable maturities of 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, 2017, the outstanding balances of prior year defeased debt were as follows:

	Primary Government		
	Governmental Activities	Major Component Units	
		Illinois Housing Development Authority	University of Illinois
Special obligation bonds	\$ 58,845	\$ -	\$ -
Revenue bonds	-	22,040	76,305
Certificates of participation	-	-	55,880
	<u>\$ 58,845</u>	<u>\$ 22,040</u>	<u>\$ 132,185</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 850 local school districts, 126 special districts, and 16 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 78 thousand active members have chosen this option, as of the measurement date, June 30, 2016.

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 76 thousand active members have chosen this option. \$2.170 billion of the \$20.655 billion total plan net position at June 30, 2017 relate to the Self-Managed Plan. Plan member contributions were \$85.217 million and the State contributions, along with employer contributions consisting of grant reimbursements, were \$66.917 million for the year ended June 30, 2017. 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, 2017, were \$4.235 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</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,</p>

<p>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>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 2016 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>
<p>Alternative Formula</p>	<p>Alternative Formula</p>
<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 2016 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, 2016, the following employees were covered by the defined benefit terms of each system, respectively:

	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>	<u>TRS</u>	<u>SURS</u>
Retirees and beneficiaries receiving benefits	415	1,144	70,031	117,650	63,146
Inactive members entitled to but not yet receiving benefits	55	12	4,107	129,470	79,495
Active employees	141	947	61,317	159,735	66,245
Total	<u>611</u>	<u>2,103</u>	<u>135,455</u>	<u>406,855</u>	<u>208,886</u>

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, (877) 927-5877 or www.trsil.org.
- State Universities Retirement System, 1901 Fox Drive, PO Box 2710, Champaign, Illinois, 61825-2710, (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, 2017. 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, 2017, are shown in Table 16-2.

Contribution Rates/Amounts		
Plan	Member (% of Covered Payroll)	State (Statutorily Required)
GARS	11.50%	\$ 21,721
JRS	11.00%	\$ 131,334
SERS	4.00% - 12.50%	\$ 1,798,348
TRS	9.00%	\$ 3,986,364
SURS	8.00% - 9.50%	\$ 1,612,164

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 2017, this amount was \$117,213. 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 2017, this amount was \$112,408.

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 2017, this amount was \$112,408.

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 2017, this amount was \$112,408.

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, 2017, was measured as of June 30, 2016, 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:

Table 16-3 (amounts expressed in thousands)			
	GARS	JRS	SERS [^]
Total pension liability			
Service cost	\$ 3,577	\$ 58,041	\$ 843,377
Interest on total pension liability	22,395	158,611	2,989,387
Differences between expected and actual experience	(5,401)	(3,260)	(730,622)
Assumption changes	42,123	205,405	5,048,087
Benefit payments	(21,841)	(132,572)	(2,190,501)
Refunds	(142)	(658)	(26,709)
Administrative expenses	(382)	(942)	(16,127)
Net change in total pension liability	40,329	284,625	5,916,892
Total pension liability - June 30, 2015	333,337	2,352,928	43,267,056
Total pension liability - June 30, 2016 (a)	\$ 373,666	\$ 2,637,553	\$49,183,948
Plan fiduciary net position			
Contributions - employer	\$ 16,073	\$ 132,060	\$ 1,882,243
Contributions - participant	1,309	14,962	256,198
Net investment income	(539)	(6,471)	(125,443)
Benefit payments	(21,841)	(132,572)	(2,190,501)
Refunds	(142)	(658)	(26,709)
Administrative expense	(382)	(942)	(16,127)
Net change in plan fiduciary net position	(5,522)	6,379	(220,339)
Plan fiduciary net position - June 30, 2015	54,574	833,910	15,258,867
Plan fiduciary net position - June 30, 2016 (b)	\$ 49,052	\$ 840,289	\$ 15,038,528
State's net pension liability - ending (a) - (b)	\$ 324,614	\$ 1,797,264	\$ 34,145,420
Plan fiduciary net position as a percentage of the total pension liability	13.13%	31.86%	30.58%
Covered-employee payroll	\$ 11,298	\$ 177,991	\$ 4,284,362
State's net pension liability as a percentage of covered payroll	2873.20%	1009.75%	796.98%

[^] 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, 2017, related to GARS and JRS totaling \$324.614 million and \$1.797 billion, respectively.

Related to SERS, the State reported a collective net pension liability of \$34.145 billion. Of this amount, \$33.239 billion is reported by the primary government, while \$900.824 million and \$5.873 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, 2017, the primary government reported a liability of \$76.281 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, 2016, the measurement date, the State's proportionate share was 96.637% for the TRS plan, which was an increase of 0.2514% from its proportion measured as of the prior year measurement date of June 30, 2015.

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 \$62.995 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 2016. At June 30, 2016, the measurement date, the State's proportionate share related to employer contributions was 0.080%, which was a decrease of 5.618% from its proportion measured as of the prior year measurement date of June 30, 2015.

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, 2017, as a nonemployer contributing entity, the primary government reported a net pension liability of \$25.965 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, 2017, as follows:

Plan	Pension Expense
GARS	\$ 12,652
JRS	\$ 207,147
SERS [^]	\$ 4,181,015
TRS ^{^^}	\$ 7,494,311
SURS	\$ 2,566,165

[^] 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, 2017, the State reported deferred outflows and deferred inflows of resources related to each plan, as of the measurement date of June 30, 2016, from the following sources:

	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	\$ 530	\$ 3,179	\$ 15,840	\$ 2,457	\$ 52,276	\$ 835,013	\$ 564,499	\$ 51,778	\$ 14,216	\$ 2,298
Changes of assumptions	24,797	15,828	159,642	-	5,248,537	-	6,556,850	-	655,464	-
Net difference between projected and actual investment earnings on pension plan investments	4,270	1,904	63,668	25,699	724,901	-	2,156,866	-	1,431,081	635,553
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	-	-	336,367	11,282	-	-
State contributions subsequent to the measurement date	21,721	-	131,334	-	1,798,348	-	3,989,333	-	1,612,165	-
Total	\$ 51,318	\$ 20,911	\$ 370,484	\$ 28,156	\$ 7,824,062	\$ 835,013	\$13,603,915	\$ 63,060	\$ 3,712,926	\$ 637,851

[^] 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:

	Primary Government		THA		ICHIP		Total 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	\$ 50,888	\$ 812,840	\$ 1,379	\$ 22,029	\$ 9	\$ 144	\$ 52,276	\$ 835,013
Changes of assumptions	5,109,167	-	138,467	-	903	-	5,248,537	-
Net difference between projected and actual investment earnings on pension plan investments	705,652	-	19,124	-	125	-	724,901	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	(14,490)	(10,979)	14,482	8,126	8	2,853	-	-
State contributions subsequent to the measurement date	1,748,585	-	49,515	^	248	-	1,798,348	-
Total	\$ 7,599,802	\$ 801,861	\$ 222,967	\$ 30,155	\$ 1,293	\$ 2,997	\$ 7,824,062	\$ 835,013

^ THA reported \$24,964 of contributions subsequent to the measurement date as of December 31, 2016, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	GARS	JRS	SERS [^]	TRS ^{^^}	SURS
2018	\$ (1)	\$ 64,273	\$ 1,707,337	\$ 2,116,662	\$ 539,537
2019	6,705	63,265	1,412,055	2,116,662	275,427
2020	1,144	67,446	1,240,507	2,753,854	401,521
2021	838	16,010	830,802	2,236,218	246,425
2022	-	-	-	328,126	-
Total	<u>\$ 8,686</u>	<u>\$ 210,994</u>	<u>\$ 5,190,701</u>	<u>\$ 9,551,522</u>	<u>\$ 1,462,910</u>

[^] 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. Actuarial 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	6/30/2016	6/30/2016	6/30/2016	6/30/2015*	6/30/2015*
Measurement date	6/30/2016	6/30/2016	6/30/2016	6/30/2016	6/30/2016
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial assumptions:					
Investment rate of return	6.75%	6.75%	7.00%	7.00%	7.25%
Projected salary increases**	3.00%	3.00%	3.25% - 7.67%	3.25% - 9.25%	3.75% - 15.0%
Inflation rate	2.75%	2.75%	2.75%	2.50%	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	1.25% not compounded	Lesser of 3% or 1/2 of CPI [^]
Retirement age experience study ^{^^}	July 2012 - June 2015	July 2012 - June 2015	July 2009 - June 2013	July 2011 - June 2014	July 2010 - June 2014
Mortality ^{^^^}					
GARS	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales				
JRS	RP-2014 White Collar Total Healthy Annuitant mortality table, sex distinct, set forward 1 year for males and set back 1 year for females and generational mortality improvements using MP-2014 two-dimensional mortality improvement scales				
SERS	105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added				
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
Investment rate of return	7.00%	7.00%	7.25%	7.50%	
Projected salary increases**	3.50%	3.75%	3.50% - 7.92%	3.75% - 9.75%	
Inflation rate	3.00%	3.00%	3.00%	3.00%	
Postretirement benefit increases					
Tier 2				Lesser of 3% or 1/2 of CPI [^] , not compounded	
Retirement age experience study ^{^^}	July 2006 - June 2012	July 2006 - June 2012			
* The total pension liability is based on an actuarial valuation date of June 30, 2015, rolled-forward to the measurement date using generally accepted actuarial procedures.					
** Includes inflation rate listed.					
[^] Consumer Price Index					
^{^^} The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. A modified experience review was completed for SERS for the 3-year period ending June 30, 2015. Changes were made to the assumptions regarding investment rate of return, projected salary increases, inflation rate, and mortality based on this review. All other assumptions remain unchanged.					
^{^^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.					

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 and by adding expected inflation. For each major asset class that is included in the pension plans’ target asset allocation, calculated as of the measurement date

of June 30, 2016, 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	23%	5.80%
Developed Foreign Equity	13%	6.10%
Emerging Market Equity	7%	8.50%
Private Equity	9%	7.40%
Hedge Funds	3%	3.60%
Intermediate Investment Grade Bonds	11%	1.60%
Long-term Government Bonds	3%	1.60%
TIPS	5%	1.30%
High Yield and Bank Loans	5%	4.80%
Opportunistic Debt	4%	4.80%
Emerging Market Debt	2%	4.10%
Real Estate	10%	4.50%
Infrastructure	5%	5.90%
Total	100%	5.04%

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 expense 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, 2016, that were used by the actuary are summarized in the following table:

Table 16-10

Asset Class	TRS	
	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities Large Cap	14%	6.94%
U.S. Equities Small/Mid Cap	4%	8.09%
International Equities Developed	14%	7.46%
Emerging Market Equities	4%	10.15%
U.S. Bonds Core	11%	2.44%
International Debt Developed	5%	1.70%
Real Estate	15%	5.44%
Commodities (Real Return)	11%	4.28%
Hedge Funds (Absolute Return)	8%	4.16%
Private Equity	14%	10.63%
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, 2016, the measurement date, the best estimate of the expected arithmetic real rate of return is summarized in the following table:

Asset Class	SURS	
	Strategic Policy Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non U.S. Equity	19%	6.95%
Global Equity	8%	6.78%
Fixed Income	19%	1.17%
Treasury Inflation-Protected Securities	4%	1.41%
Emerging Market Debt	3%	4.44%
Real Estate	10%	10.37%
Commodities	2%	4.23%
Hedged Strategies	5%	4.00%
Opportunity Fund	1%	6.54%
Total	100%	5.09%
Inflation		2.75%
Expected Arithmetic Normal Return		7.84%

Discount Rate. The discount rate used to measure the total pension liability for each system as calculated using the June 30, 2016 and June 30, 2015 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 2.85% 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 2069, 2061, 2072, and 2073 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 2079 and for the benefit payments after the year 2128. For the period of 2080 through 2128, projected plan assets do not cover benefit payments. As a result, the municipal bond rate was applied to all benefit payments during the 49-year period of 2080 through 2128 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	6.60%	6.91%	-0.31%
JRS	6.48%	6.85%	-0.37%
SERS	6.64%	7.02%	-0.38%
TRS	6.83%	7.47%	-0.64%
SURS	7.01%	7.12%	-0.11%

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	6.60%	\$ 369,184	\$ 324,614	\$ 287,580
JRS	6.48%	\$ 2,114,460	\$ 1,797,264	\$ 1,531,265
SERS [^]	6.64%	\$ 41,210,302	\$ 34,145,420	\$ 28,380,270
TRS ^{^^}	6.83%	\$ 93,372,364	\$ 76,344,452	\$ 62,437,144
SURS	7.01%	\$ 31,348,832	\$ 25,965,272	\$ 21,502,422

[^] 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, 2017, 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, 2017.

Table 16-14 (amounts expressed in thousands)

Plan	Payable to pension plan
GARS	\$ 2,715
JRS	\$ 16,417
SERS [^]	\$ 71,478
TRS ^{^^}	\$ 492,162
SURS	\$ 305,991

[^] 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 2017, the annual cost of the basic program of group health, dental, and vision benefits before the State’s contribution was \$10,772.16 (\$6,191.28 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and \$13,695.36 (\$4,512.48 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")	\$ 2,592,145
Plus: Interest on net other postemployment benefits obligation ("NOPEBO")	532,657
Adjustment to the ARC	(507,385)
Annual other postemployment benefits cost	<u>2,617,417</u>
Benefits paid during the year	(336,729)
Increase in NOPEBO	<u>2,280,688</u>
NOPEBO at June 30, 2016	14,204,205
NOPEBO at June 30, 2017	<u><u>\$ 16,484,893</u></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.

Annual Other Postemployment Benefits Cost ("AOPEBC")	
6/30/2017	\$ 2,617,417
6/30/2016	\$ 2,414,998
6/30/2015	\$ 2,292,465
% of AOPEBC Contributed	
6/30/2017	12.86%
6/30/2016	7.68%
6/30/2015	35.33%
Net Other Postemployment Benefits Obligation	
6/30/2017	\$ 16,484,893
6/30/2016	\$ 14,204,205
6/30/2015	\$ 11,974,652

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

	(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)
6/30/2016	\$ -	\$ 38,137,570	\$ 38,137,570	0.0%	\$ 7,663,997	497.6%

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.

Actuarial valuation date of the actuarial required contribution	6/30/2016
Actuarial valuation date of the unfunded actuarial accrued liability	6/30/2016
Actuarial cost method	Proj. Unit Credit
Amortization method	Level % of pay
Remaining amortization period	30 years. Open
Asset valuation method	N/A
Actuarial assumptions:	
Investment rate of return *	3.75%
Projected salary increases *	3.25%
Inflation rate	2.75%
Healthcare cost trend rate:	
Medical (pre-medicare)	8.0% grading down .5% in the first year to 7.5%, then grading down .01% in the second year to 7.49% followed by grading down .5% per year over five years to 4.99% in year 7.
Medical (post-medicare)	9.0% grading down .5% per year over nine years to 4.5%
Dental	7.5% grading down .5% per year over six years to 4.5%
Vision	3.0%
* 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 Employees 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, 2017, there were 975 school districts participating with 74,627 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 2017, contributors to TRS contributed 1.12% of salary and employers contributed .84% 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 1.12% 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 \$109.703, \$108.259, and \$100.983 million for fiscal years 2017, 2016, and 2015, 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, 2017, 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 6,859 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 \$4.309, \$4.625, and \$4.479 million for fiscal years 2017, 2016, and 2015, 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 investments 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 following table summarizes the investments held by the State Treasurer in the State Treasury as of June 30, 2017. 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	Significant Other Observable Inputs (Level 2)
Investments by fair value level		
U.S. Treasury obligations	\$ 1,441,937	\$ 1,441,937
U.S. Agency obligations	3,454,621	3,454,621
Supranational bonds	99,250	99,250
Municipal debt	7,494	7,494
Corporate debt securities	145,707	145,707
Equity in other investment pools	40	40
Total investments by fair value level	5,149,049	\$ 5,149,049
Investments measured at the net asset value (NAV)		
Private equity (1)	78,836	
Total investments measured at the NAV	78,836	
Investments measured at amortized cost		
U.S. Treasury bills	694,712	
U.S. Agency discount notes	816,692	
Commercial paper	2,990,420	
Money market mutual funds	1,004,587	
Repurchase agreements	1,954,798	
Securities lending collateral invested in repurchase agreements	3,522,922	
Illinois Public Treasurers' Investment Pool	1,393,602	
Total investments measured at amortized cost	12,377,733	
Total investments	\$ 17,605,618	

- (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, 2017, there are unfunded commitments of \$43.081 million.

Primary government investments held outside of the State Treasury at June 30, 2017, 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 Level 3 of the fair value hierarchy 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, 2017, 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)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Negotiable certificates of deposit	\$ 6,221	\$ -	\$ 6,221	\$ -
U.S. Treasury obligations	1,021,242	979,856	41,386	-
U.S. Agency obligations	86,234	35	86,199	-
Municipal debt	167,690	3,174	164,516	-
Corporate debt securities	39,843	-	39,843	-
Debt mutual funds	2,935,329	2,568,948	366,381	-
Government notes - non U.S.	3,215	1,499	1,716	-
Money market mutual funds	1,284,754	1,282,055	2,699	-
Equity securities	296,365	296,365	-	-
Equity mutual funds	5,931,775	4,504,838	1,426,937	-
Blended mutual funds	264	264	-	-
Guaranteed investment contracts	586,808	586,808	-	-
Bond trust funds	66,434	-	66,434	-
Equity trust funds	1,087,351	1,087,351	-	-
Mixed trust funds	2,451,044	2,451,044	-	-
Annuities	276	-	-	276
Other	42,742	-	42,742	-
Total investments by fair value level	16,007,587	\$ 13,762,237	\$ 2,245,074	\$ 276
Investments measured at the net asset value (NAV)				
High yield fund (1)	41,589			
Absolute return fund (2)	73,799			
Real estate investment trust (3)	41,784			
Infrastructure funds (4)	64,299			
Real estate funds (5)	70,474			
Private equity (6)	19,917			
International equity (7)	83,651			
U.S. equity mutual fund (8)	315			
U.S. debt mutual fund (8)	112			
Total investments measured at the NAV	395,940			
Investments measured at amortized cost				
Cash and pending trades	307			
Money market mutual funds	23,091			
Equity in Public Treasurers' Investment Pool	3,082,883			
Total investments measured at amortized cost	3,106,281			
Equity in Illinois State Board of Investments*	36,893			
Total investments	\$ 19,546,701			
Hedging derivative instruments by fair value level				
Interest rate swap contracts	\$ (110,582)	\$ -	\$ (110,582)	\$ -
Total hedging derivative instruments by fair value level	\$ (110,582)	\$ -	\$ (110,582)	\$ -

* Total investments of Illinois State Board of Investments are \$17,376,753. 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 fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Program's ownership investment in partners' capital. Ninety percent of liquid securities are 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 any withdrawal may be held until 30 days following the annual audit. As of June 30, 2017, \$669 thousand was held in a liquidating account related to prior redemptions.
- (2) **Absolute return fund:** Of the total investment, \$48.081 million is invested in conservative funds. These funds target consistent, positive absolute returns with minimal beta to major equity and fixed income markets. The remaining \$25.718 million is invested in a multi-manager fund in the global commodity and commodity-related markets. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Program's ownership investment in partners' capital. Both have annual liquidity with quarterly liquidity available for a fee. Both have

- fund level gate thresholds of 20% to 25% of fund assets. Both will withhold a percentage pending the completion of the annual audit. A \$5 million redemption was initiated in July 2017 for distribution January 31, 2018.
- (3) **Real estate investment trust:** The fund opportunistically sources, structures and executes investments in real estate operating companies. This investment can be redeemed quarterly with a 30-day notice. A liquidating account may be used during periods of market stress to provide orderly liquidation.
 - (4) **Infrastructure funds:** This type includes two infrastructure funds which invest in infrastructure and related assets in the United States, Asia, and Europe. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Program's ownership investment in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next six years with 0% to 30% (varies by investment manager) within fiscal year 2018. There are unfunded commitments of \$6.122 million between these two funds.
 - (5) **Real estate funds:** The three real estate funds invest primarily in U.S. commercial and residential real estate. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Program's ownership investment in partners' capital, with the exception of Lyrical Antheus Realty Partners III, LP where the partners' capital, which is recognized at cost basis on their financial statements, has been adjusted to reflect the investment on a fair value basis. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next six years with 10%, 20% and 100% (varies by investment manager) within fiscal year 2018.
 - (6) **Private equity:** This type includes three private equity funds. One holds portfolio securities. A second fund acquires, holds and disposes of investments in secondary opportunities. The third fund invests in a diversified portfolio of private equity limited partnerships purchased in the secondary market. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Program's ownership investment in partners' capital. These investments can never be redeemed within the fund. Instead, the nature of the investments in this type is that distributions are received through the liquidation of the underlying assets of the funds. It is expected that the underlying assets of the funds will be liquidated over the next six years with 0% to 20% (varies by investment manager) within fiscal year 2018. There are unfunded commitments of \$5.050 million in these investments.
 - (7) **International equity:** This type includes two international equity funds. One fund is a mutual fund that strikes a daily price each evening following a trading day. The other fund invests in undervalued companies that display above average growth characteristics, domiciled in, or primarily exposed to, developed and emerging countries outside of the United States. The fund is redeemable monthly with a 15-day notice. If withdrawal is greater than 95% of the account, then the amount greater than 95% will be held until completion of the annual audit.
 - (8) **U.S. debt/equity mutual fund:** The funds in this category invest in marketable equities that are exchange traded in the U.S. and in countries outside the U.S. The funds can be redeemed at any point in time. The redemption is processed the same day if received by the Program Manager before the close of the market, or the next day if received after the close of the market. Settlement may take up to ten business days.

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, 2017. 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	\$ 2,463,827	\$ -	\$ 2,463,827	\$ -	\$ -
U.S. Agency obligations	703,728	-	703,728	-	-
Municipal debt	8,524	-	8,524	-	-
Corporate obligations	1,042,633	-	1,037,687	4,946	-
Common stock and equity funds	5,079,274	5,077,785	-	1,489	-
Foreign equity securities	2,387,542	2,379,084	5,283	3,175	-
Foreign preferred stock	10,378	10,378	-	-	-
Commingled funds	926,468	-	926,468	-	-
Hedge funds	273,663	-	265,453	8,210	-
Real estate funds	501,864	-	-	501,864	-
Infrastructure funds	2,542	-	-	2,542	-
Bank loans	424,188	950	16	423,222	-
Forward currency contracts	(17)	-	-	(17)	-
Foreign forward currency contracts	(11,476)	-	-	(11,476)	-
Total investments by fair value level	13,813,138	\$ 7,468,197	\$ 5,410,986	\$ 933,955	\$ -
Investments measured at the net asset value (NAV)					
Commingled funds (1)	408,520				
Real estate (2)	1,099,163				
Private equity (3)	609,298				
Real assets (4)	585,170				
Hedge funds (5)	558,091				
Total investments measured at the NAV	3,260,242				
Investments measured at amortized cost					
Money market instruments	294,723				
Total investments measured at amortized cost	294,723				
Total investments	\$ 17,368,103				
Securities lending collateral by fair value level	\$ 8,650	\$ 4,738	\$ 2,822	\$ -	\$ 1,090

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

- (1) **Commingled Funds:** ISBI's investments in this category consist of assets that are blended together with other investments in order to provide economies of scale which allows for lower trading costs per dollar of investment and diversification. Investment strategies consist of investments in nine diversified funds focusing on emerging markets. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year end. ISBI has no plans to liquidate these investments as of June 30, 2017. It is probable that any investments sold will be sold at an amount different from the current NAV of the plan's ownership interest.
- (2) **Real Estate Funds:** ISBI's assets in this category consist of investments in the Core and Non-Core Real Estate Fund categories. Investment strategies consist of investments in thirty-three funds with the goals of diversifying ISBI's overall portfolio and supplementing the total return of the portfolio which is comprised predominantly of fixed income and equity assets. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year end. ISBI has no plans to liquidate these investments as of June 30, 2017. It is probable that any investments sold will be sold at an amount different from the current NAV of the plan's ownership interest.
- (3) **Private Equity:** ISBI's assets in this category consist of investments in funds that identify opportunities not yet identified by traditional public equity or fixed income capital markets. Investment strategies consist of investments in fifty-five funds with the goals of generating returns significantly greater than typically available in the public market and diversifying ISBI's overall portfolio which is comprised predominantly of fixed income and equity assets. Returns are commensurate with the risks presented by this asset class which include illiquidity and lack of standard historical evaluation data. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year end. ISBI has no plans to liquidate these

- investments as of June 30, 2017. It is probable that any investments sold will be sold at an amount different from the current NAV of the plan's ownership interest.
- (4) **Real Assets:** ISBI's assets in this category consist of investments in funds that identify infrastructure assets which provide essential services or facilities to a community (ports, bridges toll roads etc.). Investment strategies consist of investments in seven funds with the goals of diversifying ISBI's overall portfolio which is comprised predominantly of fixed income and equity assets and providing a hedge against unanticipated inflation. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year end. ISBI has no plans to liquidate these investments as of June 30, 2017. It is probable that any investments sold will be sold at an amount different from the current NAV of the plan's ownership interest.
- (5) **Hedge Funds:** ISBI's assets in this category consist of investments in funds that seek to generate high active return for investors. Investment strategies consist of investments in seven funds with the goals of generating returns significantly greater than typically available in the public market and diversifying ISBI's overall portfolio which is comprised predominantly of fixed income and equity assets. Returns are commensurate with the risks presented by this asset class which include illiquidity and lack of standard historical evaluation data. The fair value of these investments is based on audited financial statements of the funds adjusted for activity from the audit date to year end. ISBI has no plans to liquidate these investments as of June 30, 2017. It is probable that any investments sold will be sold at an amount different from the current NAV of the plan's ownership interest.

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, 2017:

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	\$ 1,643,787	\$ -	\$ 1,643,787	\$ -
U.S. Agency obligations	608,940	-	608,940	-
Corporate debt securities	3,842,089	-	3,835,975	6,114
Foreign debt securities	1,528,242	-	1,515,689	12,553
Commingled fixed income funds	297,176	297,176	-	-
International common and preferred stock	10,024,050	10,019,831	4,219	-
U.S. equities	7,166,934	7,161,459	5,475	-
Municipal obligations	47,377	-	47,377	-
Real estate	5,098,995	-	-	5,098,995
Securities lending collateral	3,222,479	462,521	2,759,958	-
Total investments by fair value level	33,480,069	\$ 17,940,987	\$ 10,421,420	\$ 5,117,662
Investment derivative instruments by fair value level				
Credit default swaps	(2,831)	\$ -	\$ (2,831)	\$ -
Index and variance swaps	(11)	-	(11)	-
Inflation swaps	(2,350)	-	(2,350)	-
Interest rate swaps	6,270	-	6,270	-
Options	1,109	-	1,109	-
Swaptions	1,241	-	1,241	-
Total investment derivative instruments by fair value level	3,428	\$ -	\$ 3,428	\$ -
Investments measured at the net asset value (NAV)				
Diversifying strategies (1) (2) (3)	5,871,044			
Commingled fixed income funds (4) (5)	2,584,572			
International equity commingled funds (6)	289,659			
Private equity partnerships (7)	6,439,749			
Private real estate partnerships (7)	1,991,556			
Other real assets (8) (9)	437,540			
Total investments measured at the NAV	17,614,120			
Investments measured at amortized cost				
Short-term investments	1,223,393			
Total investments measured at amortized cost	1,223,393			
Total investments subject to disclosure	52,321,010			
Less cash equivalents	(22,945)			
Total investments	\$ 52,298,065			

- (1) **Diversifying strategies (convergent and convex strategies):** The diversifying strategies 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 six 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 five 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. TRS has submitted full redemption for one

- fund, valued at \$15.4 million, and due to maximum withdrawal gates, anticipates complete exit by March 31, 2018.
- (2) **Global macro/risk parity funds:** Investments 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. Monthly redemptions require advanced 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, 2017.
 - (3) **Long-duration fixed income partnership:** The diversifying strategies 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. TRS has no plans to liquidate as of June 30, 2017, as the fund has an approximate life of ten years, six years remaining.
 - (4) **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 weekly to quarterly upon notice of redemption and TRS has no plans to liquidate as of June 30, 2017.
 - (5) **Fixed income special situation funds:** Special situation funds consist of 22 funds investing across strategies such as stressed debt/credit, direct loans, real estate debt and bank loans. 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 three to ten years and distributions are received throughout the life of the fund. TRS has no plans to liquidate as of June 30, 2017; however, three of the funds, with fair value of \$4.2 million, are approaching the end of the partnership term, winding down, and distributing cash as the funds sell underlying investments.
 - (6) **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.
 - (7) **Private equity and real estate partnerships:** TRS has 191 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 43 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 to 12 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 on liquidating the portfolio; however, TRS will opportunistically sell funds in the secondary market to reposition the portfolio and

- optimize returns. Two private equity funds were sold on the secondary market during the fiscal year. As of June 30, 2017, 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.
- (8) **Real return fund:** TRS holds one multi-strategy real return fund (\$319 million) 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, 2017.
- (9) **Targeted real return partnerships:** Real return strategies include three limited partnerships (\$119 million) investing in global infrastructure, direct energy and non-U.S. agriculture. These partnerships are not eligible for redemption, considered illiquid and have an approximate life of 10 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, 2017, 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, 2017. 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	\$ 1,703,558	\$ 1,703,558	\$ -	\$ -
U.S. Agency obligations	846,068	-	831,051	15,017
Municipal obligations	26,419	-	25,592	827
Corporate debt securities	1,058,699	-	1,008,510	50,189
Fixed income funds	255,203	-	255,203	-
Fixed income mutual funds	529,654	529,654	-	-
Foreign obligations	38,827	-	17,807	21,020
U.S. equities	4,910,586	4,909,103	1,183	300
Foreign equity securities	2,288,420	2,160,816	64,722	62,882
Short-term securities and cash adjustments	22,872	8,122	15,017	(267)
Real estate funds	37,510	37,510	-	-
Equity funds	1,231,779	1,231,779	-	-
Securities lending collateral	705,137	-	705,137	-
Total investments by fair value level	13,654,732	\$ 10,580,542	\$ 2,924,222	\$ 149,968
Investment derivative instruments by fair value level				
U.S. fixed income derivatives	6,410	\$ 10	\$ 6,401	\$ (1)
Foreign fixed income derivatives	(424)	(496)	84	(12)
U.S. equity derivatives	(479)	(539)	-	60
Foreign equity derivatives	43	43	-	-
Total investment derivative instruments by fair value level	5,550	\$ (982)	\$ 6,485	\$ 47
Investments measured at the net asset value (NAV)				
Commingled fixed income funds (1)	912,637			
Commingled equity funds (1)	2,366,024			
Commingled foreign equity funds (1)	495,950			
Private real estate funds (2)	1,043,148			
Private equity funds (2)	1,010,437			
Hedge funds (3)	899,826			
Commodity funds (4)	329,837			
Stable value fund (5)	44,309			
Commingled equity pools (6)	209,522			
Total investments measured at the NAV	7,311,690			
Total investments subject to disclosure	20,971,972			
Less cash equivalents	(80,316)			
Total investments	\$ 20,891,656			

- (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 15 core, value-add, and opportunistic real estate funds. The private equity funds are 219 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. Real estate closed-end funds and private equity funds are not eligible for redemption. 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, 2017, 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 \$156.416 million and \$800.961 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, 2017. 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.

The following table summarizes investments and derivative instruments measured at fair value as of June 30, 2017, 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	\$ 21,556	\$ 21,556	\$ -
U.S. Agency obligations	955,381	-	955,381
Commercial paper	11,144	-	11,144
Negotiable certificates of deposit	21,450	21,450	-
Demand repurchase agreements	100	100	-
Total investments by fair value level	\$ 1,009,631	\$ 43,106	\$ 966,525
Hedging derivative instruments by fair value level			
Interest rate swaps and caps	\$ (688)	\$ -	\$ (688)
Total hedging derivative instruments by fair value level	\$ (688)	\$ -	\$ (688)

ILLINOIS STATE TOLL HIGHWAY AUTHORITY (“THA”)

THA 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 assets. Level 1 inputs are quoted prices from active markets for identical assets that can be accessed at a measurement date.

The following table summarizes assets measured at fair value as of December 31, 2016 (THA’s fiscal year-end), 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 measured at amortized cost			
U.S. Treasury obligations	320,000		
Money market mutual funds	175,973		
Total investments measured at amortized cost	495,973		
Total investments	495,973		
Less cash equivalents	(175,973)		
Total investments	\$ 320,000		
Hedging derivative instruments by fair value level			
Interest rate swaps and caps	\$ (214,574)	\$ -	\$ (214,574)
Total hedging derivative instruments by fair value level	\$ (214,574)	\$ -	\$ (214,574)

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, 2017, 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	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	\$ 75,431	\$ 75,431	\$ -
U.S. Agency obligations	144,370	-	144,370
Money market mutual funds	3,643	3,643	-
Total investments by fair value level	223,444	\$ 79,074	\$ 144,370
Investments measured at amortized cost			
Illinois Public Treasurers' Investment Pool	26,848		
Total investments measured at amortized cost	26,848		
Total investments subject to disclosure	250,292		
Less cash equivalents	(30,491)		
Total investments of the University	\$ 219,801		

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. NIU only has Level 2 investments which are valued primarily through multidimensional relational models including standard inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities offers, and referential data. There have been no significant changes in valuation techniques.

The following table summarizes assets measured at fair value as of June 30, 2017, 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	Significant Other Observable Inputs (Level 2)
Investments by fair value level		
U.S. Treasury obligations	\$ 29,983	\$ 29,983
U.S. Agency obligations	30,926	30,926
Total investments by fair value level	60,909	\$ 60,909
Investments measured at amortized cost		
Money market mutual funds	8,932	
Illinois Public Treasurers' Investment Pool	8,320	
Total investments measured at amortized cost	17,252	
Total investments subject to disclosure	78,161	
Less cash equivalents	(8,932)	
Total investments of the University	\$ 69,229	

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, 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Investments by fair value level		
U.S. Treasury obligations	\$ 39,063	\$ 39,063
U.S. Agency obligations	70,071	70,071
Common stock	44	44
Total investments by fair value level	109,178	<u>\$ 109,178</u>
Investments measured at amortized cost		
Illinois Public Treasurers' Investment Pool	34,952	
Total investments measured at amortized cost	34,952	
Total investments subject to disclosure	144,130	
Less cash equivalents	(34,952)	
Total investments of the University	<u>\$ 109,178</u>	

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, 2017.

The following table summarizes investments and derivative instruments measured at fair value as of June 30, 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

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	\$ 272,697	\$ -	\$ 272,697	\$ -
U.S. Agency obligations	107,971	-	107,971	-
Commercial paper	31,960	-	31,960	-
Corporate bonds	679,909	-	679,909	-
Non government mortgage-backed securities	71,202	-	71,202	-
Other asset-backed securities	247,473	-	247,473	-
Government bonds - non U.S.	10,998	-	6,024	4,974
Municipal bonds	14,529	-	14,529	-
Bond funds	3,968	3,968	-	-
U.S. equities	63,326	63,241	-	85
Real estate - farm properties	102,409	-	-	102,409
Total investments by fair value level	1,606,442	\$ 67,209	\$ 1,431,765	\$ 107,468
Investments measured at the net asset value (NAV)				
Bond funds (1)	133,866			
Equity funds (2)	315,880			
Hedge funds (3)	46,680			
Private equity (4)	38,865			
Real estate (5)	36,491			
Total investments measured at the NAV	571,782			
Investments measured at amortized cost				
Money market mutual funds	456,264			
Illinois Public Treasurers' Investment Pool	2,885			
Total investments measured at amortized cost	459,149			
Total investments subject to disclosure	2,637,373			
Less cash equivalents	(475,274)			
Total investments of the University	\$ 2,162,099			
Hedging derivative instruments by fair value level				
Interest rate swaps	\$ (5,620)	\$ -	\$ (5,620)	\$ -
Total hedging derivative instruments by fair value level	\$ (5,620)	\$ -	\$ (5,620)	\$ -

- (1) **Bond 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) **Equity 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) **Hedge 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 bi-monthly or quarterly depending on the partnership agreement within redemption notice periods of 1 month to 60 days. The fund values of these investments have been estimated using the NAV per share (or its equivalent) provided by the fund manager.
- (4) **Private equity:** 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, special situation partnerships, and directly in portfolio companies. These investments cannot be redeemed during the life of the partnership; 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 \$25.206 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, 2017.
- (5) **Real estate:** The funds in this category invest in real estate. Subject to general partner approval and available cash, these funds can be redeemed quarterly with up to 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, 2017.

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 \$14.612 billion at June 30, 2017. This deficit results from spending in excess of revenues recognized.

Nonmajor Governmental Funds

The State and Local Sales Tax Reform Fund, the County and Mass Transit District Fund, the Local Government Tax Fund, the Local Government Distributive Fund and the Personal Property Tax Replacement Fund of the Department of Revenue have deficits aggregating \$40.000 million, \$40.000 million, \$172.000 million, \$5.100 million, and \$233.227 million, respectively, at June 30, 2017, resulting from spending and transfers to other State funds in excess of revenues recognized.

The Tobacco Settlement Recovery Fund of the Treasurer and the SBE Federal Department of Education Fund of the State Board of Education have deficits at June 30, 2017, aggregating

\$508.421 million and \$83.535 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 \$47.319 million, \$65.854 million, and \$10.861 million, respectively, at June 30, 2017, 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, 2017, transactions totaling \$10.876 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, \$251.731 million related to intra-governmental transactions and \$3.189 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, 2017, aggregating \$43.131 million and \$50.603 million, respectively, resulting from insufficient 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 \$188 thousand and \$819 thousand, respectively. The remaining portion of the liability is included in the government-wide financial statements and is expected to be paid from future resources of the General Fund and Road Fund in the amount of \$6.720 million and \$9.904 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 \$614.856 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 \$1.550 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, 2017:

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:				
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>
2017				
Auto Liability	\$ 17,961	\$ 5,087	\$ (5,417)	\$ 17,631
Workers' Compensation	632,233	74,856	(92,233)	614,856
Health Insurance	1,065,640	876,912	(392,908)	1,549,644
Total	<u>\$ 1,715,834</u>	<u>\$ 956,855</u>	<u>\$ (490,558)</u>	<u>\$ 2,182,131</u>
Component Units, (Information for the Illinois State Toll Highway Authority is as of December 31):				
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>
2017				
Illinois State Toll Highway Authority	\$ 18,660	\$ 14,115	\$ (15,465)	\$ 17,310
Southern Illinois University	31,804	13,998	(10,708)	35,094
University of Illinois	219,234	60,984	(40,733)	239,485
Total	<u>\$ 269,698</u>	<u>\$ 89,097</u>	<u>\$ (66,906)</u>	<u>\$ 291,889</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, 715 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 \$17.310 million at December 31, 2016.

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 \$35.094 million at June 30, 2017.

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 \$239.485 million at June 30, 2017.

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 \$3.866 billion as of June 30, 2017, which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$173.3 million as of June 30, 2017, 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 \$712.4 million as of December 31, 2016. Southern Illinois University and the University of Illinois have outstanding construction commitments for various building and building improvement projects of \$18.785 and \$234.793 million, respectively, as of June 30, 2017.

B. Investment Commitments

The Office of the Treasurer has outstanding commitments at June 30, 2017, for Illinois Technology Development of approximately \$43.1 million. The Illinois State Board of Investments had outstanding commitments at June 30, 2017, to limited partnerships and real assets of approximately \$658 million and \$28 million, respectively. The Teachers' Retirement System had outstanding commitments at June 30, 2017, for the future purchase of investments in the real estate, private equity, global fixed income, and real return asset classes of \$7.062 billion. The State Universities Retirement System had outstanding commitments at June 30, 2017, to private equity limited partnerships, real estate partnerships and infrastructure partnerships of approximately \$670.5 million, \$117 million and \$26.5 million, respectively.

C. Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$35.961 million for the purchase of various home loans as of June 30, 2017.

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, 2017, are as follows:

Year Ending June 30	Primary Government	Major Component Units				
		Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois
2018	\$ 179,389	\$ 2,732	\$ 1,703	\$ 645	\$ 1,787	\$ 12,812
2019	151,284	2,732	1,332	594	1,086	8,389
2020	99,633	2,732	875	610	1,107	5,348
2021	71,042	2,732	132	530	1,133	3,432
2022	20,753	2,123	127	50	-	5,071
2023-2027	10,978	7,875	-	-	-	4,241
2028-2032	481	-	-	-	-	1
2033-2037	-	-	-	-	-	1
2038-2042	-	-	-	-	-	3
Total minimum lease payments	<u>\$ 533,560</u>	<u>\$ 20,926</u>	<u>\$ 4,169</u>	<u>\$ 2,429</u>	<u>\$ 5,113</u>	<u>\$ 39,298</u>

Rental payments for operating leases charged to operations during the year ended June 30, 2017, aggregated \$282.622 million for the governmental and business-type activities and \$572 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, 2017, of \$2.856 million, \$1.828 million, \$834 thousand, \$17.132 million, and \$14.823 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, 2017, approximately 20.6 thousand agreements were in place with total future commitments of approximately \$788.8 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 45.47% and 37.58%, respectively.

F. Tax Litigation

At June 30, 2017, the State of Illinois has \$87.639 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, 2017, 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 \$25.367 million, \$10 million, and \$57.250 million, respectively, as of June 30, 2017.

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, 2017, the outstanding balance of bonds which the State is morally obligated to repay is \$100 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 \$210 million in fiscal year 2018, \$221 million in fiscal year 2019, \$233 million in fiscal year 2020, \$246 million in fiscal year 2021, \$260 million in fiscal year 2022, 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 2017, debt service requirements for these bonds were \$177.926 million. The amount paid to the Authority based on their annual certification was \$177.923 million consisting of \$146.223 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 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. \$5.496 million was repaid during the year, with a remaining balance of \$42.001 million at June 30, 2017.

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. Effective July 6, 2017, the State’s assistance shall be transferred monthly from the Road Fund to the Public Transportation Fund, pursuant to P. A. 100-0023. The authorization currently provides for \$155 million each fiscal year. During fiscal year 2017, the State provided \$130.231 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 2017 was \$50.342 million plus \$10 million for a total of \$60.342 million. The ISFA's annual certification for fiscal year 2017 was in the amount of \$54 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 \$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, \$76.158 million in fiscal year 2022, 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, 2017, the outstanding balance of bonds, which the State is morally obligated to repay, is \$7.654 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, 2017, the outstanding balance, which the State is morally obligated to repay, is \$11.300 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 5.140% 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, 2017, the outstanding balance of these bonds, which the State is morally obligated to repay, is \$14.050 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.

Illinois State University (“ISU”)

ISU has issued revenue bonds with the net revenues from Auxiliary Facilities System pledged to pay the bond interest and principal. The Auxiliary Facilities System is comprised of university-owned housing units, student union, recreation and athletic facilities and parking facilities.

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, 2017, for the segments described above:

Major Component Units	Illinois State University	Southern Illinois University		University of Illinois	
	Auxiliary Facilities System	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	\$ 49,147	\$ 74,259	\$ 7,454	\$ 220,622	\$ 356,597
Noncurrent assets:					
Capital assets, net of accumulated depreciation	203,743	263,539	28,100	1,135,778	201,619
Other noncurrent assets	121,130	4,988	-	41,688	32,772
Deferred outflows of resources	-	2,373	280	26,233	4,667
Total assets and deferred outflows of resources	374,020	345,159	35,834	1,424,321	595,655
Liabilities					
Current liabilities	9,234	28,591	2,471	95,229	132,610
Noncurrent liabilities	74,485	206,587	10,551	1,101,209	135,352
Total liabilities	83,719	235,178	13,022	1,196,438	267,962
Net Position					
Net investment in capital assets	125,944	40,262	17,935	49,293	100,077
Restricted-other expendable purposes	164,357	69,719	4,877	178,590	17,060
Unrestricted	-	-	-	-	210,556
Total net position	\$ 290,301	\$ 109,981	\$ 22,812	\$ 227,883	\$ 327,693
Condensed Statement of Revenues, Expenses and Changes in Net Position:					
Operating revenues	\$ 86,405	\$ 100,796	\$ 39,867	\$ 359,412	\$ 739,463
Operating expenses	(52,589)	(103,042)	(66,281)	(338,595)	(997,675)
Depreciation expense	(7,952)	(14,728)	(1,689)	(38,806)	(20,846)
Operating income (loss)	25,864	(16,974)	(28,103)	(17,989)	(279,058)
Nonoperating revenues (expenses)	(2,745)	20,763	28,171	23,101	291,910
Other revenues (expenses)	-	67	270	-	-
Increase (decrease) in net position	23,119	3,856	338	5,112	12,852
Net position, July 1, 2016	267,182	106,125	22,474	222,771	314,841
Net position, June 30, 2017	\$ 290,301	\$ 109,981	\$ 22,812	\$ 227,883	\$ 327,693

23 SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the State of Illinois and its major component units have issued the following debt instruments:

Table 23-1 (amounts expressed in millions)

Series	Date of Issue	Amount of Issue	Interest Rates	Annual Maturity To
Primary Government				
Governmental Activities:				
General obligation bonds:				
November, Series 2017 A	11/8/2017	\$ 500.0	5.00%	2018
November, Series 2017 B	11/8/2017	\$ 500.0	5.00%	2019
November, Series 2017 C	11/8/2017	\$ 500.0	5.00%	2029
November, Series 2017 D	11/8/2017	\$ 4,500.0	3.25% - 5.00%	2028
December, Series 2017 A	12/13/2017	\$ 655.0	4.00% - 5.25%	2042
December, Series 2017 B	12/13/2017	\$ 95.0	5.00%	2027
Tobacco Settlement Revenue Bonds, Series 2017 (Refunding)	12/27/2017	\$ 671.0	5.00%	2028
Major Component Units:				
Revenue bonds:				
Illinois State University				
Series 2018A (Auxiliary Facilities System)	2/28/2018	\$ 41.8	4.00% - 5.00%	2039
Series 2018B (Auxiliary Facilities System)	2/28/2018	\$ 21.4	5.00%	2033
Illinois Housing Development Authority				
Series 2017 B	12/19/2017	\$ 120.0	1.20% - 4.00%	2048
Multi-Family Revenue Bonds, Taxable Series 2017 B	11/14/2017	\$ 10.7	3.21%	2043
Illinois State Toll Highway Authority				
Series 2017 A (Toll Highway Senior Revenue)	12/6/2017	\$ 300.0	5.00%	2042

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, 2017 (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	\$ 14,961,000	\$ 14,961,000	\$ 14,054,094	\$ (906,906)				
Sales taxes	8,310,000	8,310,000	8,042,759	(267,241)				
Public utility taxes	958,000	958,000	884,212	(73,788)				
Federal government	4,235,000	4,235,000	2,450,998	(1,784,002)	\$ 1,552,113	\$ 1,552,113	\$ 1,589,273	\$ 37,160
Other	2,353,000	2,353,000	2,387,672	34,672	1,112,673	1,112,673	1,089,652	(23,021)
Less:								
Refunds						2,602	1,364	(1,238)
Total revenues	30,817,000	30,817,000	27,819,735	(2,997,265)	2,664,786	2,662,184	2,677,561	15,377
EXPENDITURES:								
Current:								
Health and social services	964,563	964,563	589,781	(374,782)				
Education	14,701,640	14,730,232	14,644,166	(86,066)				
General government	1,717,909	1,717,370	1,687,181	(30,189)	112,824	125,464	124,701	(763)
Employment and economic development	7,637	7,637	6,842	(795)	4,000	4,000	4,000	-
Transportation	585	585		(585)	5,150,461	2,548,043	2,163,521	(384,522)
Public protection and justice	686,925	686,925	675,153	(11,772)				
Environment and business regulation								
Capital outlays	559	458	427	(31)	161,600	66,503	66,200	(303)
Total expenditures	18,079,818	18,107,770	17,603,550	(504,220)	5,428,885	2,744,010	2,358,422	(385,588)
Excess (deficiency) of revenues over (under) expenditures	12,737,182	12,709,230	10,216,185	(2,493,045)	(2,764,099)	(81,826)	319,139	400,965
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Transfers-in	8,463,854	8,463,854	8,463,854	-	303,291	303,291	303,291	-
Transfers-out	(11,314,618)	(11,314,618)	(11,314,618)	-	(328,121)	(328,121)	(328,121)	-
Total other sources (uses) of financial resources	(2,850,764)	(2,850,764)	(2,850,764)	-	(24,830)	(24,830)	(24,830)	-
Budgetary funds-nonbudgeted accounts	(11,807,745)	(11,807,745)	(11,807,745)	-	(438)	(438)	(438)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(1,921,327)	(1,949,279)	(4,442,324)	(2,493,045)	(2,789,367)	(107,094)	293,871	400,965
Budgetary fund balances (deficits), July 1, 2016	(3,541,879)	(3,541,879)	(3,541,879)	-	803,019	803,019	803,019	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (5,463,206)	\$ (5,491,158)	\$ (7,984,203)	\$ (2,493,045)	\$ (1,986,348)	\$ 695,925	\$ 1,096,890	\$ 400,965

Notes to Budgetary Comparison Schedule
– Major Governmental Funds

For the Year Ended June 30, 2017

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 2017, the State of Illinois operated without a complete budget. On June 30, 2016, the Governor signed into law legislation which provided appropriations for the first six months of fiscal year 2017. 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. On July 6, 2017, subsequent to year end, the legislature passed various pieces of legislation that provided appropriations for the remainder of fiscal year 2017 as well as fiscal year 2018.

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, 2017, is presented below for the major governmental funds (amounts expressed in thousands):

	MAJOR GOVERNMENTAL FUNDS	
	General Fund	Road Fund
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (budgetary basis)	\$ (4,442,324)	\$ 293,871
Reclassifications:		
Budgetary Special State Funds reported as part of the General Fund and Road Fund for GAAP reporting	(1,143,125)	-
Adjustments:		
To adjust revenues, related receivables and unavailable revenue	347,496	(74,988)
To adjust expenditures and related liabilities	217,669	(116,753)
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	<u>\$ (5,020,284)</u>	<u>\$ 102,130</u>

Required Supplementary Information

Defined Benefit Pension Plans

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)			
	2016	June 30, 2015	2014
Total pension liability			
Service cost	\$ 3,577	\$ 5,957	\$ 5,383
Interest on total pension liability	22,395	19,911	20,111
Differences between expected and actual experience	(5,401)	2,366	12,389
Assumption changes	42,123	(70,539)	-
Benefit payments	(21,841)	(21,275)	(20,800)
Refunds	(142)	(192)	(245)
Administrative expenses	(382)	(394)	(335)
Net change in total pension liability	40,329	(64,166)	16,503
Total pension liability - beginning	333,337	397,503	381,000
Total pension liability - ending (a)	\$ 373,666	\$ 333,337	\$ 397,503
Plan fiduciary net position			
Contributions - employer	\$ 16,073	\$ 15,871	\$ 13,957
Contributions - participant	1,309	1,487	1,503
Net investment income	(539)	2,287	8,363
Benefit payments	(21,841)	(21,275)	(20,800)
Refunds	(142)	(192)	(245)
Administrative expense	(382)	(394)	(335)
Net change in plan fiduciary net position	(5,522)	(2,216)	2,443
Plan fiduciary net position - beginning	54,574	56,790	54,347
Plan fiduciary net position - ending (b)	49,052	54,574	56,790
State's net pension liability - ending (a) - (b)	\$ 324,614	\$ 278,763	\$ 340,713
Plan fiduciary net position as a percentage of the total pension liability	13.13%	16.37%	14.29%
Covered payroll *	\$ 11,298	\$ 11,587	\$ 12,754
State's net pension liability as a percentage of covered payroll	2873.20%	2405.83%	2671.42%
Notes to Schedule. The calculations of the total pension liability for each fiscal year presented are based on the following assumptions:			
	2016	2015	2014
Total pension liability			
Discount rate	6.60%	6.91%	5.11%
Investment rate of return	6.75%	7.00%	7.00%
Long-term municipal bond rate	2.85%	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 assumption for the period, respectively.			
* Covered payroll was restated to comply with the requirements of GASB Statement No. 82.			

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)			
	2016	June 30, 2015	2014
Total pension liability			
Service cost	\$ 58,041	\$ 59,620	\$ 57,139
Interest on total pension liability	158,611	151,431	145,994
Differences between expected and actual experience	(3,260)	28,714	4,490
Assumption changes	205,405	9,482	-
Benefit payments	(132,572)	(125,654)	(118,591)
Refunds	(658)	(946)	(688)
Administrative expenses	(942)	(983)	(832)
Net change in total pension liability	284,625	121,664	87,512
Total pension liability - beginning	2,352,928	2,231,264	2,143,752
Total pension liability - ending (a)	\$ 2,637,553	\$ 2,352,928	\$ 2,231,264
Plan fiduciary net position			
Contributions - employer	\$ 132,060	\$ 134,040	\$ 126,816
Contributions - participant	14,962	15,431	15,919
Net investment income	(6,471)	36,009	110,059
Benefit payments	(132,572)	(125,654)	(118,591)
Refunds	(658)	(946)	(688)
Administrative expense	(942)	(983)	(832)
Net change in plan fiduciary net position	6,379	57,897	132,683
Plan fiduciary net position - beginning	833,910	776,013	643,330
Plan fiduciary net position - ending (b)	840,289	833,910	776,013
State's net pension liability - ending (a) - (b)	\$ 1,797,264	\$ 1,519,018	\$ 1,455,251
Plan fiduciary net position as a percentage of the total pension liability	31.86%	35.44%	34.78%
Covered payroll *	\$ 139,538	\$ 145,903	\$ 150,280
State's net pension liability as a percentage of covered payroll	1288.01%	1041.11%	968.36%
Notes to Schedule. The calculations of the total pension liability for each fiscal year presented are based on the following assumptions:			
	2016	2015	2014
Total pension liability			
Discount rate	6.48%	6.85%	6.89%
Investment rate of return	6.75%	7.00%	7.00%
Long-term municipal bond rate	2.85%	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.			
* Covered payroll was restated to comply with the requirements of GASB Statement No. 82.			

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)			
	2016	June 30, 2015	2014
Total pension liability			
Service cost	\$ 843,377	\$ 847,997	\$ 776,488
Interest on total pension liability	2,989,387	2,912,736	2,754,122
Differences between expected and actual experience	(730,622)	(464,942)	150,997
Assumption changes	5,048,087	360,713	3,142,466
Benefit payments	(2,190,501)	(2,034,858)	(1,917,062)
Refunds	(26,709)	(23,129)	(23,083)
Administrative expenses	(16,127)	(16,547)	(16,615)
Net change in total pension liability	5,916,892	1,581,970	4,867,313
Total pension liability - beginning	43,267,056	41,685,086	36,817,773
Total pension liability - ending (a)	\$ 49,183,948	\$ 43,267,056	\$ 41,685,086
Plan fiduciary net position			
Contributions - employer	\$ 1,882,243	\$ 1,804,319	\$ 1,699,448
Contributions - participant	256,198	266,139	269,232
Net investment income	(125,443)	681,377	2,169,346
Benefit payments	(2,190,501)	(2,034,858)	(1,917,062)
Refunds	(26,709)	(23,129)	(23,083)
Administrative expense	(16,127)	(16,547)	(16,615)
Net change in plan fiduciary net position	(220,339)	677,301	2,181,266
Plan fiduciary net position - beginning	15,258,867	14,581,566	12,400,300
Plan fiduciary net position - ending (b)	15,038,528	15,258,867	14,581,566
State's net pension liability - ending (a) - (b)	\$ 34,145,420	\$ 28,008,189	\$ 27,103,520
Plan fiduciary net position as a percentage of the total pension liability	30.58%	35.27%	34.98%
Covered payroll *	\$ 4,282,020	\$ 4,452,369	\$ 4,414,784
State's net pension liability as a percentage of covered payroll	797.41%	629.06%	613.93%
Notes to Schedule. The calculations of the total pension liability for each fiscal year presented are based on the following assumptions:			
	2016	2015	2014
Total pension liability			
Discount rate	6.64%	7.02%	7.09%
Investment rate of return	7.00%	7.25%	7.25%
Long-term municipal bond rate	2.85%	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.			
* Covered payroll was restated to comply with the requirements of GASB Statement No. 82.			

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	2017	\$ 26,985	\$ 21,721	\$ 5,264	\$ 10,996	197.54%	
	2016	17,141	16,073	1,068	11,298	142.26%	
	2015	16,901	15,871	1,030	11,587	136.97%	
	2014	17,110	13,957	3,153	12,754	109.43%	
	2013	17,065	14,150	2,915	14,876	95.12%	
	2012	13,366	10,502	2,864	15,263	68.81%	
	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%	
JRS	2017	\$ 152,699	\$ 131,334	\$ 21,365	\$ 139,738	93.99%	
	2016	121,363	132,060	(10,697)	139,538	94.64%	
	2015	124,216	134,040	(9,824)	145,903	91.87%	
	2014	125,062	126,816	(1,754)	150,280	84.39%	
	2013	125,577	88,240	37,337	156,142	56.51%	
	2012	110,923	63,644	47,279	153,551	41.45%	
	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%	
SERS	2017	\$ 2,129,483	\$ 1,798,348	\$ 331,135	\$ 4,192,582	42.89%	
	2016	2,019,691	1,882,243	137,448	4,282,020	43.96%	
	2015	2,045,354	1,804,319	241,035	4,452,369	40.52%	
	2014	1,956,841	1,699,447	257,394	4,414,784	38.49%	
	2013	1,741,286	1,531,932	209,354	4,235,366	36.17%	
	2012	1,614,835	1,391,416	223,419	4,328,768	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%	

^ 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.

* Covered payroll for fiscal years on and after June 30, 2012, were restated to comply with the requirements of GASB Statement No. 82.

Notes To Schedule of Contributions			
	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>
Actuarial Valuation Date	6/30/2015	6/30/2015	6/30/2015
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	20 years, closed	25 years, closed	25 years, closed
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 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)			
	<u>2016</u>	<u>June 30, 2015</u>	<u>2014</u>
State's proportion of the net pension liability	96.72%	96.48%	96.47%
State's proportionate share of the net pension liability [^]	\$ 76,344,452	\$ 63,203,638	\$ 58,710,342
Plan fiduciary net position as a percentage of the total pension liability	36.44%	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)			
	<u>2016</u>	<u>June 30, 2015</u>	<u>2014</u>
State's proportion of the net pension liability	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 25,965,272	\$ 23,756,361	\$ 21,790,983
Plan fiduciary net position as a percentage of the total pension liability	39.57%	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*	2017	\$ 3,986,364	\$ 3,986,364	-
	2016	3,742,469	3,742,469	-
	2015	3,377,665	3,377,665	-
	2014	3,438,383	3,438,383	-
SURS**	2017	\$ 1,612,164	\$ 1,612,164	-
	2016	1,542,947	1,542,947	-
	2015	1,488,591	1,488,591	-
	2014	1,458,965	1,458,965	-
<p>* TRS statutory and actual contributions amounts include actual contributions required to fund the Guaranteed Minimum Benefit Reserve equal to \$580, \$667, \$787, and \$905 for fiscal years 2017, 2016, 2015, and 2014, respectively.</p> <p>** 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.</p>				

Defined Benefit Other Postemployment Benefit Plans – Schedule of Funding Progress

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)
6/30/2016	\$ -	\$ 38,137,570	\$ 38,137,570	0.0%	\$ 7,663,997	497.6%
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%

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, 2017 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	\$ 2,296,140	\$ 54,502	\$ 118,816	\$ 697,973		\$ 3,167,431
Cash and cash equivalents	9,878					9,878
Securities lending collateral of State Treasurer	2,041,832	20,434	32,320			2,094,586
Receivables, net:						
Taxes	1,231,499	60,960	115,295	41,955		1,449,709
Intergovernmental	3,902,338	155,128				4,057,466
Other	581,014	125	99	937		582,175
Due from other funds	314,679	37,500	2,935	41,353	\$ (37,500)	358,967
Due from component units	2,119	2,537		658		5,314
Inventories	21,891					21,891
Loans and notes receivable, net	4,827					4,827
Other assets	15,000					15,000
Total assets	\$ 10,421,217	\$ 331,186	\$ 269,465	\$ 782,876	\$ (37,500)	\$ 11,767,244
LIABILITIES						
Accounts payable and accrued liabilities	\$ 8,418,848	\$ 171,340	\$ 66,402	\$ 1,818		\$ 8,658,408
Intergovernmental payables	3,777,020	54,144		34		3,831,198
Due to other funds	7,387,364	76	492,874	332	\$ (37,500)	7,843,146
Due to component units	33,998	11,355		181		45,534
Unearned revenue	686,247	11,351		35,085		732,683
Obligations under securities lending of State Treasurer	2,041,832	20,434	32,320			2,094,586
Matured portion of long-term liabilities	188					188
Total liabilities	22,345,497	268,700	591,596	37,450	(37,500)	23,205,743
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unavailable revenue	3,078,899	78,638	228	15,349		3,173,114
Total deferred inflows of resources	3,078,899	78,638	228	15,349		3,173,114
FUND BALANCES (DEFICITS)						
Nonspendable long-term portion of						
loans and notes receivable	4,827					4,827
Nonspendable inventories	21,891					21,891
Restricted	52,233					52,233
Committed	1,160,373	56,280		730,077		1,946,730
Unassigned	(16,242,503)	(72,432)	(322,359)			(16,637,294)
Total fund balances (deficits)	(15,003,179)	(16,152)	(322,359)	730,077		(14,611,613)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 10,421,217	\$ 331,186	\$ 269,465	\$ 782,876	\$ (37,500)	\$ 11,767,244

State of Illinois

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2017 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
REVENUES						
Income taxes	\$ 11,721,490			\$ 1,102,944		\$ 12,824,434
Sales taxes	6,008,424		\$ 2,039,479			8,047,903
Public utility taxes	911,130		69,837			980,967
Medical providers assessment taxes	1,370,219	\$ 175,292				1,545,511
Other taxes	2,249,745	19,005	78,094			2,346,844
Federal government	9,557,049	1,674,390				11,231,439
Licenses and fees	643,540	650	732			644,922
Interest and other investment income	51,968	705	1,034			53,707
Other	780,579	731,905		247		1,512,731
Total revenues	33,294,144	2,601,947	2,189,176	1,103,191		39,188,458
EXPENDITURES						
Current:						
Health and social services	20,774,133	2,535,440				23,309,573
Education	5,511,148		7,597,545	700,595		13,809,288
General government	1,959,079					1,959,079
Employment and economic development	117,840					117,840
Transportation	554,591					554,591
Public protection and justice	2,652,028					2,652,028
Environment and business regulation	165,616					165,616
Debt service:						
Principal	2,149	1				2,150
Interest	495					495
Capital outlays	52,801	243		262		53,306
Total expenditures	31,789,880	2,535,684	7,597,545	700,857		42,623,966
Excess (deficiency) of revenues over (under) expenditures	1,504,264	66,263	(5,408,369)	402,334		(3,435,508)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	753,820	75,000	5,334,413	274,262	\$ (4,722,306)	1,715,189
Transfers-out	(8,003,394)	(20,000)			4,722,306	(3,301,088)
Capital lease financing	1,120	3				1,123
Net other sources (uses) of financial resources	(7,248,454)	55,003	5,334,413	274,262	-	(1,584,776)
Net change in fund balances	(5,744,190)	121,266	(73,956)	676,596	-	(5,020,284)
Fund balances (deficits), July 1, 2016	(9,258,879)	(137,418)	(248,403)	53,481		(9,591,219)
(Decrease) for changes in inventory	(110)					(110)
FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (15,003,179)	\$ (16,152)	\$ (322,359)	\$ 730,077	\$ -	\$ (14,611,613)

State of Illinois

Combining Schedule of Accounts - General Fund
 Medicaid Provider Assessment Program

June 30, 2017 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
ASSETS				
Cash equity with State Treasurer	\$ 10,843	\$ 20,869	\$ 22,790	\$ 54,502
Securities lending collateral of State Treasurer	5,684	5,266	9,484	20,434
Receivables, net:				
Taxes		60,598	362	60,960
Intergovernmental	52,393	86,324	16,411	155,128
Other	17	16	92	125
Due from other funds			37,500	37,500
Due from component units			2,537	2,537
Total assets	\$ 68,937	\$ 173,073	\$ 89,176	\$ 331,186
LIABILITIES				
Accounts payable and accrued liabilities	\$ 62	\$ 165,441	\$ 5,837	\$ 171,340
Intergovernmental payables	51,791	2,352	1	54,144
Due to other funds	49	14	13	76
Due to component units			11,355	11,355
Unearned revenue	11,351			11,351
Obligations under securities lending of State Treasurer	5,684	5,266	9,484	20,434
Total liabilities	68,937	173,073	26,690	268,700
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unavailable revenue	47,958	24,474	6,206	78,638
Total deferred inflows of resources	47,958	24,474	6,206	78,638
FUND BALANCES (DEFICITS)				
Committed			56,280	56,280
Unassigned	(47,958)	(24,474)		(72,432)
Total fund balances (deficits)	(47,958)	(24,474)	56,280	(16,152)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 68,937	\$ 173,073	\$ 89,176	\$ 331,186

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, 2017 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
REVENUES				
Medical providers assessment taxes		\$ 158,587	\$ 16,705	\$ 175,292
Other taxes		19,005		19,005
Federal government	\$ 1,288,152	285,625	100,613	1,674,390
Licenses and fees			650	650
Interest and other investment income	157	334	214	705
Other	706,898		25,007	731,905
Total revenues	1,995,207	463,551	143,189	2,601,947
EXPENDITURES				
Current:				
Health and social services	1,953,982	442,169	139,289	2,535,440
Debt service:				
Principal		1		1
Capital outlays		3	240	243
Total expenditures	1,953,982	442,173	139,529	2,535,684
Excess (deficiency) of revenues over (under) expenditures	41,225	21,378	3,660	66,263
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		30,000	45,000	75,000
Transfers-out		(20,000)		(20,000)
Capital lease financing		3		3
Net other sources (uses) of financial resources		10,003	45,000	55,003
Net change in fund balances	41,225	31,381	48,660	121,266
Fund balances (deficits), July 1, 2016	(89,183)	(55,855)	7,620	(137,418)
FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (47,958)	\$ (24,474)	\$ 56,280	\$ (16,152)

State of Illinois

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2017 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash equity with State Treasurer	\$ 3,614,707	\$ 1,241,827	\$ 1,057,434	\$ 14,335	\$ 5,928,303
Cash and cash equivalents	273,475	143,604	7,355	189	424,623
Securities lending collateral of State Treasurer	229,245	325,819	138,639	749	694,452
Investments	16,164			38,094	54,258
Receivables, net:					
Taxes	439,061				439,061
Intergovernmental	899,482	9,625	4,511		913,618
Other	496,515	1,045	2,739	12	500,311
Due from other funds	1,047,032	3,076	56,310	17	1,106,435
Due from component units	345,518				345,518
Inventories	21,743				21,743
Loans and notes receivable, net	48,217	4,848	1,500		54,565
Other assets	50,739				50,739
Total assets	7,481,898	1,729,844	1,268,488	53,396	10,533,626
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - intra-entity transfers of future revenues	620,558				620,558
Total deferred outflows of resources	620,558				620,558
Total assets and deferred outflows of resources	\$ 8,102,456	\$ 1,729,844	\$ 1,268,488	\$ 53,396	\$ 11,154,184
LIABILITIES					
Accounts payable and accrued liabilities	\$ 904,912		\$ 174,503		\$ 1,079,415
Intergovernmental payables	1,953,865		117,930		2,071,795
Due to other funds	605,931		230	\$ 152	606,313
Due to component units	92,976		2		92,978
Unearned revenue	297,529		11,070		308,599
Obligations under securities lending of State Treasurer	229,245	\$ 325,819	138,639	749	694,452
Total liabilities	4,084,458	325,819	442,374	901	4,853,552
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	557,402				557,402
Deferred inflows of resources - intra-entity transfers of future revenues	620,558				620,558
Total deferred inflows of resources	1,177,960				1,177,960
FUND BALANCES (DEFICITS)					
Nonspendable - inventories	21,743				21,743
Nonspendable - endowments and similar funds				48,993	48,993
Restricted	1,390,963	1,404,025	362,438	3,502	3,160,928
Committed	2,585,005		463,676		3,048,681
Assigned	1,658				1,658
Unassigned	(1,159,331)				(1,159,331)
Total fund balances	2,840,038	1,404,025	826,114	52,495	5,122,672
Total liabilities, deferred inflows of resources and fund balances	\$ 8,102,456	\$ 1,729,844	\$ 1,268,488	\$ 53,396	\$ 11,154,184

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Income taxes	\$ 3,604,376				\$ 3,604,376
Sales taxes	3,306,644				3,306,644
Motor fuel taxes	791,267		\$ 213,239		1,004,506
Public utility taxes	462,830				462,830
Riverboat taxes	475,299				475,299
Other taxes	443,556				443,556
Federal government	9,098,199	\$ 53,770	27,354		9,179,323
Licenses and fees	731,908		525,814	\$ 58	1,257,780
Interest and other investment income	12,619	11,816	2,673	4,168	31,276
Other	914,509	15	19,350	17	933,891
Total revenues	19,841,207	65,601	788,430	4,243	20,699,481
EXPENDITURES					
Current:					
Health and social services	5,990,385			11	5,990,396
Education	2,995,115		125,527		3,120,642
General government	355,128	10,497	26,706		392,331
Employment and economic development	764,306	16	110		764,432
Transportation	559,974	1	398,429		958,404
Public protection and justice	547,826				547,826
Environment and business regulation	562,080		33,673		595,753
Debt service:					
Principal	85,539	2,234,855			2,320,394
Interest	64,404	1,458,209			1,522,613
Capital outlays	188,648		1,101,928		1,290,576
Intergovernmental	6,145,598				6,145,598
Total expenditures	18,259,003	3,703,578	1,686,373	11	23,648,965
Excess (deficiency) of revenues over (under) expenditures	1,582,204	(3,637,977)	(897,943)	4,232	(2,949,484)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued			690,035		690,035
Premiums on general and special obligation bonds issued			54,443		54,443
General and special obligation refunding bonds issued		1,303,145	338,755		1,641,900
Premiums on general and special obligation refunding bonds issued		99,967	52,833		152,800
Transfers-in	618,004	3,651,586	116,093	16	4,385,699
Transfers-out	(1,450,005)	(138,804)	(113,674)	(14)	(1,702,497)
Payments to refunded bond escrow agent		(1,392,723)	(390,162)		(1,782,885)
Capital lease financing	293				293
Net other sources (uses) of financial resources	(831,708)	3,523,171	748,323	2	3,439,788
Net change in fund balances	750,496	(114,806)	(149,620)	4,234	490,304
Fund balances, July 1, 2016	2,088,532	1,518,831	975,734	48,261	4,631,358
Increase for changes in inventories	1,010				1,010
FUND BALANCES, JUNE 30, 2017	\$ 2,840,038	\$ 1,404,025	\$ 826,114	\$ 52,495	\$ 5,122,672

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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

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 Producers' Administration Fund--to account for fees collected and expenditures in administering insurance regulation in accordance with the Illinois Insurance Code.

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.

Department of Revenue

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 High Speed Rail Trust Fund--to receive and record monies received pursuant to an

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.

Workers' Compensation Commission

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

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, 2017 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services	Insurance
ASSETS					
Cash equity with State Treasurer	\$ 61,315	\$ 123,934	\$ 105,500	\$ 333,132	\$ 84,538
Cash and cash equivalents	194	41			
Securities lending collateral of State Treasurer		9,588	12,953		
Investments		199			
Receivables, net:					
Taxes		21,333		45,145	
Intergovernmental	110			68,817	
Other	406	30	40	171,121	3,734
Due from other funds	119,563	95,998	3	44,322	
Due from component units					
Inventories					
Loans and notes receivable, net		500			
Other assets		45,466			
Total assets	181,588	297,089	118,496	662,537	88,272
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - intra-entity transfers of future revenues					
Total deferred outflows of resources					
Total assets and deferred outflows of resources	\$ 181,588	\$ 297,089	\$ 118,496	\$ 662,537	\$ 88,272
LIABILITIES					
Accounts payable and accrued liabilities	\$ 6,795	\$ 35,214	\$ 198	\$ 334,867	\$ 1,073
Intergovernmental payables	5,386	1,955	9,897	100,254	59
Due to other funds	5	1,138	15	15,337	718
Due to component units	20	147		2,819	2
Unearned revenue		2,825		5,200	
Obligations under securities lending of State Treasurer		9,588	12,953		
Total liabilities	12,206	50,867	23,063	458,477	1,852
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	381			83,196	2,165
Deferred inflows of resources - intra-entity transfers of future revenues	620,558				
Total deferred inflows of resources	620,939			83,196	2,165
FUND BALANCES (DEFICITS)					
Nonspendable inventories					
Restricted	47,935	72,122	40,251	61,161	
Committed	8,929	174,100	55,182	59,703	84,255
Assigned					
Unassigned	(508,421)				
Total fund balances (deficits)	(451,557)	246,222	95,433	120,864	84,255
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 181,588	\$ 297,089	\$ 118,496	\$ 662,537	\$ 88,272

Revenue	Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Other	Total
\$ 707,276	\$ 170,934	\$ 305,156	\$ 34,771	\$ 146,343	\$ 1,541,808	\$ 3,614,707
62,686		308		230,378	42,554	273,475
				22,849	121,169	229,245
					15,965	16,164
149,126	113,078		45,153	9,257	55,969	439,061
	163,741	77,400	347,847		241,567	899,482
14,498		36	7,978	171,964	126,708	496,515
455,662	170,887	5,986	4,499	5	150,107	1,047,032
345,483					35	345,518
		826	2,713		18,204	21,743
39,683					8,034	48,217
					5,273	50,739
1,774,414	618,640	389,712	442,961	580,796	2,327,393	7,481,898
				620,558		620,558
				620,558		620,558
\$ 1,774,414	\$ 618,640	\$ 389,712	\$ 442,961	\$ 1,201,354	\$ 2,327,393	\$ 8,102,456
\$ 41,517	\$ 99,627	\$ 68,103	\$ 40,703	\$ 2,213	\$ 274,602	\$ 904,912
1,196,850	151,182	7,119	309,668	10,064	161,431	1,953,865
180,731	98,795	7,590	9,748	149,554	142,300	605,931
24,380		3,578	1,815		60,215	92,976
221,445		4,859	6,258		56,942	297,529
62,686				22,849	121,169	229,245
1,727,609	349,604	91,249	368,192	184,680	816,659	4,084,458
39,242	13,298	13,707	90,490	144,409	170,514	557,402
						620,558
39,242	13,298	13,707	90,490	144,409	170,514	1,177,960
		826	2,713		18,204	21,743
		58,840	277	744,312	366,065	1,390,963
497,890	255,738	223,432	64,828	127,953	1,032,995	2,585,005
		1,658				1,658
(490,327)			(83,539)		(77,044)	(1,159,331)
7,563	255,738	284,756	(15,721)	872,265	1,340,220	2,840,038
\$ 1,774,414	\$ 618,640	\$ 389,712	\$ 442,961	\$ 1,201,354	\$ 2,327,393	\$ 8,102,456

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services	Insurance
REVENUES					
Income taxes				\$ 457,049	
Sales taxes					
Motor fuel taxes					
Public utility taxes		\$ 96,966			
Riverboat taxes					
Other taxes		56,061	\$ 27,114		
Federal government	\$ 85,539	6,714		3,658,893	
Licenses and fees					\$ 53,665
Interest and other investment income	166	1,306	336		
Other	143,831			15,830	4,920
Total revenues	229,536	161,047	27,450	4,131,772	58,585
EXPENDITURES					
Current:					
Health and social services	175,360	62,173		4,085,249	
Education	170,000				
General government	11,229				
Employment and economic development		41,076		244	
Transportation					
Public protection and justice				9,278	
Environment and business regulation			13,259		35,014
Debt service:					
Principal	21			1	6
Interest	2				2
Capital outlays		66		916	18
Intergovernmental					
Total expenditures	356,612	103,315	13,259	4,095,688	35,040
Excess (deficiency) of revenues over (under) expenditures	(127,076)	57,732	14,191	36,084	23,545
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	190,805			51,000	
Transfers-out		(204)			
Capital lease financing					18
Net other sources (uses) of financial resources	190,805	(204)		51,000	18
Net change in fund balances	63,729	57,528	14,191	87,084	23,563
Fund balances (deficits), July 1, 2016	(515,286)	188,694	81,242	33,780	60,692
Increase for changes in inventories					
FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (451,557)	\$ 246,222	\$ 95,433	\$ 120,864	\$ 84,255

Revenue	Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Other	Total
\$ 2,684,031			\$ 457,049		\$ 6,247	\$ 3,604,376
3,045,357	\$ 193,428			\$ 73,989	67,859	3,306,644
	717,278					791,267
219,537					146,327	462,830
				475,299		475,299
182,289					178,092	443,556
	549,639	\$ 880,632	2,290,933		1,625,849	9,098,199
	922	123		61,087	616,111	731,908
5,002		292		1,507	4,010	12,619
14,965		62,726	24	256,890	415,323	914,509
6,151,181	1,461,267	943,773	2,748,006	868,772	3,059,818	19,841,207
13,639		637,357		525	1,016,082	5,990,385
			2,742,275		82,840	2,995,115
84,522	44,074			1,828	213,475	355,128
		182,126			540,860	764,306
	469,296				90,678	559,974
				50,592	487,956	547,826
				54,831	458,976	562,080
	3	68		84,701	739	85,539
		10		64,184	206	64,404
	156,104	8,402	3,361	323	19,458	188,648
5,371,803	580,414			90,850	102,531	6,145,598
5,469,964	1,249,891	827,963	2,745,636	347,834	3,013,801	18,259,003
681,217	211,376	115,810	2,370	520,938	46,017	1,582,204
101,491		21,938			252,770	618,004
(751,879)	(93,301)	(12,001)		(538,544)	(54,076)	(1,450,005)
		117			158	293
(650,388)	(93,301)	10,054		(538,544)	198,852	(831,708)
30,829	118,075	125,864	2,370	(17,606)	244,869	750,496
(23,266)	137,663	158,770	(18,977)	889,871	1,095,349	2,088,532
		122	886		2	1,010
\$ 7,563	\$ 255,738	\$ 284,756	\$ (15,721)	\$ 872,265	\$ 1,340,220	\$ 2,840,038

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Treasurer

June 30, 2017 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 45,451	\$ 15,864	\$ 61,315
Cash and cash equivalents	194		194
Receivables, net:			
Intergovernmental		110	110
Other		406	406
Due from other funds	15,440	104,123	119,563
Total assets	\$ 61,085	\$ 120,503	\$ 181,588
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,219	\$ 2,576	\$ 6,795
Intergovernmental payables	1	5,385	5,386
Due to other funds	1	4	5
Due to component units		20	20
Total liabilities	4,221	7,985	12,206
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - unavailable revenue		381	381
Deferred inflows of resources - intra-entity transfers of future revenues		620,558	620,558
Total deferred inflows of resources		620,939	620,939
FUND BALANCES (DEFICITS)			
Restricted	47,935		47,935
Committed	8,929		8,929
Unassigned		(508,421)	(508,421)
Total fund balances (deficits)	56,864	(508,421)	(451,557)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 61,085	\$ 120,503	\$ 181,588

State of Illinois

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

Treasurer

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
REVENUES			
Federal government		\$ 85,539	\$ 85,539
Interest and other investment income		166	166
Other	\$ 142,940	891	143,831
Total revenues	142,940	86,596	229,536
EXPENDITURES			
Current:			
Health and social services		175,360	175,360
Education	170,000		170,000
General government	11,229		11,229
Debt service:			
Principal	21		21
Interest	2		2
Total expenditures	181,252	175,360	356,612
Excess (deficiency) of revenues over (under) expenditures	(38,312)	(88,764)	(127,076)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	8,476	182,329	190,805
Net other sources (uses) of financial resources	8,476	182,329	190,805
Net change in fund balances	(29,836)	93,565	63,729
Fund balances (deficits), July 1, 2016	86,700	(601,986)	(515,286)
FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 56,864	\$ (508,421)	\$ (451,557)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Commerce and Economic Opportunity

June 30, 2017 (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	\$ 29,419	\$ 81,242	\$ 13,273	\$ 123,934
Cash and cash equivalents	41			41
Securities lending collateral of State Treasurer	9,588			9,588
Investments	199			199
Receivables, net:				
Taxes		8,054	13,279	21,333
Other	30			30
Due from other funds		8,536	87,462	95,998
Loans and notes receivable, net	500			500
Other assets	45,466			45,466
Total assets	\$ 85,243	\$ 97,832	\$ 114,014	\$ 297,089
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5	\$ 6,731	\$ 28,478	\$ 35,214
Intergovernmental payables		1,220	735	1,955
Due to other funds	703	19	416	1,138
Due to component units			147	147
Unearned revenue	2,825			2,825
Obligations under securities lending of State Treasurer	9,588			9,588
Total liabilities	13,121	7,970	29,776	50,867
FUND BALANCES				
Restricted	72,122			72,122
Committed		89,862	84,238	174,100
Total fund balances	72,122	89,862	84,238	246,222
Total liabilities and fund balances	\$ 85,243	\$ 97,832	\$ 114,014	\$ 297,089

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, 2017 (Expressed in Thousands)

	State Small Business Credit Initiative Fund	Supplemental Low Income Energy Assistance Fund	Tourism Promotion Fund	Total
REVENUES				
Public utility taxes		\$ 96,966		\$ 96,966
Other taxes			\$ 56,061	56,061
Federal government	\$ 6,714			6,714
Interest and other investment income	1,306			1,306
Total revenues	8,020	96,966	56,061	161,047
EXPENDITURES				
Current:				
Health and social services		62,173		62,173
Employment and economic development	1,789		39,287	41,076
Capital outlays			66	66
Total expenditures	1,789	62,173	39,353	103,315
Excess (deficiency) of revenues over (under) expenditures	6,231	34,793	16,708	57,732
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out	(204)			(204)
Net other sources (uses) of financial resources	(204)			(204)
Net change in fund balances	6,027	34,793	16,708	57,528
Fund balances, July 1, 2016	66,095	55,069	67,530	188,694
FUND BALANCES, JUNE 30, 2017	\$ 72,122	\$ 89,862	\$ 84,238	\$ 246,222

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Natural Resources

June 30, 2017 (Expressed in Thousands)

	Abandoned Mined Land Reclamation Set-Aside Fund	Open Space Lands Acquisition and Development Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 40,211	\$ 65,289	\$ 105,500
Securities lending collateral of State Treasurer	12,953		12,953
Other receivables, net:	40		40
Due from other funds		3	3
Total assets	\$ 53,204	\$ 65,292	\$ 118,496
LIABILITIES			
Accounts payable and accrued liabilities		\$ 198	\$ 198
Intergovernmental payables		9,897	9,897
Due to other funds		15	15
Obligations under securities lending of State Treasurer	\$ 12,953		12,953
Total liabilities	12,953	10,110	23,063
FUND BALANCES			
Restricted	40,251		40,251
Committed		55,182	55,182
Total fund balances	40,251	55,182	95,433
Total liabilities and fund balances	\$ 53,204	\$ 65,292	\$ 118,496

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, 2017 (Expressed in Thousands)

	Abandoned Mined Land Reclamation Set-Aside Fund	Open Space Lands Acquisition and Development Fund	Total
REVENUES			
Other taxes		\$ 27,114	\$ 27,114
Interest and other investment income	\$ 336		336
Total revenues	336	27,114	27,450
EXPENDITURES			
Current:			
Environment and business regulation		13,259	13,259
Total expenditures		13,259	13,259
Excess (deficiency) of revenues over (under) expenditures	336	13,855	14,191
Net change in fund balances	336	13,855	14,191
Fund balances, July 1, 2016	39,915	41,327	81,242
FUND BALANCES, JUNE 30, 2017	\$ 40,251	\$ 55,182	\$ 95,433

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Human Services

June 30, 2017 (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	\$ 5,520	\$ 59,725	\$ 249,383	\$ 18,504		\$ 333,132
Receivables, net:						
Taxes			45,145			45,145
Intergovernmental	22,342	46,465		10		68,817
Other		2	542	170,577		171,121
Due from other funds		3,551	40,771			44,322
Total assets	\$ 27,862	\$ 109,743	\$ 335,841	\$ 189,091	\$ -	\$ 662,537
LIABILITIES						
Accounts payable and accrued liabilities	\$ 25,035	\$ 48,928	\$ 260,645	\$ 259		\$ 334,867
Intergovernmental payables	405	5,207	1,847	92,795		100,254
Due to other funds	2,348	3,255	1,900	7,834		15,337
Due to component units	74	2,702	43			2,819
Unearned revenue		25	5,175			5,200
Total liabilities	27,862	60,117	269,610	100,888		458,477
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unavailable revenue		285	6,528	76,383		83,196
Total deferred inflows of resources		285	6,528	76,383		83,196
FUND BALANCES						
Restricted		49,341		11,820		61,161
Committed			59,703			59,703
Total fund balances		49,341	59,703	11,820		120,864
Total liabilities, deferred inflows of resources and fund balances	\$ 27,862	\$ 109,743	\$ 335,841	\$ 189,091	\$ -	\$ 662,537

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, 2017 (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			\$ 457,049			\$ 457,049
Federal government	\$ 428,887	\$ 243,859		\$ 199	\$ 2,985,948	3,658,893
Other		(217)		16,047		15,830
Total revenues	428,887	243,642	457,049	16,246	2,985,948	4,131,772
EXPENDITURES						
Current:						
Health and social services	428,887	249,472	408,865	12,077	2,985,948	4,085,249
Employment and economic development			244			244
Public protection and justice			9,278			9,278
Debt service:						
Principal		1				1
Capital outlays			916			916
Total expenditures	428,887	249,473	419,303	12,077	2,985,948	4,095,688
Excess (deficiency) of revenues over (under) expenditures	-	(5,831)	37,746	4,169	-	36,084
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in			51,000			51,000
Net other sources (uses) of financial resources			51,000			51,000
Net change in fund balances	-	(5,831)	88,746	4,169	-	87,084
Fund balances, July 1, 2016		55,172	(29,043)	7,651		33,780
FUND BALANCES, JUNE 30, 2017	\$ -	\$ 49,341	\$ 59,703	\$ 11,820	\$ -	\$ 120,864

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Insurance

June 30, 2017 (Expressed in Thousands)

	Insurance Producers' Administration Fund	Insurance Financial Regulation Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 42,758	\$ 41,780	\$ 84,538
Other receivables, net:	2,218	1,516	3,734
Total assets	\$ 44,976	\$ 43,296	\$ 88,272
LIABILITIES			
Accounts payable and accrued liabilities	\$ 422	\$ 651	\$ 1,073
Intergovernmental payables	27	32	59
Due to other funds	340	378	718
Due to component units	2		2
Total liabilities	791	1,061	1,852
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - unavailable revenue	2,165		2,165
Total deferred inflows of resources	2,165		2,165
FUND BALANCES			
Committed	42,020	42,235	84,255
Total fund balances	42,020	42,235	84,255
Total liabilities, deferred inflows of resources and fund balances	\$ 44,976	\$ 43,296	\$ 88,272

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Insurance Producers' Administration Fund	Insurance Financial Regulation Fund	Total
REVENUES			
Licenses and fees	\$ 30,186	\$ 23,479	\$ 53,665
Other	4,872	48	4,920
Total revenues	35,058	23,527	58,585
EXPENDITURES			
Current:			
Environment and business regulation	17,382	17,632	35,014
Debt service:			
Principal	5	1	6
Interest	2		2
Capital outlays	18		18
Total expenditures	17,407	17,633	35,040
Excess (deficiency) of revenues over (under) expenditures	17,651	5,894	23,545
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Capital lease financing	18		18
Net other sources (uses) of financial resources	18		18
Net change in fund balances	17,669	5,894	23,563
Fund balances, July 1, 2016	24,351	36,341	60,692
FUND BALANCES, JUNE 30, 2017	\$ 42,020	\$ 42,235	\$ 84,255

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
Revenue

June 30, 2017 (Expressed in Thousands)

	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund	Local Government Distributive Fund
ASSETS					
Cash equity with State Treasurer	\$ 51,639	\$ 55,960	\$ 234,909	\$ 71,302	\$ 8,487
Securities lending collateral of State Treasurer				21,550	
Receivables, net:					
Taxes	10,133	858	6,005		25,249
Other				66	
Due from other funds			3,300		442,912
Due from component units				345,483	
Loans and notes receivable, net					
Total assets	\$ 61,772	\$ 56,818	\$ 244,214	\$ 438,401	\$ 476,648
LIABILITIES					
Accounts payable and accrued liabilities				\$ 318	
Intergovernmental payables	\$ 21,623	\$ 60,576	\$ 407,386		\$ 476,541
Due to other funds	80,149	36,242	8,828		107
Due to component units				24,380	
Unearned revenue					
Obligations under securities lending of State Treasurer				21,550	
Total liabilities	101,772	96,818	416,214	46,248	476,648
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue					5,100
Total deferred inflows of resources					5,100
FUND BALANCES (DEFICITS)					
Committed				392,153	
Unassigned	(40,000)	(40,000)	(172,000)		(5,100)
Total fund balances (deficits)	(40,000)	(40,000)	(172,000)	392,153	(5,100)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 61,772	\$ 56,818	\$ 244,214	\$ 438,401	\$ 476,648

Personal Property Tax Replacement Fund	Senior Citizens' Real Estate Deferred Tax Revolving Fund	Build Illinois Fund	Total
\$ 258,421	\$ 11,237	\$ 15,321	\$ 707,276
34,095		7,041	62,686
60,479		46,402	149,126
104	14,306	22	14,498
		9,450	455,662
			345,483
	39,683		39,683
\$ 353,099	\$ 65,226	\$ 78,236	\$ 1,774,414
\$ 24,869		\$ 16,330	\$ 41,517
230,724			1,196,850
55,405			180,731
			24,380
221,445			221,445
34,095		7,041	62,686
566,538		23,371	1,727,609
19,788	\$ 14,306	48	39,242
19,788	14,306	48	39,242
	50,920	54,817	497,890
(233,227)			(490,327)
(233,227)	50,920	54,817	7,563
\$ 353,099	\$ 65,226	\$ 78,236	\$ 1,774,414

State of Illinois

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

Revenue

For the Year Ended June 30, 2017 (Expressed in Thousands)

	State and Local Sales Tax Reform Fund	County and Mass Transit District Fund	Local Government Tax Fund	Illinois Affordable Housing Trust Fund	Local Government Distributive Fund
REVENUES					
Income taxes					\$ 1,243,354
Sales taxes	\$ 125,795	\$ 371,053	\$ 1,813,739		252,681
Public utility taxes					
Other taxes				\$ 38,737	
Interest and other investment income				1,970	
Other				14,965	
Total revenues	125,795	371,053	1,813,739	55,672	1,496,035
EXPENDITURES					
Current:					
Health and social services				13,639	
General government				14,639	
Intergovernmental	85,812	370,460	1,811,887		1,496,135
Total expenditures	85,812	370,460	1,811,887	28,278	1,496,135
Excess (deficiency) of revenues over (under) expenditures	39,983	593	1,852	27,394	(100)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in					
Transfers-out	(38,467)				(5,000)
Net other sources (uses) of financial resources	(38,467)				(5,000)
Net change in fund balances	1,516	593	1,852	27,394	(5,100)
Fund balances (deficits), July 1, 2016	(41,516)	(40,593)	(173,852)	364,759	
FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (40,000)	\$ (40,000)	\$ (172,000)	\$ 392,153	\$ (5,100)

	Personal Property Tax Replacement Fund	Senior Citizens' Real Estate Deferred Tax Revolving Fund	Build Illinois Fund	Total
\$	1,440,677		\$	2,684,031
	219,537		482,089	3,045,357
			143,552	219,537
	780	\$ 2,091	161	182,289
				5,002
				14,965
	1,660,994	2,091	625,802	6,151,181
				13,639
	69,883			84,522
	1,607,509			5,371,803
	1,677,392			5,469,964
	(16,398)	2,091	625,802	681,217
	62,025		39,466	101,491
	(54,308)		(654,104)	(751,879)
	7,717		(614,638)	(650,388)
	(8,681)	2,091	11,164	30,829
	(224,546)	48,829	43,653	(23,266)
\$	(233,227)	\$ 50,920	\$ 54,817	\$ 7,563

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
Transportation

June 30, 2017 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal High Speed Rail Trust Fund	Downstate Public Transportation Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 105,859	\$ 34,969	\$ 30,106	\$ 170,934
Receivables, net:				
Taxes	113,078			113,078
Intergovernmental		163,741		163,741
Due from other funds			170,887	170,887
Total assets	\$ 218,937	\$ 198,710	\$ 200,993	\$ 618,640
LIABILITIES				
Accounts payable and accrued liabilities	\$ 14,474	\$ 85,133	\$ 20	\$ 99,627
Intergovernmental payables	105,668	865	44,649	151,182
Due to other funds	98,795			98,795
Total liabilities	218,937	85,998	44,669	349,604
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unavailable revenue		13,298		13,298
Total deferred inflows of resources		13,298		13,298
FUND BALANCES				
Committed		99,414	156,324	255,738
Total fund balances		99,414	156,324	255,738
Total liabilities, deferred inflows of resources and fund balances	\$ 218,937	\$ 198,710	\$ 200,993	\$ 618,640

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal High Speed Rail Trust Fund	Downstate Public Transportation Fund	Total
REVENUES				
Sales taxes			\$ 193,428	\$ 193,428
Motor fuel taxes	\$ 717,278			717,278
Federal government	35	\$ 549,604		549,639
Licenses and fees	922			922
Total revenues	718,235	549,604	193,428	1,461,267
EXPENDITURES				
Current:				
General government	44,074			44,074
Transportation		261,896	207,400	469,296
Debt service:				
Principal	3			3
Capital outlays	443	155,661		156,104
Intergovernmental	580,414			580,414
Total expenditures	624,934	417,557	207,400	1,249,891
Excess (deficiency) of revenues over (under) expenditures	93,301	132,047	(13,972)	211,376
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out	(93,301)			(93,301)
Net other sources (uses) of financial resources	(93,301)			(93,301)
Net change in fund balances	-	132,047	(13,972)	118,075
Fund balances (deficits), July 1, 2016		(32,633)	170,296	137,663
FUND BALANCES, JUNE 30, 2017	\$ -	\$ 99,414	\$ 156,324	\$ 255,738

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Departments

June 30, 2017 (Expressed in Thousands)

	Children and Family Services	Employment Security	Illinois Power Agency	Public Health	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	Illinois Power Agency Renewable Energy Resources Fund	Public Health Services Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 67,305	\$ 52,858	\$ 174,472	\$ 10,521	\$ 305,156
Cash and cash equivalents	305	3			308
Receivables, net:					
Intergovernmental	33,495	22,712		21,193	77,400
Other		36			36
Due from other funds	973	1,723		3,290	5,986
Inventories		304		522	826
Total assets	\$ 102,078	\$ 77,636	\$ 174,472	\$ 35,526	\$ 389,712
LIABILITIES					
Accounts payable and accrued liabilities	\$ 47,919	\$ 5,439	\$ 1,206	\$ 13,539	\$ 68,103
Intergovernmental payables	546	704		5,869	7,119
Due to other funds	184	6,515		891	7,590
Due to component units	2,533	70		975	3,578
Unearned revenue				4,859	4,859
Total liabilities	51,182	12,728	1,206	26,133	91,249
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	730	5,764		7,213	13,707
Total deferred inflows of resources	730	5,764		7,213	13,707
FUND BALANCES					
Nonspendable inventories		304		522	826
Restricted		58,840			58,840
Committed	50,166		173,266		223,432
Assigned				1,658	1,658
Total fund balances	50,166	59,144	173,266	2,180	284,756
Total liabilities, deferred inflows of resources and fund balances	\$ 102,078	\$ 77,636	\$ 174,472	\$ 35,526	\$ 389,712

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, 2017 (Expressed in Thousands)

	Children and Family Services	Employment Security	Illinois Power Agency	Public Health	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	Illinois Power Agency Renewable Energy Resources Fund	Public Health Services Fund	Total
REVENUES					
Federal government	\$ 465,030	\$ 191,638		\$ 223,964	\$ 880,632
Licenses and fees	56	67			123
Interest and other investment income		292			292
Other	5,737	325	\$ 40,927	15,737	62,726
Total revenues	470,823	192,322	40,927	239,701	943,773
EXPENDITURES					
Current:					
Health and social services	389,690			247,667	637,357
Employment and economic development		180,211	1,915		182,126
Debt service:					
Principal		65		3	68
Interest		9		1	10
Capital outlays	184	8,000		218	8,402
Total expenditures	389,874	188,285	1,915	247,889	827,963
Excess (deficiency) of revenues over (under) expenditures	80,949	4,037	39,012	(8,188)	115,810
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in	729	21,209			21,938
Transfers-out		(1)	(12,000)		(12,001)
Capital lease financing		106		11	117
Net other sources (uses) of financial resources	729	21,314	(12,000)	11	10,054
Net change in fund balances	81,678	25,351	27,012	(8,177)	125,864
Fund balances (deficits), July 1, 2016	(31,512)	33,737	146,254	10,291	158,770
Restatement/reclassification of fund balances		56		66	122
FUND BALANCES, JUNE 30, 2017	\$ 50,166	\$ 59,144	\$ 173,266	\$ 2,180	\$ 284,756

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

State Board of Education

June 30, 2017 (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	\$ 1,015	\$ 2,340	\$ 31,416	\$ 34,771
Receivables, net:				
Taxes			45,153	45,153
Intergovernmental	20,100	327,747		347,847
Other	7,587	387	4	7,978
Due from other funds		4,499		4,499
Inventories	2,713			2,713
Total assets	\$ 31,415	\$ 334,973	\$ 76,573	\$ 442,961
LIABILITIES				
Accounts payable and accrued liabilities	\$ 18,253	\$ 22,418	\$ 32	\$ 40,703
Intergovernmental payables	9,562	300,106		309,668
Due to other funds	202	9,544	2	9,748
Due to component units	1	1,814		1,815
Unearned revenue	407	676	5,175	6,258
Total liabilities	28,425	334,558	5,209	368,192
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unavailable revenue	4	83,950	6,536	90,490
Total deferred inflows of resources	4	83,950	6,536	90,490
FUND BALANCES (DEFICITS)				
Nonspendable inventories	2,713			2,713
Restricted	277			277
Committed			64,828	64,828
Unassigned	(4)	(83,535)		(83,539)
Total fund balances (deficits)	2,986	(83,535)	64,828	(15,721)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 31,415	\$ 334,973	\$ 76,573	\$ 442,961

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, 2017 (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			\$ 457,049	\$ 457,049
Federal government	\$ 836,576	\$ 1,454,357		2,290,933
Other	24			24
Total revenues	836,600	1,454,357	457,049	2,748,006
EXPENDITURES				
Current:				
Education	835,841	1,460,700	445,734	2,742,275
Capital outlays	697	2,664		3,361
Total expenditures	836,538	1,463,364	445,734	2,745,636
Excess (deficiency) of revenues over (under) expenditures	62	(9,007)	11,315	2,370
Net change in fund balances	62	(9,007)	11,315	2,370
Fund balances (deficits), July 1, 2016	2,038	(74,528)	53,513	(18,977)
Increase for changes in inventories	886			886
FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 2,986	\$ (83,535)	\$ 64,828	\$ (15,721)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Agencies, Boards and Authorities

June 30, 2017 (Expressed in Thousands)

	Railsplitter Tobacco Settlement Authority	Workers' Compensation Commission	Illinois Gaming Board	Office of the State Fire Marshal	
	Railsplitter Trustee Account Fund	Illinois Workers Compensation Commission Operations Fund	State Gaming Fund	Underground Storage Tank Fund	Total
ASSETS					
Cash equity with State Treasurer		\$ 22,403	\$ 49,754	\$ 74,186	\$ 146,343
Cash and cash equivalents	\$ 230,378				230,378
Securities lending collateral of State Treasurer				22,849	22,849
Receivables, net:					
Taxes			2,848	6,409	9,257
Other	125,171	44,317	169	2,307	171,964
Due from other funds			5		5
Total assets	355,549	66,720	52,776	105,751	580,796
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - TSR's	620,558				620,558
Total deferred outflows of resources	620,558				620,558
Total assets and deferred outflows of resources	\$ 976,107	\$ 66,720	\$ 52,776	\$ 105,751	\$ 1,201,354
LIABILITIES					
Accounts payable and accrued liabilities		\$ 730	\$ 927	\$ 556	\$ 2,213
Intergovernmental payables		36	9,869	159	10,064
Due to other funds	\$ 106,624	666	41,980	284	149,554
Obligations under securities lending of State Treasurer				22,849	22,849
Total liabilities	106,624	1,432	52,776	23,848	184,680
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	125,171	17,001		2,237	144,409
Total deferred inflows of resources	125,171	17,001		2,237	144,409
FUND BALANCES					
Restricted	744,312				744,312
Committed		48,287		79,666	127,953
Total fund balances	744,312	48,287		79,666	872,265
Total liabilities, deferred inflows of resources and fund balances	\$ 976,107	\$ 66,720	\$ 52,776	\$ 105,751	\$ 1,201,354

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, 2017 (Expressed in Thousands)

	Railsplitter Tobacco Settlement Authority	Workers' Compensation Commission	Illinois Gaming Board	Office of the State Fire Marshal	
	Railsplitter Trustee Account Fund	Illinois Workers Compensation Commission Operations Fund	State Gaming Fund	Underground Storage Tank Fund	Total
REVENUES					
Motor fuel taxes				\$ 73,989	\$ 73,989
Riverboat taxes			\$ 475,299		475,299
Licenses and fees		\$ 55,867	5,175	45	61,087
Interest and other investment income	\$ 974			533	1,507
Other	247,841	2,773	2	6,274	256,890
Total revenues	248,815	58,640	480,476	80,841	868,772
EXPENDITURES					
Current:					
Health and social services			525		525
General government	55			1,773	1,828
Public protection and justice			46,556	4,036	50,592
Environment and business regulation		27,725		27,106	54,831
Debt service:					
Principal	84,700	1			84,701
Interest	64,184				64,184
Capital outlays			323		323
Intergovernmental			90,850		90,850
Total expenditures	148,939	27,726	138,254	32,915	347,834
Excess (deficiency) of revenues over (under) expenditures	99,876	30,914	342,222	47,926	520,938
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-out	(182,329)		(342,222)	(13,993)	(538,544)
Net other sources (uses) of financial resources	(182,329)		(342,222)	(13,993)	(538,544)
Net change in fund balances	(82,453)	30,914	-	33,933	(17,606)
Fund balances, July 1, 2016	826,765	17,373		45,733	889,871
FUND BALANCES, JUNE 30, 2017	\$ 744,312	\$ 48,287	\$ -	\$ 79,666	\$ 872,265

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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, 2017 (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	Other	
ASSETS					
Cash equity with State Treasurer	\$ 1,219,687	\$ 14,247	\$ 7,893	\$ 1,241,827	
Cash and cash equivalents	5,525	115,319	22,760	143,604	
Securities lending collateral of State Treasurer	321,779	4,040		325,819	
Receivables, net:					
Intergovernmental	9,625			9,625	
Other	985	60		1,045	
Due from other funds	3,076			3,076	
Loans and notes receivable, net	4,848			4,848	
Total assets	\$ 1,565,525	\$ 133,666	\$ 30,653	\$ 1,729,844	
LIABILITIES					
Obligations under securities lending of State Treasurer	\$ 321,779	\$ 4,040		\$ 325,819	
Total liabilities	321,779	4,040		325,819	
FUND BALANCES					
Restricted	1,243,746	129,626	\$ 30,653	1,404,025	
Total fund balances	1,243,746	129,626	30,653	1,404,025	
Total liabilities and fund balances	\$ 1,565,525	\$ 133,666	\$ 30,653	\$ 1,729,844	

State of Illinois

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

For the Year Ended June 30, 2017 (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	\$ 53,770					\$ 53,770
Interest and other investment income	10,189	\$ 1,555		\$ 72		11,816
Other	15					15
Total revenues	63,974	1,555		72		65,601
EXPENDITURES						
Current:						
General government	10,466	31				10,497
Employment and economic development				16		16
Transportation				1		1
Debt service:						
Principal	1,997,145	219,410		18,300		2,234,855
Interest	1,346,726	109,316		2,167		1,458,209
Total expenditures	3,354,337	328,757		20,484		3,703,578
Excess (deficiency) of revenues over (under) expenditures	(3,290,363)	(327,202)		(20,412)		(3,637,977)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation refunding bonds issued	1,303,145					1,303,145
Premiums on general obligation refunding bonds issued	99,967					99,967
Transfers-in	3,170,810	459,977		20,799		3,651,586
Transfers-out		(138,804)				(138,804)
Payments to refunded bond escrow agent	(1,392,723)					(1,392,723)
Net other sources (uses) of financial resources	3,181,199	321,173		20,799		3,523,171
Net change in fund balances	(109,164)	(6,029)		387		(114,806)
Fund balances, July 1, 2016	1,352,910	135,655		30,266		1,518,831
FUND BALANCES, JUNE 30, 2017	\$ 1,243,746	\$ 129,626		\$ 30,653		\$ 1,404,025

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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.

State Construction Account--to account for a portion of motor fuel taxes, motor vehicle registrations fees and weight taxes, to be expended for the construction, reconstruction and maintenance of the State maintained highway system.

Capital Development Board

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

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

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

State of Illinois

Combining Balance Sheet
Nonmajor Capital Projects Funds

June 30, 2017 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board			Total
	Build Illinois Bond Fund	Transportation		Other		
ASSETS						
Cash equity with State Treasurer	\$ 185,876	\$ 735,099	\$ 130,162	\$ 6,297	\$	\$ 1,057,434
Cash and cash equivalents			6,167	1,188		7,355
Securities lending collateral of State Treasurer		138,639				138,639
Receivables, net:						
Intergovernmental			4,511			4,511
Other	663	2,076				2,739
Due from other funds	2,125	38,862	14,310	1,013		56,310
Loans and notes receivable, net	1,500					1,500
Total assets	\$ 190,164	\$ 914,676	\$ 155,150	\$ 8,498	\$	\$ 1,268,488
LIABILITIES						
Accounts payable and accrued liabilities	\$ 295	\$ 123,983	\$ 50,225		\$	\$ 174,503
Intergovernmental payables	8,173	106,474	3,283			117,930
Due to other funds	2		228			230
Due to component units		2				2
Unearned revenue		9,340	1,730			11,070
Obligations under securities lending of State Treasurer		138,639				138,639
Total liabilities	8,470	378,438	55,466			442,374
FUND BALANCES						
Restricted	181,694	86,505	87,303	\$ 6,936		362,438
Committed		449,733	12,381	1,562		463,676
Total fund balances	181,694	536,238	99,684	8,498		826,114
Total liabilities and fund balances	\$ 190,164	\$ 914,676	\$ 155,150	\$ 8,498	\$	\$ 1,268,488

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board	Other	Total
	Build Illinois Bond Fund	Transportation			
REVENUES					
Motor fuel taxes		\$ 213,239			\$ 213,239
Federal government			\$ 27,354		27,354
Licenses and fees		525,814			525,814
Interest and other investment income		2,673			2,673
Other	\$ 42	197	19,111		19,350
Total revenues	42	741,923	46,465		788,430
EXPENDITURES					
Current:					
Education	(4,028)		129,555		125,527
General government	2,977	1,271	22,456	\$ 2	26,706
Employment and economic development	110				110
Transportation		396,542		1,887	398,429
Environment and business regulation	22,067		5,166	6,440	33,673
Capital outlays	3	1,026,956	74,969		1,101,928
Total expenditures	21,129	1,424,769	232,146	8,329	1,686,373
Excess (deficiency) of revenues over (under) expenditures	(21,087)	(682,846)	(185,681)	(8,329)	(897,943)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General and special obligation bonds issued	210,035	370,000	110,000		690,035
Premiums on general and special obligation bonds issued	22,775	24,411	7,257		54,443
Special obligation refunding bonds issued	338,755				338,755
Premiums on special obligation refunding bonds issued	52,833				52,833
Transfers-in		30,162	73,072	12,859	116,093
Transfers-out		(93,474)	(19,400)	(800)	(113,674)
Payments to refunded bond escrow agent	(390,162)				(390,162)
Net other sources (uses) of financial resources	234,236	331,099	170,929	12,059	748,323
Net change in fund balances	213,149	(351,747)	(14,752)	3,730	(149,620)
Fund balances, July 1, 2016	(31,455)	887,985	114,436	4,768	975,734
FUND BALANCES, JUNE 30, 2017	\$ 181,694	\$ 536,238	\$ 99,684	\$ 8,498	\$ 826,114

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Transportation

June 30, 2017 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	State Construction Account	Total
ASSETS					
Cash equity with State Treasurer	\$ 24,691	\$ 138,044	\$ 72,883	\$ 499,481	\$ 735,099
Securities lending collateral of State Treasurer				138,639	138,639
Other receivables, net	197		20	1,859	2,076
Due from other funds				38,862	38,862
Total assets	\$ 24,888	\$ 138,044	\$ 72,903	\$ 678,841	\$ 914,676
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,936	\$ 14,913	\$ 28,520	\$ 77,614	\$ 123,983
Intergovernmental payables	5,037	65,796	32,126	3,515	106,474
Due to component units		2			2
Unearned revenue				9,340	9,340
Obligations under securities lending of State Treasurer				138,639	138,639
Total liabilities	7,973	80,711	60,646	229,108	378,438
FUND BALANCES					
Restricted	16,915	57,333	12,257		86,505
Committed				449,733	449,733
Total fund balances	16,915	57,333	12,257	449,733	536,238
Total liabilities and fund balances	\$ 24,888	\$ 138,044	\$ 72,903	\$ 678,841	\$ 914,676

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Transportation Bond Series A Fund	Transportation Bond Series B Fund	Transportation Bond Series D Fund	State Construction Account	Total
REVENUES					
Motor fuel taxes				\$ 213,239	\$ 213,239
Licenses and fees				525,814	525,814
Interest and other investment income				2,673	2,673
Other	\$ 197				197
Total revenues	197			741,726	741,923
EXPENDITURES					
Current:					
General government		\$ 275	\$ 996		1,271
Transportation	1,072	255,722	28,785	110,963	396,542
Capital outlays	3,661	930	467,886	554,479	1,026,956
Total expenditures	4,733	256,927	497,667	665,442	1,424,769
Excess (deficiency) of revenues over (under) expenditures	(4,536)	(256,927)	(497,667)	76,284	(682,846)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General obligation bonds issued		80,000	290,000		370,000
Premiums on general obligation bonds issued		5,278	19,133		24,411
Transfers-in		30,162			30,162
Transfers-out		(73,073)	(20,401)		(93,474)
Net other sources (uses) of financial resources		42,367	288,732		331,099
Net change in fund balances	(4,536)	(214,560)	(208,935)	76,284	(351,747)
Fund balances, July 1, 2016	21,451	271,893	221,192	373,449	887,985
FUND BALANCES, JUNE 30, 2017	\$ 16,915	\$ 57,333	\$ 12,257	\$ 449,733	\$ 536,238

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Capital Development Board

June 30, 2017 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 84,717	\$ 30,210	\$ 15,235	\$ 130,162
Cash and cash equivalents	6,167			6,167
Intergovernmental receivables, net			4,511	4,511
Due from other funds	10,496		3,814	14,310
Total assets	\$ 101,380	\$ 30,210	\$ 23,560	\$ 155,150
LIABILITIES				
Accounts payable and accrued liabilities	\$ 40,916		\$ 9,309	\$ 50,225
Intergovernmental payables	2,428	\$ 855		3,283
Due to other funds	88		140	228
Unearned revenue			1,730	1,730
Total liabilities	43,432	855	11,179	55,466
FUND BALANCES				
Restricted	57,948	29,355		87,303
Committed			12,381	12,381
Total fund balances	57,948	29,355	12,381	99,684
Total liabilities and fund balances	\$ 101,380	\$ 30,210	\$ 23,560	\$ 155,150

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, 2017 (Expressed in Thousands)

	Capital Development Fund	School Construction Fund	CDB Contributory Trust Fund	Total
REVENUES				
Federal government			\$ 27,354	\$ 27,354
Other			19,111	19,111
Total revenues			46,465	46,465
EXPENDITURES				
Current:				
Education	\$ 52,326	\$ 58,101	19,128	129,555
General government	22,353	103		22,456
Environment and business regulation	5,166			5,166
Capital outlays	47,632		27,337	74,969
Total expenditures	127,477	58,204	46,465	232,146
Excess (deficiency) of revenues over (under) expenditures	(127,477)	(58,204)	-	(185,681)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	80,000	30,000		110,000
Premiums on general obligation bonds issued	5,278	1,979		7,257
Transfers-in		73,072		73,072
Transfers-out		(19,400)		(19,400)
Net other sources (uses) of financial resources	85,278	85,651		170,929
Net change in fund balances	(42,199)	27,447	-	(14,752)
Fund balances, July 1, 2016	100,147	1,908	12,381	114,436
FUND BALANCES, JUNE 30, 2017	\$ 57,948	\$ 29,355	\$ 12,381	\$ 99,684

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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, 2017 (Expressed in Thousands)

	Natural Resources	Human Services	Illinois Power Agency Illinois Power Agency Trust Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 14,335			\$ 14,335
Cash and cash equivalents		\$ 189		189
Securities lending collateral of State Treasurer	749			749
Investments		1,201	\$ 36,893	38,094
Other receivables, net	11	1		12
Due from other funds		17		17
Total assets	\$ 15,095	\$ 1,408	\$ 36,893	\$ 53,396
LIABILITIES				
Due to other funds		\$ 152		\$ 152
Obligations under securities lending of State Treasurer	\$ 749			749
Total liabilities	749	152		901
FUND BALANCES				
Nonspendable endowments and similar funds	11,001	1,099	\$ 36,893	48,993
Restricted	3,345	157		3,502
Total fund balances	14,346	1,256	36,893	52,495
Total liabilities and fund balances	\$ 15,095	\$ 1,408	\$ 36,893	\$ 53,396

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Natural Resources	Human Services	Illinois Power Agency Illinois Power Agency Trust Fund	Total
REVENUES				
Licenses and fees	\$ 58			\$ 58
Interest and other investment income	88	\$ 20	\$ 4,060	4,168
Other		17		17
Total revenues	146	37	4,060	4,243
EXPENDITURES				
Current:				
Health and social services		11		11
Total expenditures		11		11
Excess (deficiency) of revenues over (under) expenditures	146	26	4,060	4,232
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		16		16
Transfers-out		(14)		(14)
Net other sources (uses) of financial resources		2		2
Net change in fund balances	146	28	4,060	4,234
Fund balances, July 1, 2016	14,200	1,228	32,833	48,261
FUND BALANCES, JUNE 30, 2017	\$ 14,346	\$ 1,256	\$ 36,893	\$ 52,495

State of Illinois

Combining Balance Sheet - Nonmajor Permanent Funds

Natural Resources

June 30, 2017 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 2,331	\$ 12,004	\$ 14,335
Securities lending collateral of State Treasurer	749		749
Other receivables, net	2	9	11
Total assets	\$ 3,082	\$ 12,013	\$ 15,095
LIABILITIES			
Obligations under securities lending of State Treasurer	\$ 749		\$ 749
Total liabilities	749		749
FUND BALANCES			
Nonspendable endowments and similar funds	2,333	\$ 8,668	11,001
Restricted		3,345	3,345
Total fund balances	2,333	12,013	14,346
Total liabilities and fund balances	\$ 3,082	\$ 12,013	\$ 15,095

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Natural Resources		Total
	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	
REVENUES			
Licenses and fees	\$ 58		\$ 58
Interest and other investment income	19	\$ 69	88
Total revenues	77	69	146
Net change in fund balances	77	69	146
Fund balances, July 1, 2016	2,256	11,944	14,200
FUND BALANCES, JUNE 30, 2017	\$ 2,333	\$ 12,013	\$ 14,346

State of Illinois

Combining Balance Sheet - Nonmajor Permanent Funds

Human Services

June 30, 2017 (Expressed in Thousands)

	DHS Permanent Trust Fund	Burr Bequest Fund	Total
ASSETS			
Cash and cash equivalents	\$ 140	\$ 49	\$ 189
Investments	256	945	1,201
Other receivables, net		1	1
Due from other funds	17		17
Total assets	\$ 413	\$ 995	\$ 1,408
LIABILITIES			
Due to other funds	\$ 152		\$ 152
Total liabilities	152		152
FUND BALANCES			
Nonspendable endowments and similar funds	154	\$ 945	1,099
Restricted	107	50	157
Total fund balances	261	995	1,256
Total liabilities and fund balances	\$ 413	\$ 995	\$ 1,408

State of Illinois

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Permanent Funds
Human Services**

For the Year Ended June 30, 2017 (Expressed in Thousands)

	DHS Permanent Trust Fund	Burr Bequest Fund	Total
REVENUES			
Interest and other investment income	\$ 13	\$ 7	\$ 20
Other	17		17
Total revenues	30	7	37
EXPENDITURES			
Current:			
Health and social services	10	1	11
Total expenditures	10	1	11
Excess (deficiency) of revenues over (under) expenditures	20	6	26
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in	16		16
Transfers-out	(14)		(14)
Net other sources (uses) of financial resources	2		2
Net change in fund balances	22	6	28
Fund balances, July 1, 2016	239	989	1,228
FUND BALANCES, JUNE 30, 2017	\$ 261	\$ 995	\$ 1,256

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ENTERPRISE FUNDS

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

SIGNIFICANT NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS

Department of 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, 2017 (Expressed in Thousands)

	Financial and Professional Regulation		Lottery	Student Assistance Commission	Other	Total
	Bank and Trust Company Fund	State Lottery Fund				
ASSETS						
Cash equity with State Treasurer	\$ 13,910	\$ 80,094	\$ 97,286	\$ 37,249	\$ 228,539	
Cash and cash equivalents		37,539	19,616	4,708	61,863	
Securities lending collateral of State Treasurer	4,362		31,172	9,616	45,150	
Investments		24,277	3,985	30,172	58,434	
Receivables, net:						
Intergovernmental			19,163	934	20,097	
Other	6,239	50,325	95	4,239	60,898	
Due from other funds		1	4,852	356	5,209	
Restricted assets:						
Cash and cash equivalents			14,197		14,197	
Other receivables, net			14,771		14,771	
Loans and notes receivable, net			45,988		45,988	
Prepaid expenses				201	201	
Total current assets	24,511	192,236	251,125	87,475	555,347	
Investments		263,286		18,812	282,098	
Restricted loans and notes receivable, net			307,766		307,766	
Capital assets being depreciated, net		37	2,122	2,048	4,207	
Total noncurrent assets		263,323	309,888	20,860	594,071	
Total assets	24,511	455,559	561,013	108,335	1,149,418	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - pensions	16,713	21,525	15,962		54,200	
Total deferred outflows of resources	16,713	21,525	15,962		54,200	
LIABILITIES						
Accounts payable and accrued liabilities	4,740	90,671	12,092	15,241	122,744	
Intergovernmental payables	28	61	8,055		8,144	
Due to other funds	239	10,042	4,261	184	14,726	
Due to component units		2			2	
Unearned revenue		1,545		17,379	18,924	
Obligations under securities lending of State Treasurer	4,362		31,172	9,616	45,150	
Short-term notes payable			135,457		135,457	
Current portion of long-term liabilities	226	22,733	196	683	23,838	
Total current liabilities	9,595	125,054	191,233	43,103	368,985	
Due to other funds		89,046			89,046	
Noncurrent portion of long-term liabilities	72,362	325,550	254,472	7,071	659,455	
Total noncurrent liabilities	72,362	414,596	254,472	7,071	748,501	
Total liabilities	81,957	539,650	445,705	50,174	1,117,486	
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unamortized deferred amounts on refundings			37,056		37,056	
Deferred inflows of resources - pensions	6,586	3,288	28,732		38,606	
Total deferred inflows of resources	6,586	3,288	65,788		75,662	
NET POSITION						
Net investment in capital assets		37	2,122	2,048	4,207	
Restricted for:						
Debt service			16,657		16,657	
Education			43,712		43,712	
Unrestricted	(47,319)	(65,891)	2,991	56,113	(54,106)	
Total net position	\$ (47,319)	\$ (65,854)	\$ 65,482	\$ 58,161	\$ 10,470	

State of Illinois

Combining Statement of Revenues, Expenses
and Changes in Net Position
Nonmajor Enterprise Funds

For the Year Ended June 30, 2017 (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	\$ 21,910	\$ 2,843,956		\$ 32,272	\$ 76,484	\$ 2,974,622
Interest income pledged as revenue bond security				17,822	22	17,844
Other		6,152			52	6,204
Total operating revenues	21,910	2,850,108		50,094	76,558	2,998,670
OPERATING EXPENSES						
Cost of sales and services	18,470	160,045		142,401	1,574	322,490
Benefit payments and refunds					42,248	42,248
Prizes and claims		1,820,110				1,820,110
Interest	4			1,183		1,187
General and administrative		137,821		17,187	10,937	165,945
Depreciation		21		437	411	869
Other					16,587	16,587
Total operating expenses	18,474	2,117,997		161,208	71,757	2,369,436
Operating income (loss)	3,436	732,111		(111,114)	4,801	629,234
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	89	(10,183)		774	650	(8,670)
Interest expense		(11,181)			(35)	(11,216)
Federal government				132,188		132,188
Other revenues		337			71	408
Other expenses		(277)		(2,922)		(3,199)
Income (loss) before transfers	3,525	710,807		18,926	5,487	738,745
Transfers-in				25,698		25,698
Transfers-out	(2,805)	(732,666)		(25,698)		(761,169)
Change in net position	720	(21,859)		18,926	5,487	3,274
Net position, July 1, 2016	(48,039)	(43,995)		46,556	52,674	7,196
NET POSITION, JUNE 30, 2017	\$ (47,319)	\$ (65,854)		\$ 65,482	\$ 58,161	\$ 10,470

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2017 (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	\$ 23,503		\$ 129,300	\$ 75,759	\$ 228,562
Cash received from lottery sales		\$ 2,842,019			2,842,019
Cash payments to suppliers for goods and services		(226,297)	(6,963)	(46,594)	(279,854)
Cash payments to employees for services	(13,689)	(17,128)	(17,718)	(14,689)	(63,224)
Cash payments for lottery prizes		(1,823,083)			(1,823,083)
Cash payments for commissions and bonuses		(160,045)			(160,045)
Cash receipts from student loan principal			60,806		60,806
Cash receipts from student loan interest			11,774		11,774
Cash payments for student loans issued			(5,179)		(5,179)
Cash receipts from other operating activities		16,341		1,155	17,496
Cash payments for other operating activities	(1,934)	(301)	(234,460)	(11,410)	(248,105)
Net cash provided (used) by operating activities	7,880	631,506	(62,440)	4,221	581,167
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal paid on revenue bonds and other borrowings			(57,636)	(35)	(57,671)
Interest paid on revenue bonds and other borrowings			(4,881)		(4,881)
Grants received			137,432	29	137,461
Grants paid			(3,315)		(3,315)
Transfers-in from other funds			25,428		25,428
Transfers-out to other funds	(2,805)	(738,265)	(25,428)		(766,498)
Net cash provided (used) by noncapital financing activities	(2,805)	(738,265)	71,600	(6)	(669,476)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets			(162)	(130)	(292)
Net cash provided (used) by capital and related financing activities			(162)	(130)	(292)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities		(3,809)	(9,971)	(34,761)	(48,541)
Proceeds from sales and maturities of investment securities		31,265	7,000	32,694	70,959
Cash paid for long-term annuity prizes payable		(30,752)			(30,752)
Interest and dividends on investments	82	261	759	582	1,684
Net cash provided (used) by investing activities	82	(3,035)	(2,212)	(1,485)	(6,650)
Net increase (decrease) in cash and cash equivalents	5,157	(109,794)	6,786	2,600	(95,251)
Cash and cash equivalents, July 1, 2016	8,753	227,427	124,313	39,357	399,850
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 13,910	\$ 117,633	\$ 131,099	\$ 41,957	\$ 304,599
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Total cash and cash equivalents per Statement of Net Position		\$ 37,539	\$ 19,616	\$ 4,708	\$ 61,863
Add: cash equity with State Treasurer	\$ 13,910	80,094	97,286	37,249	228,539
Add: restricted cash equivalents			14,197		14,197
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 13,910	\$ 117,633	\$ 131,099	\$ 41,957	\$ 304,599

(continued)

State of Illinois

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds**

For the Year Ended June 30, 2017 (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)	\$ 3,436	\$ 732,111	\$ (111,114)	\$ 4,801	\$ 629,234
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation		21	437	411	869
Provision for uncollectible accounts	(47)	1,603	1,615		3,171
Amortization			1,395		1,395
Interest and investment income			(51)	(22)	(73)
Interest expense			1,183		1,183
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:					
(Increase) decrease in accounts receivable	168	28,075	(1,354)	(140)	26,749
(Increase) decrease in intergovernmental receivables			59	(487)	(428)
(Increase) decrease in due from other funds		(1)	(147)	(177)	(325)
(Increase) decrease in loans and notes receivable			53,773		53,773
(Increase) decrease in prepaid expenses				(152)	(152)
(Increase) decrease in deferred outflows of resources - pensions	(7,281)	(11,050)	(8,579)		(26,910)
Increase (decrease) in accounts payable and accrued liabilities	834	(136,851)	(1,041)	1,298	(135,760)
Increase (decrease) in intergovernmental payables	26	(8)	460	(3)	475
Increase (decrease) in due to other funds	224	(1,146)	(291)	122	(1,091)
Increase (decrease) in due to component units		(6)			(6)
Increase (decrease) in unearned revenue		(1,870)		(1,174)	(3,044)
Increase (decrease) in net pension liability	10,100	17,189	11,951		39,240
Increase (decrease) in other liabilities	(572)	(61)	84	(256)	(805)
Increase (decrease) in long-term annuity prizes payable		3,809			3,809
Increase (decrease) in deferred inflows of resources - pensions	992	(309)	(10,820)		(10,137)
Total adjustments	4,444	(100,605)	48,674	(580)	(48,067)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 7,880	\$ 631,506	\$ (62,440)	\$ 4,221	\$ 581,167
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Increase (decrease) in fair value of investments		\$ 21,848	\$ 14	\$ 63	\$ 21,925
Interest accreted on investments		11,153			11,153
Interest accreted on long-term annuity prizes payable		(11,153)			(11,153)

State of Illinois

Combining Statement of Net Position - Nonmajor Enterprise Funds

Student Assistance Commission

June 30, 2017 (Expressed in Thousands)

	Federal Student Loan Fund	Student Loan Operation Fund	Illinois Designated Account Purchase Program Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 42,232	\$ 55,054	\$ 19,616	\$ 97,286
Cash and cash equivalents				19,616
Securities lending collateral of State Treasurer	13,366	17,806		31,172
Investments			3,985	3,985
Receivables, net:				
Intergovernmental	18,640	523		19,163
Other	41	54		95
Due from other funds	1,220	3,632		4,852
Restricted assets:				
Cash and cash equivalents			14,197	14,197
Other receivables, net			14,771	14,771
Loans and notes receivable, net			45,988	45,988
Total current assets	75,499	77,069	98,557	251,125
Restricted loans and notes receivable, net			307,766	307,766
Capital assets being depreciated, net		2,122		2,122
Total noncurrent assets		2,122	307,766	309,888
Total assets	75,499	79,191	406,323	561,013
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions		15,317	645	15,962
Total deferred outflows of resources		15,317	645	15,962
LIABILITIES				
Accounts payable and accrued liabilities	10,109	916	1,067	12,092
Intergovernmental payables	7,521		534	8,055
Due to other funds	791	1,417	2,053	4,261
Obligations under securities lending of State Treasurer	13,366	17,806		31,172
Short-term notes payable			135,457	135,457
Current portion of long-term liabilities		192	4	196
Total current liabilities	31,787	20,331	139,115	191,233
Noncurrent portion of long-term liabilities		59,099	195,373	254,472
Total liabilities	31,787	79,430	334,488	445,705
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unamortized deferred amounts on refundings			37,056	37,056
Deferred inflows of resources - pensions		25,939	2,793	28,732
Total deferred inflows of resources		25,939	39,849	65,788
NET POSITION				
Net investment in capital assets		2,122		2,122
Restricted for:				
Debt service			16,657	16,657
Education	43,712			43,712
Unrestricted		(12,983)	15,974	2,991
Total net position	\$ 43,712	\$ (10,861)	\$ 32,631	\$ 65,482

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, 2017 (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	\$ 20,909	\$ 11,363		\$ 32,272
Interest income pledged as revenue bond security			\$ 17,822	17,822
Total operating revenues	20,909	11,363	17,822	50,094
OPERATING EXPENSES				
Cost of sales and services	131,593	10,808		142,401
Interest			1,183	1,183
General and administrative		11,262	5,925	17,187
Depreciation		437		437
Total operating expenses	131,593	22,507	7,108	161,208
Operating income (loss)	(110,684)	(11,144)	10,714	(111,114)
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	319	455		774
Federal government	132,188			132,188
Other expenses			(2,922)	(2,922)
Income (loss) before transfers	21,823	(10,689)	7,792	18,926
Transfers-in	3,750	21,948		25,698
Transfers-out	(21,948)	(3,750)		(25,698)
Change in net position	3,625	7,509	7,792	18,926
Net position, July 1, 2016	40,087	(18,370)	24,839	46,556
NET POSITION, JUNE 30, 2017	\$ 43,712	\$ (10,861)	\$ 32,631	\$ 65,482

State of Illinois

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

Student Assistance Commission

For the Year Ended June 30, 2017 (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	\$ 118,412	\$ 10,888	\$	\$ 129,300
Cash payments to suppliers for goods and services		(5,846)	(1,117)	(6,963)
Cash payments to employees for services		(17,374)	(344)	(17,718)
Cash receipts from student loan principal			60,806	60,806
Cash receipts from student loan interest			11,774	11,774
Cash payments for student loans issued			(5,179)	(5,179)
Cash payments for other operating activities	(229,889)	(4,571)		(234,460)
Net cash provided (used) by operating activities	(111,477)	(16,903)	65,940	(62,440)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on revenue bonds and other borrowings			(57,636)	(57,636)
Interest paid on revenue bonds and other borrowings			(4,881)	(4,881)
Grants received	137,432			137,432
Grants paid			(3,315)	(3,315)
Transfers-in from other funds	3,543	21,885		25,428
Transfers-out to other funds	(21,885)	(3,543)		(25,428)
Net cash provided (used) by noncapital financing activities	119,090	18,342	(65,832)	71,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(162)		(162)
Net cash provided (used) by capital and related financing activities		(162)		(162)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities			(9,971)	(9,971)
Proceeds from sales and maturities of investment securities			7,000	7,000
Interest and dividends on investments	295	427	37	759
Net cash provided (used) by investing activities	295	427	(2,934)	(2,212)
Net increase (decrease) in cash and cash equivalents	7,908	1,704	(2,826)	6,786
Cash and cash equivalents, July 1, 2016	34,324	53,350	36,639	124,313
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 42,232	\$ 55,054	\$ 33,813	\$ 131,099
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Total cash and cash equivalents per Statement of Net Position			\$ 19,616	\$ 19,616
Add: cash equity with State Treasurer	\$ 42,232	\$ 55,054		97,286
Add: restricted cash equivalents			14,197	14,197
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 42,232	\$ 55,054	\$ 33,813	\$ 131,099
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ (110,684)	\$ (11,144)	\$ 10,714	\$ (111,114)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		437		437
Provision for uncollectible accounts			1,615	1,615
Amortization			1,395	1,395
Interest and investment income			(51)	(51)
Interest expense			1,183	1,183
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable			(1,354)	(1,354)
(Increase) decrease in intergovernmental receivables		59		59
(Increase) decrease in due from other funds	12	(159)		(147)
(Increase) decrease in loans and notes receivable			53,773	53,773
(Increase) decrease in deferred outflows of resources - pensions		(8,320)	(259)	(8,579)
Increase (decrease) in accounts payable and accrued liabilities	(1,265)	268	(44)	(1,041)
Increase (decrease) in intergovernmental payables	460			460
Increase (decrease) in due to other funds		(232)	(59)	(291)
Increase (decrease) in net pension liability		11,431	520	11,951
Increase (decrease) in other liabilities		125	(41)	84
Increase (decrease) in deferred inflows of resources - pensions		(9,368)	(1,452)	(10,820)
Total adjustments	(793)	(5,759)	55,226	48,674
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (111,477)	\$ (16,903)	\$ 65,940	\$ (62,440)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Transfer of assets from (to) other state funds			\$	\$
Increase (decrease) in fair value of investments			14	14

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.

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.

Department of Innovation and Technology

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.

State of Illinois

Combining Statement of Net Position

Internal Service Funds

June 30, 2017 (Expressed in Thousands)

	Auditor General		Central	Corrections				
	Audit Expense		Management	Working Capital		Department of		
	Fund		Services	Revolving Fund		Innovation and	Other	Total
						Technology		
ASSETS								
Cash equity with State Treasurer	\$ 25,640	\$	166,803	\$ 6,907	\$	134,304	\$ 3,240	\$ 336,894
Cash and cash equivalents			85,942					85,942
Securities lending collateral of State Treasurer			39,939					39,939
Receivables, net:								
Intergovernmental			4,626	14		1,558		6,198
Other			25,160	179		54	1,096	26,489
Due from other funds	17,973		6,023,793	37,332		220,273	6,784	6,306,155
Due from component units	128		10,198	4		918	303	11,551
Inventories			2,031	6,374			1,573	9,978
Prepaid expenses				1				1
Total current assets	43,741		6,358,492	50,811		357,107	12,996	6,823,147
Capital assets not being depreciated			38,278			87,919		126,197
Capital assets being depreciated, net			142,977	2,476		68,489		213,942
Total noncurrent assets			181,255	2,476		156,408		340,139
Total assets	43,741		6,539,747	53,287		513,515	12,996	7,163,286
LIABILITIES								
Accounts payable and accrued liabilities	4,565		5,538,843	13,636		210,450	7,325	5,774,819
Intergovernmental payables			4,507	1		16,694		21,202
Due to other funds	1		5,297	3,264		35,363	6	43,931
Due to component units			385	7		198		590
Unearned revenue			4,383			14,348	31	18,762
Obligations under securities lending of State Treasurer			39,939					39,939
Current portion of long-term liabilities			116,472	197		650		117,319
Total current liabilities	4,566		5,709,826	17,105		277,703	7,362	6,016,562
Noncurrent portion of long-term liabilities			507,114	745		4,698		512,557
Total liabilities	4,566		6,216,940	17,850		282,401	7,362	6,529,119
NET POSITION								
Net investment in capital assets			177,030	2,471		156,408		335,909
Restricted for debt service			4,598					4,598
Unrestricted	39,175		141,179	32,966		74,706	5,634	293,660
Total net position	\$ 39,175	\$	322,807	\$ 35,437	\$	231,114	\$ 5,634	\$ 634,167

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Auditor General		Central Management Services	Corrections Working Capital Revolving Fund	Department of Innovation and Technology	Other	Total
	Audit Expense Fund						
OPERATING REVENUES							
Charges for sales and services	\$ 27,163	\$	3,250,101	\$ 35,417	\$ 278,052	\$ 20,550	\$ 3,611,283
Other			37				37
Total operating revenues	27,163		3,250,138	35,417	278,052	20,550	3,611,320
OPERATING EXPENSES							
Cost of sales and services	21,226		197,139	20,285	214,343	20,789	473,782
Benefit payments and refunds			2,542,530				2,542,530
General and administrative			59,103	3,060	7,915	6	70,084
Depreciation			17,264	532	12,236		30,032
Other			39				39
Total operating expenses	21,226		2,816,075	23,877	234,494	20,795	3,116,467
Operating income (loss)	5,937		434,063	11,540	43,558	(245)	494,853
NONOPERATING REVENUES (EXPENSES)							
Interest and investment income			2,674			140	2,814
Interest expense			(412,499)	(931)	(9,756)		(423,186)
Federal government			6,502				6,502
Other revenues				700			700
Other expenses			(23)		(184)		(207)
Income (loss) before contributions and transfers	5,937		30,717	11,309	33,618	(105)	81,476
Contributions of capital assets			201		23		224
Transfers-in						3,077	3,077
Transfers-out			(3,226)				(3,226)
Change in net position	5,937		27,692	11,309	33,641	2,972	81,551
Net position, July 1, 2016	33,238		295,115	24,128	197,473	2,662	552,616
NET POSITION, JUNE 30, 2017	\$ 39,175	\$	322,807	\$ 35,437	\$ 231,114	\$ 5,634	\$ 634,167

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Auditor General		Central	Corrections			
	Audit Expense		Management	Working Capital	Department of		Total
	Fund		Services	Revolving Fund	Innovation and	Other	
					Technology		
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from sales and services	\$ 3,058		\$ 132,070	\$ 1,379	\$ 14,909		\$ 151,416
Cash received from transactions with other funds	23,764		1,180,222	31,094	302,386	\$ 23,595	1,561,061
Cash payments to suppliers for goods and services	(21,501)		(1,232,593)	(26,518)	(135,853)	(23,906)	(1,440,371)
Cash payments to employees for services	(70)		(35,984)	(2,661)	(81,394)	(808)	(120,917)
Cash payments for workers compensation			(103,860)				(103,860)
Cash receipts from other operating activities			49,537	723			50,260
Net cash provided (used) by operating activities	5,251		(10,608)	4,017	100,048	(1,119)	97,589
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interest paid on other borrowings			(154,266)	(287)	(6,683)		(161,236)
Grants received			2,911				2,911
Transfers-in to other funds						3,077	3,077
Transfers-out to other funds			(3,226)				(3,226)
Net cash provided (used) by noncapital financing activities			(154,581)	(287)	(6,683)	3,077	(158,474)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets			(3,125)	(162)	(19,192)		(22,479)
Principal paid on capital debt			(3,990)	(7)			(3,997)
Interest paid on capital debt			(373)				(373)
Net cash provided (used) by capital and related financing activities			(7,488)	(169)	(19,192)		(26,849)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends on investments			2,670			140	2,810
Net cash provided (used) by investing activities			2,670			140	2,810
Net increase (decrease) in cash and cash equivalents	5,251		(170,007)	3,561	74,173	2,098	(84,924)
Cash and cash equivalents, July 1, 2016	20,389		422,752	3,346	60,131	1,142	507,760
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 25,640		\$ 252,745	\$ 6,907	\$ 134,304	\$ 3,240	\$ 422,836
Reconciliation of cash and cash equivalents to the statement of net position:							
Total cash and cash equivalents per statement of net position			\$ 85,942				\$ 85,942
Add: cash equity with State Treasurer	\$ 25,640		166,803	\$ 6,907	\$ 134,304	\$ 3,240	336,894
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 25,640		\$ 252,745	\$ 6,907	\$ 134,304	\$ 3,240	\$ 422,836
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
OPERATING INCOME (LOSS)	\$ 5,937		\$ 434,063	\$ 11,540	\$ 43,558	\$ (245)	\$ 494,853
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation			17,264	532	12,236		30,032
Provision for uncollectible accounts				(170)	(63)		(233)
Miscellaneous income				723			723
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable			(12,851)	(33)	363	5,024	(7,497)
(Increase) decrease in intergovernmental receivables			(3)	(2)	514		509
(Increase) decrease in due from other funds	(524)		(1,958,622)	(2,793)	26,917	(1,909)	(1,936,931)
(Increase) decrease in due from component units	183		(3,224)	39	436	(101)	(2,667)
(Increase) decrease in inventories			(351)	(141)		(56)	(548)
(Increase) decrease in prepaid expenses				2			2
Increase (decrease) in accounts payable and accrued liabilities	(345)		1,542,449	(5,444)	27	3,102	1,539,789
Increase (decrease) in intergovernmental payables			(11,319)	(30)	2,509		(8,840)
Increase (decrease) in due to other funds			(4,381)	4	4,993	(6,965)	(6,349)
Increase (decrease) in due to component units			(565)	1	33		(531)
Increase (decrease) in unearned revenue			4,383		8,964	31	13,378
Increase (decrease) in other liabilities			(17,451)	(211)	(439)		(18,101)
Total adjustments	(686)		(444,671)	(7,523)	56,490	(874)	(397,264)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 5,251		\$ (10,608)	\$ 4,017	\$ 100,048	\$ (1,119)	\$ 97,589
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Gain (loss) on disposal of capital assets			\$ (23)		\$ (155)		\$ (178)
Transfer of assets from (to) other state funds			201		(6)		195

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State of Illinois

Combining Statement of Net Position - Internal Service Funds

Central Management Services

June 30, 2017 (Expressed in Thousands)

	State Garage Revolving Fund	Facilities Management Revolving Fund	Professional Services Fund	Workers' Compensation Revolving Fund	Health Insurance Reserve Fund	Total
ASSETS						
Cash equity with State Treasurer	\$ 19,010	\$ 30,070	\$ 2,833	\$ 27,327	\$ 87,563	\$ 166,803
Cash and cash equivalents		4,598		16,528	64,816	85,942
Securities lending collateral of State Treasurer		11,456	1,304	6,269	20,910	39,939
Receivables, net:						
Intergovernmental	3				4,623	4,626
Other	13	35	4	19	25,089	25,160
Due from other funds	26,434	122,629	18,540	571,764	5,284,426	6,023,793
Due from component units		15			10,183	10,198
Inventories	2,031					2,031
Total current assets	47,491	168,803	22,681	621,907	5,497,610	6,358,492
Capital assets not being depreciated		38,278				38,278
Capital assets being depreciated, net	7,909	135,055	13			142,977
Total noncurrent assets	7,909	173,333	13			181,255
Total assets	55,400	342,136	22,694	621,907	5,497,610	6,539,747
LIABILITIES						
Accounts payable and accrued liabilities	12,234	50,032	1,053	637	5,474,887	5,538,843
Intergovernmental payables	27	4,448	2		30	4,507
Due to other funds	1,424	1,953	436	1	1,483	5,297
Due to component units	62	323				385
Unearned revenue		4,383				4,383
Obligations under securities lending of State Treasurer		11,456	1,304	6,269	20,910	39,939
Current portion of long-term liabilities	192	4,475	70	111,685	50	116,472
Total current liabilities	13,939	77,070	2,865	118,592	5,497,360	5,709,826
Noncurrent portion of long-term liabilities	1,007	2,248	294	503,315	250	507,114
Total liabilities	14,946	79,318	3,159	621,907	5,497,610	6,216,940
NET POSITION						
Net investment in capital assets	7,909	169,108	13			177,030
Restricted for debt service		4,598				4,598
Unrestricted	32,545	89,112	19,522			141,179
Total net position	\$ 40,454	\$ 262,818	\$ 19,535	\$ -	\$ -	\$ 322,807

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, 2017 (Expressed in Thousands)

	State Garage 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	\$ 51,522	\$ 186,747	\$ 22,704	\$ 96,484	\$ 2,892,644	\$ 3,250,101
Other	37					37
Total operating revenues	51,559	186,747	22,704	96,484	2,892,644	3,250,138
OPERATING EXPENSES						
Cost of sales and services	28,373	151,563	17,203			197,139
Benefit payments and refunds				96,776	2,445,754	2,542,530
General and administrative	11,880	4,175			43,048	59,103
Depreciation	4,178	13,084	2			17,264
Other	39					39
Total operating expenses	44,470	168,822	17,205	96,776	2,488,802	2,816,075
Operating income (loss)	7,089	17,925	5,499	(292)	403,842	434,063
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income		373	74	292	1,935	2,674
Interest expense	(170)	(39)	(11)		(412,279)	(412,499)
Federal government					6,502	6,502
Other expenses	(23)					(23)
Income (loss) before contributions and transfers	6,896	18,259	5,562	-	-	30,717
Contributions of capital assets	35	166				201
Transfers-out		(3,226)				(3,226)
Change in net position	6,931	15,199	5,562	-	-	27,692
Net position, July 1, 2016	33,523	247,619	13,973			295,115
NET POSITION, JUNE 30, 2017	\$ 40,454	\$ 262,818	\$ 19,535	\$ -	\$ -	\$ 322,807

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2017 (Expressed in Thousands)

	State Garage 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	\$ (284)	\$ 795			\$ 131,559	\$ 132,070
Cash received from transactions with other funds	69,407	189,381	\$ 14,161	\$ 89,797	817,476	1,180,222
Cash payments to suppliers for goods and services	(40,257)	(168,898)	(19,885)	(10,326)	(993,227)	(1,232,593)
Cash payments to employees for services	(11,850)	(19,032)			(5,102)	(35,984)
Cash payments for workers compensation				(103,860)		(103,860)
Cash receipts from other operating activities	37				49,500	49,537
Net cash provided (used) by operating activities	17,053	2,246	(5,724)	(24,389)	206	(10,608)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interest paid on other borrowings	(1,054)	(2,870)	(8)		(150,334)	(154,266)
Grants received					2,911	2,911
Transfers-out to other funds		(3,226)				(3,226)
Net cash provided (used) by noncapital financing activities	(1,054)	(6,096)	(8)		(147,423)	(154,581)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(2,684)	(426)	(15)			(3,125)
Principal paid on capital debt		(3,990)				(3,990)
Interest paid on capital debt		(373)				(373)
Net cash provided (used) by capital and related financing activities	(2,684)	(4,789)	(15)			(7,488)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments		350	74	284	1,962	2,670
Net cash provided (used) by investing activities		350	74	284	1,962	2,670
Net increase (decrease) in cash and cash equivalents	13,315	(8,289)	(5,673)	(24,105)	(145,255)	(170,007)
Cash and cash equivalents, July 1, 2016	5,695	42,957	8,506	67,960	297,634	422,752
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 19,010	\$ 34,668	\$ 2,833	\$ 43,855	\$ 152,379	\$ 252,745
Reconciliation of cash and cash equivalents to the statement of net position:						
Total cash and cash equivalents per statement of net position		\$ 4,598		\$ 16,528	\$ 64,816	\$ 85,942
Add: cash equity with State Treasurer	\$ 19,010	30,070	\$ 2,833	27,327	87,563	166,803
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 19,010	\$ 34,668	\$ 2,833	\$ 43,855	\$ 152,379	\$ 252,745
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ 7,089	\$ 17,925	\$ 5,499	\$ (292)	\$ 403,842	\$ 434,063
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	4,178	13,084	2			17,264
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	1	2			(12,854)	(12,851)
(Increase) decrease in intergovernmental receivables	(3)					(3)
(Increase) decrease in due from other funds	17,110	(2,195)	(8,546)	2,349	(1,967,340)	(1,958,622)
(Increase) decrease in due to component units		62			(3,286)	(3,224)
(Increase) decrease in inventories	(351)					(351)
Increase (decrease) in accounts payable and accrued liabilities	(9,612)	(26,488)	(2,321)	(9,063)	1,589,933	1,542,449
Increase (decrease) in intergovernmental payables	(2)	(4,628)	1		(6,690)	(11,319)
Increase (decrease) in due to other funds	(1,306)	398	(437)	(19)	(3,017)	(4,381)
Increase (decrease) in due to component units	(22)	(157)	(12)		(374)	(565)
Increase (decrease) in unearned revenue		4,383				4,383
Increase (decrease) in other liabilities	(29)	(140)	90	(17,364)	(8)	(17,451)
Total adjustments	9,964	(15,679)	(11,223)	(24,097)	(403,636)	(444,671)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 17,053	\$ 2,246	\$ (5,724)	\$ (24,389)	\$ 206	\$ (10,608)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (loss) on disposal of capital assets	\$ (23)					\$ (23)
Transfer of assets from (to) other state funds	35	166				201

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State of Illinois

Combining Statement of Net Position - Internal Service Funds

Department of Innovation and Technology

June 30, 2017 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 104,220	\$ 30,084	\$ 134,304
Receivables, net:			
Intergovernmental		1,558	1,558
Other	11	43	54
Due from other funds	150,515	69,758	220,273
Due from component units	1	917	918
Total current assets	254,747	102,360	357,107
Capital assets not being depreciated	87,755	164	87,919
Capital assets being depreciated, net	7,731	60,758	68,489
Total noncurrent assets	95,486	60,922	156,408
Total assets	350,233	163,282	513,515
LIABILITIES			
Accounts payable and accrued liabilities	155,498	54,952	210,450
Intergovernmental payables	10,294	6,400	16,694
Due to other funds	32,592	2,771	35,363
Due to component units	147	51	198
Unearned revenue	9,289	5,059	14,348
Current portion of long-term liabilities	533	117	650
Total current liabilities	208,353	69,350	277,703
Noncurrent portion of long-term liabilities	3,751	947	4,698
Total liabilities	212,104	70,297	282,401
NET POSITION			
Net investment in capital assets	95,486	60,922	156,408
Unrestricted	42,643	32,063	74,706
Total net position	\$ 138,129	\$ 92,985	\$ 231,114

State of Illinois

**Combining Statement of Revenues, Expenses
and Changes in Net Position - Internal Service Funds
Department of Innovation and Technology**

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Total
OPERATING REVENUES			
Charges for sales and services	\$ 196,180	\$ 81,872	\$ 278,052
Total operating revenues	<u>196,180</u>	<u>81,872</u>	<u>278,052</u>
OPERATING EXPENSES			
Cost of sales and services	134,038	80,305	214,343
General and administrative		7,915	7,915
Depreciation	5,308	6,928	12,236
Total operating expenses	<u>139,346</u>	<u>95,148</u>	<u>234,494</u>
Operating income (loss)	<u>56,834</u>	<u>(13,276)</u>	<u>43,558</u>
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(7,982)	(1,774)	(9,756)
Other expenses	(37)	(147)	(184)
Income (loss) before contributions	<u>48,815</u>	<u>(15,197)</u>	<u>33,618</u>
Contributions of capital assets	23		23
Change in net position	<u>48,838</u>	<u>(15,197)</u>	<u>33,641</u>
Net position, July 1, 2016	89,291	108,182	197,473
NET POSITION, JUNE 30, 2017	<u>\$ 138,129</u>	<u>\$ 92,985</u>	<u>\$ 231,114</u>

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Department of Innovation and Technology

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales and services		\$ 14,909	\$ 14,909
Cash received from transactions with other funds	\$ 233,621	68,765	302,386
Cash payments to suppliers for goods and services	(58,435)	(77,418)	(135,853)
Cash payments to employees for services	(63,489)	(17,905)	(81,394)
Net cash provided (used) by operating activities	111,697	(11,649)	100,048
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interest paid on other borrowings	(4,632)	(2,051)	(6,683)
Net cash provided (used) by noncapital financing activities	(4,632)	(2,051)	(6,683)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(17,523)	(1,669)	(19,192)
Net cash provided (used) by capital and related financing activities	(17,523)	(1,669)	(19,192)
Net increase (decrease) in cash and cash equivalents	89,542	(15,369)	74,173
Cash and cash equivalents, July 1, 2016	14,678	45,453	60,131
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 104,220	\$ 30,084	\$ 134,304
Reconciliation of cash and cash equivalents to the statement of net position:			
Add: cash equity with State Treasurer	\$ 104,220	\$ 30,084	\$ 134,304
CASH AND CASH EQUIVALENTS, JUNE 30, 2017	\$ 104,220	\$ 30,084	\$ 134,304
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
OPERATING INCOME (LOSS)	\$ 56,834	\$ (13,276)	\$ 43,558
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	5,308	6,928	12,236
Provision for uncollectible accounts	7	(70)	(63)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(4)	367	363
(Increase) decrease in intergovernmental receivables		514	514
(Increase) decrease in due from other funds	25,698	1,219	26,917
(Increase) decrease in due from component units	720	(284)	436
Increase (decrease) in accounts payable and accrued liabilities	5,685	(5,658)	27
Increase (decrease) in intergovernmental payables	1,631	878	2,509
Increase (decrease) in due to other funds	6,719	(1,726)	4,993
Increase (decrease) in due to component units	146	(113)	33
Increase (decrease) in unearned revenue	9,289	(325)	8,964
Increase (decrease) in other liabilities	(336)	(103)	(439)
Total adjustments	54,863	1,627	56,490
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 111,697	\$ (11,649)	\$ 100,048
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Gain (loss) on disposal of capital assets	\$ (11)	\$ (144)	\$ (155)
Transfer of assets from (to) other state funds	(3)	(3)	(6)

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, 2017 (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	\$ 3,698	\$ 40,571	\$ 2,354	\$ 4,535	\$ 25,658	\$ 227,543
Cash and cash equivalents	47,338	10,835	1,115			
Securities lending collateral of State Treasurer	946	13,250	610	1,965	9,643	63,393
Investments:						
Equities	3,491,057					
Fixed income	166,539					
Private equity						
Real estate						
Other	586,808					
Equity in Illinois State Board of Investments				47,148	899,652	16,322,605
Securities lending collateral						
Receivables, net:						
Members		6,846	193	33	105	8,798
Employers		5,134	193			
Investment income	3	41	2	6	30	194
Intergovernmental		1,443	126			
Pending investment sales						
Other	757	4,387	455		14	8,330
Due from other funds					58	114
Due from primary government funds		109,703	4,309	2,715	16,417	71,672
Prepaid expenses						
Loans and notes receivable, net	36,099					
Capital assets not being depreciated						971
Capital assets being depreciated, net				18	56	6,730
Total assets	4,333,245	192,210	9,357	56,420	951,633	16,710,350
LIABILITIES						
Accounts payable and accrued liabilities	864	221,726	59,321	7	53	9,262
Intergovernmental payables	2					
Due to other funds				85	87	
Due to primary government funds	65	302	27			106,469
Obligations under securities lending of State Treasurer	946	13,250	610	1,965	9,643	63,393
Securities lending collateral						
Payable to brokers for unsettled trades						
Obligations under reverse repurchase agreements						
Long term obligations:						
Due within one year	6	16		9	23	106
Due subsequent to one year	141	47	2	6	23	941
Total liabilities	2,024	235,341	59,960	2,072	9,829	180,171
NET POSITION						
Restricted for:						
Pension benefits				54,348	941,804	16,530,179
Defined contribution	4,331,221					
Unrestricted		(43,131)	(50,603)			
Total net position	\$ 4,331,221	\$ (43,131)	\$ (50,603)	\$ 54,348	\$ 941,804	\$ 16,530,179

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 38,332			\$ 342,691
104,690	\$ 557,956		721,934
45,732			135,539
17,480,643	10,998,034	\$ 1,144,576	33,114,310
10,552,183	3,559,665	230,450	14,508,837
6,439,749			6,439,749
7,090,551	1,040,489	40,169	8,171,209
7,512,460	2,423,533	749,603	11,272,404
			17,269,405
3,222,479	705,137		3,927,616
54,778	7,375	3,646	81,774
13,508	1,005	1,807	21,647
114,926	45,836		161,038
			1,569
9,381,898	403,158		9,785,056
			13,943
			172
492,162	305,991		1,002,969
2,319	122		2,441
			36,099
238	529		1,738
2,676	5,784		15,264
62,549,324	20,054,614	2,170,251	107,027,404
49,246	29,026		369,505
			2
			172
13			106,876
45,732			135,539
3,222,460	704,387		3,926,847
9,854,245	806,728		10,660,973
	28,485		28,485
76	107		343
1,887	1,061		4,108
13,173,659	1,569,794		15,232,850
49,375,665	18,484,820		85,386,816
		2,170,251	6,501,472
			(93,734)
\$ 49,375,665	\$ 18,484,820	\$ 2,170,251	\$ 91,794,554

State of Illinois

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

For the Year Ended June 30, 2017 (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 State		\$ 100,763	\$ 4,367	\$ 21,721	\$ 131,334	\$ 1,798,348
Members:						
Employees	\$ 162,376	111,734	4,367	1,285	14,771	251,611
Federal Medicare Part D		2,053	185			
Other	7,286	46				
Total contributions	169,662	324,299	13,228	23,006	146,105	2,049,959
Investment income:						
Interest and other investment income	31,648	357	24	1,175	21,762	399,249
Net increase (decrease) in fair value of investments	451,490			4,048	77,594	1,442,503
Reimbursements of expenses not separable from investment income	2,168					
Less investment expense	(1,186)			(82)	(1,559)	(28,874)
Net investment income	484,120	357	24	5,141	97,797	1,812,878
Total additions	653,782	324,656	13,252	28,147	243,902	3,862,837
DEDUCTIONS						
Benefit payments	313,570	294,582	31,556	22,363	140,497	2,328,621
Refunds	65			131	975	26,607
Depreciation				2	7	691
General and administrative	2,632	13,790	2,886	354	907	15,266
Other	2,365					
Total deductions	318,632	308,372	34,442	22,850	142,386	2,371,185
Change in net position						
Restricted for:						
Pension benefits				5,297	101,516	1,491,652
Retiree health insurance benefits (unrestricted deficit)		16,284	(21,190)			
Defined contribution	335,150					
Net position, July 1, 2016	3,996,071	(59,415)	(29,413)	49,051	840,288	15,038,527
NET POSITION, JUNE 30, 2017	\$ 4,331,221	\$ (43,131)	\$ (50,603)	\$ 54,348	\$ 941,804	\$ 16,530,179

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 148,749	\$ 38,386	\$ 7,655	\$ 2,251,323
3,986,364	1,612,165	59,262	5,771,803
929,130	278,643	85,217	1,839,134
747			2,238
5,064,990	1,929,194	152,134	8,079
1,622,960	356,568		2,433,743
4,676,048	1,701,563	266,350	8,619,596
			2,168
(778,555)	(63,821)		(874,077)
5,520,453	1,994,310	266,350	10,181,430
10,585,443	3,923,504	418,484	20,054,007
6,152,868	2,339,897	43,922	11,667,876
285,138	89,570	29,360	431,846
1,066	541		2,307
21,663	14,306	457	72,261
			2,365
6,460,735	2,444,314	73,739	12,176,655
4,124,708	1,479,190		7,202,363
			(4,906)
		344,745	679,895
45,250,957	17,005,630	1,825,506	83,917,202
\$ 49,375,665	\$ 18,484,820	\$ 2,170,251	\$ 91,794,554

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PRIVATE-PURPOSE TRUST FUNDS

Private-Purpose Trust Funds are maintained to account for resources legally held in trust for use by individuals, private organizations and other governments. There is no requirement that any portion of these resources be preserved as capital.

SIGNIFICANT PRIVATE-PURPOSE TRUST FUND 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, 2017 (Expressed in Thousands)

	<u>Treasurer</u> <u>College</u> <u>Savings Pool</u> <u>Fund</u>	<u>Other</u>	<u>Total</u>
ASSETS			
Cash equity with State Treasurer		\$ 1,274	\$ 1,274
Cash and cash equivalents	\$ 771,561	83	771,644
Securities lending collateral of State Treasurer		410	410
Investments:			
Equities	5,928,724	730	5,929,454
Fixed income	2,815,229	271	2,815,500
Receivables, net:			
Investment income	19,685		19,685
Other		1	1
Loans and notes receivable, net		48	48
Total assets	<u>9,535,199</u>	<u>2,817</u>	<u>9,538,016</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,137		3,137
Obligations under securities lending of State Treasurer		410	410
Other liabilities	13,394		13,394
Total liabilities	<u>16,531</u>	<u>410</u>	<u>16,941</u>
NET POSITION			
Net position restricted for individuals, organizations and other governments	\$ 9,518,668	\$ 2,407	\$ 9,521,075

State of Illinois

Combining Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Funds

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Treasurer College Savings Pool Fund	Other	Total
ADDITIONS			
Contributions:			
Participants	\$ 1,222,551	\$ 434	\$ 1,222,985
Other		20	20
Total contributions	<u>1,222,551</u>	<u>454</u>	<u>1,223,005</u>
Investment income:			
Interest and other investment income	130,904	15	130,919
Net increase (decrease) in fair value of investments	810,292	61	810,353
Net investment income	<u>941,196</u>	<u>76</u>	<u>941,272</u>
Total additions	<u>2,163,747</u>	<u>530</u>	<u>2,164,277</u>
DEDUCTIONS			
Payments in accordance with trust agreements	731,258	12	731,270
General and administrative	27,685	14	27,699
Other		2	2
Total deductions	<u>758,943</u>	<u>28</u>	<u>758,971</u>
Change in net position restricted for individuals, organizations and other governments	1,404,804	502	1,405,306
Net position, July 1, 2016	<u>8,113,864</u>	<u>1,905</u>	<u>8,115,769</u>
NET POSITION, JUNE 30, 2017	<u>\$ 9,518,668</u>	<u>\$ 2,407</u>	<u>\$ 9,521,075</u>

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AGENCY FUNDS

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

SIGNIFICANT AGENCY FUNDS DESCRIPTIONS

Department of 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, 2017 (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		\$ 18,590	\$ 477,722	\$ 110,494	\$ 606,806
Cash and cash equivalents	\$ 2,929	265		24,967	28,161
Securities lending collateral of State Treasurer			83,489	10,660	94,149
Investments	918,759			26,498	945,257
Receivables, net:					
Taxes			168,291	31,105	199,396
Intergovernmental				480	480
Other		202,364	255	34,220	236,839
Due from primary government funds			36,242	6,673	42,915
Other assets				102	102
Total assets	\$ 921,688	\$ 221,219	\$ 765,999	\$ 245,199	\$ 2,154,105
LIABILITIES					
Accounts payable and accrued liabilities		\$ 19,239	\$ 67	\$ 53,745	\$ 73,051
Intergovernmental payables			682,443	126,725	809,168
Due to component units				36	36
Obligations under securities lending of State Treasurer			83,489	10,660	94,149
Depository and other liabilities	\$ 921,688	201,980		54,033	1,177,701
Total liabilities	\$ 921,688	\$ 221,219	\$ 765,999	\$ 245,199	\$ 2,154,105

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Year Ended June 30, 2017 (Expressed in Thousands)

Agency/Fund	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Insurance:				
Security Deposit Fund				
Assets				
Cash and cash equivalents	\$ 6,680	\$ 34,430	\$ 38,181	\$ 2,929
Investments	1,060,155	181,535	322,931	918,759
Total assets	<u>\$ 1,066,835</u>	<u>\$ 215,965</u>	<u>\$ 361,112</u>	<u>\$ 921,688</u>
Liabilities				
Depository and other liabilities	\$ 1,066,835	\$ 215,965	\$ 361,112	\$ 921,688
Total liabilities	<u>\$ 1,066,835</u>	<u>\$ 215,965</u>	<u>\$ 361,112</u>	<u>\$ 921,688</u>
Healthcare and Family Services:				
Child Support Enforcement Trust				
Administrative Fund				
Assets				
Cash equity with State Treasurer	\$ 16,697	\$ 143,019	\$ 141,126	\$ 18,590
Cash and cash equivalents	186	81,544	81,465	265
Other receivables, net	207,043	138,339	143,018	202,364
Due from primary government funds	1		1	-
Total assets	<u>\$ 223,927</u>	<u>\$ 362,902</u>	<u>\$ 365,610</u>	<u>\$ 221,219</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 17,958	\$ 8,750	\$ 7,469	\$ 19,239
Depository and other liabilities	205,969	211,133	215,122	201,980
Total liabilities	<u>\$ 223,927</u>	<u>\$ 219,883</u>	<u>\$ 222,591</u>	<u>\$ 221,219</u>
Revenue:				
Assets				
Cash equity with State Treasurer	\$ 428,946	\$ 3,528,671	\$ 3,479,895	\$ 477,722
Securities lending collateral of State Treasurer	64,699	2,168,980	2,150,190	83,489
Taxes receivable, net	203,201	3,316,631	3,351,541	168,291
Other receivables, net	116	1,817	1,678	255
Due from primary government funds	70,044	141,650	175,452	36,242
Total assets	<u>\$ 767,006</u>	<u>\$ 9,157,749</u>	<u>\$ 9,158,756</u>	<u>\$ 765,999</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 5,933	\$ 67	\$ 5,933	\$ 67
Intergovernmental payables	696,374	3,460,031	3,473,962	682,443
Obligations under securities lending of State Treasurer	64,699	2,168,980	2,150,190	83,489
Total liabilities	<u>\$ 767,006</u>	<u>\$ 5,629,078</u>	<u>\$ 5,630,085</u>	<u>\$ 765,999</u>
Other:				
Assets				
Cash equity with State Treasurer	\$ 119,099	\$ 999,878	\$ 1,008,483	\$ 110,494
Cash and cash equivalents	15,927	1,303,983	1,294,943	24,967
Securities lending collateral of State Treasurer	10,790	408,642	408,772	10,660
Investments	26,345	6,469	6,316	26,498
Taxes receivable, net	28,623	669,116	666,634	31,105
Intergovernmental receivables, net	980	2,132	2,632	480
Other receivables, net	1,441	47,376	14,597	34,220
Due from primary government funds	7,657	8,310	9,294	6,673
Other assets	110		8	102
Total assets	<u>\$ 210,972</u>	<u>\$ 3,445,906</u>	<u>\$ 3,411,679</u>	<u>\$ 245,199</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 19,591	\$ 1,493,052	\$ 1,458,898	\$ 53,745
Intergovernmental payables	130,206	679,686	683,167	126,725
Due to component units	30	406	400	36
Obligations under securities lending of State Treasurer	10,790	408,642	408,772	10,660
Depository and other liabilities	50,355	146,002	142,324	54,033
Total liabilities	<u>\$ 210,972</u>	<u>\$ 2,727,788</u>	<u>\$ 2,693,561</u>	<u>\$ 245,199</u>

State of Illinois

**Combining Statement of Changes in Assets and Liabilities
Agency Funds**

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 564,742	\$ 4,671,568	\$ 4,629,504	\$ 606,806
Cash and cash equivalents	22,793	1,419,957	1,414,589	28,161
Securities lending collateral of State Treasurer	75,489	2,577,622	2,558,962	94,149
Investments	1,086,500	188,004	329,247	945,257
Taxes receivable, net	231,824	3,985,747	4,018,175	199,396
Intergovernmental receivables, net	980	2,132	2,632	480
Other receivables, net	208,600	187,532	159,293	236,839
Due from primary government funds	77,702	149,960	184,747	42,915
Other assets	110		8	102
Total assets	\$ 2,268,740	\$ 13,182,522	\$ 13,297,157	\$ 2,154,105
Liabilities				
Accounts payable and accrued liabilities	\$ 43,482	\$ 1,501,869	\$ 1,472,300	\$ 73,051
Intergovernmental payables	826,580	4,139,717	4,157,129	809,168
Due to component units	30	406	400	36
Obligations under securities lending of State Treasurer	75,489	2,577,622	2,558,962	94,149
Depository and other liabilities	1,323,159	573,100	718,558	1,177,701
Total liabilities	\$ 2,268,740	\$ 8,792,714	\$ 8,907,349	\$ 2,154,105

State of Illinois

Combining Statement of Fiduciary Net Position - Agency Funds

Revenue

June 30, 2017 (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	\$ 123,726	\$ 113,293	\$ 38,837	\$ 50,336	\$ 151,530	\$ 477,722
Securities lending collateral of State Treasurer	23,016	22,462	8,193		29,818	83,489
Receivables, net:						
Taxes	70,616	40,549	16,245	59	40,822	168,291
Other	70	69	25		91	255
Due from primary government funds					36,242	36,242
Total assets	\$ 217,428	\$ 176,373	\$ 63,300	\$ 50,395	\$ 258,503	\$ 765,999
LIABILITIES						
Accounts payable and accrued liabilities			\$ 67			\$ 67
Intergovernmental payables	\$ 194,412	\$ 153,911	55,040	\$ 50,395	\$ 228,685	682,443
Obligations under securities lending of State Treasurer	23,016	22,462	8,193		29,818	83,489
Total liabilities	\$ 217,428	\$ 176,373	\$ 63,300	\$ 50,395	\$ 258,503	\$ 765,999

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds - Revenue

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Home Rule Municipal Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 116,456	\$ 1,028,433	\$ 1,021,163	\$ 123,726
Securities lending collateral of State Treasurer	17,116	618,944	613,044	23,016
Taxes receivable, net	78,727	1,019,842	1,027,953	70,616
Other receivables, net	31	519	480	70
Total assets	\$ 212,330	\$ 2,667,738	\$ 2,662,640	\$ 217,428
Liabilities				
Intergovernmental payables	\$ 195,214	\$ 1,020,361	\$ 1,021,163	\$ 194,412
Obligations under securities lending of State Treasurer	17,116	618,944	613,044	23,016
Total liabilities	\$ 212,330	\$ 1,639,305	\$ 1,634,207	\$ 217,428
Home Rule County Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 139,768	\$ 784,543	\$ 811,018	\$ 113,293
Securities lending collateral of State Treasurer	26,234	850,217	853,989	22,462
Taxes receivable, net	14,855	809,537	783,843	40,549
Other receivables, net	47	722	700	69
Total assets	\$ 180,904	\$ 2,445,019	\$ 2,449,550	\$ 176,373
Liabilities				
Intergovernmental payables	\$ 154,670	\$ 810,259	\$ 811,018	\$ 153,911
Obligations under securities lending of State Treasurer	26,234	850,217	853,989	22,462
Total liabilities	\$ 180,904	\$ 1,660,476	\$ 1,665,007	\$ 176,373
Metropolitan Pier and Exposition Authority Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 43,811	\$ 152,242	\$ 157,216	\$ 38,837
Securities lending collateral of State Treasurer	8,304	143,916	144,027	8,193
Taxes receivable, net	15,593	152,789	152,137	16,245
Other receivables, net	15	115	105	25
Total assets	\$ 67,723	\$ 449,062	\$ 453,485	\$ 63,300
Liabilities				
Accounts payable and accrued liabilities	\$ 253	\$ 67	\$ 253	\$ 67
Intergovernmental payables	59,166	152,837	156,963	55,040
Obligations under securities lending of State Treasurer	8,304	143,916	144,027	8,193
Total liabilities	\$ 67,723	\$ 296,820	\$ 301,243	\$ 63,300
Municipal Telecommunications Fund				
Assets				
Cash equity with State Treasurer	\$ 22,881	\$ 237,150	\$ 209,695	\$ 50,336
Taxes receivable, net	1,084	200,430	201,455	59
Due from primary government funds	35,695		35,695	-
Total assets	\$ 59,660	\$ 437,580	\$ 446,845	\$ 50,395
Liabilities				
Accounts payable and accrued liabilities	\$ 5,680		\$ 5,680	\$ -
Intergovernmental payables	53,980	200,430	204,015	50,395
Total liabilities	\$ 59,660	\$ 200,430	\$ 209,695	\$ 50,395
RTA Sales Tax Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 106,030	\$ 1,326,303	\$ 1,280,803	\$ 151,530
Securities lending collateral of State Treasurer	13,045	555,903	539,130	29,818
Taxes receivable, net	92,942	1,134,033	1,186,153	40,822
Other receivables, net	23	461	393	91
Due from primary government funds	34,349	141,650	139,757	36,242
Total assets	\$ 246,389	\$ 3,158,350	\$ 3,146,236	\$ 258,503
Liabilities				
Intergovernmental payables	\$ 233,344	\$ 1,276,144	\$ 1,280,803	\$ 228,685
Obligations under securities lending of State Treasurer	13,045	555,903	539,130	29,818
Total liabilities	\$ 246,389	\$ 1,832,047	\$ 1,819,933	\$ 258,503

State of Illinois

Combining Statement of Changes in Assets and Liabilities
Agency Funds - Revenue

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 428,946	\$ 3,528,671	\$ 3,479,895	\$ 477,722
Securities lending collateral of State Treasurer	64,699	2,168,980	2,150,190	83,489
Taxes receivable, net	203,201	3,316,631	3,351,541	168,291
Other receivables, net	116	1,817	1,678	255
Due from primary government funds	70,044	141,650	175,452	36,242
Total assets	\$ 767,006	\$ 9,157,749	\$ 9,158,756	\$ 765,999
Liabilities				
Accounts payable and accrued liabilities	\$ 5,933	\$ 67	\$ 5,933	\$ 67
Intergovernmental payables	696,374	3,460,031	3,473,962	682,443
Obligations under securities lending of State Treasurer	64,699	2,168,980	2,150,190	83,489
Total liabilities	\$ 767,006	\$ 5,629,078	\$ 5,630,085	\$ 765,999

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COMPONENT UNITS

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

NONMAJOR COMPONENT UNITS DESCRIPTIONS

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, 2017 (Expressed in Thousands)

	Comprehensive Health Insurance Plan Board	Illinois Finance Authority	Illinois Medical District Commission	Southwestern Illinois Development Authority
ASSETS				
Cash and cash equivalents	\$ 16,895	\$ 16,163	\$ 2,498	\$ 4,737
Securities lending collateral of State Treasurer Investments		5,822 29,987		
Receivables, net:				
Other	35	663	908	6
Due from component units		9,747	24,421	
Due from primary government		491,791		
Prepaid expenses		40	9	1
Loans and notes receivable, net		14,466		1,746
Restricted assets:				
Cash equity with State Treasurer		18,100		
Cash and cash equivalents		201,045	32	
Investments		19,128		395
Other receivables, net		63		
Loans and notes receivable, net		22,940		
Other assets	2			
Capital assets not being depreciated			47,286	100
Capital assets being depreciated, net	5	13	20,041	238
Total assets	16,937	829,968	95,195	7,223
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - unamortized deferred amounts on bond refundings		409		
Deferred outflows of resources - pensions	1,292		248	96
Total deferred outflows of resources	1,292	409	248	96
LIABILITIES				
Accounts payable and accrued liabilities	504	13,921	1,382	22
Due to component units			8,050	
Due to primary government	1	8,005		
Unearned revenue	211	70	168	
Obligations under securities lending collateral of State Treasurer		5,822		
Assets held for others		5		
Other liabilities	807			
Long-term obligations:				
Due within one year		44,536	1,334	
Due subsequent to one year	5,907	636,242	35,695	61
Total liabilities	7,430	708,601	46,629	83
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	2,996		379	
Total deferred inflows of resources	2,996		379	
NET POSITION				
Net investment in capital assets	5	13	43,619	338
Restricted for:				
Debt service		1,698		
Other expendable purposes	7,798	59,124	32	
Unrestricted		60,941	4,784	6,898
Total net position	\$ 7,803	\$ 121,776	\$ 48,435	\$ 7,236

**Upper Illinois
River Valley
Development
Authority**

Total

\$	186	\$	40,479
			5,822
	56		30,043
			1,612
			34,168
			491,791
			50
			16,212
			18,100
			201,077
			19,523
			63
			22,940
			2
			47,386
			20,297
	242		949,565
			409
			1,636
			2,045
			15,829
			8,050
			8,006
			449
			5,822
			5
			807
			45,870
			677,905
			762,743
			3,375
			3,375
			43,975
			1,698
			66,954
	242		72,865
\$	242	\$	185,492

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program revenues</u>	
		<u>Charges for services</u>	<u>Net (expense) revenue</u>
Comprehensive Health Insurance Plan Board	\$ 5,041	\$ 2,158	\$ (2,883)
Illinois Finance Authority	19,181	18,929	(252)
Illinois Medical District Commission	11,989	4,936	(7,053)
Southwestern Illinois Development Authority	2,054	345	(1,709)
Upper Illinois River Valley Development Authority	96	120	24
Total	<u>\$ 38,361</u>	<u>\$ 26,488</u>	<u>\$ (11,873)</u>

<u>General revenues</u>					
<u>Interest and investment income</u>	<u>Other</u>	<u>Total general revenues</u>	<u>Change in net position</u>	<u>Net position, July 1, 2016</u>	<u>Net position, June 30, 2017</u>
\$ 62	\$ 1,160	\$ 1,222	\$ (1,661)	\$ 9,464	\$ 7,803
2,047	660	2,707	2,455	119,321	121,776
1,122		1,122	(5,931)	54,366	48,435
27	22	49	(1,660)	8,896	7,236
			24	218	242
<u>\$ 3,258</u>	<u>\$ 1,842</u>	<u>\$ 5,100</u>	<u>\$ (6,773)</u>	<u>\$ 192,265</u>	<u>\$ 185,492</u>

State of Illinois

Combining Statement of Net Position

Component Units - Other Universities

June 30, 2017 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University
ASSETS				
Cash equity with State Treasurer	\$ 598			
Cash and cash equivalents	10,276	\$ 809	\$ 26,876	\$ 23,039
Securities lending collateral of State Treasurer	196			
Investments		2,731	3,940	1,781
Receivables, net:				
Intergovernmental			1,986	4,577
Other	3,786	20,092	3,516	7,640
Due from component units				
Due from primary government	583	350	2,663	380
Inventories	21	1,606	45	12
Prepaid expenses	356	257	250	1,073
Unamortized bond insurance costs		14	103	
Loans and notes receivable, net	510	6,293	3,080	1,006
Restricted assets:				
Cash and cash equivalents	4,909	24,262		2,268
Investments	4,886	88,322		10,197
Other receivables, net	6	731		
Loans and notes receivables, net				
Other assets	57			
Other assets		246		940
Capital assets not being depreciated	22,682	89,266	4,056	33,207
Capital assets being depreciated, net	126,407	191,999	113,126	161,764
Total assets	175,273	426,978	159,641	247,884
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - unamortized deferred amounts on bond refundings				
Deferred outflows of resources - pensions	166	160	101	1,005
Total deferred outflows of resources	166	160	101	1,005
LIABILITIES				
Accounts payable and accrued liabilities	10,252	9,275	5,511	6,654
Intergovernmental payables			3,382	112
Due to component units	137			131
Due to primary government			9	53
Unearned revenue	2,248	3,315	2,656	1,257
Obligations under securities lending collateral of State Treasurer	196			
Assets held for others		4,254		830
Other liabilities		5,718		
Long-term obligations:				
Due within one year	2,395	6,859	3,183	2,891
Due subsequent to one year	12,371	92,416	37,715	60,785
Total liabilities	27,599	121,837	52,456	72,713
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - service concession arrangements				32,419
Total deferred inflows of resources				32,419
NET POSITION				
Net investment in capital assets	137,979	191,360	79,724	112,645
Restricted for:				
Debt service		3,315		1,687
Capital projects	439			
Nonexpendable purposes	2,841	58,266	2,102	10,197
Other expendable purposes	5,954	54,472	2,570	7,751
Unrestricted	627	(2,112)	22,890	11,477
Total net position	\$ 147,840	\$ 305,301	\$ 107,286	\$ 143,757

Western Illinois University		Total
	\$	598
\$ 4,865		65,865
		196
20,566		29,018
		6,563
9,440		44,474
55		55
1,200		5,176
1,056		2,740
445		2,381
47		164
87		10,976
29,164		60,603
37,181		140,586
2,522		3,259
1,600		1,600
5,473		5,530
549		1,735
9,882		159,093
219,338		812,634
343,470		1,353,246
855		855
368		1,800
1,223		2,655
14,880		46,572
		3,494
7		275
2,169		2,231
5,711		15,187
		196
		5,084
1,988		7,706
8,626		23,954
84,849		288,136
118,230		392,835
		32,419
		32,419
146,983		668,691
		5,002
		439
29,364		102,770
42,583		113,330
7,533		40,415
\$ 226,463	\$	930,647

State of Illinois

Combining Statement of Activities
Component Units - Other Universities

For the Year Ended June 30, 2017 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue	
		Charges for services	Operating grants and contributions		
Chicago State University	\$ 125,408	\$ 30,531	\$ 19,593	\$ 44	\$ (75,240)
Eastern Illinois University	214,480	78,554	25,493	11	(110,422)
Governors State University	123,512	45,593	20,276		(57,643)
Northeastern Illinois University	200,195	58,161	40,736		(101,298)
Western Illinois University	310,707	116,197	48,158		(146,352)
Total	<u>\$ 974,302</u>	<u>\$ 329,036</u>	<u>\$ 154,256</u>	<u>\$ 55</u>	<u>\$ (490,955)</u>

General revenues				Additions to permanent endowments	Total general revenues and additions to permanent endowments	Change in net position	Net position, July 1, 2016	Net position, June 30, 2017
Pension revenue recognized	State appropriations	Interest and investment income	Other					
\$ 34,469	\$ 28,227	\$ (293)	\$ 55		\$ 62,458	\$ (12,782)	\$ 160,622	\$ 147,840
49,075	53,366	7,233	5,011	\$ 429	115,114	4,692	300,609	305,301
28,048	27,267	451	368	130	56,264	(1,379)	108,665	107,286
45,127	46,180	1,340	801	514	93,962	(7,336)	151,093	143,757
65,730	68,190	5,205	737	1,271	141,133	(5,219)	231,682	226,463
<u>\$ 222,449</u>	<u>\$ 223,230</u>	<u>\$ 13,936</u>	<u>\$ 6,972</u>	<u>\$ 2,344</u>	<u>\$ 468,931</u>	<u>\$ (22,024)</u>	<u>\$ 952,671</u>	<u>\$ 930,647</u>

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Budgetary Schedules

The following budgetary schedules for the State have been prepared in accordance with the terminology and classifications of funds used by the State in the Statewide Accounting Management System (“SAMS”). 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: Budget Stabilization Fund 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 48 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, 2017 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 14,961,000	\$ 14,054,094	\$ (906,906)			
Sales taxes	8,310,000	8,042,759	(267,241)			
Motor fuel taxes				\$ 1,262,318	\$ 1,274,464	\$ 12,146
Public utility taxes	958,000	884,212	(73,788)			
Federal government	4,235,000	2,450,998	(1,784,002)	1,552,138	1,589,308	37,170
Other	2,353,000	2,387,672	34,672	1,638,813	1,597,197	(41,616)
Less:						
Refunds				24,602	21,029	(3,573)
Total revenues	30,817,000	27,819,735	(2,997,265)	4,428,667	4,439,940	11,273
EXPENDITURES:						
Current:						
Health and social services	964,563	589,781	(374,782)			
Education	14,730,232	14,644,166	(86,066)			
General government	1,717,370	1,687,181	(30,189)	189,373	184,844	(4,529)
Employment and economic development	7,637	6,842	(795)	4,000	4,000	-
Transportation	585		(585)	3,881,160	3,440,887	(440,273)
Public protection and justice	686,925	675,153	(11,772)			
Environment and business regulation				30,000	30,000	-
Debt service:						
Principal						
Interest						
Capital outlays	458	427	(31)	66,553	66,245	(308)
Total expenditures	18,107,770	17,603,550	(504,220)	4,171,086	3,725,976	(445,110)
Excess (deficiency) of revenues over (under) expenditures	12,709,230	10,216,185	(2,493,045)	257,581	713,964	456,383
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	8,463,854	8,463,854	-	1,142,443	1,142,443	-
Operating transfers-out	(11,314,618)	(11,314,618)	-	(1,478,742)	(1,478,742)	-
Total other sources (uses) of financial resources	(2,850,764)	(2,850,764)	-	(336,299)	(336,299)	-
Budgetary funds-nonbudgeted accounts	(11,807,745)	(11,807,745)	-	(9,817)	(9,817)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(1,949,279)	(4,442,324)	(2,493,045)	(88,535)	367,848	456,383
Budgetary fund balances (deficits), July 1, 2016, as previously reported						
	(3,541,879)	(3,541,879)	-	1,255,769	1,255,769	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2016, as reclassified	(3,541,879)	(3,541,879)	-	1,255,769	1,255,769	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (5,491,158)	\$ (7,984,203)	\$ (2,493,045)	\$ 1,167,234	\$ 1,623,617	\$ 456,383

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)
\$ 3,380,732	\$ 4,642,077	\$ 1,261,345						
1,062,963	1,098,956	35,993				\$ 57,974	\$ 57,974	\$ -
64,953	73,951	8,998						
352,042	513,342	161,300						
11,553,647	9,683,262	(1,870,385)				52,225	54,116	1,891
10,158,167	7,833,997	(2,324,170)	\$ 10,098	\$ 98	\$ (10,000)	785,337	799,428	14,091
2,305,672	2,292,084	(13,588)						
24,266,832	21,553,501	(2,713,331)	10,098	98	(10,000)	895,536	911,518	15,982
17,572,935	14,010,915	(3,562,020)						
834,311	777,268	(57,043)						
11,595,868	7,612,870	(3,982,998)	87,387	77,987	(9,400)			
1,062,976	687,507	(375,469)	3,431	2,915	(516)			
1,372,703	1,169,507	(203,196)	770,418	770,004	(414)			
646,672	449,543	(197,129)						
1,500,802	1,261,920	(238,882)	33,328	27,589	(5,739)			
			390,679	390,679	-	3,855,315	3,830,472	(24,843)
7,201	2,948	(4,253)	73,600	72,943	(657)	1,381,978	1,381,978	-
34,593,468	25,972,478	(8,620,990)	1,358,843	1,342,117	(16,726)	5,237,293	5,212,450	(24,843)
(10,326,636)	(4,418,977)	5,907,659	(1,348,745)	(1,342,019)	6,726	(4,341,757)	(4,300,932)	40,825
406,404	406,404	-	1,132,506	1,132,506	-	1,392,723	1,392,723	-
3,573,693	3,573,693	-	113,673	113,673	-	4,034,940	4,034,940	-
(2,972,741)	(2,972,741)	-	(113,673)	(113,673)	-	(1,081,783)	(1,081,783)	-
1,007,356	1,007,356	-	1,132,506	1,132,506	-	4,345,880	4,345,880	-
(36,634)	(36,634)	-	(9,825)	(9,825)	-			
(9,355,914)	(3,448,255)	5,907,659	(226,064)	(219,338)	6,726	4,123	44,948	40,825
2,240,761	2,240,761	-	755,348	755,348	-	1,600,844	1,600,844	-
2,240,761	2,240,761	-	755,348	755,348	-	1,600,844	1,600,844	-
\$ (7,115,153)	\$ (1,207,494)	\$ 5,907,659	\$ 529,284	\$ 536,010	\$ 6,726	\$ 1,604,967	\$ 1,645,792	\$ 40,825

(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, 2017 (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	\$ 4,798,415	\$ 4,544,178	\$ (254,237)	\$ 745	\$ 316	\$ (429)
Other	276,085	280,389	4,304	695,194	678,010	(17,184)
Less:						
Refunds	320		(320)	38	24	(14)
Total revenues	5,074,180	4,824,567	(249,613)	695,901	678,302	(17,599)
EXPENDITURES:						
Current:						
Health and social services	2,140,084	1,510,462	(629,622)			
Education	3,990,193	2,476,543	(1,513,650)			
General government	18,875	11,858	(7,017)	1,392,685	695,248	(697,437)
Employment and economic development	1,007,807	428,131	(579,676)			
Transportation	681,015	89,767	(591,248)	600	151	(449)
Public protection and justice	464,483	170,842	(293,641)	59,890	24,103	(35,787)
Environment and business regulation	236,329	82,565	(153,764)			
Debt service:						
Principal						
Interest						
Capital outlays	6,339	399	(5,940)	14,612	13,179	(1,433)
Total expenditures	8,545,125	4,770,567	(3,774,558)	1,467,787	732,681	(735,106)
Excess (deficiency) of revenues over (under) expenditures	(3,470,945)	54,000	3,524,945	(771,886)	(54,379)	717,507
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	63,320	63,320	-	121,090	121,090	-
Operating transfers-out	(39,894)	(39,894)	-	(3,907)	(3,907)	-
Total other sources (uses) of financial resources	23,426	23,426	-	117,183	117,183	-
Budgetary funds-nonbudgeted accounts	(16,099)	(16,099)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(3,463,618)	61,327	3,524,945	(654,703)	62,804	717,507
Budgetary fund balances (deficits), July 1, 2016, as previously reported	(214,815)	(214,815)	-	(58,968)	(58,968)	-
Reclassifications between budgetary/nonbudgetary funds-net						
Budgetary fund balances (deficits), July 1, 2016, as reclassified	(214,815)	(214,815)	-	(58,968)	(58,968)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (3,678,433)	\$ (153,488)	\$ 3,524,945	\$ (713,671)	\$ 3,836	\$ 717,507

State Trust Funds			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 18,341,732	\$ 18,696,171	\$ 354,439
			9,430,937	9,199,689	(231,248)
			1,327,271	1,348,415	21,144
	\$ 242,240	\$ 242,240	1,310,042	1,639,794	329,752
\$ 112,613	181,068	68,455	22,304,783	18,503,246	(3,801,537)
739,861	1,623,993	884,132	16,656,555	15,200,784	(1,455,771)
300	293	(7)	2,330,932	2,313,430	(17,502)
852,174	2,047,008	1,194,834	67,040,388	62,274,669	(4,765,719)
400,987	301,234	(99,753)	21,078,569	16,412,392	(4,666,177)
18,709	4,347	(14,362)	19,573,445	17,902,324	(1,671,121)
153,352	105,079	(48,273)	15,154,910	10,375,067	(4,779,843)
1,247		(1,247)	2,087,098	1,129,395	(957,703)
			6,706,481	5,470,316	(1,236,165)
20,164	4,491	(15,673)	1,878,134	1,324,132	(554,002)
12,836	7,487	(5,349)	1,813,295	1,409,561	(403,734)
			4,245,994	4,221,151	(24,843)
			1,381,978	1,381,978	-
886	28	(858)	169,649	156,169	(13,480)
608,181	422,666	(185,515)	74,089,553	59,782,485	(14,307,068)
243,993	1,624,342	1,380,349	(7,049,165)	2,492,184	9,541,349
			2,931,633	2,931,633	-
			17,513,013	17,513,013	-
(241,511)	(241,511)	-	(17,246,869)	(17,246,869)	-
(241,511)	(241,511)	-	3,197,777	3,197,777	-
(831,999)	(831,999)	-	(12,712,119)	(12,712,119)	-
(829,517)	550,832	1,380,349	(16,563,507)	(7,022,158)	9,541,349
428,231	428,231	-	2,465,291	2,465,291	-
4,751	4,751	-	4,751	4,751	-
432,982	432,982	-	2,470,042	2,470,042	-
\$ (396,535)	\$ 983,814	\$ 1,380,349	\$ (14,093,465)	\$ (4,552,116)	\$ 9,541,349

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, 2017 (Expressed in Thousands)

	General Revenue			Common School Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 13,796,000	\$ 12,959,263	\$ (836,737)			
Sales taxes	6,243,000	6,042,219	(200,781)	\$ 2,067,000	\$ 2,000,540	\$ (66,460)
Public utility taxes	883,000	814,745	(68,255)			
Federal government	4,235,000	2,450,998	(1,784,002)			
Other	2,275,000	2,309,190	34,190			
Total revenues	27,432,000	24,576,415	(2,855,585)	2,067,000	2,000,540	(66,460)
EXPENDITURES:						
Current:						
Health and social services	964,563	589,781	(374,782)			
Education	5,893,862	5,822,141	(71,721)			
General government	1,717,370	1,687,181	(30,189)			
Transportation	585		(585)			
Employment and economic development	7,637	6,842	(795)			
Public protection and justice	686,925	675,153	(11,772)			
Capital outlays	64	33	(31)			
Total expenditures	9,271,006	8,781,131	(489,875)			
Excess (deficiency) of revenues over (under) expenditures	18,160,994	15,795,284	(2,365,710)	2,067,000	2,000,540	(66,460)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	792,416	792,416	-			
Operating transfers-out	(9,254,135)	(9,254,135)	-	(2,051,844)	(2,051,844)	-
Total other sources (uses) of financial resources	(8,461,719)	(8,461,719)	-	(2,051,844)	(2,051,844)	-
Budgetary funds-nonbudgeted accounts	(11,794,394)	(11,794,394)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(2,095,119)	(4,460,829)	(2,365,710)	15,156	(51,304)	(66,460)
Budgetary fund balances (deficits), July 1, 2016	(3,245,641)	(3,245,641)	-	129,229	129,229	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (5,340,760)	\$ (7,706,470)	\$ (2,365,710)	\$ 144,385	\$ 77,925	\$ (66,460)

Education Assistance			Common School			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,165,000	\$ 1,094,831	\$ (70,169)				\$ 14,961,000	\$ 14,054,094	\$ (906,906)
						8,310,000	8,042,759	(267,241)
			\$ 75,000	\$ 69,467	\$ (5,533)	958,000	884,212	(73,788)
						4,235,000	2,450,998	(1,784,002)
	385	385	78,000	78,097	97	2,353,000	2,387,672	34,672
1,165,000	1,095,216	(69,784)	153,000	147,564	(5,436)	30,817,000	27,819,735	(2,997,265)
						964,563	589,781	(374,782)
1,239,244	1,224,899	(14,345)	7,597,126	7,597,126	-	14,730,232	14,644,166	(86,066)
						1,717,370	1,687,181	(30,189)
						585		(585)
						7,637	6,842	(795)
						686,925	675,153	(11,772)
394	394	-				458	427	(31)
1,239,638	1,225,293	(14,345)	7,597,126	7,597,126	-	18,107,770	17,603,550	(504,220)
(74,638)	(130,077)	(55,439)	(7,444,126)	(7,449,562)	(5,436)	12,709,230	10,216,185	(2,493,045)
270,602	270,602	-	7,400,836	7,400,836	-	8,463,854	8,463,854	-
(8,210)	(8,210)	-	(429)	(429)	-	(11,314,618)	(11,314,618)	-
262,392	262,392	-	7,400,407	7,400,407	-	(2,850,764)	(2,850,764)	-
(13,351)	(13,351)	-				(11,807,745)	(11,807,745)	-
174,403	118,964	(55,439)	(43,719)	(49,155)	(5,436)	(1,949,279)	(4,442,324)	(2,493,045)
16,414	16,414	-	(441,881)	(441,881)	-	(3,541,879)	(3,541,879)	-
\$ 190,817	\$ 135,378	\$ (55,439)	\$ (485,600)	\$ (491,036)	\$ (5,436)	\$ (5,491,158)	\$ (7,984,203)	\$ (2,493,045)

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, 2017 (Expressed in Thousands)

	Road			Motor Fuel Tax - State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 1,262,318	\$ 1,274,464	\$ 12,146
Federal government	\$ 1,552,113	\$ 1,589,273	\$ 37,160	25	35	10
Other	1,112,673	1,089,652	(23,021)		940	940
Less:						
Refunds	2,602	1,364	(1,238)	22,000	19,665	(2,335)
Total revenues	2,662,184	2,677,561	15,377	1,240,343	1,255,774	15,431
EXPENDITURES:						
Current:						
General government	125,464	124,701	(763)	63,909	60,143	(3,766)
Employment and economic development	4,000	4,000	-			
Transportation	2,548,043	2,163,521	(384,522)	17,912	12,369	(5,543)
Environment and business regulation				30,000	30,000	-
Capital outlays	66,503	66,200	(303)	50	45	(5)
Total expenditures	2,744,010	2,358,422	(385,588)	111,871	102,557	(9,314)
Excess (deficiency) of revenues over (under) expenditures	(81,826)	319,139	400,965	1,128,472	1,153,217	24,745
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	303,291	303,291	-	2	2	-
Operating transfers-out	(328,121)	(328,121)	-	(1,147,547)	(1,147,547)	-
Total other sources (uses) of financial resources	(24,830)	(24,830)	-	(1,147,545)	(1,147,545)	-
Budgetary funds-nonbudgeted accounts	(438)	(438)	-	(9,379)	(9,379)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(107,094)	293,871	400,965	(28,452)	(3,707)	24,745
Budgetary fund balances (deficits), July 1, 2016	803,019	803,019	-	94,945	94,945	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 695,925	\$ 1,096,890	\$ 400,965	\$ 66,493	\$ 91,238	\$ 24,745

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)
			\$ 526,140	\$ 506,592	\$ (19,548)		\$ 13	\$ 13
			526,140	506,592	(19,548)		13	13
\$ 285,775	\$ 285,775	\$ -	668,732	668,406	(326)	\$ 360,698	310,816	(49,882)
285,775	285,775	-	668,732	668,406	(326)	360,698	310,816	(49,882)
(285,775)	(285,775)	-	(142,592)	(161,814)	(19,222)	(360,698)	(310,803)	49,895
281,986	281,986	-	222,840	222,840	-	334,324	334,324	-
			(67)	(67)	-	(3,007)	(3,007)	-
281,986	281,986	-	222,773	222,773	-	331,317	331,317	-
(3,789)	(3,789)	-	80,181	60,959	(19,222)	(29,381)	20,514	49,895
(15,875)	(15,875)	-	355,296	355,296	-	18,384	18,384	-
\$ (19,664)	\$ (19,664)	\$ -	\$ 435,477	\$ 416,255	\$ (19,222)	\$ (10,997)	\$ 38,898	\$ 49,895

(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, 2017 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Motor fuel taxes	\$ 1,262,318	\$ 1,274,464	\$ 12,146
Federal government	1,552,138	1,589,308	37,170
Other	1,638,813	1,597,197	(41,616)
Less:			
Refunds	24,602	21,029	(3,573)
Total revenues	<u>4,428,667</u>	<u>4,439,940</u>	<u>11,273</u>
EXPENDITURES:			
Current:			
General government	189,373	184,844	(4,529)
Employment and economic development	4,000	4,000	-
Transportation	3,881,160	3,440,887	(440,273)
Environment and business regulation	30,000	30,000	-
Capital outlays	66,553	66,245	(308)
Total expenditures	<u>4,171,086</u>	<u>3,725,976</u>	<u>(445,110)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>257,581</u>	<u>713,964</u>	<u>456,383</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	1,142,443	1,142,443	-
Operating transfers-out	(1,478,742)	(1,478,742)	-
Total other sources (uses) of financial resources	<u>(336,299)</u>	<u>(336,299)</u>	<u>-</u>
Budgetary funds-nonbudgeted accounts	<u>(9,817)</u>	<u>(9,817)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	<u>(88,535)</u>	<u>367,848</u>	<u>456,383</u>
Budgetary fund balances (deficits), July 1, 2016	1,255,769	1,255,769	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	<u>\$ 1,167,234</u>	<u>\$ 1,623,617</u>	<u>\$ 456,383</u>

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State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Elected Officials Comptroller			Code Departments		
	Budget Stabilization Fund			Final Budget	Actual	Variance Over (Under)
	Final Budget	Actual	Variance Over (Under)			
REVENUES:						
Income taxes				\$ 624,929	\$ 1,874,354	\$ 1,249,425
Sales taxes				872,996	893,518	20,522
Motor fuel taxes						
Public utility taxes				27,985	216,757	188,772
Federal government				10,114,048	8,383,367	(1,730,681)
Other	\$ 620	\$ 620	\$ -	7,685,778	5,313,767	(2,372,011)
Less:						
Refunds				8,850	26	(8,824)
Total revenues	620	620	-	19,316,886	16,681,737	(2,635,149)
EXPENDITURES:						
Current:						
Health and social services	48,030	47,702	(328)	15,513,231	12,785,972	(2,727,259)
Education	1,825	1,601	(224)	116,411	115,315	(1,096)
General government	62,325	61,439	(886)	10,837,462	7,045,667	(3,791,795)
Employment and economic development	3,125	3,064	(61)	975	244	(731)
Transportation				953,769	950,365	(3,404)
Public protection and justice	152,845	152,835	(10)	14,550	9,816	(4,734)
Environment and business regulation	6,850	6,806	(44)			
Capital outlays				15	2	(13)
Total expenditures	275,000	273,447	(1,553)	27,436,413	20,907,381	(6,529,032)
Excess (deficiency) of revenues over (under) expenditures	(274,380)	(272,827)	1,553	(8,119,527)	(4,225,644)	3,893,883
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in				2,585,022	2,585,022	-
Operating transfers-out				(2,089,341)	(2,089,341)	-
Total other sources (uses) of financial resources				495,681	495,681	-
Budgetary funds-nonbudgeted accounts				(15,396)	(15,396)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(274,380)	(272,827)	1,553	(7,639,242)	(3,745,359)	3,893,883
Budgetary fund balances (deficits), July 1, 2016	276,549	276,549	-	918,981	918,981	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 2,169	\$ 3,722	\$ 1,553	\$(6,720,261)	\$(2,826,378)	\$ 3,893,883

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 453,500	\$ 465,200	\$ 11,700	\$ 2,302,303	\$ 2,302,523	\$ 220	\$ 3,380,732	\$ 4,642,077	\$ 1,261,345
			189,967	205,438	15,471	1,062,963	1,098,956	35,993
			64,953	73,951	8,998	64,953	73,951	8,998
79,087	57,467	(21,620)	244,970	239,118	(5,852)	352,042	513,342	161,300
110,816	130,310	19,494	1,328,783	1,169,585	(159,198)	11,553,647	9,683,262	(1,870,385)
787,717	777,857	(9,860)	1,684,052	1,741,753	57,701	10,158,167	7,833,997	(2,324,170)
50		(50)	2,296,772	2,292,058	(4,714)	2,305,672	2,292,084	(13,588)
1,431,070	1,430,834	(236)	3,518,256	3,440,310	(77,946)	24,266,832	21,553,501	(2,713,331)
1,030	646	(384)	2,010,644	1,176,595	(834,049)	17,572,935	14,010,915	(3,562,020)
453,600	446,396	(7,204)	262,475	213,956	(48,519)	834,311	777,268	(57,043)
155,254	137,545	(17,709)	540,827	368,219	(172,608)	11,595,868	7,612,870	(3,982,998)
			1,058,876	684,199	(374,677)	1,062,976	687,507	(375,469)
			418,934	219,142	(199,792)	1,372,703	1,169,507	(203,196)
			479,277	286,892	(192,385)	646,672	449,543	(197,129)
804,844	760,134	(44,710)	689,108	494,980	(194,128)	1,500,802	1,261,920	(238,882)
50	7	(43)	7,136	2,939	(4,197)	7,201	2,948	(4,253)
1,414,778	1,344,728	(70,050)	5,467,277	3,446,922	(2,020,355)	34,593,468	25,972,478	(8,620,990)
16,292	86,106	69,814	(1,949,021)	(6,612)	1,942,409	(10,326,636)	(4,418,977)	5,907,659
406,404	406,404	-				406,404	406,404	-
158,752	158,752	-	829,919	829,919	-	3,573,693	3,573,693	-
(644,409)	(644,409)	-	(238,991)	(238,991)	-	(2,972,741)	(2,972,741)	-
(79,253)	(79,253)	-	590,928	590,928	-	1,007,356	1,007,356	-
(13,272)	(13,272)	-	(7,966)	(7,966)	-	(36,634)	(36,634)	-
(76,233)	(6,419)	69,814	(1,366,059)	576,350	1,942,409	(9,355,914)	(3,448,255)	5,907,659
(387,107)	(387,107)	-	1,432,338	1,432,338	-	2,240,761	2,240,761	-
\$ (463,340)	\$ (393,526)	\$ 69,814	\$ 66,279	\$ 2,008,688	\$ 1,942,409	\$ (7,115,153)	\$ (1,207,494)	\$ 5,907,659

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, 2017 (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				\$ 442,994	\$ 465,200	\$ 22,206
Sales taxes						
Public utility taxes						
Federal government	\$ 36,898	\$ 3,294	\$ (33,604)			
Other	2,269,061	995,727	(1,273,334)	10,506	11,000	494
Less:						
Refunds						
Total revenues	2,305,959	999,021	(1,306,938)	453,500	476,200	22,700
EXPENDITURES:						
Current:						
Health and social services				943,741	913,547	(30,194)
Education						
General government	6,500,600	3,321,399	(3,179,201)			
Employment and economic development				975	244	(731)
Public protection and justice				13,875	9,282	(4,593)
Transportation				731		(731)
Capital outlays						
Total expenditures	6,500,600	3,321,399	(3,179,201)	959,322	923,073	(36,249)
Excess (deficiency) of revenues over (under) expenditures	(4,194,641)	(2,322,378)	1,872,263	(505,822)	(446,873)	58,949
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in						
Operating transfers-out				(24)	(24)	-
Total other sources (uses) of financial resources				(24)	(24)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(4,194,641)	(2,322,378)	1,872,263	(505,846)	(446,897)	58,949
Budgetary fund balances (deficits), July 1, 2016	195,315	195,315	-	432,904	432,904	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (3,999,326)	\$ (2,127,063)	\$ 1,872,263	\$ (72,942)	\$ (13,993)	\$ 58,949

Healthcare and Family Services			Revenue			Transportation		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 181,935	\$ 1,409,154	\$ 1,227,219			
			872,996	893,518	20,522			
			27,985	216,757	188,772			
\$ 8,163,461	\$ 7,505,001	\$ (658,460)				\$ 1,498,378	\$ 453,606	\$ (1,044,772)
3,571,452	2,821,820	(749,632)	141,665	142,300	635			
8,750		(8,750)						
11,726,163	10,326,821	(1,399,342)	1,224,581	2,661,729	1,437,148	1,498,378	453,606	(1,044,772)
14,114,656	11,484,899	(2,629,757)						
			116,411	115,315	(1,096)			
			3,165,219	3,120,567	(44,652)	1,611	990	(621)
			675	534	(141)			
			5	1	(4)	953,038	950,365	(2,673)
14,114,656	11,484,899	(2,629,757)	3,282,310	3,236,417	(45,893)	954,649	951,355	(3,294)
(2,388,493)	(1,158,078)	1,230,415	(2,057,729)	(574,688)	1,483,041	543,729	(497,749)	(1,041,478)
503,009	503,009	-	1,569,069	1,569,069	-	512,862	512,862	-
(382,965)	(382,965)	-	(984,957)	(984,957)	-	(90)	(90)	-
120,044	120,044	-	584,112	584,112	-	512,772	512,772	-
(2,268,449)	(1,038,034)	1,230,415	(1,473,617)	9,424	1,483,041	1,056,501	15,023	(1,041,478)
57,563	57,563	-	215,084	215,084	-	11,636	11,636	-
\$ (2,210,886)	\$ (980,471)	\$ 1,230,415	\$ (1,258,533)	\$ 224,508	\$ 1,483,041	\$ 1,068,137	\$ 26,659	\$ (1,041,478)

(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, 2017 (Expressed in Thousands)

(continued)	Other			Total		
	Other Code Departments			Final Budget	Actual	Variance Over (Under)
	Final Budget	Actual	Variance Over (Under)			
REVENUES:						
Income taxes				\$ 624,929	\$ 1,874,354	\$ 1,249,425
Sales taxes				872,996	893,518	20,522
Public utility taxes				27,985	216,757	188,772
Federal government	\$ 415,311	\$ 421,466	\$ 6,155	10,114,048	8,383,367	(1,730,681)
Other	1,693,094	1,342,920	(350,174)	7,685,778	5,313,767	(2,372,011)
Less:						
Refunds	100	26	(74)	8,850	26	(8,824)
Total revenues	2,108,305	1,764,360	(343,945)	19,316,886	16,681,737	(2,635,149)
EXPENDITURES:						
Current:						
Health and social services	454,834	387,526	(67,308)	15,513,231	12,785,972	(2,727,259)
Education				116,411	115,315	(1,096)
General government	1,170,032	602,711	(567,321)	10,837,462	7,045,667	(3,791,795)
Employment and economic development				975	244	(731)
Public protection and justice				14,550	9,816	(4,734)
Transportation				953,769	950,365	(3,404)
Capital outlays	10	1	(9)	15	2	(13)
Total expenditures	1,624,876	990,238	(634,638)	27,436,413	20,907,381	(6,529,032)
Excess (deficiency) of revenues over (under) expenditures	483,429	774,122	290,693	(8,119,527)	(4,225,644)	3,893,883
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	82	82	-	2,585,022	2,585,022	-
Operating transfers-out	(721,305)	(721,305)	-	(2,089,341)	(2,089,341)	-
Total other sources (uses) of financial resources	(721,223)	(721,223)	-	495,681	495,681	-
Budgetary funds-nonbudgeted accounts	(15,396)	(15,396)	-	(15,396)	(15,396)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(253,190)	37,503	290,693	(7,639,242)	(3,745,359)	3,893,883
Budgetary fund balances (deficits), July 1, 2016	6,479	6,479	-	918,981	918,981	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (246,711)	\$ 43,982	\$ 290,693	\$ (6,720,261)	\$(2,826,378)	\$ 3,893,883

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State of Illinois

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

For the Year Ended June 30, 2017 (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	\$ 1,369,293	\$ 1,336,281	\$ (33,012)	\$ 233,802	\$ 212,689	\$ (21,113)
Other	767,688	710,635	(57,053)	199,580	166,366	(33,214)
Less:						
Refunds	1,000		(1,000)	2,750		(2,750)
Total revenues	2,135,981	2,046,916	(89,065)	430,632	379,055	(51,577)
EXPENDITURES:						
Current:						
Health and social services	2,525,000	2,009,981	(515,019)	553,294	447,323	(105,971)
Total expenditures	2,525,000	2,009,981	(515,019)	553,294	447,323	(105,971)
Excess (deficiency) of revenues over (under) expenditures	(389,019)	36,935	425,954	(122,662)	(68,268)	54,394
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				30,001	30,001	-
Operating transfers-out				(20,006)	(20,006)	-
Total other sources (uses) of financial resources				9,995	9,995	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(389,019)	36,935	425,954	(112,667)	(58,273)	54,394
Budgetary fund balances (deficits), July 1, 2016	(77,994)	(77,994)	-	2,567	2,567	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (467,013)	\$ (41,059)	\$ 425,954	\$ (110,100)	\$ (55,706)	\$ 54,394

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)
\$ 1,734,924	\$ 2,059,287	\$ 324,363	\$ 332,853	\$ 423,425	\$ 90,572	\$ 4,492,589	\$ 3,473,319	\$ (1,019,270)
1,200,474	1,364,625	164,151	314	281	(33)	1,403,396	579,913	(823,483)
5,000		(5,000)						
2,930,398	3,423,912	493,514	333,167	423,706	90,539	5,895,985	4,053,232	(1,842,753)
3,000,000	2,902,896	(97,104)	1,440,000	1,440,000	-	6,596,362	4,684,699	(1,911,663)
3,000,000	2,902,896	(97,104)	1,440,000	1,440,000	-	6,596,362	4,684,699	(1,911,663)
(69,602)	521,016	590,618	(1,106,833)	(1,016,294)	90,539	(700,377)	(631,467)	68,910
3	3	-	239,945	239,945	-	233,060	233,060	-
(362,842)	(362,842)	-	(10)	(10)	-	(107)	(107)	-
(362,839)	(362,839)	-	239,935	239,935	-	232,953	232,953	-
(432,441)	158,177	590,618	(866,898)	(776,359)	90,539	(467,424)	(398,514)	68,910
(38,663)	(38,663)	-	49,732	49,732	-	121,921	121,921	-
\$ (471,104)	\$ 119,514	\$ 590,618	\$ (817,166)	\$ (726,627)	\$ 90,539	\$ (345,503)	\$ (276,593)	\$ 68,910

(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, 2017 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 8,163,461	\$ 7,505,001	\$ (658,460)
Other	3,571,452	2,821,820	(749,632)
Less:			
Refunds	8,750		(8,750)
Total revenues	<u>11,726,163</u>	<u>10,326,821</u>	<u>(1,399,342)</u>
EXPENDITURES:			
Current:			
Health and social services	14,114,656	11,484,899	(2,629,757)
Total expenditures	<u>14,114,656</u>	<u>11,484,899</u>	<u>(2,629,757)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,388,493)</u>	<u>(1,158,078)</u>	<u>1,230,415</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	503,009	503,009	-
Operating transfers-out	(382,965)	(382,965)	-
Total other sources (uses) of financial resources	<u>120,044</u>	<u>120,044</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(2,268,449)</u>	<u>(1,038,034)</u>	<u>1,230,415</u>
Budgetary fund balances (deficits), July 1, 2016	57,563	57,563	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	<u>\$ (2,210,886)</u>	<u>\$ (980,471)</u>	<u>\$ 1,230,415</u>

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State of Illinois

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

For the Year Ended June 30, 2017 (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	\$ 399,929	\$ 420,451	\$ 20,522			
Public utility taxes						
Other						
Total revenues	399,929	420,451	20,522			
EXPENDITURES:						
Current:						
Education						
General government	94,800	85,453	(9,347)	\$ 1,497,294	\$ 1,466,380	\$ (30,914)
Public protection and justice						
Capital outlays						
Total expenditures	94,800	85,453	(9,347)	1,497,294	1,466,380	(30,914)
Excess (deficiency) of revenues over (under) expenditures	305,129	334,998	29,869	(1,497,294)	(1,466,380)	30,914
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				1,466,613	1,466,613	-
Operating transfers-out	(330,640)	(330,640)	-	(107)	(107)	-
Total other sources (uses) of financial resources	(330,640)	(330,640)	-	1,466,506	1,466,506	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(25,511)	4,358	29,869	(30,788)	126	30,914
Budgetary fund balances (deficits), July 1, 2016	28,618	28,618	-	(39,344)	(39,344)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 3,107	\$ 32,976	\$ 29,869	\$ (70,132)	\$ (39,218)	\$ 30,914

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)
\$ 181,935	\$ 1,409,154	\$ 1,227,219	\$ 473,067	\$ 473,067	\$ -	\$ 181,935	\$ 1,409,154	\$ 1,227,219
27,985	216,757	188,772				872,996	893,518	20,522
94	729	635	141,571	141,571	-	141,665	142,300	635
210,014	1,626,640	1,416,626	614,638	614,638	-	1,224,581	2,661,729	1,437,148
116,411	115,315	(1,096)				116,411	115,315	(1,096)
1,573,125	1,568,734	(4,391)				3,165,219	3,120,567	(44,652)
675	534	(141)				675	534	(141)
5	1	(4)				5	1	(4)
1,690,216	1,684,584	(5,632)				3,282,310	3,236,417	(45,893)
(1,480,202)	(57,944)	1,422,258	614,638	614,638	-	(2,057,729)	(574,688)	1,483,041
62,990	62,990	-	39,466	39,466	-	1,569,069	1,569,069	-
(106)	(106)	-	(654,104)	(654,104)	-	(984,957)	(984,957)	-
62,884	62,884	-	(614,638)	(614,638)	-	584,112	584,112	-
(1,417,318)	4,940	1,422,258	-	-	-	(1,473,617)	9,424	1,483,041
225,810	225,810	-				215,084	215,084	-
\$ (1,191,508)	\$ 230,750	\$ 1,422,258	\$ -	\$ -	\$ -	\$ (1,258,533)	\$ 224,508	\$ 1,483,041

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, 2017 (Expressed in Thousands)

	Federal High Speed Rail			Public Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,498,378	\$ 453,606	\$ (1,044,772)			
Total revenues	1,498,378	453,606	(1,044,772)			
EXPENDITURES:						
Current:						
General government				\$ 1,611	\$ 990	\$ (621)
Transportation	375,038	375,038	-	578,000	575,327	(2,673)
Total expenditures	375,038	375,038	-	579,611	576,317	(3,294)
Excess (deficiency) of revenues over (under) expenditures	1,123,340	78,568	(1,044,772)	(579,611)	(576,317)	3,294
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				512,862	512,862	-
Operating transfers-out	(29)	(29)	-	(61)	(61)	-
Total other sources (uses) of financial resources	(29)	(29)	-	512,801	512,801	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	1,123,311	78,539	(1,044,772)	(66,810)	(63,516)	3,294
Budgetary fund balances (deficits), July 1, 2016	(45,304)	(45,304)	-	56,940	56,940	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 1,078,007	\$ 33,235	\$ (1,044,772)	\$ (9,870)	\$ (6,576)	\$ 3,294

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,498,378	\$ 453,606	\$ (1,044,772)
1,498,378	453,606	(1,044,772)

1,611	990	(621)
953,038	950,365	(2,673)
954,649	951,355	(3,294)

543,729	(497,749)	(1,041,478)
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512,862	512,862	-
(90)	(90)	-
512,772	512,772	-

1,056,501	15,023	(1,041,478)
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11,636	11,636	-
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\$ 1,068,137	\$ 26,659	\$ (1,041,478)
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State of Illinois

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

For the Year Ended June 30, 2017 (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	\$ 415,311	\$ 421,466	\$ 6,155			
Other	3,543	4,365	822	\$ 1,689,551	\$ 1,338,555	\$ (350,996)
Less:						
Refunds				100	26	(74)
Total revenues	418,854	425,831	6,977	1,689,451	1,338,529	(350,922)
EXPENDITURES:						
Current:						
Health and social services	454,834	387,526	(67,308)			
General government	1,500	1,422	(78)	1,168,532	601,289	(567,243)
Capital outlays				10	1	(9)
Total expenditures	456,334	388,948	(67,386)	1,168,542	601,290	(567,252)
Excess (deficiency) of revenues over (under) expenditures	(37,480)	36,883	74,363	520,909	737,239	216,330
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(851)	(851)	-	82	82	-
Total other sources (uses) of financial resources	(851)	(851)	-	(720,454)	(720,454)	-
Budgetary funds-nonbudgeted accounts	(228)	(228)	-	(15,168)	(15,168)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(38,559)	35,804	74,363	(214,631)	1,699	216,330
Budgetary fund balances (deficits), July 1, 2016	(41,353)	(41,353)	-	47,832	47,832	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (79,912)	\$ (5,549)	\$ 74,363	\$ (166,799)	\$ 49,531	\$ 216,330

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 415,311	\$ 421,466	\$ 6,155	
1,693,094	1,342,920	(350,174)	
100	26	(74)	
2,108,305	1,764,360	(343,945)	

454,834	387,526	(67,308)
1,170,032	602,711	(567,321)
10	1	(9)
1,624,876	990,238	(634,638)

483,429	774,122	290,693
82	82	-
(721,305)	(721,305)	-
(721,223)	(721,223)	-
(15,396)	(15,396)	-

(253,190)	37,503	290,693
6,479	6,479	-
\$ (246,711)	\$ 43,982	\$ 290,693

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, 2017 (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				\$ 110,816	\$ 130,310	\$ 19,494
Other	\$ 488,125	\$ 479,452	\$ (8,673)	279,410	283,740	4,330
Less:						
Refunds	50		(50)			
Total revenues	488,075	479,452	(8,623)	390,226	414,050	23,824
EXPENDITURES:						
Current:						
Health and social services	1,030	646	(384)			
Education						
General government	154,541	137,423	(17,118)	804,844	760,134	(44,710)
Environment and business regulation						
Capital outlays	50	7	(43)			
Total expenditures	155,621	138,076	(17,545)	804,844	760,134	(44,710)
Excess (deficiency) of revenues over (under) expenditures	332,454	341,376	8,922	(414,618)	(346,084)	68,534
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Bond proceeds				406,404	406,404	-
Operating transfers-in						
Operating transfers-out	(338,776)	(338,776)	-			
Total other sources (uses) of financial resources	(338,776)	(338,776)	-	406,404	406,404	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(6,322)	2,600	8,922	(8,214)	60,320	68,534
Budgetary fund balances (deficits), July 1, 2016	21,915	21,915	-	3,010	3,010	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 15,593	\$ 24,515	\$ 8,922	\$ (5,204)	\$ 63,330	\$ 68,534

State Board of Education			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 453,500	\$ 465,200	\$ 11,700	\$ 453,500	\$ 465,200	\$ 11,700
79,087	57,467	(21,620)	79,087	57,467	(21,620)
			110,816	130,310	19,494
20,182	14,665	(5,517)	787,717	777,857	(9,860)
			50		(50)
552,769	537,332	(15,437)	1,431,070	1,430,834	(236)
			1,030	646	(384)
453,600	446,396	(7,204)	453,600	446,396	(7,204)
713	122	(591)	155,254	137,545	(17,709)
			804,844	760,134	(44,710)
			50	7	(43)
454,313	446,518	(7,795)	1,414,778	1,344,728	(70,050)
98,456	90,814	(7,642)	16,292	86,106	69,814
			406,404	406,404	-
158,752	158,752	-	158,752	158,752	-
(305,633)	(305,633)	-	(644,409)	(644,409)	-
(146,881)	(146,881)	-	(79,253)	(79,253)	-
(13,272)	(13,272)	-	(13,272)	(13,272)	-
(61,697)	(69,339)	(7,642)	(76,233)	(6,419)	69,814
(412,032)	(412,032)	-	(387,107)	(387,107)	-
\$ (473,729)	\$ (481,371)	\$ (7,642)	\$ (463,340)	\$ (393,526)	\$ 69,814

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, 2017 (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	\$ 453,500	\$ 465,200	\$ 11,700			
Public utility tax				\$ 79,087	\$ 57,467	\$ (21,620)
Other				20,182	14,665	(5,517)
Total revenues	453,500	465,200	11,700	99,269	72,132	(27,137)
EXPENDITURES:						
Current:						
Education	453,000	446,172	(6,828)	600	224	(376)
General government				713	122	(591)
Total expenditures	453,000	446,172	(6,828)	1,313	346	(967)
Excess (deficiency) of revenues over (under) expenditures	500	19,028	18,528	97,956	71,786	(26,170)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				158,752	158,752	-
Operating transfers-out	(14)	(14)	-	(305,619)	(305,619)	-
Total other sources (uses) of financial resources	(14)	(14)	-	(146,867)	(146,867)	-
Budgetary funds-nonbudgeted accounts				(13,272)	(13,272)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	486	19,014	18,528	(62,183)	(88,353)	(26,170)
Budgetary fund balances (deficits), July 1, 2016	12,386	12,386	-	(424,418)	(424,418)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 12,872	\$ 31,400	\$ 18,528	\$ (486,601)	\$ (512,771)	\$ (26,170)

Total		
Final Budget	Actual	Variance Over (Under)
\$ 453,500	\$ 465,200	\$ 11,700
79,087	57,467	(21,620)
20,182	14,665	(5,517)
552,769	537,332	(15,437)

453,600	446,396	(7,204)
713	122	(591)
454,313	446,518	(7,795)

98,456	90,814	(7,642)
158,752	158,752	-
(305,633)	(305,633)	-
(146,881)	(146,881)	-
(13,272)	(13,272)	-

(61,697)	(69,339)	(7,642)
(412,032)	(412,032)	-
\$ (473,729)	\$ (481,371)	\$ (7,642)

State of Illinois

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

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Code Departments			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ 98	\$ 98	\$ -	\$ 10,000		\$ (10,000)
Total revenues	98	98	-	10,000		(10,000)
EXPENDITURES:						
Current:						
General government	650	581	(69)	86,737	\$ 77,406	(9,331)
Employment and economic development	3,431	2,915	(516)			
Transportation	763,838	763,433	(405)	6,580	6,571	(9)
Environment and business regulation	21,830	16,310	(5,520)	11,498	11,279	(219)
Debt service:						
Principal	390,679	390,679	-			
Capital outlays				73,600	72,943	(657)
Total expenditures	1,180,428	1,173,918	(6,510)	178,415	168,199	(10,216)
Excess (deficiency) of revenues over (under) expenditures	(1,180,330)	(1,173,820)	6,510	(168,415)	(168,199)	216
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	1,015,627	1,015,627	-	116,879	116,879	-
Operating transfers in	30,162	30,162	-	83,511	83,511	-
Operating transfers out	(93,473)	(93,473)	-	(20,200)	(20,200)	-
Total other sources (uses) of financial resources	952,316	952,316	-	180,190	180,190	-
Budgetary funds-nonbudgeted accounts				(9,825)	(9,825)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(228,014)	(221,504)	6,510	1,950	2,166	216
Budgetary fund balances (deficits), July 1, 2016	616,797	616,797	-	138,551	138,551	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 388,783	\$ 395,293	\$ 6,510	\$ 140,501	\$ 140,717	\$ 216

Total		
Final Budget	Actual	Variance Over (Under)
\$ 10,098	\$ 98	\$ (10,000)
10,098	98	(10,000)
87,387	77,987	(9,400)
3,431	2,915	(516)
770,418	770,004	(414)
33,328	27,589	(5,739)
390,679	390,679	-
73,600	72,943	(657)
1,358,843	1,342,117	(16,726)
(1,348,745)	(1,342,019)	6,726
1,132,506	1,132,506	-
113,673	113,673	-
(113,673)	(113,673)	-
1,132,506	1,132,506	-
(9,825)	(9,825)	-
(226,064)	(219,338)	6,726
755,348	755,348	-
\$ 529,284	\$ 536,010	\$ 6,726

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 - Code Departments

For the Year Ended June 30, 2017 (Expressed in Thousands)

	Commerce and Economic Opportunity Build Illinois Bond Fund			Transportation		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Other	\$ 98	\$ 98	\$ -			
Total revenues	98	98	-			
EXPENDITURES:						
Current:						
General government	650	581	(69)			
Employment and economic development	3,431	2,915	(516)			
Transportation				\$ 763,838	\$ 763,433	\$ (405)
Environment and business regulation	21,830	16,310	(5,520)			
Debt service:						
Principal	390,679	390,679	-			
Total expenditures	416,590	410,485	(6,105)	763,838	763,433	(405)
Excess (deficiency) of revenues over (under) expenditures	(416,492)	(410,387)	6,105	(763,838)	(763,433)	405
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	622,487	622,487	-	393,140	393,140	-
Operating transfers in				30,162	30,162	-
Operating transfers out				(93,473)	(93,473)	-
Total other sources (uses) of financial resources	622,487	622,487	-	329,829	329,829	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	205,995	212,100	6,105	(434,009)	(433,604)	405
Budgetary fund balances (deficits), July 1, 2016	(27,388)	(27,388)	-	644,185	644,185	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 178,607	\$ 184,712	\$ 6,105	\$ 210,176	\$ 210,581	\$ 405

Total		
Final Budget	Actual	Variance Over (Under)
\$ 98	\$ 98	\$ -
98	98	-
650	581	(69)
3,431	2,915	(516)
763,838	763,433	(405)
21,830	16,310	(5,520)
390,679	390,679	-
1,180,428	1,173,918	(6,510)
(1,180,330)	(1,173,820)	6,510
1,015,627	1,015,627	-
30,162	30,162	-
(93,473)	(93,473)	-
952,316	952,316	-
(228,014)	(221,504)	6,510
616,797	616,797	-
\$ 388,783	\$ 395,293	\$ 6,510

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, 2017 (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	\$ 267,341	\$ 267,007	\$ (334)	\$ 496,497	\$ 496,426	\$ (71)
Total expenditures	267,341	267,007	(334)	496,497	496,426	(71)
Excess (deficiency) of revenues over (under) expenditures	(267,341)	(267,007)	334	(496,497)	(496,426)	71
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	85,003	85,003	-	308,137	308,137	-
Operatin transfers in	30,162	30,162	-			
Operating transfers out	(73,072)	(73,072)	-	(20,401)	(20,401)	-
Total other sources (uses) of financial resources	42,093	42,093	-	287,736	287,736	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(225,248)	(224,914)	334	(208,761)	(208,690)	71
Budgetary fund balances (deficits), July 1, 2016	362,748	362,748	-	281,437	281,437	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 137,500	\$ 137,834	\$ 334	\$ 72,676	\$ 72,747	\$ 71

Total		
Final Budget	Actual	Variance Over (Under)
\$ 763,838	\$ 763,433	\$ (405)
763,838	763,433	(405)
(763,838)	(763,433)	405
393,140	393,140	-
30,162	30,162	-
(93,473)	(93,473)	-
329,829	329,829	-
(434,009)	(433,604)	405
644,185	644,185	-
\$ 210,176	\$ 210,581	\$ 405

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, 2017 (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				\$ 57,974	\$ 57,974	\$ -
Federal government	\$ 52,225	\$ 54,116	\$ 1,891			
Other	34,029	48,081	14,052	751,267	751,267	-
Total revenues	86,254	102,197	15,943	809,241	809,241	-
EXPENDITURES:						
Debt service:						
Principal	3,360,815	3,360,815	-			
Interest	1,381,978	1,381,978	-			
Total expenditures	4,742,793	4,742,793	-			
Excess (deficiency) of revenues over (under) expenditures	(4,656,539)	(4,640,596)	15,943	809,241	809,241	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bonds	1,392,723	1,392,723	-			
Operating transfers-in	3,560,393	3,560,393	-			
Operating transfers-out				(1,081,783)	(1,081,783)	-
Total other sources (uses) of financial resources	4,953,116	4,953,116	-	(1,081,783)	(1,081,783)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	296,577	312,520	15,943	(272,542)	(272,542)	-
Budgetary fund balances (deficits), July 1, 2016	2,380,726	2,380,726	-	(797,048)	(797,048)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ 2,677,303	\$ 2,693,246	\$ 15,943	\$(1,069,590)	\$(1,069,590)	\$ -

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)
						\$ 57,974	\$ 57,974	\$ -
						52,225	54,116	1,891
\$ 41	\$ 80	\$ 39				785,337	799,428	14,091
41	80	39				895,536	911,518	15,982
480,000	455,230	(24,770)	\$ 14,500	\$ 14,427	\$ (73)	3,855,315	3,830,472	(24,843)
						1,381,978	1,381,978	-
480,000	455,230	(24,770)	14,500	14,427	(73)	5,237,293	5,212,450	(24,843)
(479,959)	(455,150)	24,809	(14,500)	(14,427)	73	(4,341,757)	(4,300,932)	40,825
						1,392,723	1,392,723	-
459,977	459,977	-	14,570	14,570	-	4,034,940	4,034,940	-
						(1,081,783)	(1,081,783)	-
459,977	459,977	-	14,570	14,570	-	4,345,880	4,345,880	-
(19,982)	4,827	24,809	70	143	73	4,123	44,948	40,825
9,418	9,418	-	7,748	7,748	-	1,600,844	1,600,844	-
\$ (10,564)	\$ 14,245	\$ 24,809	\$ 7,818	\$ 7,891	\$ 73	\$ 1,604,967	\$ 1,645,792	\$ 40,825

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, 2017 (Expressed in Thousands)

	Code Departments			State Board of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 937,702	\$ 820,934	\$ (116,768)	\$ 2,253,792	\$ 2,306,708	\$ 52,916
Other	73,343	68,736	(4,607)		18	18
Less:						
Refunds	200		(200)			
Total revenues	1,010,845	889,670	(121,175)	2,253,792	2,306,726	52,934
EXPENDITURES:						
Current:						
Health and social services	1,154,715	901,069	(253,646)			
Education				3,588,820	2,251,130	(1,337,690)
General government						
Employment and economic development						
Transportation						
Public protection and justice						
Environment and business regulation						
Capital outlays				989	47	(942)
Total expenditures	1,154,715	901,069	(253,646)	3,589,809	2,251,177	(1,338,632)
Excess (deficiency) of revenues over (under) expenditures	(143,870)	(11,399)	132,471	(1,336,017)	55,549	1,391,566
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	8,293	8,293	-			
Operating transfers-out				(16,338)	(16,338)	-
Total other sources (uses) of financial resources	8,293	8,293	-	(16,338)	(16,338)	-
Budgetary funds-nonbudgeted accounts				(1,614)	(1,614)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(135,577)	(3,106)	132,471	(1,353,969)	37,597	1,391,566
Budgetary fund balances (deficits), July 1, 2016	(22,281)	(22,281)	-	(320,073)	(320,073)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (157,858)	\$ (25,387)	\$ 132,471	\$ (1,674,042)	\$ (282,476)	\$ 1,391,566

	Other			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$	1,606,921	\$ 1,416,536	\$ (190,385)	\$ 4,798,415	\$ 4,544,178	\$ (254,237)
	202,742	211,635	8,893	276,085	280,389	4,304
	120		(120)	320		(320)
	1,809,543	1,628,171	(181,372)	5,074,180	4,824,567	(249,613)
	985,369	609,393	(375,976)	2,140,084	1,510,462	(629,622)
	401,373	225,413	(175,960)	3,990,193	2,476,543	(1,513,650)
	18,875	11,858	(7,017)	18,875	11,858	(7,017)
	1,007,807	428,131	(579,676)	1,007,807	428,131	(579,676)
	681,015	89,767	(591,248)	681,015	89,767	(591,248)
	464,483	170,842	(293,641)	464,483	170,842	(293,641)
	236,329	82,565	(153,764)	236,329	82,565	(153,764)
	5,350	352	(4,998)	6,339	399	(5,940)
	3,800,601	1,618,321	(2,182,280)	8,545,125	4,770,567	(3,774,558)
	(1,991,058)	9,850	2,000,908	(3,470,945)	54,000	3,524,945
	55,027	55,027	-	63,320	63,320	-
	(23,556)	(23,556)	-	(39,894)	(39,894)	-
	31,471	31,471	-	23,426	23,426	-
	(14,485)	(14,485)	-	(16,099)	(16,099)	-
	(1,974,072)	26,836	2,000,908	(3,463,618)	61,327	3,524,945
	127,539	127,539	-	(214,815)	(214,815)	-
\$	(1,846,533)	\$ 154,375	\$ 2,000,908	\$ (3,678,433)	\$ (153,488)	\$ 3,524,945

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, 2017 (Expressed in Thousands)

	Employment & Training			DHS Special Purpose Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 477,332	\$ 397,510	\$ (79,822)	\$ 254,000	\$ 238,634	\$ (15,366)
Other					67	67
Less:						
Refunds						
Total revenues	477,332	397,510	(79,822)	254,000	238,701	(15,299)
EXPENDITURES:						
Current:						
Health and social services	505,000	389,215	(115,785)	326,071	258,217	(67,854)
Total expenditures	505,000	389,215	(115,785)	326,071	258,217	(67,854)
Excess (deficiency) of revenues over (under) expenditures	(27,668)	8,295	35,963	(72,071)	(19,516)	52,555
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				8,293	8,293	-
Total other sources (uses) of financial resources				8,293	8,293	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(27,668)	8,295	35,963	(63,778)	(11,223)	52,555
Budgetary fund balances (deficits), July 1, 2016	(27,287)	(27,287)	-	14,023	14,023	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (54,955)	\$ (18,992)	\$ 35,963	\$ (49,755)	\$ 2,800	\$ 52,555

USDA Women, Infants and Children			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 206,370	\$ 184,790	\$ (21,580)	\$ 937,702	\$ 820,934	\$ (116,768)
73,343	68,669	(4,674)	73,343	68,736	(4,607)
200		(200)	200		(200)
279,513	253,459	(26,054)	1,010,845	889,670	(121,175)
323,644	253,637	(70,007)	1,154,715	901,069	(253,646)
323,644	253,637	(70,007)	1,154,715	901,069	(253,646)
(44,131)	(178)	43,953	(143,870)	(11,399)	132,471
			8,293	8,293	-
			8,293	8,293	-
(44,131)	(178)	43,953	(135,577)	(3,106)	132,471
(9,017)	(9,017)	-	(22,281)	(22,281)	-
\$ (53,148)	\$ (9,195)	\$ 43,953	\$ (157,858)	\$ (25,387)	\$ 132,471

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, 2017 (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	\$ 689,061	\$ 788,220	\$ 99,159	\$ 1,564,731	\$ 1,518,488	\$ (46,243)
Other		18	18			
Total revenues	689,061	788,238	99,177	1,564,731	1,518,488	(46,243)
EXPENDITURES:						
Current:						
Education	1,082,095	778,824	(303,271)	2,506,725	1,472,306	(1,034,419)
Capital outlays	310	15	(295)	679	32	(647)
Total expenditures	1,082,405	778,839	(303,566)	2,507,404	1,472,338	(1,035,066)
Excess (deficiency) of revenues over (under) expenditures	(393,344)	9,399	402,743	(942,673)	46,150	988,823
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(16,338)	(16,338)	-
Total other sources (uses) of financial resources				(16,338)	(16,338)	-
Budgetary funds-nonbudgeted accounts	(228)	(228)	-	(1,386)	(1,386)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(393,572)	9,171	402,743	(960,397)	28,426	988,823
Budgetary fund balances (deficits), July 1, 2016	(36,184)	(36,184)	-	(283,889)	(283,889)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (429,756)	\$ (27,013)	\$ 402,743	\$ (1,244,286)	\$ (255,463)	\$ 988,823

	Total		
Final Budget	Actual		Variance Over (Under)
\$ 2,253,792	\$ 2,306,708	\$ 52,916	
	18	18	
2,253,792	2,306,726	52,934	

3,588,820	2,251,130	(1,337,690)
989	47	(942)
3,589,809	2,251,177	(1,338,632)

(1,336,017)	55,549	1,391,566
(16,338)	(16,338)	-
(16,338)	(16,338)	-
(1,614)	(1,614)	-

(1,353,969)	37,597	1,391,566
(320,073)	(320,073)	-
\$ (1,674,042)	\$ (282,476)	\$ 1,391,566

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, 2017 (Expressed in Thousands)

	Code Departments					
	Healthcare and Family Services			Other		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes					\$ 242,240	\$ 242,240
Federal government		\$ 97,321	\$ 97,321	\$ 112,613	83,747	(28,866)
Other	\$ 439,250	1,144,679	705,429	300,611	479,314	178,703
Less:						
Refunds				300	293	(7)
Total revenues	439,250	1,242,000	802,750	412,924	805,008	392,084
EXPENDITURES:						
Current:						
Health and social services	162,346	105,234	(57,112)	238,641	196,000	(42,641)
Education				18,709	4,347	(14,362)
General government				153,352	105,079	(48,273)
Employment and Economic Development				1,247		(1,247)
Public protection and justice				20,164	4,491	(15,673)
Environment and business regulation				12,836	7,487	(5,349)
Capital outlays	874	28	(846)	12		(12)
Total expenditures	163,220	105,262	(57,958)	444,961	317,404	(127,557)
Excess (deficiency) of revenues over (under) expenditures	276,030	1,136,738	860,708	(32,037)	487,604	519,641
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(240,315)	(240,315)	-	(1,196)	(1,196)	-
Total other sources (uses) of financial resources	(240,315)	(240,315)	-	(1,196)	(1,196)	-
Budgetary funds-nonbudgeted accounts	(373,671)	(373,671)	-	(458,328)	(458,328)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(337,956)	522,752	860,708	(491,561)	28,080	519,641
Budgetary fund balances (deficits), July 1, 2016, as previously reported	224,714	224,714	-	203,517	203,517	-
Reclassifications between budgetary/nonbudgetary funds-net				4,751	4,751	-
Budgetary fund balances (deficits), July 1, 2016, as reclassified	224,714	224,714	-	208,268	208,268	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2017	\$ (113,242)	\$ 747,466	\$ 860,708	\$ (283,293)	\$ 236,348	\$ 519,641

	Total		
Final Budget	Actual	Variance Over (Under)	
	\$ 242,240	\$ 242,240	
\$ 112,613	181,068	68,455	
739,861	1,623,993	884,132	
300	293	(7)	
852,174	2,047,008	1,194,834	
400,987	301,234	(99,753)	
18,709	4,347	(14,362)	
153,352	105,079	(48,273)	
1,247		(1,247)	
20,164	4,491	(15,673)	
12,836	7,487	(5,349)	
886	28	(858)	
608,181	422,666	(185,515)	
243,993	1,624,342	1,380,349	
(241,511)	(241,511)	-	
(241,511)	(241,511)	-	
(831,999)	(831,999)	-	
(829,517)	550,832	1,380,349	
428,231	428,231	-	
4,751	4,751	-	
432,982	432,982	-	
\$ (396,535)	\$ 983,814	\$ 1,380,349	

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Statistical Section

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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.	354
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.	362
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.	366
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.	374
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.	376

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				
	2017	2016	2015	2014	2013
Governmental Activities					
Net investment in capital assets	\$ 15,992,970	\$ 15,583,035	\$ 15,180,555	\$ 15,097,043	\$ 14,805,078
Restricted	3,585,489	3,436,636	3,440,869	4,142,084	3,753,003
Unrestricted	(161,239,415)	(150,588,893)	(143,928,601)	(68,297,390)	(66,410,019)
Total governmental activities net position	<u>(141,660,956)</u>	<u>(131,569,222)</u>	<u>(125,307,177)</u>	<u>(49,058,263)</u>	<u>(47,851,938)</u>
Business-type Activities					
Net investment in capital assets	4,205	4,803	5,748	6,532	5,628
Restricted	5,450,934	5,371,256	5,240,507	4,911,161	4,291,086
Unrestricted	(381,994)	(533,887)	(921,900)	(1,094,605)	(1,271,930)
Total business-type activities net position	<u>5,073,145</u>	<u>4,842,172</u>	<u>4,324,355</u>	<u>3,823,088</u>	<u>3,024,784</u>
Primary Government					
Net investment in capital assets	15,997,175	15,587,838	15,186,303	15,103,575	14,810,706
Restricted	9,036,423	8,807,892	8,681,376	9,053,245	8,044,089
Unrestricted	(161,621,409)	(151,122,780)	(144,850,501)	(69,391,995)	(67,681,949)
Total primary government net position	<u>\$ (136,587,811)</u>	<u>\$ (126,727,050)</u>	<u>\$ (120,982,822)</u>	<u>\$ (45,235,175)</u>	<u>\$ (44,827,154)</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				
	2017	2016	2015	2014	2013
General fund (per GASB 54)					
Nonspendable	\$ 26,718	\$ 28,074	\$ 28,301	\$ 30,567	\$ 32,395
Restricted	52,233	79,294	45,569	58,852	65,729
Committed	1,946,730	1,139,048	1,311,460	1,138,836	739,161
Unassigned	(16,637,294)	(10,837,635)	(8,238,260)	(7,906,594)	(8,171,762)
General fund (prior to GASB 54)					
Reserved					
Unreserved					
Total general fund	<u>(14,611,613)</u>	<u>(9,591,219)</u>	<u>(6,852,930)</u>	<u>(6,678,339)</u>	<u>(7,334,477)</u>
All other governmental funds (per GASB 54)					
Nonspendable	\$ 134,400	\$ 121,976	\$ 120,025	\$ 101,255	\$ 108,746
Restricted	3,160,928	3,570,351	2,987,518	3,623,415	3,347,699
Committed	3,753,708	2,958,892	3,110,300	5,480,900	3,408,438
Assigned	1,658	9,835	1,227	10,007	9,265
Unassigned	(1,159,331)	(1,370,410)	(1,374,629)	(1,230,375)	(1,432,956)
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>5,891,363</u>	<u>5,290,644</u>	<u>4,844,441</u>	<u>7,985,202</u>	<u>5,441,192</u>
Total governmental funds	<u>\$ (8,720,250)</u>	<u>\$ (4,300,575)</u>	<u>\$ (2,008,489)</u>	<u>\$ 1,306,863</u>	<u>\$ (1,893,285)</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,				
2012	2011	2010	2009	2008
\$ 14,990,452	\$ 14,696,923	\$ 14,770,681	\$ 14,148,546	\$ 13,688,917
3,568,812	3,447,715	1,257,062	998,026	978,277
(65,144,723)	(61,753,364)	(53,562,848)	(44,608,334)	(39,213,817)
<u>(46,585,459)</u>	<u>(43,608,726)</u>	<u>(37,535,105)</u>	<u>(29,461,762)</u>	<u>(24,546,623)</u>
4,673	3,890	3,791	3,630	2,983
2,253,093	2,362,947	2,182,492	2,732,443	4,533,482
(422,682)	(1,129,243)	(1,227,648)	(161,927)	(840)
<u>1,835,084</u>	<u>1,237,594</u>	<u>958,635</u>	<u>2,574,146</u>	<u>4,535,625</u>
14,995,125	14,700,813	14,774,472	14,152,176	13,691,900
5,821,905	5,810,662	3,439,554	3,730,469	5,511,759
(65,567,405)	(62,882,607)	(54,790,496)	(44,770,261)	(39,214,657)
<u>\$(44,750,375)</u>	<u>\$(42,371,132)</u>	<u>\$(36,576,470)</u>	<u>\$(26,887,616)</u>	<u>\$(20,010,998)</u>

Schedule 2

Ended June 30,				
2012	2011	2010	2009	2008
\$ 34,652	\$ 32,108			
40,572	37,247			
917,589	1,132,322			
(10,070,984)	(9,211,633)			
		\$ 44,002	\$ 40,803	\$ 67,135
		(8,861,844)	(7,463,137)	(4,102,555)
<u>(9,078,171)</u>	<u>(8,009,956)</u>	<u>(8,817,842)</u>	<u>(7,422,334)</u>	<u>(4,035,420)</u>
\$ 85,281	\$ 78,447			
3,248,413	3,192,381			
3,783,223	3,437,839			
7,959	20,984			
(1,553,553)	(1,698,486)			
		\$ 501,514	\$ 507,169	\$ 488,365
		1,287,511	1,990,761	2,215,352
		1,061,585	837,423	850,615
		2,036,453	15,991	46,248
		13,648	916	1,248
<u>5,571,323</u>	<u>5,031,165</u>	<u>4,900,711</u>	<u>3,352,260</u>	<u>3,601,828</u>
<u>\$(3,506,848)</u>	<u>\$(2,978,791)</u>	<u>\$(3,917,131)</u>	<u>\$(4,070,074)</u>	<u>\$(433,592)</u>

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2017	2016	2015	2014	2013
Governmental Activities:					
Expenses					
Health and social services	\$ 30,271,727	\$ 28,910,642	\$ 29,744,877	\$ 27,341,750	\$ 25,885,439
Education	22,330,561	19,277,492	19,302,465	19,049,547	18,363,509
General government	2,907,779	2,826,077	2,717,269	2,449,947	2,771,340
Employment and economic development	962,010	834,844	1,251,097	1,271,862	1,318,453
Transportation	5,282,459	4,702,430	5,132,636	5,103,505	5,007,079
Public protection and justice	4,522,776	3,931,125	3,600,577	3,394,190	3,460,726
Environment and business regulation	927,409	801,393	1,104,370	1,050,615	910,189
Intergovernmental-revenue sharing	6,145,598	5,905,841	5,956,535	5,669,666	5,397,613
Interest	1,872,321	1,761,607	1,709,219	1,783,172	1,518,871
Total governmental activities expenses	75,222,640	68,951,451	70,519,045	67,114,254	64,633,219
Program revenues					
Charges for services:					
Health and social services	515,062	332,674	236,140	402,880	298,154
Education	10,599	10,156	9,446	8,251	8,378
General government	2,243,389	2,150,695	2,170,928	2,110,376	2,177,257
Employment and economic development	31,282	76,595	27,622	13,046	18,468
Transportation	110,920	53,133	16,082	124,869	45,358
Public protection and justice	148,115	154,511	145,548	146,781	125,859
Environment and business regulation	431,116	437,622	416,124	441,445	388,894
Operating grants and contributions	23,176,771	20,956,206	21,882,386	19,928,670	18,650,189
Capital grants and contributions	1,503,916	1,531,259	1,524,107	1,673,267	1,344,794
Total governmental activities program revenues	28,171,170	25,702,851	26,428,383	24,849,585	23,057,351
Total governmental activities net program expense	(47,051,470)	(43,248,600)	(44,090,662)	(42,264,669)	(41,575,868)
General revenues and other changes in net position					
Taxes					
Income taxes	16,427,074	16,897,452	19,881,531	20,992,371	21,259,064
Sales taxes	11,332,134	11,165,310	10,997,205	10,585,448	10,213,130
Motor fuel taxes	1,303,773	1,322,372	1,292,178	1,272,818	1,253,806
Public utility taxes	1,439,332	1,427,368	1,460,558	1,469,128	1,475,677
Riverboat taxes	475,299	485,024	498,309	521,092	583,699
Medical providers assessment taxes	1,565,845	1,376,128	1,400,813	1,672,787	1,165,644
Other taxes	2,803,658	2,742,805	2,843,428	2,306,427	2,288,341
Interest and investment income	96,389	72,294	64,104	61,354	46,900
Other revenues	759,553	762,820	777,298	1,342,507	1,134,424
Gain on capital assets traded-in	-	-	-	-	-
Special items	-	-	-	-	64,598
Transfers	756,679	734,982	779,330	834,412	824,106
Total general revenues and other changes in net position	36,959,736	36,986,555	39,994,754	41,058,344	40,309,389
Total governmental activities change in net position	(10,091,734)	(6,262,045)	(4,095,908)	(1,206,325)	(1,266,479)

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,				
2012	2011	2010	2009	2008
\$ 26,021,677	\$ 24,972,973	\$ 24,444,776	\$ 23,532,863	\$ 21,687,952
17,703,469	17,839,554	17,255,748	16,337,431	15,242,711
2,575,789	1,755,142	1,478,124	1,956,817	1,935,074
1,332,412	1,581,353	1,258,762	861,955	874,861
4,471,245	4,867,065	4,852,940	4,275,112	4,198,002
3,621,072	3,579,498	3,391,692	3,246,422	3,223,783
1,033,428	1,055,309	1,033,959	803,815	926,138
5,329,498	5,191,373	4,205,934	4,631,525	5,139,754
1,608,440	1,368,509	1,183,995	1,123,866	1,137,058
<u>63,697,030</u>	<u>62,210,776</u>	<u>59,105,930</u>	<u>56,769,806</u>	<u>54,365,333</u>
175,218	228,431	173,099	177,666	154,884
6,666	4,886	5,222	4,446	4,529
2,177,712	2,195,738	1,891,921	2,109,969	2,100,042
17,107	22,681	29,567	20,208	19,714
27,096	45,553	117,720	53,885	78,574
131,729	121,456	107,568	57,543	97,923
446,925	316,821	436,716	346,929	344,794
18,378,500	19,734,925	20,733,921	18,041,268	14,287,548
1,555,210	1,586,140	964,434	1,495,709	1,274,394
<u>22,916,163</u>	<u>24,256,631</u>	<u>24,460,168</u>	<u>22,307,623</u>	<u>18,362,402</u>
<u>(40,780,867)</u>	<u>(37,954,145)</u>	<u>(34,645,762)</u>	<u>(34,462,183)</u>	<u>(36,002,931)</u>
19,585,251	14,407,585	10,186,345	11,845,194	13,413,993
9,800,153	9,619,503	8,840,841	9,157,404	10,147,458
1,269,484	1,302,295	1,295,473	1,349,275	1,405,713
1,487,570	1,572,930	1,558,036	1,678,023	1,691,688
495,055	457,865	483,091	533,271	696,835
964,307	942,557	969,933	978,248	804,168
2,341,243	1,800,980	1,715,169	2,181,647	2,134,966
53,597	62,254	52,233	139,553	325,057
1,029,051	1,019,165	803,293	1,006,261	1,013,148
-	-	19	4,814	-
-	-	-	-	-
<u>778,423</u>	<u>695,390</u>	<u>667,986</u>	<u>673,354</u>	<u>668,089</u>
<u>37,804,134</u>	<u>31,880,524</u>	<u>26,572,419</u>	<u>29,547,044</u>	<u>32,301,115</u>
<u>(2,976,733)</u>	<u>(6,073,621)</u>	<u>(8,073,343)</u>	<u>(4,915,139)</u>	<u>(3,701,816)</u>

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

(continued)

	For the Fiscal Year				
	2017	2016	2015	2014	2013
Business-Type Activities:					
Expenses					
Unemployment compensation trust	1,846,247	1,904,271	1,842,424	2,758,692	3,594,082
Water revolving	46,947	39,200	43,880	37,355	45,840
Prepaid tuition program	157,576	57,776	27,931	25,595	94,691
Lottery	2,129,455	2,150,110	2,138,677	2,084,750	2,097,604
Designated account purchase program	10,030	13,960	14,821	17,769	38,197
Federal student loans	131,593	132,955	133,205	167,595	177,412
Student loan operation fund	22,507	17,166	26,772	28,494	31,158
Other	90,266	87,067	83,895	75,671	85,124
Total business-type activities expenses	4,434,621	4,402,505	4,311,605	5,195,921	6,164,108
Program revenues					
Charges for services:					
Unemployment compensation trust	1,987,231	2,206,079	2,397,199	2,643,598	3,209,935
Water revolving	61,059	51,881	46,568	43,823	43,516
Prepaid tuition program	86,303	60,993	67,762	138,703	126,025
Lottery	2,850,445	2,862,056	2,850,711	2,868,500	2,902,357
Designated account purchase program	17,822	19,563	22,253	25,371	29,858
Federal student loans	20,909	28,748	27,456	33,716	29,797
Student loan operation fund	11,363	10,458	11,134	10,085	13,848
Other	98,539	94,894	87,167	86,875	90,174
Operating grants and contributions	262,654	238,119	270,208	943,403	1,724,991
Total business-type activities program revenues	5,396,325	5,572,791	5,780,458	6,794,074	8,170,501
Total business-type activities net program revenue (expense)	961,704	1,170,286	1,468,853	1,598,153	2,006,393
General revenues and other changes in net position					
Interest and investment income	25,948	64,737	50,713	34,563	7,413
Other revenues	-	-	-	-	-
Special items	-	-	-	-	-
Transfers	(756,679)	(734,982)	(779,330)	(834,412)	(824,106)
Total business-type activities general revenues and other changes in net position	(730,731)	(670,245)	(728,617)	(799,849)	(816,693)
Total business-type activities change in net position	230,973	500,041	740,236	798,304	1,189,700
Total primary government change in net position	\$ (9,860,761)	\$ (5,762,004)	\$ (3,355,672)	\$ (408,021)	\$ (76,779)

Note: Balances have been restated for prior period adjustments, corrections, and reclassifications when practical.

Schedule 3

Ended June 30,				
2012	2011	2010	2009	2008
5,087,631	6,424,471	8,259,960	5,086,053	1,991,147
85,366	84,114	113,383	18,085	17,689
193,523	94,405	86,447	74,718	73,559
1,941,324	1,601,387	1,544,196	1,443,717	1,411,951
41,617	58,376	57,250	62,622	101,174
189,251	212,839	214,905	199,964	192,771
61,292	25,668	28,170	31,184	33,781
114,742	169,082	112,161	91,128	114,492
<u>7,714,746</u>	<u>8,670,342</u>	<u>10,416,472</u>	<u>7,007,471</u>	<u>3,936,564</u>
3,216,031	2,626,928	1,849,486	1,600,817	1,998,139
42,958	44,393	44,940	46,007	44,163
35,294	170,250	90,249	(153,932)	(75,740)
2,682,379	2,269,675	2,196,315	2,082,039	2,062,048
36,110	45,434	55,073	50,809	74,913
23,688	19,458	22,451	19,756	25,629
14,172	11,721	12,704	12,344	15,649
108,607	214,655	106,428	118,514	121,326
<u>2,891,670</u>	<u>4,196,904</u>	<u>5,086,516</u>	<u>1,866,986</u>	<u>246,854</u>
<u>9,050,909</u>	<u>9,599,418</u>	<u>9,464,162</u>	<u>5,643,340</u>	<u>4,512,981</u>
<u>1,336,163</u>	<u>929,076</u>	<u>(952,310)</u>	<u>(1,364,131)</u>	<u>576,417</u>
39,750	41,959	4,785	76,006	115,694
-	3,314	-	-	145
-	-	-	-	(10,855)
<u>(778,423)</u>	<u>(695,390)</u>	<u>(667,986)</u>	<u>(673,354)</u>	<u>(668,089)</u>
<u>(738,673)</u>	<u>(650,117)</u>	<u>(663,201)</u>	<u>(597,348)</u>	<u>(563,105)</u>
<u>597,490</u>	<u>278,959</u>	<u>(1,615,511)</u>	<u>(1,961,479)</u>	<u>13,312</u>
<u>\$ (2,379,243)</u>	<u>\$ (5,794,662)</u>	<u>\$ (9,688,854)</u>	<u>\$ (6,876,618)</u>	<u>\$ (3,688,504)</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				
	2017	2016	2015	2014	2013
Revenues					
Income taxes	\$ 16,428,810	\$ 16,907,923	\$ 19,909,259	\$ 20,948,992	\$ 21,094,432
Sales taxes	11,354,547	11,162,605	11,006,405	10,602,973	10,218,389
Motor fuel taxes	1,304,523	1,322,727	1,291,139	1,273,009	1,254,260
Public utility taxes	1,443,797	1,431,179	1,461,807	1,472,798	1,463,308
Riverboat taxes	475,299	485,024	498,309	521,092	583,699
Medical providers assessment taxes	1,545,511	1,375,891	1,412,493	1,677,667	1,149,310
Other taxes	2,790,400	2,782,600	2,756,193	2,346,081	2,306,255
Federal government	21,921,955	21,763,831	21,981,451	20,573,411	19,605,267
Licenses and fees	2,809,879	2,737,014	2,706,962	2,649,213	2,491,802
Interest and other investment income	93,372	70,194	62,298	59,328	45,082
Other revenues	2,623,837	2,216,198	2,284,297	2,873,794	2,260,237
Total revenues	62,791,930	62,255,186	65,370,613	64,998,358	62,472,041
Expenditures					
Health and social services	29,299,969	28,274,261	29,029,974	27,024,378	25,403,862
Education	16,929,930	16,361,980	17,159,014	17,424,910	16,190,331
General government	2,351,867	2,479,319	2,375,648	2,286,984	2,243,536
Employment and economic development	882,272	762,998	1,223,773	1,291,102	1,291,834
Transportation	3,812,951	3,341,966	3,807,979	3,830,329	3,696,646
Public protection and justice	3,199,854	3,070,350	3,062,535	2,966,836	2,937,295
Environment and business regulation	761,369	739,662	956,821	948,652	808,257
Debt service:					
Principal	2,322,844	1,999,951	2,405,138	2,038,117	1,899,704
Interest	1,523,395	1,576,845	1,677,217	1,608,331	1,570,741
Capital outlay	1,504,609	1,867,445	1,829,993	1,776,463	1,600,425
Intergovernmental	6,145,598	5,905,841	5,956,535	5,669,666	5,397,613
Total expenditures	68,734,658	66,380,618	69,484,627	66,865,768	63,040,244
Deficiency of revenues (under) expenditures	(5,942,728)	(4,125,432)	(4,114,014)	(1,867,410)	(568,203)
Other Financing Sources (Uses)					
General and special obligation and revenue bonds issued	690,035	1,030,000	-	4,077,000	1,150,000
Premiums on general and special obligation and revenue bonds issued	54,443	60,939	-	169,216	41,540
Discounts on general obligation bonds issued	-	-	-	-	-
General and special obligation refunding bonds issued	1,641,900	-	-	-	604,110
Premiums on general and special obligation refunding bonds issued	152,800	-	-	-	85,084
Transfers-in	6,100,888	6,011,305	7,182,740	5,844,706	6,057,771
Transfers-out	(5,344,060)	(5,273,483)	(6,403,418)	(5,010,303)	(5,233,178)
Payment to refunded bond escrow agent	(1,782,885)	-	-	-	(686,236)
Capital lease financing	1,757	3,181	3,451	2,006	1,006
Total other financing sources (uses)	1,514,878	1,831,942	782,773	5,082,625	2,020,097
Special Items	-	-	-	-	165,001
Net change in fund balances	\$ (4,427,850)	\$ (2,293,490)	\$ (3,331,241)	\$ 3,215,215	\$ 1,616,895
Debt service as a percentage of noncapital expenditures	5.72%	5.54%	6.03%	5.60%	5.65%

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,				
2012	2011	2010	2009	2008
\$ 19,597,757	\$ 14,410,452	\$ 10,132,945	\$ 11,860,233	\$ 13,546,025
9,794,571	9,627,310	8,820,201	9,156,235	10,142,098
1,275,042	1,299,397	1,302,000	1,350,032	1,410,656
1,495,251	1,578,941	1,564,966	1,667,389	1,695,635
495,055	457,865	483,091	533,271	696,835
961,546	944,635	970,164	975,086	1,538,237
2,168,203	1,815,470	1,923,107	1,902,400	2,100,913
18,213,961	20,389,879	21,084,394	18,148,428	15,123,364
2,587,031	2,406,475	2,294,068	2,051,258	2,138,772
52,495	51,462	52,094	136,596	318,787
<u>2,095,164</u>	<u>2,175,221</u>	<u>1,975,536</u>	<u>2,317,811</u>	<u>2,186,591</u>
<u>58,736,076</u>	<u>55,157,107</u>	<u>50,602,566</u>	<u>50,098,739</u>	<u>50,897,913</u>
25,643,420	24,571,136	24,130,047	23,171,985	21,212,437
15,064,753	15,681,944	15,525,027	14,319,907	13,281,734
2,214,383	1,383,859	1,316,201	1,360,562	1,304,174
1,298,303	1,534,519	1,193,374	802,053	814,898
3,272,768	3,617,622	3,698,028	3,200,491	3,029,674
3,180,977	3,043,677	3,003,370	2,817,374	2,723,434
930,414	945,980	944,869	802,942	797,785
1,819,303	1,975,685	925,276	928,339	937,114
1,576,539	1,353,275	1,073,432	1,102,787	1,100,439
1,916,674	2,024,842	1,882,840	1,456,465	1,238,397
5,329,498	5,191,373	4,205,934	4,631,525	5,139,754
<u>62,247,032</u>	<u>61,323,912</u>	<u>57,898,398</u>	<u>54,594,430</u>	<u>51,579,840</u>
<u>(3,510,956)</u>	<u>(6,166,805)</u>	<u>(7,295,832)</u>	<u>(4,495,691)</u>	<u>(681,927)</u>
2,100,040	6,403,460	6,698,015	150,000	175,000
80,268	6,607	42,840	2,290	6,724
-	(90)	-	-	-
1,797,740	-	1,956,380	-	-
165,789	-	157,131	-	-
6,099,132	9,694,259	11,375,512	9,554,492	11,883,985
(5,334,744)	(9,068,773)	(10,691,690)	(8,864,876)	(11,214,684)
(1,934,435)	-	(2,090,772)	-	-
2,788	1,282	1,001	1,364	1,625
<u>2,976,578</u>	<u>7,036,745</u>	<u>7,448,417</u>	<u>843,270</u>	<u>852,650</u>
-	-	-	-	-
<u>\$ (534,378)</u>	<u>\$ 869,940</u>	<u>\$ 152,585</u>	<u>\$ (3,652,421)</u>	<u>\$ 170,723</u>
<u>5.63%</u>	<u>5.61%</u>	<u>3.57%</u>	<u>3.82%</u>	<u>4.05%</u>

State of Illinois**Personal Income by Industry
Last Ten Calendar Years
(Amounts in Thousands)**

	For the Calendar Year				
	2016	2015	2014	2013	2012
Farm earnings	\$ 1,658,036	\$ 544,780	\$ 3,628,875	\$ 8,062,715	\$ 3,210,000
Agricultural/forestry, fishing, and other	508,264	468,694	436,321	361,331	397,219
Mining	1,043,199	1,214,117	1,324,490	1,273,964	1,271,440
Construction/utilities	29,006,240	27,375,387	25,578,492	23,606,891	21,354,976
Manufacturing	52,475,069	53,069,158	52,794,291	51,552,196	52,943,137
Transportation and public utilities	21,693,793	21,342,677	21,451,974	20,974,737	19,826,411
Wholesale trade	30,724,834	30,769,174	29,858,938	29,164,197	28,424,193
Retail trade	25,139,843	24,852,771	24,063,170	23,654,210	23,084,384
Finance, insurance, and real estate	53,070,871	50,527,865	44,770,850	38,591,892	34,985,114
Services	202,779,514	197,547,421	190,303,344	183,000,050	179,180,906
Federal, civilian	8,734,641	8,693,584	8,393,521	8,269,453	8,477,026
Military	2,347,093	2,352,968	2,357,223	2,483,026	2,591,007
State and local government	55,671,364	55,910,008	55,514,507	54,771,010	53,511,408
Other	178,485,262	178,016,641	168,307,279	155,016,980	158,343,942
Total personal income	\$ 663,338,023	\$ 652,685,245	\$ 628,783,275	\$ 600,782,652	\$ 587,601,163
Tax liability	\$ 11,531,400	\$ 11,758,489	\$ 15,532,205	\$ 14,701,925	\$ 15,703,310
Average effective rate	1.74%	1.80%	2.47%	2.45%	2.67%

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				
	2017	2016	2015	2014	2013
General merchandise	\$ 21,555,470	\$ 18,840,242	\$ 20,525,330	\$ 20,909,371	\$ 20,984,402
Food	21,355,215	22,385,459	21,908,129	20,659,706	19,927,008
Drinking and eating places	24,041,077	21,770,507	22,062,665	20,728,370	19,171,381
Apparel	7,966,678	7,130,282	7,420,636	7,001,093	6,600,261
Furniture, household, and radio	10,294,696	9,681,795	9,641,594	9,327,989	8,827,231
Lumber, building, and hardware	10,026,817	9,415,743	9,462,798	8,976,058	8,503,130
Automotive and filling stations	40,559,261	39,773,435	40,196,438	34,835,154	36,601,135
Drugs and other retail	36,526,231	30,733,251	29,927,521	28,062,832	26,806,067
Agriculture and extractives	28,195,889	25,603,217	27,431,997	26,517,679	23,787,602
Manufacturing	6,238,983	5,693,816	5,476,697	4,772,007	4,308,047
Total	\$ 206,760,317	\$ 191,027,747	\$ 194,053,805	\$ 181,790,259	\$ 175,516,264

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,				
2011	2010	2009	2008	2007
\$ 5,532,292	\$ 2,682,784	\$ 3,675,328	\$ 5,422,610	\$ 3,189,921
334,697	400,042	337,430	303,781	353,138
1,259,647	1,055,190	958,850	1,649,272	2,380,656
21,977,275	22,168,867	23,583,056	27,041,713	27,690,823
47,835,270	44,739,656	44,218,451	50,343,959	49,625,389
18,671,925	15,909,648	15,504,381	16,443,681	16,598,805
26,825,228	24,751,332	24,685,079	26,518,608	26,280,719
22,108,376	21,188,835	21,193,604	22,157,215	23,039,406
33,124,647	41,170,325	40,564,313	42,836,772	44,827,372
170,633,157	161,269,661	159,690,997	163,105,293	159,925,967
8,651,107	8,688,814	8,013,486	7,842,572	8,429,172
2,665,531	2,933,969	2,901,517	2,742,642	3,107,053
53,141,184	52,870,403	50,758,390	49,244,161	42,813,098
149,532,130	141,431,602	135,560,354	136,783,471	124,325,490
<u>\$ 562,292,466</u>	<u>\$ 541,261,128</u>	<u>\$ 531,645,236</u>	<u>\$ 552,435,750</u>	<u>\$ 532,587,009</u>
<u>\$ 12,855,244</u>	<u>\$ 8,131,062</u>	<u>\$ 7,812,307</u>	<u>\$ 8,402,169</u>	<u>\$ 8,762,122</u>
<u>2.29%</u>	<u>1.50%</u>	<u>1.47%</u>	<u>1.52%</u>	<u>1.65%</u>

Schedule 6

Ended June 30,				
2012	2011	2010	2009	2008
\$ 21,379,802	\$ 12,406,368	\$ 12,014,343	\$ 17,198,339	\$ 20,795,910
20,602,149	19,700,141	18,932,808	19,434,980	20,055,709
19,377,805	18,408,341	16,857,284	17,362,456	17,839,212
6,601,677	14,736,097	13,560,264	9,192,958	6,360,979
9,201,686	8,833,159	8,249,837	8,797,308	10,466,904
8,593,170	8,332,430	8,040,005	8,678,872	12,620,346
35,771,184	33,575,575	29,714,908	30,055,943	37,943,597
27,458,332	25,180,327	23,792,285	24,366,956	25,329,145
24,608,599	24,720,332	21,475,741	23,809,122	27,059,367
4,308,079	4,294,155	3,980,846	4,445,506	4,990,610
<u>\$ 177,902,483</u>	<u>\$ 170,186,925</u>	<u>\$ 156,618,321</u>	<u>\$ 163,342,440</u>	<u>\$ 183,461,779</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 2016 and 2007
(Amounts in Thousands)

For the Calendar Year Ended December 31, 2016

<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$500,001 and higher	50,026	0.89%	\$ 2,077,725	18.02%
\$100,001 - \$500,000	1,036,567	18.46%	5,124,920	44.44%
\$50,001 - \$100,000	1,324,459	23.58%	2,532,188	21.96%
\$25,001 - \$50,000	1,270,552	22.62%	1,251,819	10.86%
\$25,000 and less	1,934,381	34.45%	544,748	4.72%
Total	<u>5,615,985</u>	<u>100.00%</u>	<u>\$ 11,531,400</u>	<u>100.00%</u>

For the Calendar Year Ended December 31, 2007

<u>Income Level</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$500,001 and higher	46,047	0.82%	\$ 2,143,134	24.46%
\$100,001 - \$500,000	762,914	13.56%	3,049,270	34.80%
\$50,001 - \$100,000	1,331,770	23.66%	2,083,775	23.78%
\$25,001 - \$50,000	1,308,372	23.25%	1,028,990	11.74%
\$25,000 and less	2,178,292	38.71%	456,953	5.22%
Total	<u>5,627,395</u>	<u>100.00%</u>	<u>\$ 8,762,122</u>	<u>100.00%</u>

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 2007 and \$2,175 for calendar year 2016. 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 2017 and 2008
(Amounts in Thousands)

	For the Fiscal Year Ended June 30, 2017			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,061	0.16%	\$ 1,392,863	9.66%
Food	6,560	0.51%	915,473	6.35%
Drinking and eating places	27,156	2.09%	2,120,262	14.71%
Apparel	8,352	0.64%	679,395	4.71%
Furniture, household, and radio	11,621	0.90%	852,743	5.92%
Lumber, building, and hardware	11,611	0.90%	866,043	6.01%
Automotive and filling stations	1,085,637	83.74%	2,839,923	19.71%
Drugs and other retail	61,973	4.78%	2,076,128	14.41%
Agriculture and extractives	67,481	5.21%	2,146,646	14.89%
Manufacturing	13,868	1.07%	523,293	3.63%
Total	1,296,320	100.00%	\$ 14,412,769	100.00%

	For the Fiscal Year Ended June 30, 2008			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,263	0.20%	\$ 1,313,701	11.09%
Food	7,654	0.67%	753,671	6.36%
Drinking and eating places	25,649	2.25%	1,398,711	11.80%
Apparel	8,016	0.70%	510,341	4.31%
Furniture, household, and radio	14,511	1.27%	799,605	6.75%
Lumber, building, and hardware	12,854	1.13%	955,047	8.06%
Automotive and filling stations	934,922	81.95%	2,290,802	19.33%
Drugs and other retail	58,784	5.15%	1,398,789	11.80%
Agriculture and extractives	64,081	5.62%	1,997,208	16.85%
Manufacturing	12,124	1.06%	432,761	3.65%
Total	1,140,858	100.00%	\$ 11,850,636	100.00%

Note: Due to confidentiality issues, the names of the ten largest sales tax revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's sales tax revenue.

Source: Department of Revenue

State of Illinois

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Amounts in Thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>For the Fiscal 2013</u>
Governmental activities					
General obligation bonds	\$ 25,230,528	\$ 26,795,531	\$ 27,421,318	\$ 29,543,582	\$ 27,398,638
Special obligation bonds	2,658,088	2,650,435	2,912,003	3,181,684	3,000,345
Revenue bonds	1,071,621	1,156,699	1,237,731	1,314,929	1,386,166
Capital leases	5,862	7,580	7,244	6,073	6,818
Installment purchases	-	36	442	808	1,155
Certificates of participation	15,150	24,370	33,060	41,265	49,020
Total governmental activities	<u>28,981,249</u>	<u>30,634,651</u>	<u>31,611,798</u>	<u>34,088,341</u>	<u>31,842,142</u>
Business-type activities					
Revenue bonds	192,133	622,017	925,265	1,457,745	1,822,051
Capital leases	9	26	26	-	-
Total business-type activities	<u>192,142</u>	<u>622,043</u>	<u>925,291</u>	<u>1,457,745</u>	<u>1,822,051</u>
Total primary government	<u>\$ 29,173,391</u>	<u>\$ 31,256,694</u>	<u>\$ 32,537,089</u>	<u>\$ 35,546,086</u>	<u>\$ 33,664,193</u>
Total primary government debt as a percentage of personal income	<u>4.40%</u>	<u>4.79%</u>	<u>5.17%</u>	<u>5.92%</u>	<u>5.73%</u>
Total amount of primary government debt per capita	<u>\$ 2.279</u>	<u>\$ 2.435</u>	<u>\$ 2.529</u>	<u>\$ 2.760</u>	<u>\$ 2.616</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,

2012		2011		2010		2009		2008	
\$	28,141,980	\$	28,256,367	\$	25,136,941	\$	19,669,908	\$	20,253,876
	2,934,527		2,394,597		2,591,591		2,204,110		2,365,323
	1,450,094		1,509,846		-		-		-
	7,648		6,632		6,477		8,736		9,727
	3,412		8,109		14,158		19,067		12,302
	58,190		66,870		75,095		82,895		90,300
	<u>32,595,851</u>		<u>32,242,421</u>		<u>27,824,262</u>		<u>21,984,716</u>		<u>22,731,528</u>
	590,704		704,284		1,019,701		1,027,300		879,441
	-		4		7		3		5
	<u>590,704</u>		<u>704,288</u>		<u>1,019,708</u>		<u>1,027,303</u>		<u>879,446</u>
\$	<u>33,186,555</u>	\$	<u>32,946,709</u>	\$	<u>28,843,970</u>	\$	<u>23,012,019</u>	\$	<u>23,610,974</u>
	<u>5.90%</u>		<u>6.09%</u>		<u>5.43%</u>		<u>4.17%</u>		<u>4.43%</u>
\$	<u>2.580</u>	\$	<u>2.566</u>	\$	<u>2.254</u>	\$	<u>1.805</u>	\$	<u>1.860</u>

State of Illinois

Ratios of General Bonded Debt Outstanding and Debt Limitations

Last Ten Fiscal Years

(Amounts in Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>For the Fiscal 2013</u>
General bonded debt					
General obligation bonds	\$ 25,230,528	\$ 26,795,531	\$ 27,421,318	\$ 29,543,582	\$ 27,398,638
Special obligation bonds	2,658,088	2,650,435	2,912,003	3,181,684	3,000,345
	<u>\$ 27,888,616</u>	<u>\$ 29,445,966</u>	<u>\$ 30,333,321</u>	<u>\$ 32,725,266</u>	<u>\$ 30,398,983</u>
Less: Amounts restricted for debt service	1,398,090	1,513,092	1,407,540	1,804,967	1,615,537
Net total general bonded debt	<u>\$ 26,490,526</u>	<u>\$ 27,932,874</u>	<u>\$ 28,925,781</u>	<u>\$ 30,920,299</u>	<u>\$ 28,783,446</u>
Total general bonded debt as a percentage of personal income	<u>3.99%</u>	<u>4.28%</u>	<u>4.60%</u>	<u>5.15%</u>	<u>4.90%</u>
Total general bonded debt as a percentage of taxable sales	<u>12.81%</u>	<u>14.62%</u>	<u>14.91%</u>	<u>17.01%</u>	<u>16.40%</u>
Total amount of general obligation debt per capita	<u>\$ 2.069</u>	<u>\$ 2.176</u>	<u>\$ 2.248</u>	<u>\$ 2.401</u>	<u>\$ 2.236</u>
Authorized general bonded debt					
General obligation bonds	\$ 58,455,951	\$ 58,455,951	\$ 57,855,951	\$ 57,855,951	\$ 55,630,951
Special obligation bonds	6,446,009	6,446,009	6,446,009	6,446,009	5,903,509
Total authorized general bonded debt	<u>\$ 64,901,960</u>	<u>\$ 64,901,960</u>	<u>\$ 64,301,960</u>	<u>\$ 64,301,960</u>	<u>\$ 61,534,460</u>
Issued general bonded debt					
General obligation bonds	\$ 57,221,190	\$ 55,438,046	\$ 54,408,046	\$ 54,408,046	\$ 50,733,045
Special obligation bonds	5,722,228	5,512,193	5,512,193	5,512,193	5,110,193
Total issued general bonded debt	<u>\$ 62,943,418</u>	<u>\$ 60,950,239</u>	<u>\$ 59,920,239</u>	<u>\$ 59,920,239</u>	<u>\$ 55,843,238</u>
General bonded debt margin (Authorized but unissued debt)					
General obligation bonds	\$ 7,011,954	\$ 8,397,243	\$ 9,013,252	\$ 7,981,693	\$ 8,983,350
Special obligation bonds	872,215	1,076,761	1,072,806	1,069,091	925,101
Total general bonded debt margin	<u>\$ 7,884,169</u>	<u>\$ 9,474,004</u>	<u>\$ 10,086,058</u>	<u>\$ 9,050,784</u>	<u>\$ 9,908,451</u>
Issued bonded debt to authorized bonded debt ratio					
General obligation bonds	97.89%	94.84%	94.04%	94.04%	91.20%
Special obligation bonds	88.77%	85.51%	85.51%	85.51%	86.56%
Total issued bonded debt to authorized bonded debt ratio	96.98%	93.91%	93.19%	93.19%	90.75%

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,				
2012	2011	2010	2009	2008
\$ 28,141,980	\$ 28,256,367	\$ 25,136,941	\$ 19,669,908	\$ 20,253,876
2,934,527	2,394,597	2,591,591	2,204,110	2,365,323
<u>\$ 31,076,507</u>	<u>\$ 30,650,964</u>	<u>\$ 27,728,532</u>	<u>\$ 21,874,018</u>	<u>\$ 22,619,199</u>
1,478,072	1,366,885	1,071,220	848,302	861,152
<u>\$ 29,598,435</u>	<u>\$ 29,284,079</u>	<u>\$ 26,657,312</u>	<u>\$ 21,025,716</u>	<u>\$ 21,758,047</u>
5.26%	5.41%	5.01%	3.81%	4.09%
16.64%	17.21%	17.02%	12.87%	11.86%
<u>\$ 2.301</u>	<u>\$ 2.281</u>	<u>\$ 2.083</u>	<u>\$ 1.649</u>	<u>\$ 1.714</u>
\$ 54,014,151	\$ 54,014,151	\$ 45,755,802	\$ 39,231,174	\$ 34,196,174
5,903,509	4,815,509	4,815,509	4,005,509	4,005,509
<u>\$ 59,917,660</u>	<u>\$ 58,829,660</u>	<u>\$ 50,571,311</u>	<u>\$ 43,236,683</u>	<u>\$ 38,201,683</u>
\$ 49,883,046	\$ 46,710,306	\$ 41,810,306	\$ 34,140,911	\$ 33,990,911
4,810,193	4,085,153	4,085,153	3,555,233	3,437,968
<u>\$ 54,693,239</u>	<u>\$ 50,795,459</u>	<u>\$ 45,895,459</u>	<u>\$ 37,696,144</u>	<u>\$ 37,428,879</u>
\$ 7,852,278	\$ 10,481,559	\$ 6,900,602	\$ 7,809,162	\$ 2,765,379
1,221,821	852,891	852,891	570,096	567,541
<u>\$ 9,074,099</u>	<u>\$ 11,334,450</u>	<u>\$ 7,753,493</u>	<u>\$ 8,379,258</u>	<u>\$ 3,332,920</u>
92.35%	86.48%	91.38%	87.02%	99.40%
81.48%	84.83%	84.83%	88.76%	85.83%
91.28%	86.34%	90.75%	87.19%	97.98%

**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							
2017	\$ 627,357	\$ -	\$ 627,357	\$ 219,410	\$ 109,316	\$ 328,726	1.91
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
Civic Center Bond Fund - Pledged revenue of portion of sales tax collections							
2017	\$ 19,000	\$ -	\$ 19,000	\$ 5,488	\$ 8,947	\$ 14,435	1.32
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
Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments (a)							
2017	\$ 17,822	\$ 5,925	\$ 11,897	\$ 34,836	\$ 3,897	\$ 38,733	0.31
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
Railsplitter Tobacco Settlement Authority - Pledged revenue of tobacco settlement funds (b)							
2017	\$ 237,743	\$ 95,685	\$ 142,058	\$ 84,700	\$ 64,184	\$ 148,884	0.95
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

(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.

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							
2017	\$ 56,876	\$ 12,452	\$ 44,424	\$ 256,702	\$ 31,839	\$ 288,541	0.15
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
Illinois State Toll Highway Authority - Pledged revenue of toll fees (d)							
2016	\$ 1,325,311	\$ 393,588	\$ 931,723	\$ 170,525	\$ 286,437	\$ 456,962	2.04
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
Illinois State University - Pledged revenue of usage fees and rental income							
2017	\$ 85,221	\$ 52,329	\$ 32,892	\$ 4,095	\$ 3,404	\$ 7,499	4.39
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
Northern Illinois University - Pledged revenue of usage fees and rental income							
2017	\$ 72,399	\$ 47,647	\$ 24,752	\$ 3,905	\$ 13,288	\$ 17,193	1.44
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

(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							
2017	\$ 143,911	\$ 111,434	\$ 32,477	\$ 19,595	\$ 8,520	\$ 28,115	1.16
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
University of Illinois - Pledged revenue of usage fees, rental income, and medical fees							
2017	\$ 1,469,247	\$ 1,387,068	\$ 82,179	\$ 57,765	\$ 52,558	\$ 110,323	0.74
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

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State of Illinois**Demographic and Economic Statistics****Last Ten Calendar Years****(Amounts in Thousands)**

	2016		2015		2014		2013		For the Calendar 2012	
Population										
State		12,802		12,839		12,868		12,880		12,871
Percentage change		-0.29%		-0.23%		-0.09%		0.07%		0.07%
National		323,128		320,897		318,563		316,205		313,998
Percentage change		0.70%		0.73%		0.75%		0.70%		0.73%
Total Personal Income										
State	\$	663,338,023	\$	652,685,245	\$	628,783,275	\$	600,782,652	\$	587,601,163
Percentage change		1.63%		3.80%		4.66%		2.24%		4.50%
National	\$	15,912,777,000	\$	15,547,661,000	\$	14,811,388,000	\$	14,068,960,000	\$	13,904,485,000
Percentage change		2.35%		4.97%		5.28%		1.18%		5.07%
Per Capita Personal Income										
State	\$	51,817	\$	50,836	\$	48,866	\$	46,646	\$	45,654
Percentage change		1.93%		4.03%		4.76%		2.17%		4.43%
National	\$	49,246	\$	48,451	\$	46,494	\$	44,493	\$	44,282
Percentage change		1.64%		4.21%		4.50%		0.48%		4.31%
Labor Force										
State labor force		6,539		6,507		6,507		6,555		6,582
Employed		6,155		6,121		6,046		5,959		5,991
Unemployed		384		387		461		596		591
Unemployment rate		5.9%		5.9%		7.1%		9.1%		9.0%

Source: U.S. Bureau of Economic Analysis and Department of Employment Security

Year Ended,									
2011	2010	2009	2008	2007					
12,862	12,840	12,797	12,747	12,696					
0.17%	0.34%	0.39%	0.40%	0.41%					
311,719	309,347	306,772	304,094	301,231					
0.77%	0.84%	0.88%	0.95%	0.96%					
\$ 562,292,466	\$ 541,261,128	\$ 531,645,236	\$ 552,435,750	\$ 532,587,009					
3.89%	1.81%	-3.76%	3.73%	5.57%					
\$ 13,233,436,000	\$ 12,459,613,000	\$ 12,079,444,000	\$ 12,492,705,000	\$ 11,995,419,000					
6.21%	3.15%	-3.31%	4.15%	5.40%					
\$ 43,718	\$ 42,154	\$ 41,529	\$ 43,620	\$ 42,360					
3.71%	1.50%	-4.79%	2.97%	5.32%					
\$ 42,453	\$ 40,277	\$ 39,376	\$ 41,082	\$ 39,821					
5.40%	2.29%	-4.15%	3.17%	4.40%					
6,587	6,625	6,619	6,657	6,666					
5,948	5,937	5,943	6,238	6,334					
639	688	676	419	332					
9.7%	10.4%	10.2%	6.3%	5.0%					

**Principal Employers
Fiscal Years 2017 and 2008**

Employer	2017	
	Employees	Percentage of Total State Employment
State of Illinois	62,081	1.01%
Albertson's Companies	59,305	0.96%
U.S. Government	51,500	0.84%
Walmart	47,018	0.76%
Chicago School Board	35,862	0.58%
City of Chicago	30,754	0.50%
University of Illinois	29,553	0.48%
Presence Health Network	29,035	0.47%
U.S. Postal Service	28,500	0.46%
US Foods Holding Corp.	26,471	0.43%
Total	400,079	6.49%

Employer	2008	
	Employees	Percentage of Total State Employment
State of Illinois	70,144	1.10%
U.S. Government	47,763	0.75%
Walmart	45,300	0.71%
Chicago School Board	44,806	0.70%
City of Chicago	40,207	0.63%
U.S. Postal Service	31,540	0.50%
Jewel-Osco	29,700	0.47%
University of Illinois	29,403	0.46%
Caterpillar	24,700	0.39%
Cook County	24,208	0.38%
Total	387,771	6.09%

Source: Department of Commerce and Economic Opportunity and various employer websites

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State of Illinois

**Employees by Function
Last Ten Fiscal Years**

	Employees as of				
	2017	2016	2015	2014	2013
Health and social services	20,013	20,550	20,939	20,466	19,275
Education	653	671	696	724	723
General government	10,665	10,777	11,233	11,476	11,396
Employment and economic development	2,118	2,084	2,204	2,305	2,466
Transportation	6,745	6,715	7,122	7,351	7,475
Public protection and justice	18,313	18,233	18,313	17,675	17,642
Environment and business regulation	3,574	3,689	3,963	4,058	3,859
Total	62,081	62,719	64,470	64,055	62,836

Schedule 14

June 30,				
2012	2011	2010	2009	2008
19,976	21,519	21,258	21,912	22,701
713	727	778	767	758
11,286	11,905	11,534	12,205	12,366
2,990	3,119	3,303	3,287	3,074
7,386	7,529	7,662	7,574	7,638
18,013	19,134	18,903	18,886	18,913
3,964	4,213	4,304	4,398	4,694
64,328	68,146	67,742	69,029	70,144

State of Illinois

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

Function/Program	For the Fiscal Year				
	2017	2016	2015	2014	2013
Health and Social Services					
Child abuse and neglect					
Calls to abuse/neglect hotline	252,388	245,388	222,719	231,536	236,589
Children investigated	120,815	127,249	110,079	109,769	108,594
Medical programs					
Number of children enrolled in medical programs	1,473,581	1,490,290	1,504,802	1,546,091	1,635,686
Number of non-senior adults enrolled in medical programs*	1,236,537	1,244,883	1,247,553	1,027,702	663,844
Child support					
Number of child support cases with orders	392,473	392,500	392,331	404,918	406,748
Persons with disabilities receiving in-home services to prevent institutionalization	29,379	29,325	29,595	30,357	31,406
Immunization rates of children under age two	54%	51%	45%	76%	83%
General government					
Taxes					
Number of individual income tax returns processed	6,253,542	6,143,475	6,185,708	6,143,408	5,946,121
Percent of individual income tax returns filed electronically	84%	82%	81%	79%	79%
Total number of payments processed through State Treasury	14,482,761	14,085,085	14,992,358	15,209,821	15,357,708
Education					
Elementary and secondary education					
Public school enrollment	2,028,162	2,041,779	2,054,556	2,073,480	2,081,731
Graduation rate	87.0%	85.5%	85.6%	86.0%	83.2%
Dropout rate	2.1%	2.0%	2.3%	2.2%	2.4%
Higher education					
Enrollment	Not available	751,942	771,886	806,467	863,542
Transportation					
Miles of pavement maintained/improved	513	674	1,379	894	661
Number of bridges maintained/improved	88	66	188	222	183
Employment and economic development					
Unemployment insurance **					
Number of claims	585,207	607,139	630,594	725,979	781,394
Average duration (weeks)	17.06	16.72	17.99	17.92	17.97
State Fair					
State Fair attendees	401,648	357,409	411,547	847,690	961,063
DuQuoin State Fair attendees	109,305	105,622	315,808	350,000	258,000
Tourism					
Historic site attendance (in thousands)	1,886	1,671	2,100	1,915	1,935
Public protection and justice					
Crime Rates					
Violent crime rates per 100,000 in population **	436	383	370	373	415
Property crime rates per 100,000 in population **	2,049	1,989	2,076	2,274	2,579
Total crime rates per 100,000 in population	2,485	2,372	2,446	2,647	2,994
Forensic services					
Number of original crime scenes processed	3,961	3,930	3,630	3,736	2,337
Number of Deoxyribonucleic Acid (DNA) cases worked	4,322	5,450	5,704	6,086	4,790
Total number of forensic cases worked	67,049	83,157	83,594	91,878	94,550
Number of DNA offender samples worked	19,978	28,993	31,992	33,901	31,766
Environment and business regulation					
Professional Regulation					
Professional complaints received	11,358	9,214	8,893	10,875	11,765
Licenses placed on probation	346	418	440	446	527

* 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,				
2012	2011	2010	2009	2008
253,444	258,999	256,492	258,237	266,011
106,220	101,508	109,186	111,574	111,869
1,685,822	1,663,260	1,628,782	1,553,227	1,457,829
635,262	621,851	606,680	562,689	580,760
404,752	410,433	404,800	394,123	390,745
32,820	38,682	39,165	39,412	38,093
77%	83%	81%	78%	78%
5,961,003	5,961,385	5,946,127	6,132,529	6,119,040
78%	71%	60%	56%	52%
15,337,111	16,143,902	16,050,005	15,912,093	15,623,763
2,087,628	2,087,762	2,112,132	2,112,132	2,113,435
82.3%	83.8%	87.8%	87.1%	86.5%
2.5%	2.7%	3.8%	3.5%	4.1%
884,053	924,749	914,763	867,090	821,026
921	931	2,620	2,528	933
262	263	292	293	272
763,319	863,328	1,221,195	872,368	696,109
19.01	21.34	20.63	16.71	17.31
918,534	817,393	673,223	737,052	613,000
285,100	351,000	353,100	331,000	298,000
1,990	1,940	2,200	2,010	2,206
429	435	509	540	548
2,689	2,681	2,790	3,010	3,014
3,118	3,116	3,299	3,550	3,562
2,328	2,529	2,594	3,081	3,138
4,982	5,225	5,284	4,590	3,390
101,076	104,043	111,669	115,044	112,644
29,589	30,736	33,025	35,722	37,937
12,466	10,634	11,159	13,800	10,912
470	431	603	530	455

State of Illinois

**Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years**

	For the Fiscal Year				
	2017	2016	2015	2014	2013
Health and social services					
Mental health facilities	14	14	14	14	14
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	15,919	15,969	17,085	15,989	15,994
Bridges	7,835	7,847	7,823	7,770	7,770
Public protection and justice					
Adult correctional facilities	25	25	25	25	25
Juvenile correctional facilities	5	6	6	6	6
Environment and business regulation					
State park acreage	479,115	478,832	475,304	469,870	474,813
Protected natural area acreage	110,766	108,880	108,343	106,741	104,815

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,				
2012	2011	2010	2009	2008
17	17	18	18	18
4	4	4	4	4
16,000	16,018	16,057	16,075	16,090
7,734	7,726	7,708	7,693	7,844
27	27	27	28	28
8	8	10	8	8
473,761	473,500	470,649	469,244	373,857
99,866	96,255	93,662	89,399	89,764