

COMPREHENSIVE ANNUAL FINANCIAL REPORT

ILLINOIS
FOR FISCAL YEAR
ENDED JUNE 30, 2018



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SUSANA A. MENDOZA
ILLINOIS STATE COMPTROLLER



STATE OF ILLINOIS

Comprehensive Annual Financial Report

~ 2018 ~

For Fiscal Year Ended June 30, 2018

Comptroller Susana A. Mendoza

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Introductory Section

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**Comprehensive Annual Financial Report
Table of Contents**

	Page
I. Introductory Section	
Table of Contents.....	I-IV
Comptroller Letter of Transmittal.....	1 - 7
Certificate of Achievement.....	8
Organizational Chart.....	9
II. Financial Section	
Independent Auditor's Report.....	13 - 15
Management's Discussion and Analysis.....	16 - 30
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position.....	32 - 33
Statement of Activities.....	34 - 35
Governmental Funds Financial Statements	
Balance Sheet.....	36
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position.....	37
Statement of Revenues, Expenditures and Changes in Fund Balances.....	38
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities.....	39
Proprietary Funds Financial Statements	
Statement of Net Position.....	40
Statement of Revenues, Expenses and Changes in Fund Net Position.....	41
Statement of Cash Flows.....	42 - 43
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position.....	44
Statement of Changes in Fiduciary Net Position.....	45
Component Units Financial Statements	
Statement of Net Position.....	46 - 47
Statement of Activities.....	48 - 49
Notes to the Financial Statements.....	51 - 192
Required Supplementary Information Other Than Management's Discussion and Analysis	
Budgetary Comparison Schedule - Major Governmental Funds.....	194
Notes to Budgetary Comparison Schedule - Major Governmental Funds.....	195 - 197
Defined Benefit Pension Plans.....	198 - 204
Defined Benefit Other Postemployment Benefit Plans.....	205 - 206
Combining and Individual Fund Financial Statements/Schedules	
General Fund	
Significant General Fund Account Descriptions.....	207
Combining Schedule of Accounts - General Fund.....	208
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund.....	209
Combining Schedule of Accounts - General Fund - Medicaid Provider Assessment Program.....	210
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - General Fund - Medicaid Provider Assessment Program.....	211
Nonmajor Governmental Funds	
Combining Balance Sheet - Nonmajor Governmental Funds.....	212
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	213
Special Revenue Funds	
Significant Nonmajor Governmental Special Revenue Funds Descriptions.....	215 - 217
Combining Balance Sheet - Nonmajor Special Revenue Funds.....	218 - 219

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	220 - 221
Combining Balance Sheet - Treasurer.....	222
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Treasurer.....	223
Combining Balance Sheet - Commerce and Economic Opportunity.....	224
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Commerce and Economic Opportunity.....	225
Combining Balance Sheet - Natural Resources.....	226
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Natural Resources.....	227
Combining Balance Sheet - Human Services.....	228
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Human Services.....	229
Combining Balance Sheet - Insurance.....	230
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Insurance.....	231
Combining Balance Sheet - Revenue.....	232 - 233
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Revenue.....	234 - 235
Combining Balance Sheet - Transportation.....	236
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Transportation.....	237
Combining Balance Sheet - Other Departments.....	238
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Departments.....	239
Combining Balance Sheet - State Board of Education.....	240
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - State Board of Education.....	241
Combining Balance Sheet - Other Agencies, Boards and Authorities.....	242
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Agencies, Boards and Authorities.....	243
Debt Service Funds	
Significant Nonmajor Governmental Debt Service Funds Descriptions.....	245
Combining Balance Sheet - Nonmajor Debt Service Funds.....	246
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds.....	247
Capital Projects Funds	
Significant Nonmajor Governmental Capital Projects Funds Descriptions.....	249
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	250
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	251
Combining Balance Sheet - Transportation.....	252
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Transportation.....	253
Permanent Funds	
Significant Nonmajor Governmental Permanent Funds Descriptions.....	255
Combining Balance Sheet - Nonmajor Permanent Funds.....	256
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds.....	257
Combining Balance Sheet - Natural Resources.....	258
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Natural Resources.....	259
Nonmajor Enterprise Funds	
Significant Nonmajor Enterprise Funds Descriptions.....	261
Combining Statement of Net Position - Nonmajor Enterprise Funds.....	262
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Enterprise Funds.....	263
Combining Statement of Cash Flows - Nonmajor Enterprise Funds.....	264 - 265
Combining Statement of Net Position - Student Assistance Commission.....	266
Combining Statement of Revenues, Expenses and Changes in Net Position - Student Assistance Commission.....	267
Combining Statement of Cash Flows - Student Assistance Commission.....	268

Internal Service Funds

Significant Internal Service Funds Descriptions.....	269
Combining Statement of Net Position - Internal Service Funds.....	270
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds.....	271
Combining Statement of Cash Flows - Internal Service Funds.....	272
Combining Statement of Net Position - Central Management Services.....	274
Combining Statement of Revenues, Expenses and Changes in Net Position - Central Management Services.....	275
Combining Statement of Cash Flows - Central Management Services.....	276
Combining Statement of Net Position - Innovation and Technology.....	278
Combining Statement of Revenues, Expenses and Changes in Net Position - Innovation and Technology.....	279
Combining Statement of Cash Flows - Innovation and Technology.....	280

Pension (and Other Employee Benefit) Trust Funds

Pension (and Other Employee Benefit) Trust Funds Descriptions.....	281
Combining Statement of Fiduciary Net Position - Pension (and Other Employee Benefit) Trust Funds.....	282 - 283
Combining Statement of Changes in Fiduciary Net Position - Pension (and Other Employee Benefit) Trust Funds.....	284 - 285

Private-Purpose Trust Funds

Significant Private-Purpose Trust Fund Description.....	287
Combining Statement of Fiduciary Net Position - Private-Purpose Trust Funds.....	288
Combining Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Funds.....	289

Agency Funds

Significant Agency Funds Descriptions.....	291
Combining Statement of Fiduciary Net Position - Agency Funds.....	292
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	293 - 294
Combining Statement of Fiduciary Net Position - Revenue.....	295
Combining Statement of Changes in Assets and Liabilities - Revenue.....	296 - 297

Component Units

Nonmajor Component Units Descriptions.....	299
Combining Statement of Net Position - Other Authorities.....	300 - 301
Combining Statement of Activities - Other Authorities.....	302 - 303
Combining Statement of Net Position - Other Universities.....	304 - 305
Combining Statement of Activities - Other Universities.....	306 - 307

Budgetary Schedules

Budgetary Schedule Descriptions.....	309
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.....	310 - 313
..General Funds.....	314 - 317
..Highway Funds.....	318 - 320
..Special State Funds.....	322 - 323
...Elected Officials.....	324 - 325
...Code Departments.....	326 - 328
.....Healthcare and Family Services.....	330 - 332
.....Revenue.....	334 - 336
.....Other Code Departments.....	338 - 339
...Agencies, Boards and Commissions.....	340 - 341

Page

..Debt Service Funds..... 342 - 343

..Federal Trust Funds..... 344 - 345

....Human Services..... 346 - 347

....State Board of Education..... 348 - 349

..State Trust Funds..... 350 - 351

....Code Departments..... 352 - 353

III. Statistical Section

Table of Contents..... 357

Schedule 1 - Net Position by Component, Last Ten Fiscal Year Ends..... 358 - 359

Schedule 2 - Fund Balances, Governmental Funds, Last Ten Fiscal Year Ends..... 358 - 359

Schedule 3 - Changes in Net Position, Last Ten Fiscal Years..... 360 - 363

Schedule 4 - Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years..... 364 - 365

Schedule 5 - Personal Income by Industry, Last Ten Calendar Years..... 366 - 367

Schedule 6 - Taxable Sales by Industry, Last Ten Fiscal Years..... 366 - 367

Schedule 7 - Personal Income Tax Filers and Liability by Income Level, Calendar Years 2017 and 2008..... 368

Schedule 8 - Sales Tax Revenue Payers by Industry, Fiscal Years 2018 and 2009..... 369

Schedule 9 - Ratios of Outstanding Debt by Type, Last Ten Fiscal Years..... 370 - 371

Schedule 10 - Ratios of General Bonded Debt Outstanding and Debt Limitations, Last Ten Fiscal Years..... 372 - 373

Schedule 11 - Pledged Revenue Coverage, Last Ten Fiscal Years..... 374 - 376

Schedule 12 - Demographic and Economic Statistics, Last Ten Calendar Years..... 378 - 379

Schedule 13 - Principal Employers, Fiscal Years 2018 and 2009..... 380

Schedule 14 - Employees by Function, Last Ten Fiscal Years..... 382 - 383

Schedule 15 - Operating Indicators by Function/Program, Last Ten Fiscal Years..... 384 - 385

Schedule 16 - Capital Asset and Infrastructure Statistics by Function/Program, Last Ten Fiscal Years..... 386 - 387



SUSANA A. MENDOZA

ILLINOIS STATE COMPTROLLER

August 22, 2019

To the Citizens of the State of Illinois,
Honorable J.B. Pritzker, 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, 2018. The CAFR is the State's official annual report which provides the readers with the financial position of the State as of June 30, 2018, 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. 100-0587 extended the lapse period to October 31 for fiscal year 2018 to allow the State time to pay fiscal year 2018 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, 2018, increased from June 30, 2017. The fund deficit in the State's General Fund decreased by \$6.849 billion on a GAAP basis, from a deficit of \$14.612 billion to a deficit of \$7.763 billion. On the *budgetary basis*, there was a \$5.698 billion fund deficit at June 30, 2018, compared to a \$7.963 billion fund deficit at June 30, 2017, resulting in a \$2.265 billion decrease 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 6.087 million nonfarm payroll jobs and an unemployment rate of 4.6% in fiscal year 2018.

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 100-0023, 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 authorized 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 allowed 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 authorized 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.

Accelerated Pension Benefit Program

Public Act 100-0587, which became effective June 4, 2018, provides two voluntary accelerated pension payment options for certain members of the State Employees' Retirement System, Teachers' Retirement System, and State Universities Retirement System. The Vested Inactive Accelerated Pension Benefit Payment Option offers a pension buyout in an amount estimated at 60 percent of the present value of pension benefits for members who have terminated service, have enough service credit to qualify for a retirement annuity, and have not received a retirement annuity. The Accelerated Pension Benefit Payment at Retirement Option provides Tier 1 members an option to have their automatic annual increase (AAI) reduced in exchange for an accelerated pension benefit payment equal to 70 percent of the difference between the present value of the AAI under the Tier 1 provision and the present value of the reduced AAI. These voluntary programs expire on June 30, 2021.

LONG-TERM FINANCIAL PLANNING AND RELEVANT FINANCIAL POLICIES

The fiscal year 2018 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 2018 with \$2.218 billion in such costs. This represents a decrease of \$3.877 billion from the fiscal year 2017 balance of \$6.095 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, 2018, the balance in the Budget Stabilization Fund was \$3.800 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, 2018, the State reported a net pension liability totaling \$133.570 billion.

Other Postemployment Obligations

The State Employees Group Insurance Program provides other postemployment benefits (OPEB) relating to health, dental, vision, and life insurance to State and University retirees. In addition, the State administers cost-sharing OPEB plans for teachers at school districts and community colleges in Illinois. As of June 30, 2018, the State reported an OPEB liability totaling \$55.178 billion.

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 100-0023, effective July 6, 2017, suspended some of the restrictions for general obligation bonds issued in fiscal year 2018. Under 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 2018. Also under 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 fiscal year 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 CAFR for the fiscal year ended June 30, 2017, which was the thirty-third 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 CAFR 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



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
Reporting**

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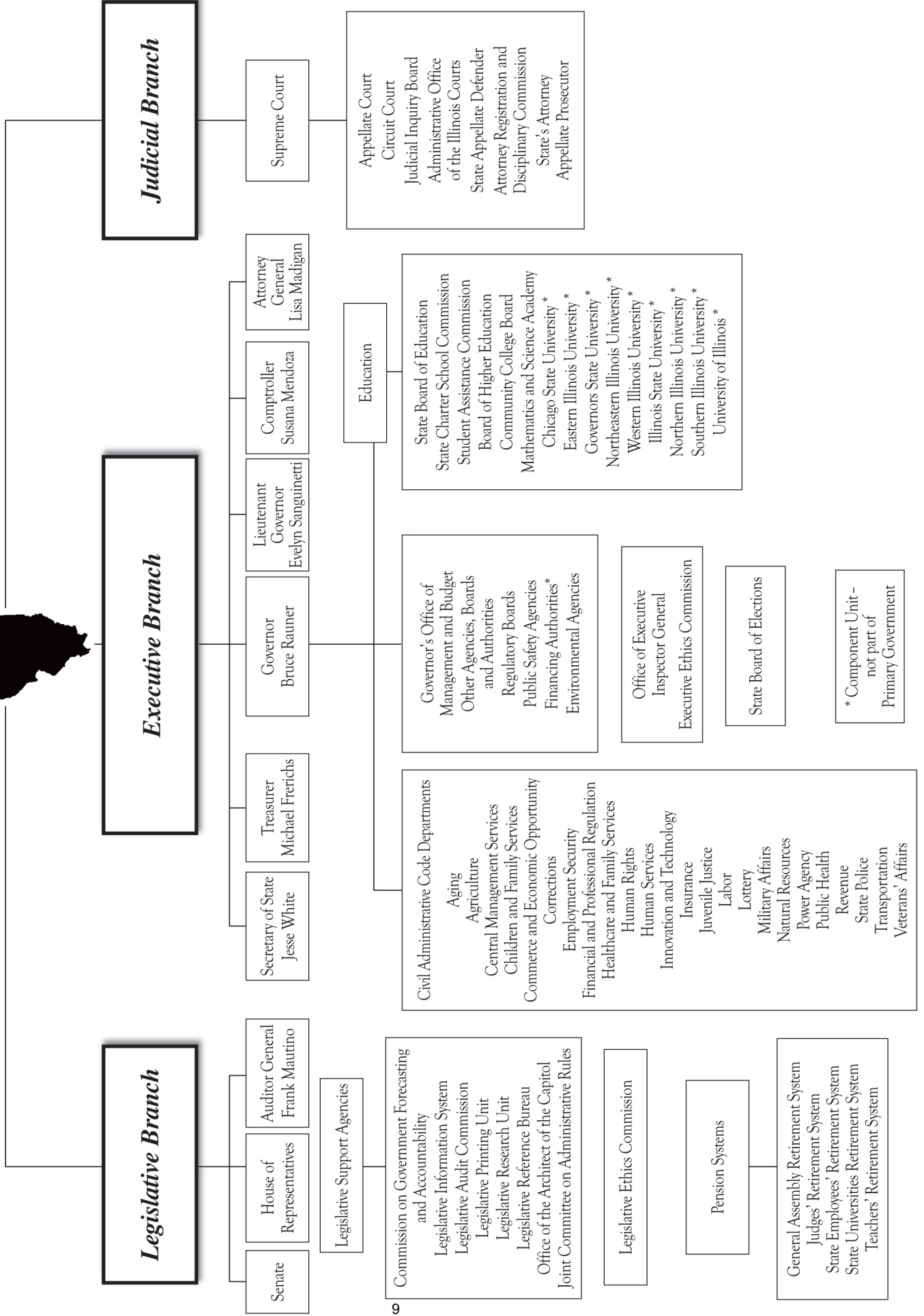
State of Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

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 JB Pritzker, 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, 2018, 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 11%, 24%, 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.

The financial statements of certain university related organizations and certain other authorities were not audited in accordance with *Government Auditing Standards*.

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 reports 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, 2018, 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

As discussed in Note 2 to the financial statements, the State of Illinois restated beginning balances resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

The deficit for net position of governmental activities in Fiscal Year 2018 continued to increase by \$6,420,129,000, from \$182,648,945,000 at June 30, 2017, to \$189,069,074,000 at June 30, 2018. 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, 194-197, 198-204, and 205-206 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 the related 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 August 22, 2019, 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
August 22, 2019

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, 2018. 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, pension and other postemployment benefit liabilities, 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 207. 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 \$47.426 billion or 34.7% during the current fiscal year. The net position of the State’s governmental activities decreased \$47.408 billion or 33.5% and the net position of the State’s business-type activities decreased \$18 million or 0.3%. Of the combined net position decrease of \$47.426 billion, \$41.197 billion is due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, 2018 and 2017:

Net Position as of June 30 (amounts in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other non-current assets	\$ 22,754	\$ 23,502	\$ 8,603	\$ 8,054	\$ 31,357	\$ 31,556
Capital assets	22,549	22,744	4	4	22,553	22,748
Total assets	45,303	46,246	8,607	8,058	53,910	54,304
Deferred outflow s of resources	19,910	26,511	73	72	19,983	26,583
Other liabilities	20,731	27,934	1,483	984	22,214	28,918
Long-term liabilities	223,830	183,872	2,025	1,990	225,855	185,862
Total liabilities	244,561	211,806	3,508	2,974	248,069	214,780
Deferred inflow s of resources	9,721	2,612	117	83	9,838	2,695
Net position:						
Invested in capital assets	16,205	15,993	4	4	16,209	15,997
Restricted	4,659	3,585	5,705	5,451	10,364	9,036
Unrestricted	(209,933)	(161,239)	(654)	(382)	(210,587)	(161,621)
Total net position	\$ (189,069)	\$ (141,661)	\$ 5,055	\$ 5,073	\$ (184,014)	\$ (136,588)

The State's largest asset is its capital assets (\$22.553 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 (\$133.570 billion), other postemployment benefits liability (\$55.178 billion) and bonds payable obligation (\$34.553 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 decreased \$394 million from \$54.304 billion at June 30, 2017, to \$53.910 billion at June 30, 2018. The State's deferred outflows of resources decreased \$6.600 billion from \$26.583 billion at June 30, 2017, to \$19.983 billion at June 30, 2018, due primarily from the \$8.741 billion decrease in pension related deferred outflows of resources, offset by the \$2.128 billion increase in other postemployment benefits (OPEB) related deferred outflows of resources.

The State's liabilities increased \$33.289 billion from \$214.780 billion at June 30, 2017, to \$248.069 billion at June 30, 2018. In addition, deferred inflows of resources increased \$7.143 billion from \$2.695 billion at June 30, 2017, to \$9.838 billion at June 30, 2018. Both increases resulted mainly from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in an OPEB liability of \$55.178 billion and related deferred inflows of resources of \$5.649 billion as of June 30, 2018. These increases were offset by the elimination of the net other postemployment benefits obligation of \$16.485 billion reported as of June 30, 2017, under previous GASB guidelines. More detailed information regarding the OPEB liability and related amounts is presented in Note 17 of the financial statements on page 152. Other significant changes included a decrease of \$4.100 billion in net pension liabilities.

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
(amounts in millions)**

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017 to 2018
Revenues							
Program revenues							
Charges for services	\$ 3,067	\$ 3,490	\$ 5,098	\$ 5,134	\$ 8,165	\$ 8,624	(5.3%)
Operating grants and contributions	21,347	23,177	182	263	21,529	23,440	(8.2%)
Capital grants and contributions	1,303	1,504	-	-	1,303	1,504	(13.4%)
General revenues							
Income taxes	22,431	16,427	-	-	22,431	16,427	36.5%
Sales taxes	11,850	11,332	-	-	11,850	11,332	4.6%
Motor fuel taxes	1,324	1,304	-	-	1,324	1,304	1.5%
Public utility taxes	1,443	1,439	-	-	1,443	1,439	0.3%
Riverboat taxes	469	475	-	-	469	475	(1.3%)
Medical providers assessment taxes	1,562	1,566	-	-	1,562	1,566	(0.3%)
Other taxes	2,968	2,804	-	-	2,968	2,804	5.8%
Interest and investment earnings	124	96	37	26	161	122	32.0%
Other revenue	881	760	-	-	881	760	15.9%
Total revenues	68,769	64,374	5,317	5,423	74,086	69,797	6.1%
Expenses							
Health and social services	29,207	30,272	-	-	29,207	30,272	(3.5%)
Education	25,359	22,331	-	-	25,359	22,331	13.6%
General government	2,892	2,908	-	-	2,892	2,908	(0.6%)
Employment and economic development	756	962	-	-	756	962	(21.4%)
Transportation	4,626	5,282	-	-	4,626	5,282	(12.4%)
Public protection and justice	4,416	4,523	-	-	4,416	4,523	(2.4%)
Environment and business regulation	778	927	-	-	778	927	(16.1%)
Unemployment compensation fund	-	-	1,728	1,846	1,728	1,846	(6.4%)
Water revolving fund	-	-	63	47	63	47	34.0%
Prepaid tuition programs	-	-	44	158	44	158	(72.2%)
Designated account purchase program fund	-	-	5	10	5	10	(50.0%)
Lottery	-	-	2,281	2,129	2,281	2,129	7.1%
Federal student loans	-	-	117	132	117	132	(11.4%)
Student loan operating fund	-	-	29	23	29	23	26.1%
Other business-type activities	-	-	110	90	110	90	22.2%
Intergovernmental	5,918	6,146	-	-	5,918	6,146	(3.7%)
Interest	1,986	1,872	-	-	1,986	1,872	6.1%
Total expenses	75,938	75,223	4,377	4,435	80,315	79,658	0.8%
Excess (deficiency) before transfers	(7,169)	(10,849)	940	988	(6,229)	(9,861)	36.8%
Transfers	749	757	(749)	(757)	-	-	0.0%
Increase (decrease) in net position	(6,420)	(10,092)	191	231	(6,229)	(9,861)	36.8%
Net position - beginning, as restated *	(182,649)	(131,569)	4,864	4,842	(177,785)	(126,727)	(40.3%)
Net position - ending	<u>\$ (189,069)</u>	<u>\$ (141,661)</u>	<u>\$ 5,055</u>	<u>\$ 5,073</u>	<u>\$ (184,014)</u>	<u>\$ (136,588)</u>	<u>(34.7%)</u>

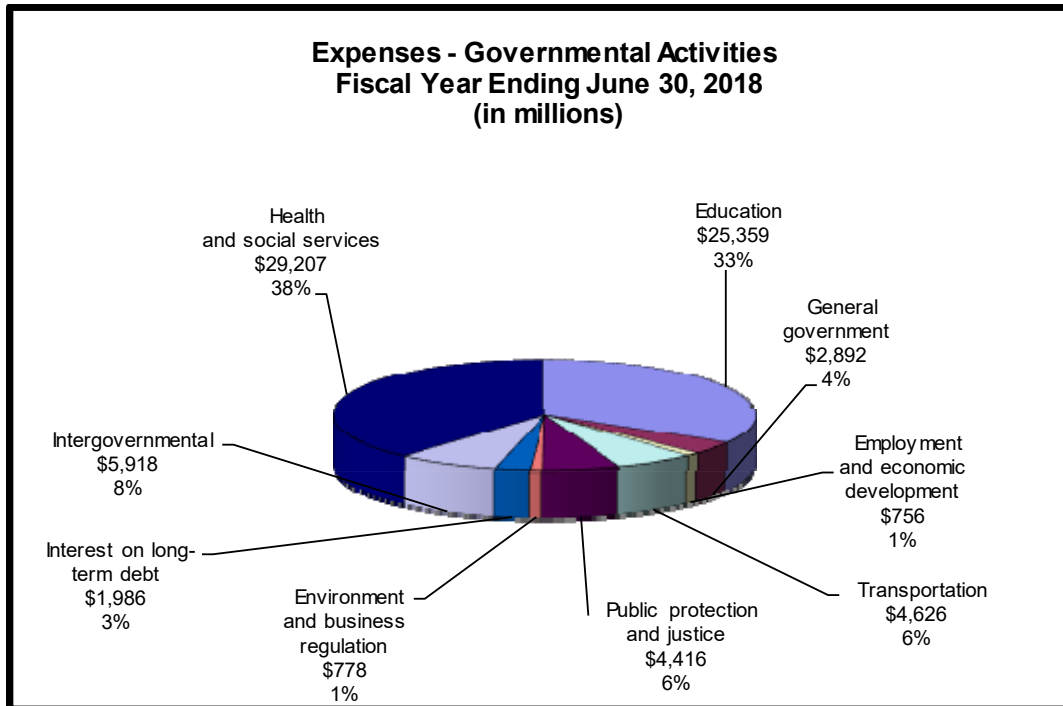
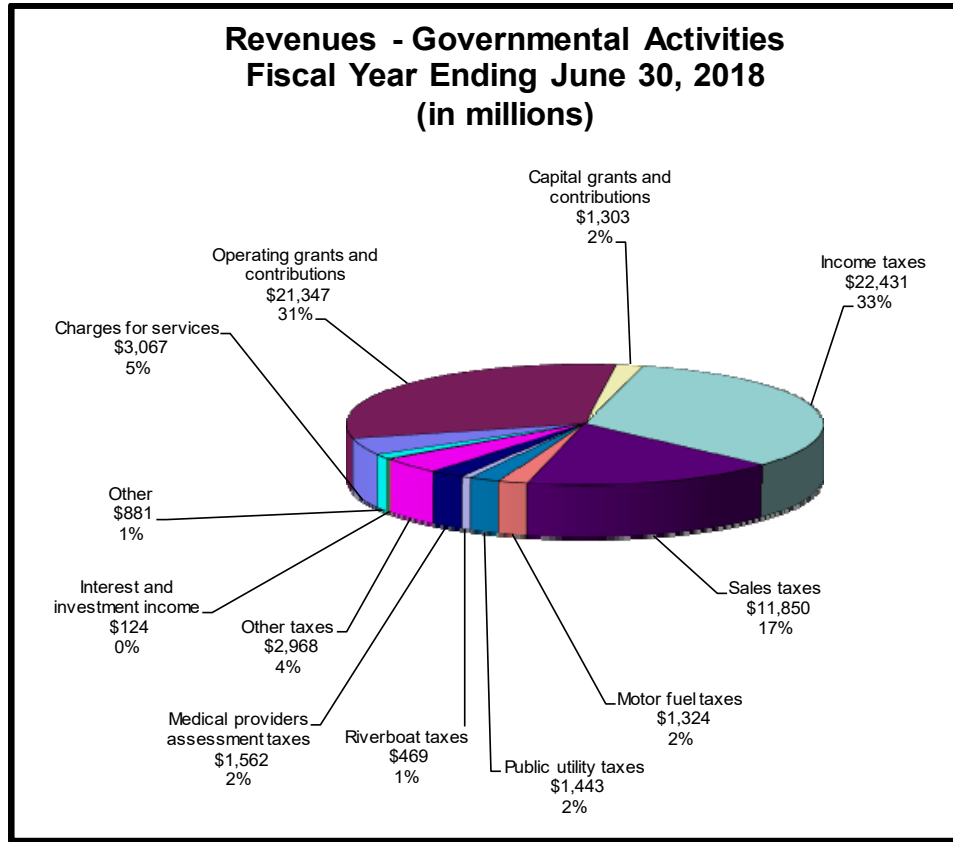
*The 2018 beginning net position has been restated to reflect the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" during fiscal year 2018.

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 \$4.395 billion (6.8%) during fiscal year 2018 with the largest revenue increase consisting of \$6.004 billion in income taxes. Public Act 100-0022 authorized an increase in the individual income tax rate from 3.75% to 4.95% and the corporate income tax rate from 5.25% to 7%, effective July 1, 2017.

The State's governmental activities expenses increased \$715 million (1.0%) during fiscal year 2018, due mostly to increases in education program expenses of \$3.028 billion, offset by decreases in health and social services program expenses of \$1.065 billion.

Business-type Activities:

After restating the beginning net position to reflect the implementation of GASB Statement No. 75, the net position of business-type activities increased \$191 million during the fiscal year 2018. This increase was attributed mainly to a \$185 million increase in net position of the Unemployment Compensation Trust Fund, which resulted from a decrease in unemployment benefit expenses as well as the elimination of interest expense related to revenue bond that were paid off during fiscal year 2017.

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 207. For budgetary purposes the General Funds consist of the General Revenue, Common School-Special, Education Assistance, Common School, Advancement of Education, Commitment to Human Services, and Budget Stabilization Accounts.

The State's General Funds' budgetary fund balance ended fiscal year 2018 with a deficit for the seventeenth consecutive year. At June 30, 2018, the General Funds' budgetary fund balance was a deficit of \$5.698 billion compared to a \$7.963 billion deficit recorded at June 30, 2017. The final budget projected a \$11.664 billion deficit.

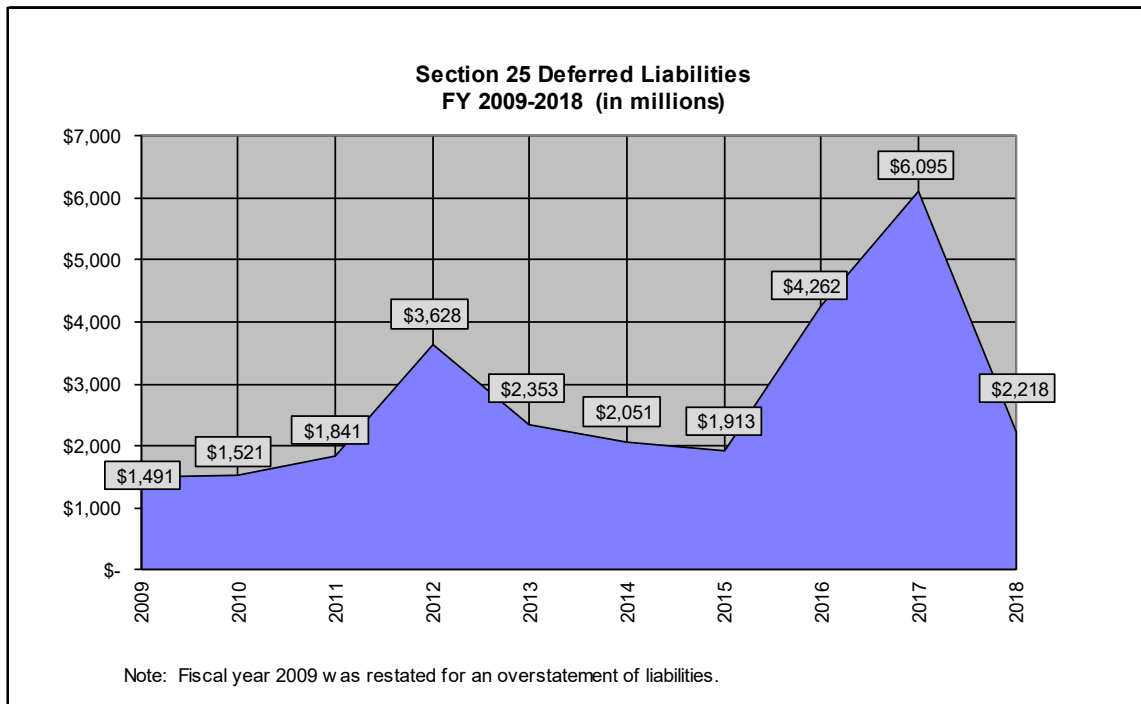
The \$5.966 billion increase in the General Funds' budgetary balance between the final budget and the actual results was due to \$5.171 billion more in actual revenues than budgeted revenues, combined with \$795 million less in actual expenditures than budgeted expenditures. Actual income tax revenues and federal government revenues were \$3.617 billion and \$2.127 billion more than budgeted, respectively.

The General Fund’s assets at June 30, 2018, were \$9.755 billion, which is a decrease of \$2.012 billion from the June 30, 2017, balance of \$11.767 billion. Cash equity with the State Treasurer and intergovernmental receivables decreased \$1.145 billion and \$1.773 billion, respectively.

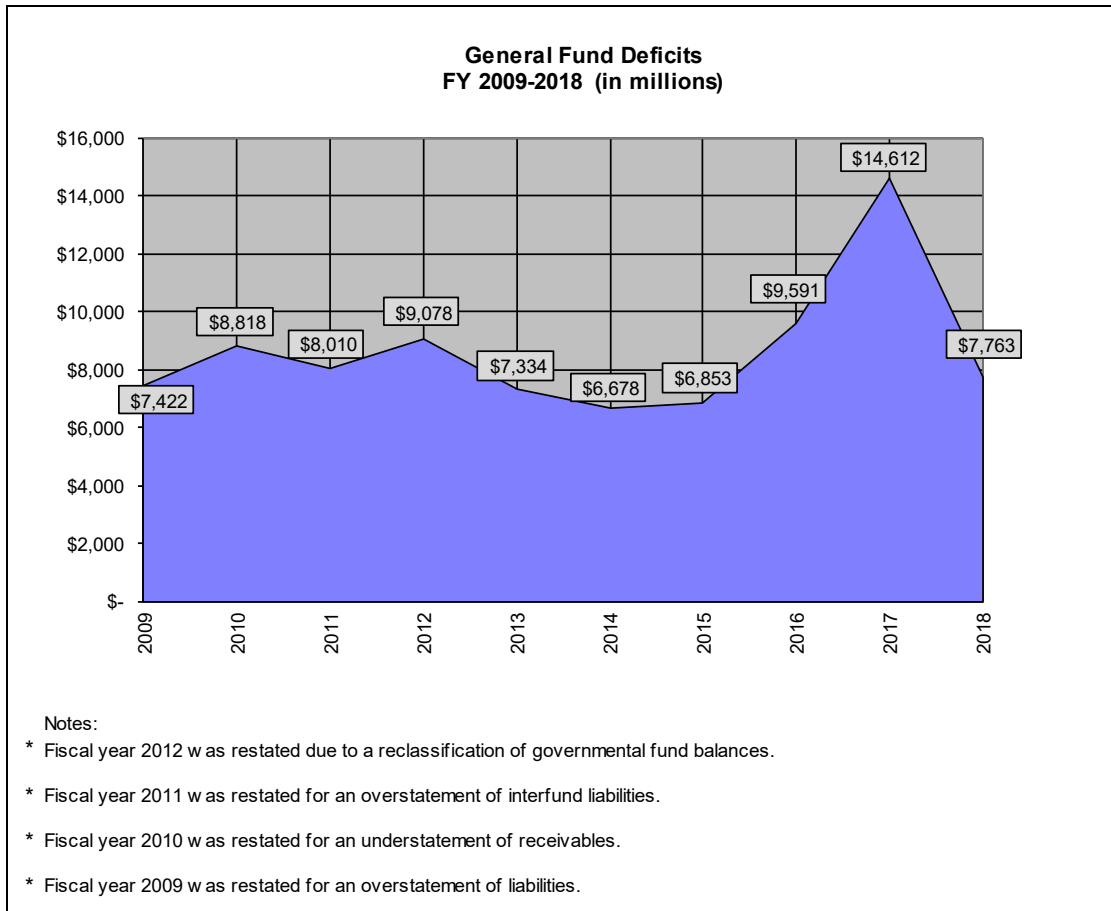
The General Fund’s liabilities at June 30, 2018, were \$16.112 billion, which is a decrease of \$7.094 billion from the June 30, 2017, balance of \$23.206 billion. The decrease was due mostly from the issuance of \$6.0 billion in general obligation bonds during fiscal year 2018, the proceeds of which were used solely to pay prior year obligations.

The General Fund’s deferred inflows of resources at June 30, 2018, were \$1.406 billion, which is a decrease of \$1.767 billion from the June 30, 2017, balance of \$3.173 billion. The decrease 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 decreased \$3.877 billion from \$6.095 billion at June 30, 2017, to \$2.218 billion at June 30, 2018.



During fiscal year 2018, the General Fund's fund deficit decreased from \$14.612 billion to \$7.763 billion, a \$6.849 billion decrease.



During fiscal year 2018, General Fund revenues increased \$9.099 billion to \$48.287 billion. General Fund expenditures increased \$3.804 billion to \$46.428 billion in fiscal year 2018 due mainly to increased spending on education programs of \$3.688 billion. Other sources of financial resources saw a significant increase due to the issuance of \$6.000 billion in general obligation bonds.

Cash flow problems caused the State to hold over \$7.177 billion in payments and interfund transfers from the General Fund at June 30, 2018.

Road Fund

The Road Fund incurred a \$381 million decrease in fund balance in the current year and has a \$388 million fund balance. Federal revenues decreased \$193 million to \$1.318 billion in fiscal year 2018. In addition, transfers out increased \$249 million from fiscal year 2017 due to statutory increases in the required transfers to the Public Transportation Account, a subaccount of the Road Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets:

At June 30, 2018, the State had \$22.553 billion in capital assets, net of accumulated depreciation, in the following categories:

Capital Assets as of June 30						
(net of depreciation, amounts in millions)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Land and land improvements	\$ 3,551	\$ 3,475	\$ -	\$ -	\$ 3,551	\$ 3,475
Site improvements	200	252	-	-	200	252
Buildings and building improvements	1,746	1,755	2	2	1,748	1,757
Equipment	528	243	1	1	529	244
Intangible assets	592	520	1	1	593	521
Infrastructure	15,770	16,063	-	-	15,770	16,063
Other	13	41	-	-	13	41
Subtotal	22,400	22,349	4	4	22,404	22,353
Construction in progress	149	395	-	-	149	395
Total	\$ 22,549	\$ 22,744	\$ 4	\$ 4	\$ 22,553	\$ 22,748

Infrastructure assets consist of 70% of the State's net capital assets and comprise \$982 million of the \$1.402 billion (70%) 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 92.

Debt Administration:

Bonded Indebtedness

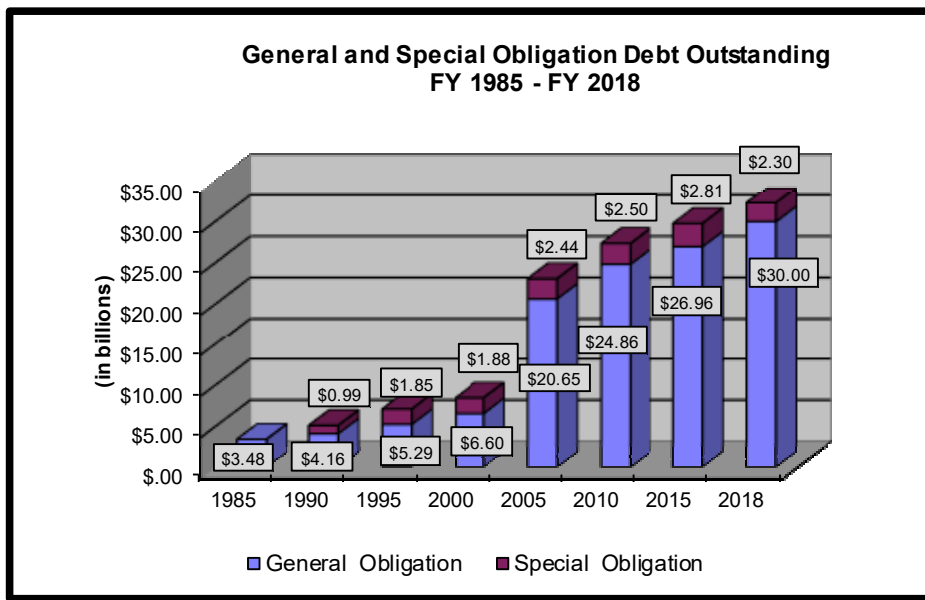
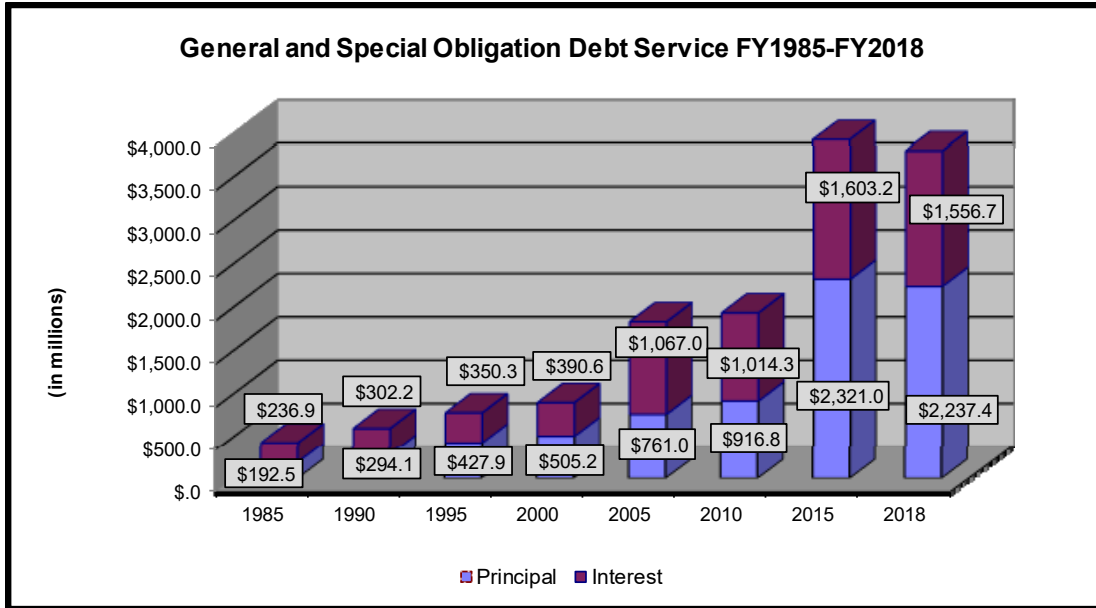
The State, certain State agencies and component units of the State are empowered by law to authorize, issue, and sell debt obligations. General obligation bonds, issued by the State, are backed by the full faith and credit of the State and are considered a direct debt of the State. Special obligation 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 102.

Outstanding Bonded Debt as of June 30 (Amounts in millions)						
Primary Government	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds (backed by the State)	\$ 29,998	\$ 24,751	\$ -	\$ -	\$29,998	\$ 24,751
Special obligation bonds (backed by specific fee revenue)	2,304	2,533	-	-	2,304	2,533
Revenue bonds (backed by specific tax and fee revenue)	967	1,068	167	198	1,134	1,266
	<u>\$ 33,269</u>	<u>\$ 28,352</u>	<u>\$ 167</u>	<u>\$ 198</u>	<u>\$33,436</u>	<u>\$ 28,550</u>

As shown above, Illinois had outstanding general and special obligation bonds at June 30, 2018 totaling \$32.302 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 \$9.025 billion and \$900 million for pension purposes, issued in 2003 and 2011 respectively, are included in the outstanding general obligation bonds as of June 30, 2018.

Debt service principal of \$2.237 billion and interest costs of \$1.557 billion were paid and charged, respectively, in fiscal year 2018 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 \$1.134 billion of revenue bonds and \$3.671 billion of non-retirement long-term obligations outstanding as of June 30, 2018.

The State’s general obligation bond ratings were Baa3 with a Negative Outlook by Moody’s Investor Services, BBB- with a Stable Outlook by Standard and Poor’s, and BBB with a Negative Outlook by Fitch Ratings as of June 30, 2018. Since June 30, 2018, Moody’s revised its rating to Baa3 with a Stable Outlook and Fitch revised its 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 Stable Outlook by Standard and Poor’s, and A- with a Negative Outlook by Fitch Ratings as of June 30, 2018. Since June 30, 2018, Standard and

Poor's revised its rating to BBB with a Stable Outlook and Fitch revised its rating to A- with a Stable Outlook.

Retirement Liabilities

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 Statement 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 2018, the net pension liability as reported in the financial statements totaled \$133.570 billion, a decrease of \$4.100 billion from the fiscal year 2017 balance of \$137.670 billion.

During fiscal year 2018, 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.

In addition, the State is statutorily required to make contributions for OPEB to three plans that provide health, dental, vision and life insurance benefits to certain retirees and their dependents. With the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in fiscal year 2018, the State of Illinois recognized an OPEB liability in the amount of \$55.178 billion. This amount represents the State's proportionate share of the OPEB liability related to the three OPEB plans.

ECONOMIC CONDITION AND OUTLOOK

Fiscal Year 2018

Economic growth continued at a steady pace in Illinois during fiscal year 2018. 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 6.087 million workers in fiscal year 2018, an increase of 48,000 jobs or 0.79% above 2017 employment and 45,000 jobs or 0.74% above 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 6.191 million Illinoisans was employed in fiscal year 2018, an increase over the average of 6.162 million in fiscal year 2017.

The average Illinois unemployment rate decreased from 6.0% and 5.3% in fiscal years 2016 and 2017, respectively, to 4.6% in fiscal year 2018. At June 30, 2018, the rate was 4.5%. 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 345,000 during fiscal year 2017 to 298,000 for fiscal year 2018.

A more comprehensive measure of Illinois' economic performance is the change in state personal income adjusted for inflation. This value increased 1.6% in fiscal year 2018 as nominal personal income rose 3.9% and the consumer price index was up 2.2%. State personal income adjusted for inflation had shown an increase in 2016 of 2.2% and a decrease of .03% in 2017.

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 OPEB liability, and ratings 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, 2018. 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, 2018 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash equity with State Treasurer	\$ 9,029,495	\$ 353,891	\$ 9,383,386	\$ 1,206,078
Cash and cash equivalents	360,728	95,722	456,450	1,647,539
Deposits held by federal government		1,939,194	1,939,194	
Securities lending collateral of State Treasurer	4,019,835	109,635	4,129,470	7,936
Investments	43,218	1,124,759	1,167,977	2,704,413
Receivables, net:				
Taxes	2,371,882	322,793	2,694,675	
Intergovernmental	3,289,407	49,031	3,338,438	238,411
Other	1,113,168	202,019	1,315,187	717,480
Internal balances	66,324	(66,324)	-	
Due from fiduciary funds	106,275	1,385	107,660	
Due from component units	452,201	9,363	461,564	24,737
Due from primary government				1,275,399
Inventories	130,893		130,893	42,742
Prepaid expenses	7,740	181	7,921	63,051
Unamortized bond insurance costs	11,227		11,227	7,449
Loans and notes receivable, net	56,445	1,433,851	1,490,296	1,328,032
Restricted assets:				
Cash equity with State Treasurer	1,248,888		1,248,888	198,809
Cash and cash equivalents	194,990	12,052	207,042	757,903
Investments	12,770		12,770	4,615,987
Intergovernmental receivables	5,480		5,480	
Other receivables	176,003	29,503	205,506	104,141
Loans and notes receivable, net		2,986,597	2,986,597	20,787
Other assets	39,222		39,222	6,495
Derivative instrument				294
Other assets	17,620		17,620	81,690
Capital assets not being depreciated	4,012,180		4,012,180	2,026,566
Capital assets being depreciated, net	18,536,634	3,708	18,540,342	13,129,831
Total assets	45,302,625	8,607,360	53,909,985	30,205,770
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - accumulated decrease in fair value of derivatives	78,363		78,363	210,779
Deferred outflows of resources - unamortized deferred amounts on bond refundings	104,533	318	104,851	110,148
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings				5,395
Deferred outflows of resources - pensions	17,606,699	65,217	17,671,916	188,329
Deferred outflows of resources - OPEB	2,120,840	7,360	2,128,200	44,622
Total deferred outflows of resources	19,910,435	72,895	19,983,330	559,273

State of Illinois

Statement of Net Position

June 30, 2018 (Expressed in Thousands)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Accounts payable and accrued liabilities	9,696,415	274,232	9,970,647	1,237,008
Intergovernmental payables	4,582,004	9,758	4,591,762	45,654
Due to fiduciary funds	806,217		806,217	
Due to component units	333,895	941,636	1,275,531	24,737
Due to primary government				453,762
Unearned revenue	1,214,451	33,953	1,248,404	443,537
Obligations under security lending of State Treasurer	4,019,835	109,635	4,129,470	7,936
Assets held for others				229,387
Short-term notes payable		113,657	113,657	3,118
Derivative instrument - liability	78,363		78,363	212,465
Other liabilities				17,416
Long-term obligations:				
Due within one year	5,420,978	173,051	5,594,029	678,793
Due subsequent to one year	218,409,272	1,852,126	220,261,398	14,119,298
Total liabilities	244,561,430	3,508,048	248,069,478	17,473,111
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - loan origination points				4,740
Deferred inflows of resources - accumulated increase in fair value of derivatives				377
Deferred inflows of resources - unamortized deferred amounts on bond refundings	26,154	33,066	59,220	112
Deferred inflows of resources - service concession arrangements				31,562
Deferred inflows of resources - irrevocable split-interest agreements				18,873
Deferred inflows of resources - pensions	4,084,249	45,576	4,129,825	55,047
Deferred inflows of resources - OPEB	5,610,301	38,230	5,648,531	418,190
Total deferred inflows of resources	9,720,704	116,872	9,837,576	528,901
NET POSITION				
Net investment in capital assets	16,205,052	3,651	16,208,703	6,171,564
Restricted for:				
Debt service	2,511,677	24,288	2,535,965	473,679
Capital grants/projects	1,185,890		1,185,890	182,073
Repayment of loan from component unit		2,694,849	2,694,849	
Unemployment compensation benefits		2,317,361	2,317,361	
Municipal lending		623,062	623,062	
Education	4,822	46,331	51,153	
Employment and economic development	193,736		193,736	
Health and social services	257,110		257,110	
Public protection and justice	48,788		48,788	
Environment and business regulation	150,854		150,854	
Transportation	24,972		24,972	
Other purposes	226,525		226,525	
Funds held as permanent investments:				
Nonexpendable purposes	50,834		50,834	1,688,554
Expendable purposes	3,636		3,636	3,052,455
Unrestricted	(209,932,970)	(654,207)	(210,587,177)	1,194,706
Total net position	\$ (189,069,074)	\$ 5,055,335	\$(184,013,739)	\$ 12,763,031

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, 2018 (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	\$29,207,200	\$ 144,921	\$ 17,866,830	
Education	25,359,053	10,726	2,303,469	
General government	2,892,134	2,233,439	68,725	\$ 8,339
Employment and economic development	756,026	17,959	540,995	
Transportation	4,625,352	52,404	266,094	1,292,821
Public protection and justice	4,416,348	147,209	186,602	
Environment and business regulation	778,045	460,043	114,675	1,587
Intergovernmental-revenue sharing	5,917,915			
Interest	1,986,119			
Total governmental activities	<u>75,938,192</u>	<u>3,066,701</u>	<u>21,347,390</u>	<u>1,302,747</u>
Business-type activities				
Unemployment compensation trust	1,727,817	1,899,802		
Water revolving	63,234	70,908	64,426	
Prepaid tuition program	43,558	49,622		
Lottery	2,280,857	2,932,921		
Designated account purchase program	5,264	17,462		
Federal student loans	116,629	14,405	117,249	
Student loan operation fund	28,948	14,070		
Other	109,991	99,079		
Total business-type activities	<u>4,376,298</u>	<u>5,098,269</u>	<u>181,675</u>	
Total primary government	<u>\$80,314,490</u>	<u>\$ 8,164,970</u>	<u>\$ 21,529,065</u>	<u>\$ 1,302,747</u>
Component units				
Authorities				
Illinois Housing Development Authority	\$ 329,927	\$ 81,609	\$ 132,760	
Illinois State Toll Highway Authority	1,092,053	1,398,498		
Other Authorities	47,282	34,052		
Universities				
Illinois State University	618,819	289,111	66,559	\$ 856
Northern Illinois University	618,625	225,392	105,382	
Southern Illinois University	1,265,264	515,601	167,683	1,332
University of Illinois	6,419,645	3,028,019	1,091,734	5,239
Other Universities	953,518	283,363	192,492	
Total component units	<u>\$11,345,133</u>	<u>\$ 5,855,645</u>	<u>\$ 1,756,610</u>	<u>\$ 7,427</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 and OPEB 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, 2017, as restated				
Net position, June 30, 2018				

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

Net (Expense) Revenues and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (11,195,449)		\$ (11,195,449)	
(23,044,858)		(23,044,858)	
(581,631)		(581,631)	
(197,072)		(197,072)	
(3,014,033)		(3,014,033)	
(4,082,537)		(4,082,537)	
(201,740)		(201,740)	
(5,917,915)		(5,917,915)	
(1,986,119)		(1,986,119)	
<u>(50,221,354)</u>			
	\$ 171,985	171,985	
	72,100	72,100	
	6,064	6,064	
	652,064	652,064	
	12,198	12,198	
	15,025	15,025	
	(14,878)	(14,878)	
	<u>(10,912)</u>	<u>(10,912)</u>	
	903,646		
		(49,317,708)	
			\$ (115,558)
			306,445
			(13,230)
			(262,293)
			(287,851)
			(580,648)
			(2,294,653)
			<u>(477,663)</u>
			(3,725,451)
22,431,277		22,431,277	
11,850,090		11,850,090	
1,323,577		1,323,577	
1,443,513		1,443,513	
469,363		469,363	
1,562,007		1,562,007	
2,967,862		2,967,862	
123,627	37,092	160,719	319,950
880,645		880,645	349,419
			2,744,265
			1,681,564
			166,223
749,264	(749,264)	-	
<u>43,801,225</u>	<u>(712,172)</u>	<u>43,089,053</u>	<u>5,261,421</u>
(6,420,129)	191,474	(6,228,655)	1,535,970
(182,648,945)	4,863,861	(177,785,084)	11,227,061
<u>\$ (189,069,074)</u>	<u>\$ 5,055,335</u>	<u>\$ (184,013,739)</u>	<u>\$ 12,763,031</u>

State of Illinois

**Balance Sheet -
Governmental Funds**

June 30, 2018 (Expressed in Thousands)

	General Fund	Road Fund	Other Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash equity with State Treasurer	\$ 2,022,385	\$ 755,743	\$ 7,276,877	\$ 10,055,005
Cash and cash equivalents	7,322	25,090	361,951	394,363
Securities lending collateral of State Treasurer	2,645,893	259,089	1,071,932	3,976,914
Investments			55,988	55,988
Receivables, net:				
Taxes	1,845,437		526,445	2,371,882
Intergovernmental	2,284,410	172,820	830,093	3,287,323
Other	607,500	12,017	641,570	1,261,087
Due from other funds	290,414	73,441	770,893	1,134,748
Due from component units	8,321	91,718	336,138	436,177
Inventories	22,401	51,521	47,607	121,529
Loans and notes receivable, net	5,547	55	50,843	56,445
Other assets	15,000		41,842	56,842
Total assets	9,754,630	1,441,494	12,012,179	23,208,303
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - intra-entity transfers of future revenues			505,078	505,078
Total deferred outflows of resources			505,078	505,078
Total assets and deferred outflows of resources	\$ 9,754,630	\$ 1,441,494	\$ 12,517,257	\$ 23,713,381
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5,748,478	\$ 268,301	\$ 722,303	\$ 6,739,082
Intergovernmental payables	2,568,867	110,408	1,882,350	4,561,625
Due to other funds	4,160,138	233,779	489,790	4,883,707
Due to component units	116,841	147,770	68,915	333,526
Unearned revenue	850,997	13,115	337,819	1,201,931
Obligations under securities lending of State Treasurer	2,645,893	259,089	1,071,932	3,976,914
Matured portion of long-term liabilities	20,710	218		20,928
Total liabilities	16,111,924	1,032,680	4,573,109	21,717,713
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unavailable revenue	1,405,999	21,053	795,762	2,222,814
Deferred inflows of resources - intra-entity transfers of future revenues			505,078	505,078
Total deferred inflows of resources	1,405,999	21,053	1,300,840	2,727,892
FUND BALANCES (DEFICITS)				
Nonspendable - long-term portion of loans and notes receivable	5,547			5,547
Nonspendable - inventories	22,401	51,521	47,607	121,529
Nonspendable - endowments and similar funds			50,834	50,834
Restricted	89,798	24,430	4,291,964	4,406,192
Committed	1,923,096	311,810	3,120,311	5,355,217
Unassigned	(9,804,135)		(867,408)	(10,671,543)
Total fund balances (deficits)	(7,763,293)	387,761	6,643,308	(732,224)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 9,754,630	\$ 1,441,494	\$ 12,517,257	\$ 23,713,381

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, 2018
(Expressed in Thousands)

Total fund balances-governmental funds \$ (732,224)

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 \$323,792, are not financial resources and therefore are not reported in the funds. 22,225,022

Prepaid expenses for governmental activities are current uses of financial resources for funds. 7,740

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. 11,227

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. 78,379

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. 623,718

Some revenues will be collected after year-end but are "unavailable" to pay for the current period's expenditures due to not being collectible for several months and therefore are deferred in governmental funds. 2,222,814

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 \$615,026, consist of:

Net pension liability	\$ (133,281,682)	
Deferred outflows of resources - pensions	17,606,699	
Deferred inflows of resources - pensions	(4,084,249)	
OPEB liability	(54,995,166)	
Deferred outflows of resources - OPEB	2,120,840	
Deferred inflows of resources - OPEB	(5,610,301)	
General obligation bonds	(29,998,385)	
Special obligation bonds	(2,303,893)	
Revenue bonds	(967,050)	
Unamortized premiums	(1,123,231)	
Unamortized discounts	1,092	
Compensated absences	(339,899)	
Certificates of participation	(5,335)	
Pollution remediation obligation	(30,250)	
Disproportionate share hospital payment obligations	(124,206)	
Auto liability	(16,678)	
Capital leases	(9,613)	
Accrued interest	(344,443)	
	(213,505,750)	(213,505,750)

Net position of governmental activities \$ (189,069,074)

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, 2018 (Expressed in Thousands)

	General Fund	Road Fund	Other Nonmajor Funds	Total Governmental Funds
REVENUES				
Income taxes	\$ 19,899,284		\$ 2,487,137	\$ 22,386,421
Sales taxes	8,155,648		3,695,035	11,850,683
Motor fuel taxes		\$ 307,127	1,015,265	1,322,392
Public utility taxes	940,909		473,593	1,414,502
Riverboat taxes			469,363	469,363
Medical providers assessment taxes	1,586,240			1,586,240
Other taxes	2,415,942		496,053	2,911,995
Federal government	13,597,331	1,318,455	8,398,568	23,314,354
Licenses and fees	619,611	945,186	1,202,409	2,767,206
Interest and other investment income	68,046	9,335	40,825	118,206
Other	1,003,886	135,056	954,288	2,093,230
Total revenues	48,286,897	2,715,159	19,232,536	70,234,592
EXPENDITURES				
Current:				
Health and social services	23,184,588		5,650,927	28,835,515
Education	17,497,294		2,679,050	20,176,344
General government	2,047,019	396	484,319	2,531,734
Employment and economic development	133,870		636,836	770,706
Transportation	558,448	1,885,245	714,565	3,158,258
Public protection and justice	2,785,855		588,424	3,374,279
Environment and business regulation	162,894		590,550	753,444
Debt service:				
Principal	3,055	291	2,333,761	2,337,107
Interest	500	277	1,611,661	1,612,438
Capital outlays	54,147	609,751	701,708	1,365,606
Intergovernmental			5,917,915	5,917,915
Total expenditures	46,427,670	2,495,960	21,909,716	70,833,346
Excess (deficiency) of revenues over (under) expenditures	1,859,227	219,199	(2,677,180)	(598,754)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
General obligation bonds issued	6,000,000		1,250,000	7,250,000
Premiums on general obligation bonds issued	502,402		57,268	559,670
Revenue refunding bonds issued			670,965	670,965
Premiums on revenue refunding bonds issued			90,805	90,805
Transfers-in	2,168,549	1,110	4,830,495	7,000,154
Transfers-out	(3,684,913)	(589,270)	(1,977,191)	(6,251,374)
Payments to refunded bond escrow agent			(756,954)	(756,954)
Capital lease financing	3,089	174	6,020	9,283
Net other sources (uses) of financial resources	4,989,127	(587,986)	4,171,408	8,572,549
Net change in fund balances	6,848,354	(368,787)	1,494,228	7,973,795
Fund balances (deficits), July 1, 2017	(14,611,613)	768,691	5,122,672	(8,720,250)
Increase (decrease) for changes in inventories	(34)	(12,143)	26,408	14,231
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (7,763,293)	\$ 387,761	\$ 6,643,308	\$ (732,224)

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, 2018
(Expressed in Thousands)

Net change in fund balances	\$ 7,973,795
Change in inventories	14,231
	7,988,026

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 decreased by this amount during the year. (15,396)

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	\$ 1,365,606	
Depreciation expense	(1,489,150)	
Excess of depreciation expense over capital outlays		(123,544)

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. 22,660

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. (75,708)

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. (1,978)

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. (10,449)

Because some revenues will not be collected for several months, they are considered "unavailable" revenues and revenue recognition is deferred in the governmental funds. Unavailable revenues decreased by this amount during the year. (1,540,428)

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 effect 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 \$650,475	(8,571,440)	
Payments to refunded bond escrow agent	756,954	
Bond insurance costs deferred	1,375	
Bond principal retirements	2,326,435	
Deferred gain on current year refundings of debt	67,783	
Accrued interest paid to refunding agent	(74,579)	
Amortization of bond premiums	137,331	
Amortization of bond discounts	(115)	
Amortization of bond insurance costs	(997)	
Amortization of deferred amounts on refundings of debt	(17,653)	
Capital lease and installment purchase agreement proceeds	(9,283)	
Capital lease and installment purchase principal retirements	5,082	
Certificates of participation principal retirements	5,590	
Net increase in change in fund balance of governmental funds from long-term debt transactions		(5,373,517)

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.

Decrease in net pension liability	4,104,111	
Decrease in deferred outflows of resources - pensions	(8,735,040)	
Increase in deferred inflows of resources - pensions	(1,502,708)	
Decrease in OPEB liability	2,876,311	
Increase in deferred outflows of resources - OPEB	1,722,245	
Increase in deferred inflows of resources - OPEB	(5,610,301)	
Decrease in compensated absences obligation	9,248	
Increase in disproportionate share hospital payment obligations	(124,206)	
Interest accreted on capital appreciation debt	(5,816)	
Increase in auto liability obligation	(54)	
Increase in pollution remediation obligations	(3,000)	
Increase in accrued interest on obligations	(20,585)	
Net increase in expenses for net increase in long-term liabilities not reported in governmental funds		(7,289,795)

Change in net position of governmental activities	\$ (6,420,129)
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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, 2018 (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		\$ 139,331	\$ 628	\$ 213,932	\$ 353,891	\$ 223,378
Cash and cash equivalents	\$ 20,916		13,903	60,903	95,722	161,355
Deposits held by federal government	1,939,194				1,939,194	
Securities lending collateral of State Treasurer		52,399		57,236	109,635	42,921
Investments			150,606	57,836	208,442	
Receivables, net:						
Taxes	322,793				322,793	
Intergovernmental	26,190	274		22,567	49,031	7,564
Other	111,586	15,433	10,224	41,912	179,155	28,084
Due from other funds	26,409	278		5,650	32,337	3,143,510
Due from component units	138	9,225			9,363	16,024
Loans and notes receivable, net		75,686			75,686	
Restricted assets:						
Cash and cash equivalents				12,052	12,052	
Other receivables, net		11,665		17,838	29,503	
Loans and notes receivable, net		164,223		42,515	206,738	
Inventories						9,364
Prepaid expenses		12		169	181	
Total current assets	2,447,226	468,526	175,361	532,610	3,623,723	3,632,200
Investments			648,177	268,140	916,317	
Other receivables, net			22,864		22,864	
Loans and notes receivable, net		1,358,165			1,358,165	
Restricted loans and notes receivable, net		2,518,695		261,164	2,779,859	
Capital assets not being depreciated						129,249
Capital assets being depreciated, net		14		3,694	3,708	194,543
Total noncurrent assets		3,876,874	671,041	532,998	5,080,913	323,792
Total assets	2,447,226	4,345,400	846,402	1,065,608	8,704,636	3,955,992
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - unamortized deferred amounts on bond refundings		318			318	
Deferred outflows of resources - pensions		10,901		54,316	65,217	
Deferred outflows of resources - OPEB		827		6,533	7,360	
Total deferred outflows of resources		12,046		60,849	72,895	
LIABILITIES						
Accounts payable and accrued liabilities	124,171	54	715	149,292	274,232	2,612,890
Intergovernmental payables	3,394	122		6,242	9,758	20,379
Due to other funds	2,300	296	213	5,422	8,231	28,169
Due to component units		941,115	519	2	941,636	369
Unearned revenue				33,953	33,953	12,520
Obligations under securities lending of State Treasurer		52,399		57,236	109,635	42,921
Short-term notes payable				113,657	113,657	
Current portion of long-term obligations		211	150,056	22,784	173,051	111,012
Total current liabilities	129,865	994,197	151,503	388,588	1,664,153	2,828,260
Due to other funds				89,045	89,045	
Noncurrent portion of long-term obligations		100,391	975,229	776,506	1,852,126	504,014
Total noncurrent liabilities		100,391	975,229	865,551	1,941,171	504,014
Total liabilities	129,865	1,094,588	1,126,732	1,254,139	3,605,324	3,332,274
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unamortized deferred amounts on bond refundings		52		33,014	33,066	
Deferred inflows of resources - pensions		9,949		35,627	45,576	
Deferred inflows of resources - OPEB		12,671		25,559	38,230	
Total deferred inflows of resources		22,672		94,200	116,872	
NET POSITION						
Net investment in capital assets		14		3,637	3,651	323,791
Net position restricted for:						
Debt service				24,288	24,288	
Repayment of loan from component unit		2,694,849			2,694,849	
Unemployment compensation benefits	2,317,361				2,317,361	
Municipal lending		623,062			623,062	
Education				46,331	46,331	
Unrestricted		(77,739)	(280,330)	(296,138)	(654,207)	299,927
Total net position	\$ 2,317,361	\$ 3,240,186	\$ (280,330)	\$ (221,882)	\$ 5,055,335	\$ 623,718

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, 2018 (Expressed in Thousands)

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Major					
	Unemployment Compensation Trust Fund	Water Revolving Fund	Prepaid Tuition Fund	Nonmajor Enterprise Funds		
OPERATING REVENUES						
Charges for sales and services			\$ 240	\$ 3,053,851	\$ 3,054,091	\$ 3,568,122
Interest income pledged as revenue bond security				17,462	17,462	
Interest and other investment income	\$ 400	\$ 70,908	49,382	50	120,740	
Participant contributions						
Employer contributions	1,892,476				1,892,476	
Other	6,901			6,517	13,418	120
Total operating revenues	1,899,777	70,908	49,622	3,077,880	5,098,187	3,568,242
OPERATING EXPENSES						
Cost of sales and services				310,359	310,359	543,781
Benefit payments and refunds	1,727,817			64,787	1,792,604	2,468,366
Prizes and claims				1,910,896	1,910,896	
Interest				2,649	2,649	
General and administrative		21,930	4,218	229,004	255,152	88,991
Depreciation		9		841	850	32,614
Other		19,105	39,340	15,463	73,908	9
Total operating expenses	1,727,817	41,044	43,558	2,533,999	4,346,418	3,133,761
Operating income (loss)	171,960	29,864	6,064	543,881	751,769	434,481
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	36,531	635		(74)	37,092	5,313
Interest expense		(19,083)		(6,364)	(25,447)	(460,047)
Federal government		64,426		117,249	181,675	6,624
Other revenues	25			57	82	735
Other expenses		(3,107)		(1,326)	(4,433)	(90,548)
Income (loss) before contributions and transfers	208,516	72,735	6,064	653,423	940,738	(103,442)
Contributions of capital assets		16			16	92,493
Transfers-in	11			21,925	21,936	4,586
Transfers-out	(23,270)			(747,946)	(771,216)	(4,086)
Change in net position	185,257	72,751	6,064	(72,598)	191,474	(10,449)
Net position, July 1, 2017, as restated	2,132,104	3,167,435	(286,394)	(149,284)	4,863,861	634,167
NET POSITION, JUNE 30, 2018	\$ 2,317,361	\$ 3,240,186	\$ (280,330)	\$ (221,882)	\$ 5,055,335	\$ 623,718

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, 2018 (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			\$ 240	\$ 202,723	\$ 202,963	\$ 154,497
Cash received from lottery sales				2,923,272	2,923,272	
Cash received from transactions with other funds						6,566,892
Cash payments to suppliers for goods and services		\$ (5,960)	(2,320)	(181,142)	(189,422)	(6,059,296)
Cash payments to employees for services		(13,574)	(2,102)	(59,425)	(75,101)	(152,790)
Cash payments for lottery prizes				(1,906,591)	(1,906,591)	
Cash payments for commissions and bonuses				(165,045)	(165,045)	
Cash receipts from unemployment taxes	\$ 1,962,628				1,962,628	
Cash receipts from unemployment grants	6,660				6,660	
Cash payments for unemployment benefits	(1,728,855)				(1,728,855)	
Cash receipts from prepaid tuition contract sales			14,333		14,333	
Cash payments for tuition			(125,982)		(125,982)	
Cash payments for tuition contract refunds			(22,591)		(22,591)	
Cash receipts from student loan principal				58,204	58,204	
Cash receipts from student loan interest				6,716	6,716	
Cash payments for student loans issued				(1,586)	(1,586)	
Cash payments for workers' compensation						(103,337)
Cash receipts from other operating activities				8,086	8,086	58,107
Cash payments for other operating activities				(210,974)	(210,974)	
Net cash provided (used) by operating activities	240,433	(19,534)	(138,422)	674,238	756,715	464,073
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Proceeds from revenue bonds and other borrowings		555,113			555,113	
Bond issuance costs paid		(944)			(944)	
Principal paid on revenue bonds and other borrowings		(97,586)		(52,750)	(150,336)	
Interest paid on revenue bonds and other borrowings		(29,194)		(6,177)	(35,371)	(490,962)
Grants received		63,936		114,293	178,229	5,346
Grants paid				(1,527)	(1,527)	
Transfers-in from other funds				21,407	21,407	4,086
Transfers-out to other funds	(22,275)			(756,721)	(778,996)	(4,086)
Federal recovery funds	24				24	
Net cash provided (used) by noncapital financing activities	(22,251)	491,325		(681,475)	(212,401)	(485,616)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets				(265)	(265)	(17,631)
Principal paid on capital debt		(9)		(6)	(15)	(4,229)
Interest paid on capital debt						(6)
Proceeds from sales of capital assets						42
Net cash used by capital and related financing activities		(9)		(271)	(280)	(21,824)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of investment securities		(107,597)	(221,941)	(50,411)	(379,949)	
Proceeds from sales and maturities of investment securities		106,366	345,935	61,966	514,267	
Cash paid to investment managers			(397)		(397)	
Cash paid for long-term annuity prizes payable				(24,494)	(24,494)	
Loan disbursements		(716,821)			(716,821)	
Loan repayments		252,715			252,715	
Interest and dividends on investments	36,931	59,371	4,324	2,735	103,361	5,264
Net cash provided (used) by investing activities	36,931	(405,966)	127,921	(10,204)	(251,318)	5,264
Net increase (decrease) in cash and cash equivalents	255,113	65,816	(10,501)	(17,712)	292,716	(38,103)
Cash and cash equivalents, July 1, 2017	1,704,997	73,515	25,032	304,599	2,108,143	422,836
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 1,960,110	\$ 139,331	\$ 14,531	\$ 286,887	\$ 2,400,859	\$ 384,733
Reconciliation of cash and cash equivalents to the Statement of Net Position:						
Total cash and cash equivalents per Statement of Net Position	\$ 20,916		\$ 13,903	\$ 60,903	\$ 95,722	\$ 161,355
Add: cash equity with State Treasurer		\$ 139,331	628	213,932	353,891	223,378
Add: deposits held by federal government	1,939,194				1,939,194	
Add: restricted cash equivalents				12,052	12,052	
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 1,960,110	\$ 139,331	\$ 14,531	\$ 286,887	\$ 2,400,859	\$ 384,733

State of Illinois

Statement of Cash Flows -

Proprietary Funds

For the Year Ended June 30, 2018 (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)	\$ 171,960	\$ 29,864	\$ 6,064	\$ 543,881	\$ 751,769	\$ 434,481
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		9		841	850	32,614
Provision for uncollectible accounts		19,105		685	19,790	2
Amortization				814	814	
In-kind contribution of services		434			434	
Interest and investment income	(400)	(70,908)	(46,815)	(229)	(118,352)	
Interest expense				2,649	2,649	
Miscellaneous income						691
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	63,488		12,962	14,094	90,544	(1,550)
(Increase) decrease in intergovernmental receivables	4,441			514	4,955	(84)
(Increase) decrease in due from other funds	8,509	(278)		(301)	7,930	3,163,145
(Increase) decrease in due from component units	(1)				(1)	(4,473)
(Increase) decrease in loans and notes receivable				50,524	50,524	
(Increase) decrease in inventories						614
(Increase) decrease in prepaid expenses		(11)		32	21	1
(Increase) decrease in deferred outflows of resources		6,555		(3,020)	3,535	
Increase (decrease) in accounts payable and accrued liabilities	(5,877)	(9)	(570)	26,524	20,068	(3,127,698)
Increase (decrease) in intergovernmental payables	(1,687)	121		(1,386)	(2,952)	(823)
Increase (decrease) in due to other funds		249	(71)	(152)	26	(15,763)
Increase (decrease) in due to component units		63	437		500	(221)
Increase (decrease) in unearned revenue				15,029	15,029	(6,242)
Increase (decrease) in net pension liability		(7,467)		11,200	3,733	
Increase (decrease) in OPEB liability		(13,144)		(17,633)	(30,777)	
Increase (decrease) in other liabilities		(198)	(110,429)	772	(109,855)	(10,621)
Increase (decrease) in long-term annuity prizes payable				6,820	6,820	
Increase (decrease) in deferred inflows of resources		16,081		22,580	38,661	
Total adjustments	68,473	(49,398)	(144,486)	130,357	4,946	29,592
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 240,433	\$ (19,534)	\$ (138,422)	\$ 674,238	\$ 756,715	\$ 464,073
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (loss) on disposal of capital assets						\$ (17)
Transfer of assets/liabilities from (to) other state funds		\$ 16			\$ 16	1,524
Increase (decrease) in fair value of investments			\$ 33,557	\$ 9,215	42,772	(537)
Cost of capital asset acquisitions financed by capital leases				63	63	
Interest accreted on investments				6,337	6,337	
Interest accreted on long-term annuity prizes payable				(6,337)	(6,337)	

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, 2018 (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	\$ 320,197		\$ 1,291	\$ 700,757
Cash and cash equivalents	869,468	\$ 1,525,042	799,425	37,162
Securities lending collateral of State Treasurer	176,480		522	206,683
Investments:				
Equities	35,229,064		6,217,864	921,359
Fixed income	16,139,554	1,948,035	3,766,671	
Private equity	6,788,647			
Real estate	8,750,751			
Other	10,912,148			
Equity in Illinois State Board of Investments	18,297,822			
Securities lending collateral	3,029,252			
Receivables, net:				
Taxes				173,398
Members	92,149			
Employers	22,226			
Investment income	161,044	4,398	9,309	
Intergovernmental	1,618			1,042
Pending investment sales	5,532,702			
Other	11,178		16	198,726
Due from other funds	176			
Due from primary government funds	765,870			40,552
Prepaid expenses	2,817			
Loans and notes receivable, net	40,551		30	
Other assets				102
Capital assets not being depreciated	1,738			
Capital assets being depreciated, net	15,931			
Total assets	107,161,383	3,477,475	10,795,128	\$ 2,279,781
LIABILITIES				
Accounts payable and accrued liabilities	453,069	345	9,771	\$ 40,470
Intergovernmental payables	4			877,470
Due to other funds	176			
Due to primary government funds	107,630	235		
Due to component units				80
Obligations under securities lending of State Treasurer	176,480		522	206,683
Security lending collateral	3,028,221			
Payable to brokers for unsettled trades	6,528,485			
Obligations under reverse repurchase agreements	34,477			
Depository and other liabilities			14	1,155,078
Long-term obligations:				
Due within one year	370			
Due subsequent to one year	3,863			
Total liabilities	10,332,775	580	10,307	\$ 2,279,781
NET POSITION				
Restricted for:				
Pension benefits	89,823,200			
Defined contribution	7,078,897			
Pool participants		3,476,895		
Individuals, organizations and other governments			10,784,821	
Unrestricted	(73,489)			
Total net position	\$ 96,828,608	\$ 3,476,895	\$ 10,784,821	

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, 2018 (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	\$ 2,311,790		
State	5,842,734		
Participants			\$ 1,378,187
Members:			
Employees	1,859,010		
Federal Medicare Part D	1,740		
Other contributions	7,279		16
Total contributions	10,022,553		1,378,203
Investment income:			
Interest and other investment income	2,556,371	\$ 52,412	269,807
Net increase (decrease) in fair value of investments	5,881,267		425,895
Reimbursements of expenses not separable from investment income	3,002		
Less investment expense	(945,261)	(2,976)	
Net investment income	7,495,379	49,436	695,702
Capital share and individual account transactions:			
Shares sold		14,501,924	
Reinvested distributions		49,436	
Shares redeemed		(14,049,541)	
Net capital share and individual account transactions		501,819	
Total additions	17,517,932	551,255	2,073,905
DEDUCTIONS			
Benefit payments	12,162,247		
Refunds	244,810		
Payments in accordance with trust agreements			782,455
Distribution to pool investors		49,436	
Depreciation	2,322		
General and administrative	71,133		27,687
Other	3,366		17
Total deductions	12,483,878	49,436	810,159
Change in net position			
Restricted for:			
Pension benefits	4,436,384		
Retiree health insurance benefits (unrestricted deficit)	20,245		
Defined contribution	577,425		
Pool participants		501,819	
Individuals, organizations and other governments			1,263,746
Net position, July 1, 2017	91,794,554	2,975,076	9,521,075
NET POSITION, JUNE 30, 2018	\$ 96,828,608	\$ 3,476,895	\$ 10,784,821

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, 2018 (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	\$ 1,205,390			
Cash and cash equivalents	449,967	51,420	\$ 40,229	\$ 62,983	\$ 5,845
Securities lending collateral of State Treasurer	19		7,415		
Investments	313,031		41,127	248,016	182,514
Receivables, net:					
Intergovernmental		115,968			
Other	3,816	20,835	1,754	19,564	21,744
Due from component units			24,338	165	15
Due from primary government	24,269	140,472	941,306	373	1,063
Inventories				2,330	1,748
Prepaid expenses		8,690	80	4,060	345
Unamortized bond insurance costs		4,947		195	1,381
Loans and notes receivable, net	1,215,019		14,750	7,677	7,062
Restricted assets:					
Cash equity with State Treasurer		180,422	18,387		
Cash and cash equivalents		164,254	353,631	7,455	66,809
Investments	709,126	370,000	23,544	153,555	42,473
Other receivables, net	95,163	768	173	5,673	
Loans and notes receivable, net			19,387		
Other assets				1,038	
Derivative instrument - asset	294				
Other assets	37,736		136	4,239	5,904
Capital assets not being depreciated		1,261,766	35,023	40,835	81,051
Capital assets being depreciated, net	26,776	7,336,927	24,120	448,140	379,418
Total assets	2,875,262	10,861,859	1,545,400	1,006,298	797,372
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - accumulated decrease in fair value of derivatives	524	208,387			
Deferred outflows of resources - unamortized deferred amounts on bond refundings		80,795	266		664
Deferred outflows of resources - unamortized deferred amounts on certificates of participation refundings					
Deferred outflows of resources - pensions		144,019	875	669	1,204
Deferred outflows of resources - OPEB			19	643	6,696
Total deferred outflows of resources	524	433,201	1,160	1,312	8,564
LIABILITIES					
Accounts payable and accrued liabilities	78,358	353,350	28,039	23,332	36,572
Intergovernmental payables		30,373			11,888
Due to component units				49	1,106
Due to primary government	336,031	91,718	9,288		
Unearned revenue	9,338	190,805	481	10,522	13,662
Obligations under securities lending collateral of State Treasurer	19		7,415		
Assets held for others	161,208		5	2,800	
Short-term notes payable					
Derivative instrument - liability	524	208,387			
Other liabilities			980	8,781	
Long-term obligations:					
Due within one year	178,263	158,368	90,650	10,629	13,041
Due subsequent to one year	986,812	7,342,221	1,216,498	202,124	403,030
Total liabilities	1,750,553	8,375,222	1,353,356	258,237	479,299
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - loan origination points	4,740				
Deferred inflows of resources - accumulated increase in fair value of derivatives	294				
Deferred inflows of resources - unamortized deferred amounts on bond refundings	112				
Deferred inflows of resources - service concession arrangements					
Deferred inflows of resources - irrevocable split-interest agreements					
Deferred inflows of resources - pensions		51,651	3,396		
Deferred inflows of resources - OPEB			2,212	4,593	4,732
Total deferred inflows of resources	5,146	51,651	5,608	4,593	4,732
NET POSITION					
Net investment in capital assets	2,591	2,057,159	43,571	323,690	130,961
Restricted for:					
Debt service		427,285			
Capital projects					
Nonexpendable purposes				83,160	53,878
Other expendable purposes	887,322	48	61,434	227,236	124,615
Unrestricted	230,174	383,695	82,591	110,694	12,451
Total net position	\$ 1,120,087	\$ 2,868,187	\$ 187,596	\$ 744,780	\$ 321,905

Southern Illinois University	University of Illinois	Other Universities	Total
\$ 55,503	\$ 786,317	\$ 642	\$ 1,206,078
		195,275	1,647,539
		502	7,936
192,384	1,705,425	21,916	2,704,413
	114,002	8,441	238,411
51,879	554,743	43,145	717,480
87	88	44	24,737
8,242	155,151	4,523	1,275,399
7,495	28,543	2,626	42,742
676	46,816	2,384	63,051
790		136	7,449
18,170	55,220	10,134	1,328,032
			198,809
40,518	65,272	59,964	757,903
285,033	2,872,837	159,419	4,615,987
		2,364	104,141
		1,400	20,787
		5,457	6,495
			294
8,636	23,150	1,889	81,690
100,406	432,428	75,057	2,026,566
721,465	3,344,563	848,422	13,129,831
1,491,284	10,184,555	1,443,740	30,205,770
	1,868		210,779
2,421	25,306	696	110,148
186	5,209		5,395
2,583	37,139	1,840	188,329
3,640	30,643	2,981	44,622
8,830	100,165	5,517	559,273
39,732	634,492	43,133	1,237,008
		3,393	45,654
6	23,437	139	24,737
5,952	10,616	157	453,762
28,846	174,545	15,338	443,537
		502	7,936
20,227	40,051	5,096	229,387
	3,118		3,118
	3,554		212,465
		7,655	17,416
35,595	167,655	24,592	678,793
463,794	3,130,860	373,959	14,119,298
594,152	4,188,328	473,964	17,473,111
			4,740
	83		377
			112
		31,562	31,562
	18,873		18,873
			55,047
53,340	327,666	25,647	418,190
53,340	346,622	57,209	528,901
572,894	2,400,425	640,273	6,171,564
12,078	28,691	5,625	473,679
31,777	149,846	450	182,073
134,200	1,302,502	114,814	1,688,554
102,037	1,539,980	109,783	3,052,455
(364)	328,326	47,139	1,194,706
\$ 852,622	\$ 5,749,770	\$ 918,084	\$ 12,763,031

State of Illinois

Statement of Activities -
Component Units

For the Year Ended June 30, 2018 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue	
		Charges for services	Operating grants and contributions		Capital grants and contributions
Authorities:					
Illinois Housing Development Authority	\$ 329,927	\$ 81,609	\$ 132,760	\$ (115,558)	
Illinois State Toll Highway Authority	1,092,053	1,398,498		306,445	
Other authorities	47,282	34,052		(13,230)	
Universities:					
Illinois State University	618,819	289,111	66,559	\$ 856	(262,293)
Northern Illinois University	618,625	225,392	105,382		(287,851)
Southern Illinois University	1,265,264	515,601	167,683	1,332	(580,648)
University of Illinois	6,419,645	3,028,019	1,091,734	5,239	(2,294,653)
Other universities	953,518	283,363	192,492		(477,663)
Total	<u>\$ 11,345,133</u>	<u>\$ 5,855,645</u>	<u>\$ 1,756,610</u>	<u>\$ 7,427</u>	<u>\$ (3,725,451)</u>

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

Pension and OPEB revenue recognized	General revenues			Additions to permanent endowments	Total general revenues and additions to permanent endowments	Change in net position	Net position, July 1, 2017, as restated	Net position, June 30, 2018
	State appropriations	Interest and investment income	Other					
		\$ 29,161			\$ 29,161	\$ (86,397)	\$ 1,206,484	\$ 1,120,087
		14,054	\$ 35,528		49,582	356,027	2,512,160	2,868,187
		8,311	12,557		20,868	7,638	179,958	187,596
\$ 170,214	\$ 99,052	13,160	44,904	\$ 4,659	331,989	69,696	675,084	744,780
183,539	133,334	9,295	4,710	2,425	333,303	45,452	276,453	321,905
379,017	281,542	14,512	44,963	10,740	730,774	150,126	702,496	852,622
1,710,488	902,755	215,994	201,303	142,610	3,173,150	878,497	4,871,273	5,749,770
301,007	264,881	15,463	5,454	5,789	592,594	114,931	803,153	918,084
<u>\$ 2,744,265</u>	<u>\$ 1,681,564</u>	<u>\$ 319,950</u>	<u>\$ 349,419</u>	<u>\$ 166,223</u>	<u>\$ 5,261,421</u>	<u>\$ 1,535,970</u>	<u>\$ 11,227,061</u>	<u>\$ 12,763,031</u>

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Index of Notes to the Financial Statements

Note	1	Summary of Significant Accounting Policies.....	52
Note	2	Fund Balance/Net Position.....	68
Note	3	Deposits and Investments.....	70
Note	4	Taxes Receivable and Tax Abatements.....	87
Note	5	Interfund Balances and Activity.....	89
Note	6	Loans and Notes Receivable.....	91
Note	7	Capital Assets.....	92
Note	8	Changes in Long-Term Obligations.....	97
Note	9	General Obligation Bonds.....	102
Note	10	Special Obligation Bonds.....	106
Note	11	Revenue Bonds.....	110
Note	12	Notes Payable/Short-Term Borrowings.....	115
Note	13	Other Long-Term Obligations.....	117
Note	14	Derivatives.....	122
Note	15	Refundings of Long-Term Obligations.....	137
Note	16	Retirement Systems.....	139
Note	17	Postemployment Benefits.....	152
Note	18	Fair Value Measurements.....	163
Note	19	Fund Deficits/Cash Flow Deficits.....	181
Note	20	Risk Management.....	182
Note	21	Commitments and Contingencies.....	184
Note	22	Segment Information.....	190
Note	23	Subsequent Events.....	192
Note	24	Contractual Violation.....	192

STATE OF ILLINOIS
Notes to the Financial Statements
June 30, 2018

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, 2017, was \$137.145 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 2017 of \$213 thousand. Complete financial statements of the Fund can be obtained from the Fund’s Administrative Offices at 1560 Sherman Avenue, Suite 1370, Evanston, Illinois 60201.

Related Organizations and Jointly Governed Organizations

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

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The State reports the following major governmental funds:

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

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

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

Table 1-2

Capital Asset Category	Estimated Useful Lives (In Years)
Infrastructure	5-50
Land	N/A
Land Improvements	N/A
Site Improvements	3-50
Buildings	10-60
Building Improvements	10-45
Equipment	3-25
Works of Art and Historical Treasures	5-40
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 and Other Post-Employment Benefit Costs

Retirement

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-seven 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.

Post-Employment Benefits Other Than Pensions ("OPEB")

The State provides health, dental, vision and life insurance benefits for certain retirees and their dependents through the State Employees Group Insurance Program ("SEGIP"). The total OPEB liability, deferred outflows of resources, deferred inflows of resources, expense, and expenditures associated with the program have been determined through an actuarial valuation using certain actuarial assumptions as applicable to the current measurement period. (see Note 17).

The State also maintains OPEB plans for public school teachers and employees at community colleges in Illinois' cities other than Chicago (see Note 17). For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources, expense and

expenditures associated with the State's contribution requirements, information about 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 are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

The OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and OPEB expense associated with each of the State's OPEB plans have been recognized in the government-wide, proprietary fund, component unit and university 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, 2018, the State adopted 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 statement 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 implementation of this statement significantly impacted the State's government-wide financial statements and footnote disclosures with the recognition of an OPEB liability, deferred outflows of resources, and deferred inflows of resources on the Statement of Net Position and OPEB expense on the Statement of Activities. Information regarding the State's OPEB plans is disclosed in Note 17. Additionally, the requirements of this statement resulted in the restatement of beginning net position, as detailed in Note 2.

Effective for the year ending June 30, 2018, the State adopted 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 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, 2018, the State adopted 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 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, 2018, the State adopted 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 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, 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, 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.

Effective for the year ending June 30, 2019, the State will adopt GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, the objective of which is to improve the consistency of information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. It also clarifies which liabilities should be included in the debt related disclosures. The statement defines debt for the purposes of disclosures in notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. 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. 89, *Accounting for Interest Cost Incurred Before the end of a Construction Period*, which enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and establishes accounting requirements for interest cost incurred before the end of a construction period. 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. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, the objective of which is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The statement defines a majority equity interest and provides information on how the holding of a majority equity interest in a legally separate organization should be accounted for based on the ownership percentage, whether the holding meets the definition of an investment or whether the legally separate organization should be reported as a component unit. 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, 2018, are as follows:

	General Fund	Road Fund	Other Nonmajor Funds	Total Governmental Funds
Fund Balances Nonspendable:				
Long-Term Portion of Loans and Notes Receivable	\$ 5,547	\$ -	\$ -	\$ 5,547
Inventories	22,401	51,521	47,607	121,529
Endowments and Similar Funds	-	-	50,834	50,834
Total Nonspendable	27,948	51,521	98,441	177,910
Restricted For:				
Debt Service	-	-	2,358,441	2,358,441
Capital Grants/Projects				
Transportation Construction/Maintenance	-	-	601,658	601,658
Other	-	-	584,232	584,232
Health and Social Services				
Vocational Rehabilitation Services	-	-	13,273	13,273
Other	88,046	-	143,902	231,948
Education	-	-	2,431	2,431
General Government				
Unclaimed Property	-	-	131,478	131,478
Other	5	-	75,569	75,574
Employment and Economic Development				
Transportation	-	24,430	542	24,972
Public Protection and Justice	1,747	-	47,066	48,813
Environment and Business Regulation				
Abandoned Mined Land Reclamation	-	-	48,960	48,960
Other	-	-	91,899	91,899
Total Restricted	89,798	24,430	4,291,964	4,406,192
Committed For:				
Capital Grants/Projects				
Transportation Construction/Maintenance	-	-	620,745	620,745
Other	-	-	13,946	13,946
Health and Social Services				
Healthcare/Pharmaceutical Provider Relief	1,035,039	-	-	1,035,039
Public Assistance Recoveries	56,626	-	-	56,626
Adoption/Foster Care Services	-	-	74,104	74,104
Other	248,409	-	168,138	416,547
Education				
Education Assistance	134,930	-	-	134,930
Other	-	-	20,165	20,165
General Government				
School Infrastructure	277,521	-	-	277,521
Affordable Housing	-	-	398,945	398,945
State Universities Pension	-	-	3,905	3,905
Real Estate Tax-Relief Loan Program	-	-	52,942	52,942
Identification Security and Theft Prevention Measures	-	-	34,530	34,530
Other	57,581	-	247,332	304,913
Employment and Economic Development				
Low Income Energy Assistance	-	-	110,759	110,759
Tourism Promotion	-	-	121,022	121,022
Coal Technology Research and Development	-	-	2,237	2,237
Renewable Energy Programs	-	-	168,947	168,947
Other	9,471	-	56,451	65,922
Transportation				
Downstate Public Transportation	-	-	127,513	127,513
Other	61,331	311,810	78,701	451,842
Public Protection and Justice	6,365	-	278,189	284,554
Environment and Business Regulation				
Clean Water Activities	-	-	19,316	19,316
Financial Regulation - Insurance Companies	-	-	37,688	37,688
Open Space Lands Acquisition and Development	-	-	71,937	71,937
Parks and Conservation Activities	-	-	32,883	32,883
Other	35,823	-	379,916	415,739
Total Committed	1,923,096	311,810	3,120,311	5,355,217
Unassigned	(9,804,135)	-	(867,408)	(10,671,543)
	<u>\$ (7,763,293)</u>	<u>\$ 387,761</u>	<u>\$ 6,643,308</u>	<u>\$ (732,224)</u>

B. Restatements

During the fiscal year, the State implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation required the restatement of the prior year net position balance as reported within the June 30, 2017 Governmental Activities and Business-Type Activities financial statements, as well as the financial statements of various component units and the State’s nine university component units due to the participation by the State and its component units within the State Employee Group Insurance Program (“SEGIP”). The restatement includes the impact of recording the total OPEB liability as of June 30, 2017, the beginning of the year measurement date, as well as recording deferred outflows of resources associated with contributions made to SEGIP subsequent to the June 30, 2017, measurement date. The implementation also resulted in the reversal of the Net OPEB obligation recorded in the Governmental Activities financial statements at June 30, 2017.

As a result of the above item, the financial statements have been restated as of June 1, 2017, as shown in Table 2-2:

Table 2-2 (amounts expressed in thousands)

	Business-Type Activities			
	Governmental Activities	Proprietary Funds		Business-Type Activities
		Water Revolving Fund	Nonmajor Enterprise Funds	
Net Position, June 30, 2017, as previously reported	\$ (141,660,956)	\$ 3,216,965	\$ 10,470	\$ 5,073,145
Implementation of GASB Statement No. 75	(40,987,989)	(49,530)	(159,754)	(209,284)
Net Position, June 30, 2017, as restated	<u>\$ (182,648,945)</u>	<u>\$ 3,167,435</u>	<u>\$ (149,284)</u>	<u>\$ 4,863,861</u>

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

	Component Units						
	Component Units						
	Other Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Other Universities	Component Units
Net Position, June 30, 2017, as previously reported	\$ 185,492	\$ 708,092	\$ 320,843	\$ 926,997	\$ 6,470,927	\$ 930,647	\$ 13,261,642
Implementation of GASB Statement No. 75	(5,534)	(33,008)	(44,390)	(224,501)	(1,599,654)	(127,494)	(2,034,581)
Net Position, June 30, 2017, as restated	<u>\$ 179,958</u>	<u>\$ 675,084</u>	<u>\$ 276,453</u>	<u>\$ 702,496</u>	<u>\$ 4,871,273</u>	<u>\$ 803,153</u>	<u>\$ 11,227,061</u>

C. Net Position Restricted by Enabling Legislation

The government-wide statement of net position reports \$10.364 billion of restricted net position, of which \$3.862 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, 2018, consisted of the following:

Table 3-1 (amounts expressed in thousands)

Investment Type	Fair Value
Repurchase agreements	\$ 1,474,974
U.S. Treasury obligations	3,647,350
U.S. Agency obligations	2,990,500
Supranational bonds	130,755
Municipal debt	55,196
Commercial paper	3,302,674
Corporate debt securities	433,402
Money market mutual funds	766,701
Private equity	84,930
Equity in Public Treasurers' Investment Pool	1,603,093
Equity in other investment pools	25
Securities lending collateral invested in repurchase agreements	4,521,091
Total fair value	\$ 19,010,691

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, 2018, 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	\$ 5,474
U.S. Treasury obligations	1,022,102
U.S. Agency obligations	67,240
Municipal debt	152,910
Annuities	222
Corporate debt securities	61,214
Debt mutual funds	3,881,813
Equity in Public Treasurers' Investment Pool	3,671,057
Equity in Illinois State Board of Investments	38,606
Government notes - non U.S.	2,169
Cash and pending trades	2,649
Money market mutual funds	1,161,952
Equity securities	228,296
Equity mutual funds	6,218,495
Blended mutual funds	1,812
Guaranteed investment contracts	583,962
Bond trust funds	77,530
Equity trust funds	1,211,830
Blended trust funds	2,572,638
Other	385,844
Total fair value	<u>\$ 21,347,815</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 \$1.366 million more than the deposits and investments of the ISBI, due to net receivables of the ISBI.

Investments held by ISBI at June 30, 2018, consisted of the following:

Table 3-3 (amounts expressed in thousands)

Investment Type	Fair Value
U.S. Treasury obligations	\$ 3,051,823
U.S. Agency obligations	721,173
Municipal debt	8,911
Corporate obligations	1,295,227
Common stock and equity funds	5,288,870
Foreign equity securities	2,239,629
Foreign preferred stock	8,764
Commingled funds	1,721,839
Opportunistic debt	225,053
Hedge funds	360,744
Real estate	1,594,775
Private equity	706,768
Money market instruments	231,744
Infrastructure funds	408,986
Bank loans	464,316
Foreign forward currency contracts	(7,847)
Total Investments	<u>\$ 18,320,775</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 \$269.380 million and \$250.820 million at June 30, 2018, respectively. Of the total bank balance of these cash deposits at June 30, 2018, \$28.882 million was uninsured with collateral held by the pledging financial institution in the State's name, \$3.372 million was uninsured with collateral held by the pledging financial institution but not in the State's name, and \$9.244 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 which 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 \$14.286 million at June 30, 2018.

TRS's foreign currency held by investment managers at June 30, 2018, totaled \$68.447 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 formal policy to address custodial credit risk. 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, 2018, the carrying amount was \$612.058 million and the bank balance was \$443.792 million, of which \$6.860 million was uninsured and uncollateralized.

Investments***Primary Government:***

The State does not have a formal policy for custodial credit risk of investments held outside of the State Treasury. Of the total balance of primary government investments held outside of the State Treasury, except for investments held by ISBI, TRS, and SURS, \$912.320 was held by the pledging financial institution, but not in the State's name, at June 30, 2018. These investments were held in negotiable certificates of deposit, U.S. Treasury obligations, U.S. Agency obligations, municipal debt, corporate debt securities, and foreign debt securities, in the amounts of \$5.474 million, \$687.173 million, \$43.536 million, \$151.320 million, \$23.317 million, and \$1.500 million, respectively.

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, 2018:

Table 3-4 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	Baa	P-1	Not Rated	Total
Repurchase agreements	\$ -	\$ -	\$ -	\$ -	\$ 873,606	\$ 601,368	\$ 1,474,974
U.S. Agency obligations	2,330,882	-	-	-	-	659,618	2,990,500
Supranational Bonds	130,755	-	-	-	-	-	130,755
Municipal debt	1,182	16,110	6,139	-	-	31,765	55,196
Commercial paper	-	-	-	-	3,302,674	-	3,302,674
Corporate debt securities	70,312	219,081	87,258	6,751	-	50,000	433,402
Money market mutual funds	766,701	-	-	-	-	-	766,701
Equity in Public Treasurers' Investment Pool	-	-	-	-	-	1,603,093 *	1,603,093
Equity in other investment pools	-	-	-	-	-	25	25
Securities lending collateral: Invested in repurchase agreements	-	-	-	-	-	4,521,091 **	4,521,091
Total subject to credit risk	\$3,299,832	\$ 235,191	\$ 93,397	\$ 6,751	\$4,176,280	\$7,466,960	15,278,411
U.S. Treasury obligations							3,647,350
Total fixed income securities							\$ 18,925,761

* 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: 3.91% Aaa, 5.31% Aa, 8.29% A, 4.74% Baa, 4.91% Ba, 9.64% B, 5.20% Caa, 0.71% Ca, 1.33% C, 1.18% P-1, 4.83% P-2, 49.95% 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, 2018:

Table 3-5 (amounts expressed in thousands)

Investment Type	Aaa	Aa	A	Baa	Ba	B	Not Rated	Withdrawn	Total
Negotiable certificates of deposit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,474	\$ -	\$ 5,474
U.S. Agency obligations	53,107	249	420	650	-	150	12,664	-	67,240
Municipal debt	26,022	80,755	19,967	7,520	409	-	18,098	139	152,910
Corporate debt securities	5,264	8,722	38,162	3,144	74	-	5,848	-	61,214
Government notes - non U.S.	-	-	185	-	161	-	1,823	-	2,169
Mutual funds	80,457	3,435	14,215	17,181	7	-	3,766,518	-	3,881,813
Equity in Public Treasurers' Investment Pool	-	-	-	-	-	-	3,671,057 *	-	3,671,057
Money market mutual funds	295,079	-	-	-	-	-	866,873	-	1,161,952
Bond trust funds	-	-	-	-	-	-	77,530	-	77,530
Total subject to credit risk	\$ 459,929	\$ 93,161	\$ 72,949	\$ 28,495	\$ 651	\$ 150	\$ 8,425,885	\$ 139	9,081,359
U.S. Treasury obligations	-	-	-	-	-	-	-	-	1,022,102
Total fixed income securities									\$10,103,461

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

The portfolios of ISBI, TRS, and SURS are managed by professional investment management firms. Each investment manager must comply with risk management guidelines individually assigned to them as part of their Investment Management Agreement. 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, 2018:

Table 3-6 (amounts expressed in thousands)

Quality Rating	Corporate Debt Obligations	U.S. Agency Obligations	Municipal Debt	Money Market Instruments	Total
Aaa	\$ 85,505	\$ 712,153	\$ 839	\$ -	\$ 798,497
Aa	68,868	-	1,512	-	70,380
A	389,386	-	1,269	-	390,655
Baa	263,891	-	-	-	263,891
Ba	108,698	-	-	-	108,698
B	204,068	-	-	-	204,068
Caa	83,494	-	-	-	83,494
Ca	1,502	-	19	-	1,521
C	1,228	-	-	-	1,228
Not rated	88,587	9,020	5,272	231,744	334,623
Total subject to credit risk	\$ 1,295,227	\$ 721,173	\$ 8,911	\$ 231,744	\$ 2,257,055

The following table summarizes the Moody's credit quality ratings for debt securities held by TRS at June 30, 2018:

Quality Rating	Corporate Debt Obligations	Foreign Debt Obligations	U.S. Agency Obligations	Municipal Obligations	Commingled Funds	Total
Aaa	\$ 649,942	\$ 52,387	\$ 766,037	\$ 1,529	\$ -	\$ 1,469,895
Aa	233,388	349,326	-	23,607	66,246	672,567
A	1,214,078	192,548	-	11,959	260,524	1,679,109
Baa	1,463,568	501,913	-	8,118	74,435	2,048,034
Ba	542,412	200,828	-	1,335	104,127	848,702
B	450,586	176,300	-	-	1,235,269	1,862,155
Caa	64,838	-	-	-	-	64,838
Ca	3,872	-	-	-	-	3,872
C	4,110	-	-	-	-	4,110
Not rated	54,876	13,477	-	-	1,767,854	1,836,207
Total subject to credit risk	\$ 4,681,670	\$ 1,486,779	\$ 766,037	\$ 46,548	\$ 3,508,455	10,489,489
U.S. Treasury obligations						1,648,604
Total fixed income securities						\$ 12,138,093

The following table summarizes the Standard and Poor's credit quality ratings for debt securities held by SURS at June 30, 2018:

Quality Rating	Corporate Debt Securities	Foreign Debt Securities	U.S. Agency Obligations	Repurchase Agreements	Municipal Obligations	Total
AAA	\$ 144,160	\$ 9,186	\$ 11,484	\$ -	\$ 4,400	\$ 169,230
AA	102,076	10,577	669,193	-	14,138	795,984
A	285,260	5,755	-	-	2,712	293,727
BBB	457,404	-	-	-	2,828	460,232
BB	92,616	10,928	-	-	-	103,544
B	32,654	2,336	-	-	-	34,990
CCC	17,241	-	-	-	276	17,517
CC	7,900	-	-	-	-	7,900
D	2,043	-	-	-	-	2,043
Not rated	243,683	8,920	-	11,100	1,893	265,596
Total subject to credit risk	\$ 1,385,037	\$ 47,702	\$ 680,677	\$ 11,100	\$ 26,247	2,150,763
U.S. Treasury obligations						1,706,241
U.S. Agency obligations explicitly guaranteed by U.S. government						90,604
Less cash equivalents						(60,466)
Total fixed income securities						\$ 3,887,142

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 ten 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. No more than 5% of the investment portfolio shall be allocated to investments

with a 5 to 10 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, 2018:

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	\$ 1,474,974	\$ 1,474,974	\$ -	\$ -
U.S. Treasury obligations	3,647,350	1,257,423	2,389,927	-
U.S. Agency obligations	2,990,500	1,071,333	1,919,167	-
Supranational Bonds	130,755	14,120	116,635	-
Municipal debt	55,196	3,699	32,478	19,019
Commercial paper	3,302,674	3,302,674	-	-
Corporate debt securities	433,402	87,586	345,816	-
Money market mutual funds	766,701	766,701	-	-
Equity in Public Treasurers' Investment Pool	1,603,093	1,603,093	-	-
Equity in other investment pools	25	-	25	-
Securities lending collateral:				
Invested in repurchase agreements	4,521,091	4,521,091	-	-
Total fixed income investments	<u>\$ 18,925,761</u>	<u>\$ 14,102,694</u>	<u>\$ 4,804,048</u>	<u>\$ 19,019</u>

The following table summarizes the Weighted Average Maturity (“WAM”) for debt securities held by the primary government, except for debt securities held by ISBI, TRS, and SURS, outside of the State Treasury at June 30, 2018. 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	\$ 5,474	2.510
U.S. Treasury obligations	1,022,102	4.348
U.S. Agency obligations	67,240	3.989
Municipal debt	152,910	11.431
Corporate debt securities	61,214	7.908
Government notes - non U.S.	2,169	4.359
Mutual funds	3,881,813	4.369
Equity in Public Treasurers' Investment Pool	3,671,057	0.152
Money market mutual funds	1,161,952	0.063
Bond trust funds	77,530	8.370
Total fixed income investments	<u>\$ 10,103,461</u>	

Pensions:

ISBI manages its exposure to fair value losses arising from interest rate risk by diversifying the debt securities portfolio and maintaining the debt securities portfolio to an effective weighted duration consistent with the Barclay’s U.S. Universal Index (benchmark index). As of June 30,

2018, the effective weighted duration of ISBI's fixed income portfolio was 6.7 years and the effective duration of the benchmark index was 5.8 years.

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. The following table summarizes the effective duration of the debt securities held by ISBI at June 30, 2018:

Table 3-11 (amounts expressed in thousands)

Investment Type	Fair Value	Effective Weighted Duration (Years)
Government and agency obligations:		
U.S. Treasury obligations	\$3,051,823	8.4
U.S. Agency obligations	<u>721,173</u>	5.4
	\$3,772,996	
Municipal debt	8,911	10.7
Corporate obligations:		
Bank and finance	306,946	3.3
Industrials	92,424	5.7
Other	<u>895,857</u>	5.2
	<u>1,295,227</u>	
Total subject to interest rate risk	<u><u>\$5,077,134</u></u>	

For the ISBI bank loan portfolio, the appropriate measure of interest rate risk is Weighted Average Maturity ("WAM"). WAM is the average time it takes for securities in a portfolio to measure weighted in proportion to the dollar amount that is invested in the portfolio. At June 30, 2018, the WAM of ISBI's bank loan portfolio was 5.1 years.

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, 2018:

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	\$ 1,648,604	\$ 97,222	\$ 671,299	\$ 535,827	\$ 68,132	\$ 276,124	\$ -
U.S. Agency obligations	766,037	1,239	90,535	21,748	23,544	628,971	-
Municipal obligations	46,548	1,267	293	2,919	15,858	26,211	-
Corporate debt securities	4,681,670	389,498	1,943,946	1,507,980	422,667	417,579	-
Foreign debt securities	1,486,779	319,689	441,491	614,768	76,175	34,656	-
Commingled funds	3,508,455	-	1,041,349	969,449	-	-	1,497,657 *
Derivatives	32,220	(2,889)	(4,037)	26,585	(371)	12,932	-
Total subject to interest rate risk	12,170,313	<u>\$ 806,026</u>	<u>\$ 4,184,876</u>	<u>\$ 3,679,276</u>	<u>\$ 606,005</u>	<u>\$ 1,396,473</u>	<u>\$ 1,497,657</u>
Less derivatives	(32,220)						
Total fixed income securities	<u>\$ 12,138,093</u>						

* 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, 2018:

Table 3-13 (amounts expressed in thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>1 to 5 Years</u>	<u>6 to 10 Years</u>	<u>10 to 20 Years</u>	<u>More Than 20 Years</u>
U.S. Treasury and Agency obligations	\$ 2,477,522	\$ 88,341	\$ 857,834	\$ 513,458	\$ 146,730	\$ 871,159
Repurchase agreements	11,100	11,100	-	-	-	-
Municipal obligations	26,247	1,250	761	3,259	20,977	-
Corporate debt securities	1,385,037	66,483	556,232	429,488	138,839	193,995
Foreign debt securities	47,702	6,003	9,728	1,620	910	29,441
Derivatives - swaps	13,858	12	1,810	10,495	(398)	1,939
Total subject to interest rate risk	3,961,466	\$ 173,189	\$ 1,426,365	\$ 958,320	\$ 307,058	\$ 1,096,534
Less derivatives - swaps	(13,858)					
Less cash equivalents	(60,466)					
Total fixed income securities	\$3,887,142					

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, 2018, the long-term and interim targets for international equities were 17% 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, 2018:

<u>Currency Denomination</u>	<u>Foreign Short-term Deposits</u>	<u>Foreign Debt Securities</u>	<u>Foreign Currency and Pending Currency Transactions</u>
Brazilian Real	\$ -	\$ 162	\$ -
Canadian Dollar	34	-	-
Euro	49	-	-
Japanese Yen	80	-	-
Mexican Peso	105	-	-
New Israeli Shekel	-	1,500	-
Peruvian Nuevo Sol	-	185	-
Other Currencies	14	322	(348)
Total deposits and investments subject to foreign currency risk	<u>\$ 282</u>	<u>\$ 2,169</u>	<u>\$ (348)</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.

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, 2018:

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	\$ 140,704	\$ (795)	\$ 2
British Pound Sterling	379,925	(1,706)	76
Canadian Dollar	34,870	-	-
Danish Krone	34,179	-	-
Euro	697,623	(2,534)	103
Hong Kong Dollar	81,795	-	-
Japanese Yen	563,029	(2,812)	-
Norwegian Krone	23,598	-	-
Singapore Dollar	26,008	-	-
Swedish Krona	65,001	-	-
Swiss Franc	167,379	-	-
Other currencies	34,282	-	-
Total investments subject to foreign currency risk	<u>\$ 2,248,393</u>	<u>\$ (7,847)</u>	<u>\$ 181</u>

In addition, certain investments held in infrastructure funds trade in a reported currency of Euro based dollars valued at \$120.121 million at June 30, 2018.

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by TRS as of June 30, 2018:

Table 3-16 (amounts expressed in thousands)

Currency Denomination	Foreign Currency	Foreign Equity Securities	Foreign Debt Obligations	Foreign Derivative Obligations	Total
Australian Dollar	\$ 1,998	\$ 433,714	\$ 26,103	\$ -	\$ 461,815
Brazilian Real	499	104,527	151,472	(1,390)	255,108
British Pound Sterling	13,574	1,139,949	133,845	(1,257)	1,286,111
Canadian Dollar	1,541	505,506	17,493	-	524,540
Danish Krone	93	121,022	2,354	-	123,469
Euro	16,411	2,298,379	198,529	(9)	2,513,310
Hong Kong Dollar	4,716	726,081	-	(1,529)	729,268
Indian Rupee	1,581	138,625	100,625	-	240,831
Indonesian Rupiah	(261)	43,234	108,283	-	151,256
Japanese Yen	13,621	1,760,158	35,486	(726)	1,808,539
Mexican Peso	(9,477)	56,644	231,104	(7)	278,264
New Taiwan Dollar	2,793	199,738	-	-	202,531
Norwegian Krone	2,122	107,100	-	-	109,222
Singapore Dollar	2,573	104,891	-	-	107,464
South African Rand	238	96,882	17,561	12	114,693
South Korean Won	4,227	314,507	127,873	(859)	445,748
Swedish Krona	369	173,088	7,020	-	180,477
Swiss Franc	2,268	433,306	-	-	435,574
Other currencies	9,561	263,112	329,031	290	601,994
Total deposits and investments subject to foreign currency risk	<u>\$ 68,447</u>	<u>\$ 9,020,463</u>	<u>\$ 1,486,779</u>	<u>\$ (5,475)</u>	<u>\$ 10,570,214</u>

In addition, TRS has foreign currency investments in private equity with fair values totaling \$389.540 million (payable in Euros), \$67.026 million (payable in South Korean Won), \$52.552 million (payable in Japanese Yen), \$324 thousand (payable in British Pound Sterling), and \$244 thousand (payable in Canadian Dollars), and real estate with fair values totaling \$23.566 million (payable in Euros).

The following table summarizes the foreign currency risk by currency denomination for deposits and investments held by SURS as of June 30, 2018:

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	\$ 97,098	\$ 3,790	\$ (2,183)	\$ -	\$ -	\$ 98,705
British Pound Sterling	370,773	10,145	1,357	-	(495)	381,780
Canadian Dollar	109,355	-	(1,165)	-	79	108,269
Danish Krone	26,528	-	126	-	-	26,654
Euro	616,744	18,925	(3,629)	(130)	44	631,954
Hong Kong Dollar	146,312	-	81	-	-	146,393
Japanese Yen	439,329	-	12,390	(1)	(590)	451,128
New Taiwan Dollar	43,491	-	(978)	-	-	42,513
Singapore Dollar	35,216	-	(3,212)	-	-	32,004
South Korean Won	49,541	-	4	-	-	49,545
Swedish Krona	66,682	-	15	-	-	66,697
Swiss Franc	100,836	-	71	-	-	100,907
Other currencies	89,152	14,842	7,419	39	(461)	110,991
Total investments subject to foreign currency risk	<u>\$ 2,191,057</u>	<u>\$ 47,702</u>	<u>\$ 10,296</u>	<u>\$ (92)</u>	<u>\$ (1,423)</u>	<u>\$ 2,247,540</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	\$ 968,622	\$ 220,363	\$ 126,044	\$ 11,184	\$ 611,031
Money market mutual funds	AAA/Aaa	312,425	312,425	-	-	-
Negotiable certificates of deposit	A/A2	21,638	21,638	-	-	-
Total subject to credit risk		1,302,685	554,426	126,044	11,184	611,031
U.S. Treasury obligations		31,897	10,301	20,223	812	561
Total subject to interest rate risk		1,334,582	\$ 564,727	\$ 146,267	\$ 11,996	\$ 611,592
Less cash equivalents		(312,425)				
Total investments		\$ 1,022,157				

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 (\$239.725 million), and Federal National Mortgage Association (\$207.491 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	\$ 164,254	\$ 164,254	\$ -
Total subject to credit risk		164,254	164,254	-
U.S. Treasury obligations		370,000	150,000	220,000
Total subject to interest rate risk		534,254	\$ 314,254	\$ 220,000
Less cash equivalents		(164,254)		
Total investments		\$ 370,000		

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+	\$ 151,775	\$ 29,895	\$ 121,880
Illinois Public Treasurers' Investment Pool	Not Rated/AAA	12,509	12,509	-
Money market mutual funds	Aaa/AAA	9,995	9,995	-
Total subject to credit risk		174,279	52,399	121,880
U.S. Treasury obligations		97,595	14,899	82,696
Total subject to interest rate risk		271,874	\$ 67,298	\$ 204,576
Less cash equivalents		(22,504)		
Total investments of the University		249,370		
Investments of component units		152,201		
Total investments		\$ 401,571		

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 (\$117.549 million) and Federal Farm Credit Bank (\$34.226 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	\$ 42,179	\$ 25,378	\$ 16,801
Money market mutual funds	AAA	21,342	21,342	-
Illinois Public Treasurers' Investment Pool	AAA	40,920	40,920	-
Total subject to credit risk		104,441	87,640	16,801
U.S. Treasury obligations		33,788	28,372	5,416
Total subject to interest rate risk		138,229	\$ 116,012	\$ 22,217
Less cash equivalents		(21,342)		
Total investments of the University		116,887		
Investments of component units		108,100		
Total investments		\$ 224,987		

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 Home Loan Bank (\$13.465 million), Federal Farm Credit Bank (\$11.912 million), and Federal Home Loan Mortgage Corporation (\$13.375 million).

SOUTHERN ILLINOIS UNIVERSITY (“SIU”)

Investments

Table 3-22 (amounts expressed in thousands)

Investment Type	Rating Standard and Poor's	Fair Value	Less Than 1 Year	1 to 5 Years	6 to 10 Years
U.S. Agency obligations	*	\$ 81,204	\$ 1,362	\$ 54,028	\$ 25,814
Commercial Paper	A	67,695	67,695	-	-
Equity in Public Treasurers' Investment Pool	AAA	64,918	64,918	-	-
Total subject to credit risk		213,817	133,975	54,028	25,814
U.S. Treasury obligations		72,943	33,160	38,774	1,009
Total subject to interest rate risk		286,760	\$ 167,135	\$ 92,802	\$ 26,823
Common stock		44			
Less cash equivalents		(64,918)			
Total investments of the University		221,886			
Investments of component units		255,531			
Total investments		\$477,417			

*Of the \$81,204 of U.S. Agency obligations, \$23,152 is rated AAA and \$58,052 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 SIU. Revenue Bond System funds are managed in accordance with covenants provided from SIU’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, 2018, are illustrated below:

Table 3-23 (amounts expressed in thousands)

Investment Type	Fair Value	Less Than				More Than 10 Years
		1 Year	1 to 5 Years	6 to 10 Years		
U.S. Treasury obligations	\$ 357,067	\$ 44,702	\$ 277,432	\$ 25,853	\$ 9,080	
U.S. Agency obligations	141,624	3,430	11,530	15,942	110,722	
Commercial paper	18,000	18,000	-	-	-	
Corporate bonds	826,070	212,250	516,533	85,336	11,951	
Bond mutual funds	79,599	1,107	735	77,757	-	
Money market mutual funds	829,497	829,497	-	-	-	
Illinois Public Treasurers' Investment Pool	2,665	2,665	-	-	-	
Non government mortgage-backed securities	70,556	-	-	325	70,231	
Other asset-backed securities	289,560	817	253,914	14,972	19,857	
Government bonds - non U.S.	9,658	4,877	2,774	1,627	380	
Municipal bonds	23,285	3,215	14,566	3,640	1,864	
Total subject to interest rate risk	2,647,581	\$ 1,120,560	\$ 1,077,484	\$ 225,452	\$ 224,085	
U.S. equities	27,029					
U.S. equity mutual funds	363,860					
U.S. debt and equity mutual funds	45,995					
Limited partnerships	45,698					
Real estate	138,295					
Less cash equivalents	(841,270)					
Total investments of the University	2,427,188					
Investments of component units	2,151,074					
Total investments	\$ 4,578,262					

At June 30, 2018, the U of I's operating funds pool portfolio had an effective duration of 1.5 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 at purchase. Unrated securities are not allowed unless specifically permitted by an individual manager's guidelines. Securities that fall below the stated minimum credit requirements subsequent to initial purchase may be held at the manager's discretion.

At June 30, 2018, 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	BB	
U.S. Agency obligations	\$ 141,624	\$ -	\$ 141,624	\$ -	\$ -	\$ -	\$ -
Commercial paper	18,000	-	1,246	13,356	-	-	3,398
Corporate bonds	826,070	5,673	86,218	402,748	313,958	13,106	4,367
Bond mutual funds	79,599	48,078	5,224	10,283	10,620	326	5,068
Money market mutual funds	829,497	829,497	-	-	-	-	-
Illinois Public Treasurers' Investment Pool	2,665	2,665	-	-	-	-	-
Non government mortgage-backed securities	70,556	67,840	415	533	-	-	1,768
Other asset-backed securities	289,560	274,394	9,853	8	-	-	5,305
Government bonds - non U.S.	9,658	5,110	1,074	2,542	932	-	-
Municipal bonds	23,285	1,238	15,520	4,984	895	-	648
Total subject to credit risk	2,290,514	\$ 1,234,495	\$ 261,174	\$ 434,454	\$ 326,405	\$ 13,432	\$ 20,554
U.S. Treasury obligations	357,067						
Total fixed income securities	\$ 2,647,581						

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 22 days. Cash collateral is generally invested in the lending agents' short-term investment pools, which at year-end had weighted average maturities of approximately 55 to 70 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, 2018.

State Agency/Component Unit	Fair Value	Collateral Value
State Treasurer	\$4,451,199	\$4,521,091
Teachers' Retirement System	2,350,240	2,453,195
State Universities Retirement System	762,602	779,626

REVERSE REPURCHASE AGREEMENTS

SURS held approximately \$34.477 million in reverse repurchase agreements at June 30, 2018. 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, 2018 was \$160 thousand.

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 2.03% and 2.08%. 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, 2018, 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	\$ 1,329,317	\$ 191,071	\$ 1,520,388	\$ -	\$ -
Less allowance	(460,330)	(82,671)	(543,001)	-	-
Net income tax	868,987	108,400	977,387	-	-
Sales tax	698,753	266,930	965,683	-	-
Less allowance	(203,257)	(64,191)	(267,448)	-	-
Net sales tax	495,496	202,739	698,235	-	-
Motor fuel tax	-	132,445	132,445	-	-
Less allowance	-	(12,912)	(12,912)	-	-
Net motor fuel tax	-	119,533	119,533	-	-
Public utility tax	60,818	10,446	71,264	-	-
Less allowance	(6,085)	(201)	(6,286)	-	-
Net public utility tax	54,733	10,245	64,978	-	-
Riverboat tax	-	5,165	5,165	-	-
Less allowance	-	-	-	-	-
Net riverboat tax	-	5,165	5,165	-	-
Medical providers assessment tax	32,827	-	32,827	-	-
Less allowance	-	-	-	-	-
Net medical providers assessment tax	32,827	-	32,827	-	-
Other tax	417,869	84,088	501,957	-	-
Less allowance	(24,475)	(3,725)	(28,200)	-	-
Net other tax	393,394	80,363	473,757	-	-
Unemployment compensation tax	-	-	-	728,933	-
Less allowance	-	-	-	(406,140)	-
Net unemployment compensation tax	-	-	-	322,793	-
Taxes assessed by other governments	-	-	-	-	173,398
Total taxes receivable, net	\$ 1,845,437	\$ 526,445	\$ 2,371,882	\$ 322,793	\$ 173,398

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, 2018, the State abated income taxes totaling approximately \$187.9 million and \$7.5 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 \$8.0 million and \$330 thousand, respectively.

5 INTERFUND BALANCES AND ACTIVITY

Interfund due to and due from balances at June 30, 2018, consisted of the following:

Table 5-1 (amounts expressed in thousands)

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	\$ -	\$ 31,715	\$ 101,076	\$ -	\$ 95	\$ -	\$ 89,400	\$ 13,250	\$ 54,878	\$ 290,414
Road Fund	-	-	58,865	-	-	-	-	83	14,493	73,441
Nonmajor Governmental Funds	490,052	6,661	247,170	2,300	-	-	1	112	24,597	770,893
Unemployment Compensation Trust Fund	25,291	1,100	18	-	-	-	-	-	-	26,409
Water Revolving Fund	-	-	-	-	-	-	-	-	278	278
Nonmajor Enterprise Funds	16	-	1	-	-	213	4,178	135	1,107	5,650
Internal Service Funds	2,876,501	194,303	46,158	-	201	-	888	13,152	12,307	3,143,510
Fiduciary Funds	768,278	-	36,502	-	-	-	-	1,437	381	806,598
Total	\$ 4,160,138	\$ 233,779	\$ 489,790	\$ 2,300	\$ 296	\$ 213	\$ 94,467	\$ 28,169	\$ 108,041	\$ 5,117,193

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 \$89.045 million due to the General Fund which is not expected to be repaid within one year.

Interfund transfers activity at June 30, 2018, consisted of the following:

Table 5-2 (amounts expressed in thousands)

Transfers-In	Transfers-Out						Total
	General Fund	Road Fund	Nonmajor Governmental Funds	Unemployment Compensation Trust Fund	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ -	\$ 232,470	\$ 1,212,780	\$ -	\$ 723,299	\$ -	\$ 2,168,549
Road Fund	-	-	1,110	-	-	-	1,110
Nonmajor Governmental Funds	3,684,413	356,800	763,290	23,270	2,722	-	4,830,495
Unemployment Compensation Trust Fund	-	-	11	-	-	-	11
Nonmajor Enterprise Funds	-	-	-	-	21,925	-	21,925
Internal Service Funds	500	-	-	-	-	4,086	4,586
Total	\$ 3,684,913	\$ 589,270	\$ 1,977,191	\$ 23,270	\$ 747,946	\$ 4,086	\$ 7,026,676

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, 2018, consisted of the following:

Due To	Due From							Total
	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Nonmajor Authorities	Southern Illinois University	University of Illinois	Nonmajor Universities		
General Fund	\$ -	\$ -	\$ -	\$ 5,030	\$ 3,291	\$ -	\$ 8,321	
Road Fund	-	91,718	-	-	-	-	91,718	
Nonmajor Governmental Funds	335,979	-	-	1	151	7	336,138	
Unemployment Compensation Trust Fund	-	-	-	19	102	17	138	
Water Revolving Fund	-	-	9,225	-	-	-	9,225	
Internal Service Funds	52	7,802	63	902	7,072	133	16,024	
Total	\$ 336,031	\$ 99,520	* \$ 9,288	\$ 5,952	\$ 10,616	\$ 157	\$ 461,564	

* The Illinois State Toll Highway Authority reported \$91,718 at December 31, 2017, its fiscal year-end.

The due to amounts for the State of Illinois to its component units, as of June 30, 2018, consisted of the following:

Due From	Due To								
	Illinois Housing Development Authority	Illinois State Toll Highway Authority	Nonmajor Authorities	Illinois State University	Northern Illinois University	Southern Illinois University	University of Illinois	Nonmajor Universities	Total
General Fund	\$ -	\$ 12	\$ -	\$ 371	\$ 1,063	\$ 5,433	\$ 109,153	\$ 809	\$ 116,841
Road Fund	-	140,472	-	-	-	164	7,134	-	147,770
Nonmajor Governmental Funds	24,269	112	245	-	-	2,630	38,338	3,321	68,915
Water Revolving Fund	-	-	941,052	-	-	-	63	-	941,115
Prepaid Tuition Fund	-	-	-	2	-	-	124	393	519
Nonmajor Enterprise Funds	-	2	-	-	-	-	-	-	2
Internal Service Funds	-	6	9	-	-	15	339	-	369
Fiduciary Funds	-	80	-	-	-	-	-	-	80
Total	\$ 24,269	\$ 140,684	* \$ 941,306	\$ 373	\$ 1,063	\$ 8,242	\$ 155,151	\$ 4,523	\$ 1,275,611

* The Illinois State Toll Highway Authority reported \$140,472 at December 31, 2017, 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, 2018, 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	\$ 34,506	\$ -	\$ 1,349	\$ 35,855	\$ -	\$ 371,542	\$ 371,542	\$ 81
Deferred compensation loan program	-	-	-	-	-	-	-	40,551
Local government infrastructure	-	-	-	-	4,116,769	-	4,116,769	-
Real estate tax-relief loan program	-	-	38,277	38,277	-	-	-	-
Other	228	55	12,122	12,405	-	-	-	-
	<u>34,734</u>	<u>55</u>	<u>51,748</u>	<u>86,537</u>	<u>4,116,769</u>	<u>371,542</u>	<u>4,488,311</u>	<u>40,632</u>
Less: Allowance for uncollectible accounts	<u>29,187</u>	<u>-</u>	<u>905</u>	<u>30,092</u>	<u>-</u>	<u>67,863</u>	<u>67,863</u>	<u>51</u>
Total	<u>5,547</u>	<u>55</u>	<u>50,843</u>	<u>56,445</u>	<u>4,116,769</u>	<u>303,679</u>	<u>4,420,448</u>	<u>40,581</u>
Less: Amounts representing restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,682,918</u>	<u>303,679</u>	<u>2,986,597</u>	<u>-</u>
Loans and notes receivable, net	<u>\$ 5,547</u>	<u>\$ 55</u>	<u>\$ 50,843</u>	<u>\$ 56,445</u>	<u>\$ 1,433,851</u>	<u>\$ -</u>	<u>\$ 1,433,851</u>	<u>\$ 40,581</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	\$ 1,294,380	\$ -	\$ -	\$ -	\$ -
Student loan program	-	8,798	7,098	18,486	58,283
Other	-	-	-	13	-
	<u>1,294,380</u>	<u>8,798</u>	<u>7,098</u>	<u>18,499</u>	<u>58,283</u>
Less: Allowance for uncollectible accounts	<u>79,361</u>	<u>1,121</u>	<u>36</u>	<u>329</u>	<u>3,063</u>
Loans and notes receivable, net	<u>\$ 1,215,019</u>	<u>\$ 7,677</u>	<u>\$ 7,062</u>	<u>\$ 18,170</u>	<u>\$ 55,220</u>

7 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, 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	\$ 3,475,450	\$ 39,657	\$ 1,155	\$ 36,763	\$ 3,550,715
Intangible assets	374,923	92,751	4,231	(163,336)	300,107
Historical treasures and works of art	39,701	-	-	(27,038)	12,663
Construction in progress	395,350	138,833	17,134	(368,354)	148,695
Total capital assets not being depreciated	<u>4,285,424</u>	<u>271,241</u>	<u>22,520</u>	<u>(521,965)</u>	<u>4,012,180</u>
Capital assets being depreciated:					
Infrastructure	28,606,075	982,032	712,933	(3,235)	28,871,939
Site improvements	804,140	1,178	5,502	12,376	812,192
Buildings and building improvements	4,713,737	17,976	53,501	137,749	4,815,961
Equipment	1,147,869	113,229	47,379	248,296	1,462,015
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	237,529	16,487	1,484	163,336	415,868
Total capital assets being depreciated	<u>35,510,450</u>	<u>1,130,902</u>	<u>820,799</u>	<u>558,522</u>	<u>36,379,075</u>
Less accumulated depreciation for:					
Infrastructure	12,542,655	1,271,634	712,933	-	13,101,356
Site improvements	551,657	54,005	32	6,644	612,274
Buildings and building improvements	2,958,983	93,350	10,745	28,165	3,069,753
Equipment	904,502	70,328	42,400	1,763	934,193
Historical treasures and works of art	1,100	-	-	-	1,100
Intangible assets	92,801	32,447	1,484	1	123,765
Total accumulated depreciation	<u>17,051,698</u>	<u>1,521,764</u>	<u>767,594</u>	<u>36,573</u>	<u>17,842,441</u>
Total capital assets being depreciated, net	<u>18,458,752</u>	<u>(390,862)</u>	<u>53,205</u>	<u>521,949</u>	<u>18,536,634</u>
Governmental activities capital assets, net	<u>\$ 22,744,176</u>	<u>\$ (119,621)</u>	<u>\$ 75,725</u>	<u>\$ (16)</u>	<u>\$ 22,548,814</u>
Depreciation expense for governmental activities was charged to functions as follows:					
Health and social services					\$ 44,842
Education					6,310
General government					26,019
Employment and economic development					43,136
Transportation					1,295,128
Public protection and justice					45,968
Environmental and business regulation					27,747
Internal service funds					32,614
Total					<u>\$ 1,521,764</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	\$ 27	\$ -	\$ 27	\$ 401	\$ 401
Total capital assets being depreciated	27	-	27	401	401
Less accumulated depreciation for:					
Equipment	20	9	27	385	387
Total accumulated depreciation	20	9	27	385	387
Total capital assets being depreciated, net	7	(9)	-	16	14
Water Revolving Fund capital assets, net	7	(9)	-	16	14
Nonmajor enterprise funds:					
Capital assets being depreciated:					
Buildings and building improvements	2,472	-	-	-	2,472
Equipment	6,120	328	468	-	5,980
Intangible assets	3,357	-	-	-	3,357
Total capital assets being depreciated	11,949	328	468	-	11,809
Less accumulated depreciation for:					
Buildings and building improvements	586	50	-	-	636
Equipment	5,560	457	468	-	5,549
Intangible assets	1,596	334	-	-	1,930
Total accumulated depreciation	7,742	841	468	-	8,115
Total capital assets being depreciated, net	4,207	(513)	-	-	3,694
Nonmajor enterprise funds capital assets, net	4,207	(513)	-	-	3,694
Total Business-type activities					
Capital assets being depreciated, net	4,214	(522)	-	16	3,708
Business-type activities capital assets, net	\$ 4,214	\$ (522)	\$ -	\$ 16	\$ 3,708
Depreciation expense for business-type activities was charged to functions as follows:					
Water revolving					\$ 9
Other					841
Total					\$ 850

Table 7-3 (amounts expressed in thousands)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers and Reclassifications</u>	<u>Ending Balance</u>
Fiduciary Funds					
Capital assets not being depreciated:					
Land and land improvements	\$ 1,735	\$ -	\$ -	\$ -	\$ 1,735
Intangible assets	3	-	-	-	3
Total capital assets not being depreciated	<u>1,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,738</u>
Capital assets being depreciated:					
Site improvements	1,094	39	-	-	1,133
Buildings and building improvements	20,133	550	-	-	20,683
Equipment	22,299	511	508	-	22,302
Intangible assets	8,293	1,895	-	-	10,188
Total capital assets being depreciated	<u>51,819</u>	<u>2,995</u>	<u>508</u>	<u>-</u>	<u>54,306</u>
Less accumulated depreciation for:					
Site improvements	753	69	-	-	822
Buildings and building improvements	13,358	842	-	-	14,200
Equipment	20,013	721	502	-	20,232
Intangible assets	2,431	690	-	-	3,121
Total accumulated depreciation	<u>36,555</u>	<u>2,322</u>	<u>502</u>	<u>-</u>	<u>38,375</u>
Total capital assets being depreciated, net	<u>15,264</u>	<u>673</u>	<u>6</u>	<u>-</u>	<u>15,931</u>
Fiduciary funds capital assets, net	<u>\$ 17,002</u>	<u>\$ 673</u>	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 17,669</u>

Table 7-4 (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					
Illinois Housing Development Authority:					
Capital assets being depreciated:					
Buildings and building improvements	\$ 46,177	\$ 1,194	\$ -	\$ -	\$ 47,371
Equipment	1,175	772	-	-	1,947
Intangible assets	3,057	273	-	-	3,330
Total capital assets being depreciated	<u>50,409</u>	<u>2,239</u>	<u>-</u>	<u>-</u>	<u>52,648</u>
Less accumulated depreciation for:					
Buildings and building improvements	21,314	1,075	-	-	22,389
Equipment	597	220	-	-	817
Intangible assets	2,340	326	-	-	2,666
Total accumulated depreciation	<u>24,251</u>	<u>1,621</u>	<u>-</u>	<u>-</u>	<u>25,872</u>
Total capital assets being depreciated, net	<u>26,158</u>	<u>618</u>	<u>-</u>	<u>-</u>	<u>26,776</u>
Capital assets, net	<u>\$ 26,158</u>	<u>\$ 618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,776</u>
Illinois State Toll Highway Authority:					
Capital assets not being depreciated:					
Land and land improvements	\$ 482,976	\$ 84,505	\$ 846	\$ -	\$ 566,635
Construction in progress	835,491	538,867	679,227	-	695,131
Total capital assets not being depreciated	<u>1,318,467</u>	<u>623,372</u>	<u>680,073</u>	<u>-</u>	<u>1,261,766</u>
Capital assets being depreciated:					
Infrastructure	9,682,049	841,609	73,948	-	10,449,710
Buildings and building improvements	58,318	371	-	-	58,689
Equipment	335,568	29,707	8,805	-	356,470
Total capital assets being depreciated	<u>10,075,935</u>	<u>871,687</u>	<u>82,753</u>	<u>-</u>	<u>10,864,869</u>
Less accumulated depreciation for:					
Infrastructure	2,955,203	386,007	73,948	-	3,267,262
Buildings and building improvements	43,085	1,123	-	-	44,208
Equipment	192,156	30,350	6,034	-	216,472
Total accumulated depreciation	<u>3,190,444</u>	<u>417,480</u>	<u>79,982</u>	<u>-</u>	<u>3,527,942</u>
Total capital assets being depreciated, net	<u>6,885,491</u>	<u>454,207</u>	<u>2,771</u>	<u>-</u>	<u>7,336,927</u>
Capital assets, net	<u>\$ 8,203,958</u>	<u>\$ 1,077,579</u>	<u>\$ 682,844</u>	<u>\$ -</u>	<u>\$ 8,598,693</u>

Table 7-4 (continued)

(amounts expressed in thousands)

	Beginning Balance	Additions	Deletions	Transfers and Reclassifications	Ending Balance
Major Component Units, continued					
Illinois State University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 21,757	\$ 83	\$ 4,738	\$ -	\$ 17,102
Construction in progress	5,855	24,479	-	(6,601)	23,733
Total capital assets not being depreciated	<u>27,612</u>	<u>24,562</u>	<u>4,738</u>	<u>(6,601)</u>	<u>40,835</u>
Capital assets being depreciated:					
Infrastructure	13,147	-	-	-	13,147
Site improvements	38,511	2,730	1,470	2,437	42,208
Buildings and building improvements	587,362	54,477	-	4,164	646,003
Equipment	188,242	5,491	1,478	-	192,255
Intangible assets	30,692	-	-	-	30,692
Total capital assets being depreciated	<u>857,954</u>	<u>62,698</u>	<u>2,948</u>	<u>6,601</u>	<u>924,305</u>
Less accumulated depreciation for:					
Infrastructure	8,204	302	-	-	8,506
Site improvements	17,320	1,135	1,470	-	16,985
Buildings and building improvements	259,272	14,497	-	-	273,769
Equipment	160,339	7,768	1,358	-	166,749
Intangible assets	8,116	2,040	-	-	10,156
Total accumulated depreciation	<u>453,251</u>	<u>25,742</u>	<u>2,828</u>	<u>-</u>	<u>476,165</u>
Total capital assets being depreciated, net	<u>404,703</u>	<u>36,956</u>	<u>120</u>	<u>6,601</u>	<u>448,140</u>
Capital assets, net	<u>\$ 432,315</u>	<u>\$ 61,518</u>	<u>\$ 4,858</u>	<u>\$ -</u>	<u>\$ 488,975</u>
Northern Illinois University:					
Capital assets not being depreciated:					
Land and land improvements	\$ 23,142	\$ -	\$ -	\$ -	\$ 23,142
Construction in progress	50,381	12,630	77	(5,025)	57,909
Total capital assets not being depreciated	<u>73,523</u>	<u>12,630</u>	<u>77</u>	<u>(5,025)</u>	<u>81,051</u>
Capital assets being depreciated:					
Site improvements	83,651	-	-	3,408	87,059
Buildings and building improvements	693,917	34	-	1,617	695,568
Equipment	192,219	3,701	1,320	-	194,600
Intangible assets	3,820	-	-	-	3,820
Total capital assets being depreciated	<u>973,607</u>	<u>3,735</u>	<u>1,320</u>	<u>5,025</u>	<u>981,047</u>
Less accumulated depreciation for:					
Site improvements	51,006	2,881	-	-	53,887
Buildings and building improvements	329,986	20,385	-	-	350,371
Equipment	189,838	5,033	1,320	-	193,551
Intangible assets	3,820	-	-	-	3,820
Total accumulated depreciation	<u>574,650</u>	<u>28,299</u>	<u>1,320</u>	<u>-</u>	<u>601,629</u>
Total capital assets being depreciated, net	<u>398,957</u>	<u>(24,564)</u>	<u>-</u>	<u>5,025</u>	<u>379,418</u>
Capital assets, net	<u>\$ 472,480</u>	<u>\$ (11,934)</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ 460,469</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	\$ 22,503	\$ -	\$ -	\$ -	\$ 22,503
Historic treasures and works of art	12,331	73	-	-	12,404
Construction in progress	66,983	16,821	119	(18,186)	65,499
Total capital assets not being depreciated	101,817	16,894	119	(18,186)	100,406
Capital assets being depreciated:					
Infrastructure	21,722	-	-	-	21,722
Site improvements	81,543	844	31	3,490	85,846
Buildings and building improvements	1,296,417	5,906	819	14,696	1,316,200
Equipment	381,578	9,531	7,320	-	383,789
Intangible assets	7,341	-	-	-	7,341
Total capital assets being depreciated	1,788,601	16,281	8,170	18,186	1,814,898
Less accumulated depreciation for:					
Infrastructure	11,655	880	-	-	12,535
Site improvements	54,149	3,488	31	-	57,606
Buildings and building improvements	629,307	36,408	619	-	665,096
Equipment	345,366	12,472	6,356	-	351,482
Intangible assets	6,072	642	-	-	6,714
Total accumulated depreciation	1,046,549	53,890	7,006	-	1,093,433
Total capital assets being depreciated, net	742,052	(37,609)	1,164	18,186	721,465
Capital assets, net	\$ 843,869	\$ (20,715)	\$ 1,283	\$ -	\$ 821,871
University of Illinois:					
Capital assets not being depreciated:					
Land and land improvements	\$ 136,472	\$ 1,904	\$ 2	\$ -	\$ 138,374
Intangible assets	130	-	-	-	130
Historic treasures and works of art	23,460	676	15	-	24,121
Construction in progress	281,434	181,509	-	(193,140)	269,803
Total capital assets not being depreciated	441,496	184,089	17	(193,140)	432,428
Capital assets being depreciated:					
Site improvements	730,771	-	-	7,017	737,788
Buildings and building improvements	4,484,826	760	492	175,736	4,660,830
Equipment	1,929,358	85,392	55,732	2,543	1,961,561
Intangible assets	190,495	84	-	7,844	198,423
Total capital assets being depreciated	7,335,450	86,236	56,224	193,140	7,558,602
Less accumulated depreciation for:					
Site improvements	466,978	23,763	-	-	490,741
Buildings and building improvements	1,817,981	118,652	261	-	1,936,372
Equipment	1,547,940	109,862	53,225	-	1,604,577
Intangible assets	177,794	4,555	-	-	182,349
Total accumulated depreciation	4,010,693	256,832	53,486	-	4,214,039
Total capital assets being depreciated, net	3,324,757	(170,596)	2,738	193,140	3,344,563
Capital assets, net	\$ 3,766,253	\$ 13,493	\$ 2,755	\$ -	\$ 3,776,991

8 CHANGES IN LONG-TERM OBLIGATIONS

Changes in long-term obligations for governmental activities for the year ended June 30, 2018, are summarized below:

Table 8-1 (amounts expressed in thousands)

	Balance July 1, 2017, as Restated	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Primary Government					
Governmental Activities					
Bonds payable:					
General obligation bonds (note 9)	\$ 24,751,068	\$ 7,254,367 *	\$ (2,007,050)	\$ 29,998,385	\$ 2,554,585 ^
Special obligation bonds (note 10)	2,532,789	1,449 **	(230,345)	2,303,893	216,754 ^^
Revenue bonds (note 11)	1,067,500	670,965	(771,415)	967,050	93,620
Unamortized premiums:					
General obligation bonds (note 9)	480,667	559,670	(110,812)	929,525	146,517
Special obligation bonds (note 10)	125,299	-	(19,222)	106,077	17,060
Revenue bonds (note 11)	4,121	90,805	(7,297)	87,629	-
Unamortized (discounts):					
General obligation bonds (note 9)	(1,207)	-	115	(1,092)	(113)
Total bonds payable	<u>28,960,237</u>	<u>8,577,256</u>	<u>(3,146,026)</u>	<u>34,391,467</u>	<u>3,028,423</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	5,862	9,283	(5,531)	9,614	3,207
Certificates of participation (note 13B)	15,150	-	(9,815)	5,335	2,590
Workers compensation (note 20)	614,856	101,190	(112,553)	603,493	109,723
Auto liability (note 20)	17,631	2,894	(3,511)	17,014	4,296
Pollution remediation obligation (note 13D)	27,250	3,000	-	30,250	3,150
Disproportionate share hospital payment obligations (note 13E)	-	144,798	-	144,798	102,959
Compensated absences (note 1L)	359,937	366,773	(375,279)	351,431	44,606
Net pension liability (note 16)	137,385,793	-	(4,104,111)	133,281,682	-
OPEB liability (note 17)	57,871,477	-	(2,876,311)	54,995,166	2,122,024
Total other long-term obligations	<u>196,297,956</u>	<u>627,938</u>	<u>(7,487,111)</u>	<u>189,438,783</u>	<u>2,392,555</u>
Total Governmental Activities	\$ 225,258,193	\$ 9,205,194	\$ (10,633,137)	\$ 223,830,250	\$ 5,420,978

* Includes \$4,367 of interest accreted on capital appreciation debt.
** Includes \$1,449 of interest accreted on capital appreciation debt.
^ \$103 of interest will be accreted on capital appreciation debt in the next year.
^^ \$891 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.

Other postemployment benefit liability – 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 of the Teacher Retirement Insurance Program and the College Insurance Program.

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, 2018, are summarized below:

Table 8-2 (amounts expressed in thousands)

	Balance July 1, 2017, as Restated	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Primary Government					
Business-type Activities					
Water Revolving Fund:					
Other long-term obligations:					
Capital lease obligations (note 13A)	\$ 9	\$ -	\$ (9)	\$ -	\$ -
Compensated absences (note 1L)	1,179	983	(1,201)	961	211
Net pension liability (note 16)	69,793	-	(7,467)	62,326	-
OPEB liability (note 17)	50,459	-	(13,144)	37,315	-
Total Water Revolving Fund	<u>121,440</u>	<u>983</u>	<u>(21,821)</u>	<u>100,602</u>	<u>211</u>
Prepaid Tuition Fund:					
Tuition and related accretion payable (note 13G)	1,235,714	38,144	(148,573)	1,125,285	150,056
Total Prepaid Tuition Fund	<u>1,235,714</u>	<u>38,144</u>	<u>(148,573)</u>	<u>1,125,285</u>	<u>150,056</u>
Nonmajor Enterprise Funds:					
Bonds payable:					
Revenue bonds (note 11)	197,975	-	(30,950)	167,025	-
Unamortized (discounts) (note 11)	(5,842)	-	208	(5,634)	-
Total bonds payable	<u>192,133</u>	<u>-</u>	<u>(30,742)</u>	<u>161,391</u>	<u>-</u>
Other long-term obligations:					
Capital lease obligations (note 13A)	-	57	-	57	22
Lottery prize awards (note 13F)	264,749	6,820	(17,860)	253,709	21,589
Compensated absences (note 1L)	4,528	3,511	(4,038)	4,001	643
Net pension liability (note 16)	214,739	19,074	(7,874)	225,939	-
OPEB liability (note 17)	163,383	1,668	(19,301)	145,750	-
Other obligations (note 13H)	7,144	1,318	(19)	8,443	530
Total other long-term obligations	<u>654,543</u>	<u>32,448</u>	<u>(49,092)</u>	<u>637,899</u>	<u>22,784</u>
Total Nonmajor Enterprise Funds	<u>846,676</u>	<u>32,448</u>	<u>(79,834)</u>	<u>799,290</u>	<u>22,784</u>
Total Business-type Activities	<u>\$ 2,203,830</u>	<u>\$ 71,575</u>	<u>\$ (250,228)</u>	<u>\$ 2,025,177</u>	<u>\$ 173,051</u>

Changes in long-term obligations for fiduciary funds for the year ended June 30, 2018, are summarized below:

Table 8-3 (amounts expressed in thousands)

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Fiduciary Funds					
Capital lease obligations (note 13A)	\$ 72	\$ -	\$ (26)	\$ 46	\$ 20
Compensated absences (note 1L)	4,379	2,782	(2,974)	4,187	350
Total Fiduciary Funds	<u>\$ 4,451</u>	<u>\$ 2,782</u>	<u>\$ (3,000)</u>	<u>\$ 4,233</u>	<u>\$ 370</u>

Changes in long-term obligations for component units for the year ended June 30, 2018, are summarized below:

	Balance July 1, 2017, as Restated	Additions	Deletions	Balance June 30, 2018	Amounts Due Within One Year
Major Component Units					
Illinois Housing Development Authority:					
Bonds and notes payable:					
Revenue bonds (note 11)	\$ 1,078,536	\$ 130,694	\$ (122,927)	\$ 1,086,303	\$ 125,129
Notes payable (note 12)	61,520	606,217	(599,305)	68,432	52,264
Unamortized premiums (note 11)	8,585	3,213	(1,162)	10,636	242
Unamortized (discounts) (note 11)	(969)	-	22	(947)	(23)
Total bonds and notes payable	<u>1,147,672</u>	<u>740,124</u>	<u>(723,372)</u>	<u>1,164,424</u>	<u>177,612</u>
Other long-term obligations:					
Compensated absences (note 1L)	805	2,062	(2,216)	651	651
Total other long-term obligations	<u>805</u>	<u>2,062</u>	<u>(2,216)</u>	<u>651</u>	<u>651</u>
Total Illinois Housing Development Authority	<u>\$ 1,148,477</u>	<u>\$ 742,186</u>	<u>\$ (725,588)</u>	<u>\$ 1,165,075</u>	<u>\$ 178,263</u>
Illinois State Toll Highway Authority:					
Bonds payable:					
Revenue bonds (note 11)	\$ 5,896,700	\$ 300,000	\$ (88,860)	\$ 6,107,840	\$ 113,160
Unamortized premiums (note 11)	456,978	50,072	(27,855)	479,195	30,262
Unamortized (discounts) (note 11)	-	-	-	-	-
Total bonds payable	<u>6,353,678</u>	<u>350,072</u>	<u>(116,715)</u>	<u>6,587,035</u>	<u>143,422</u>
Other long-term obligations:					
Accrued self-insurance (note 20)	17,310	13,878	(15,597)	15,591	7,015
Compensated absences (note 1L)	9,795	7,883	(8,218)	9,460	7,900
Net pension liability (note 16)	900,824	-	(12,367)	888,457	-
Other obligations (note 13G)	73	-	(27)	46	31
Total other long-term obligations	<u>928,002</u>	<u>21,761</u>	<u>(36,209)</u>	<u>913,554</u>	<u>14,946</u>
Total Illinois State Toll Highway Authority	<u>\$ 7,281,680</u>	<u>\$ 371,833</u>	<u>\$ (152,924)</u>	<u>\$ 7,500,589</u>	<u>\$ 158,368</u>
Illinois State University:					
Bonds payable:					
Revenue bonds (note 11)	\$ 74,170	\$ 121,580	\$ (86,590)	\$ 109,160	\$ 5,370
Unamortized premiums (note 11)	3,630	5,768	(406)	8,992	614
Total bonds and notes payable	<u>77,800</u>	<u>127,348</u>	<u>(86,996)</u>	<u>118,152</u>	<u>5,984</u>
Other long-term obligations:					
Certificates of participation (note 13B)	48,355	-	(2,795)	45,560	2,885
Unamortized premiums (note 13B)	43	-	(3)	40	3
Unamortized (discounts) (note 13B)	(213)	-	15	(198)	(15)
Installment purchase obligations (note 13C)	2,663	-	(105)	2,558	109
Compensated absences (note 1L)	15,514	1,591	(1,423)	15,682	1,589
OPEB liability (note 17)	33,755	-	(3,713)	30,042	-
Other obligations (note 13G)	384	607	(74)	917	74
Total other long-term obligations	<u>100,501</u>	<u>2,198</u>	<u>(8,098)</u>	<u>94,601</u>	<u>4,645</u>
Total Illinois State University	<u>\$ 178,301</u>	<u>\$ 129,546</u>	<u>\$ (95,094)</u>	<u>\$ 212,753</u>	<u>\$ 10,629</u>

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

	Balance July 1, 2017, as Restated			Balance June 30, 2018		Amounts Due Within One Year
	Additions	Deletions				
Major Component Units, continued						
Northern Illinois University:						
Bonds and notes payable:						
Revenue bonds (note 11)	\$ 183,880	\$ -	\$ (4,065)	\$ 179,815	\$ 4,265	
Notes payable (note 12)	105	-	(41)	64	42	
Total bonds and notes payable	183,985	-	(4,106)	179,879	4,307	
Other long-term obligations:						
Capital lease obligations (note 13A)	130,016	2,527	(2,085)	130,458	2,281	
Certificates of participation (note 13B)	10,010	-	(1,060)	8,950	1,105	
Unamortized premiums (note 13B)	856	-	(95)	761	95	
Compensated absences (note 1L)	15,603	1,940	(2,402)	15,141	2,402	
OPEB liability (note 17)	45,631	4,206	-	49,837	-	
Other obligations (note 13G)	33,808	-	(2,763)	31,045	2,851	
Total other long-term obligations	235,924	8,673	(8,405)	236,192	8,734	
Total Northern Illinois University	\$ 419,909	\$ 8,673	\$ (12,511)	\$ 416,071	\$ 13,041	
Southern Illinois University:						
Bonds payable:						
Revenue bonds (note 11)	\$ 227,038	\$ 2,932	\$ (22,205)	\$ 207,765	\$ 18,849 [^]	
Unamortized premiums (note 11)	9,056	-	(739)	8,317	739	
Total bonds payable	236,094	2,932	(22,944)	216,082	19,588	
Other long-term obligations:						
Capital lease obligations (note 13A)	2,809	1,138	(1,945)	2,002	1,094	
Certificates of participation (note 13B)	36,610	-	(2,285)	34,325	2,360	
Unamortized premiums (note 13B)	846	-	(51)	795	51	
Accrued self-insurance (note 20)	35,094	5,039	(10,928)	29,205	8,577	
Compensated absences (note 1L)	41,011	3,490	(3,728)	40,773	3,752	
OPEB liability (note 17)	228,850	-	(54,215)	174,635	-	
Other obligations (note 13G)	2,523	286	(1,237)	1,572	173	
Total other long-term obligations	347,743	9,953	(74,389)	283,307	16,007	
Total Southern Illinois University	\$ 583,837	\$ 12,885	\$ (97,333)	\$ 499,389	\$ 35,595	
University of Illinois:						
Bonds payable:						
Revenue bonds (note 11)	\$ 1,221,285	\$ 5,364	\$ (58,710)	\$ 1,167,939	\$ 52,023 ^{^^}	
Unamortized premiums (note 11)	64,045	-	(4,011)	60,034	4,005	
Total bonds payable	1,285,330	5,364	(62,721)	1,227,973	56,028	
Other long-term obligations:						
Capital lease obligations (note 13A)	2,377	145	(1,591)	931	549	
Certificates of participation (note 13B)	212,730	-	(32,480)	180,250	33,510	
Unamortized premiums (note 13B)	16,840	-	(2,958)	13,882	2,954	
Accrued self-insurance (note 20)	239,485	53,398	(57,835)	235,048	41,484	
Compensated absences (note 1L)	204,192	23,306	(19,273)	208,225	21,178	
OPEB liability (note 17)	1,632,400	-	(317,640)	1,314,760	-	
Other obligations (note 13G)	87,493	39,073	(9,120)	117,446	11,952	
Total other long-term obligations	2,395,517	115,922	(440,897)	2,070,542	111,627	
Total University of Illinois	\$ 3,680,847	\$ 121,286	\$ (503,618)	\$ 3,298,515	\$ 167,655	

[^] \$226 of interest will be accreted on capital appreciation debt in the next year.^{^^} \$4,422 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, 2018, are as follows:

Table 9-1 (amounts expressed in thousands)

		Original Issue Amount	Final Maturity	Interest Rate Ranges	Anti-Pollution	Capital Development	Coal Development	Income Tax Proceeds
Governmental Activities								
Multiple Purpose Series:								
November	1997	\$ 168,330	8/1/2019	Accreted*	\$ -	\$ 20,711	\$ -	\$ -
November	1998	122,334	8/1/2020	Accreted*	-	14,157	-	-
October	2000	101,855	8/1/2022	Accreted*	-	11,101	-	-
August	2001	375,000	8/1/2018	5.5%	667	7,333	334	-
November	2001	375,000	11/1/2026	6.0%	1,413	16,847	-	-
October	2002	62,079	8/1/2024	Accreted*	1,136	3,427	454	-
June	2003	10,000,000	6/1/2033	4.95% to 5.1%	-	-	-	-
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%	-	22,440	450	-
April	2007	150,000	4/1/2032	4.5% to 5.0%	-	53,200	-	-
A-June	2007	108,000	6/1/2025	5.0%	-	16,535	-	-
B-June	2007	329,000	1/1/2021	5.25%	-	-	-	-
April	2008	125,000	4/1/2031	4.5% to 5.0%	-	45,228	-	-
April	2009	150,000	4/1/2034	4.0% to 5.25%	-	42,688	3,200	-
A-September	2009	400,000	9/1/2034	4.0% to 5.0%	1,700	18,716	13,584	-
B.A.B.^	2010-1	1,000,000	2/1/2035	5.363% to 6.63%	-	253,436	-	-
February	2010	1,501,300	1/1/2025	5.0%	-	-	-	-
B.A.B.^	2010-2	300,000	3/1/2035	5.45% to 6.9%	-	-	-	-
March	2010	56,000	3/1/2035	5.45% to 6.9%	-	-	-	-
B.A.B.^	2010-3	700,000	4/1/2035	5.547% to 6.725%	-	-	-	-
February	2011	3,700,000	3/1/2019	5.877%	-	-	-	-
B.A.B.^	2010-4	300,000	7/1/2035	5.375% to 7.1%	6,840	-	-	-
B.A.B.^	2010-5	900,000	7/1/2035	6.2% to 7.35%	20,520	-	-	-
A-January	2012	525,000	1/1/2037	4.0% to 5.0%	-	74,860	1,140	-
B-January	2012	275,000	1/1/2037	4.125% to 5.75%	38,000	3,201	15,189	-
March	2012	575,000	3/1/2037	5.0%	-	114,000	-	-
May	2012	1,797,740	8/1/2025	3.0% to 5.0%	-	-	-	-
September	2012	50,000	9/1/2022	4.0%	-	25,000	-	-
A-April	2013	450,000	4/1/2038	4.0% to 5.0%	-	51,600	-	-
B-April	2013	350,000	4/1/2038	3.25% to 5.52%	-	22,110	-	-
June	2013	1,300,000	7/1/2038	4.0% to 5.5%	1,092	155,148	5,040	-
December	2013	350,000	12/1/2038	3.14% to 5.65%	-	80,640	-	-
February	2014	1,025,000	2/1/2039	5.0% to 5.25%	-	252,000	-	-
April	2014	250,000	4/1/2039	4.25% to 5.0%	-	-	-	-
May	2014	750,000	5/1/2039	3.5% to 5.0%	-	21,840	-	-
January	2016	480,000	1/1/2041	3.75% to 5.0%	-	73,600	-	-
June	2016	550,000	6/1/2041	3.5% to 5.0%	9,200	18,400	-	-
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%	-	76,800	-	-
A-November	2017	500,000	11/1/2018	5.0%	-	-	-	500,000
B-November	2017	500,000	11/1/2019	5.0%	-	-	-	500,000
C-November	2017	500,000	11/1/2029	5.0%	-	-	-	500,000
D-November	2017	4,500,000	11/1/2028	3.25% to 5.0%	-	-	-	4,500,000
A-December	2017	655,000	12/1/2042	4.0% to 5.25%	-	177,387	-	-
B-December	2017	95,000	12/1/2027	5.0%	-	95,000	-	-
A-May	2018	450,000	5/1/2043	4.0% to 6.0%	-	200,000	-	-
B-May	2018	50,000	5/1/2028	5.0%	-	50,000	-	-
Total		\$ 40,754,733			\$ 99,558	\$ 2,153,351	\$ 39,871	\$ 6,000,000
Authorized but Unissued					\$ 121,154	\$ 1,871,314	\$ 88,932	\$ -
<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 6/30/18. Imputed interest rates on these capital appreciation bonds range from 4.56% to 5.64%.</p> <p>** See Note 14—Derivatives for details on the variable rate bonds.</p>								

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 Build America Bonds. The holders of the Build America Bonds are not entitled to a tax credit as a result of the ownership of the bonds.

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Changes in general obligation bonds during the year ended June 30, 2018, are summarized in Note 8. Future general obligation debt service requirements at June 30, 2018, are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 2,554,688	\$ 1,536,420	\$ 4,091,108
2020	1,681,329	1,403,916	3,085,245
2021	1,708,787	1,319,521	3,028,308
2022	1,726,730	1,231,835	2,958,565
2023	1,772,055	1,142,357	2,914,412
2024-2028	9,220,137	4,319,176	13,539,313
2029-2033	8,741,654	1,930,064	10,671,718
2034-2038	2,032,374	396,782	2,429,156
2039-2043	568,402	53,142	621,544
	30,006,156	\$ 13,333,213	\$ 43,339,369
Less: Unaccreted appreciation	(7,771)		
	29,998,385		
Unamortized premiums	929,525		
Unamortized (discounts)	(1,092)		
Total	\$ 30,926,818		

The State has issued \$600 million in variable rate general obligation bonds. Information regarding the June 30, 2018, 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, 2018, of \$3.0 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 transfers from the State and Local Sales Tax Reform Fund	\$ 522,003	\$ 11,791,559
Principal and interest requirements	\$ 322,816	
Percentage to principal and interest requirements	<u>162%</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, 2018, of \$34.4 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, 2018, are as follows:

Table 10-2 (amounts expressed in thousands)						
Governmental Activities				Build Illinois		
	Original Issue Amount	Final Maturity	Interest Rate Ranges	Public Infrastructure	Business Development	Education
Series 1990 B	\$ 4,601	12/15/2019	Accreted*	\$ -	\$ -	\$ -
Series 1991	74,895	12/15/2020	6.25%	-	-	-
Series P	100,000	6/15/2022	6.5%	10,497	-	3,041
Series of September 2001	110,450	6/15/2020	5.375%	-	-	-
Series of April 2002	150,000	6/15/2027	6.0%	44,334	7,000	16,333
Second Series of May 2002	94,815	6/15/2020	5.75%	-	-	-
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%	12,990	-	6,188
Series of December 2009-B	375,000	6/15/2020	5.0%	18,652	-	7,983
Series of June 2010	455,080	6/15/2021	4.0% to 5.0%	-	-	-
Series of October 2011	300,000	6/15/2036	3.75% to 5.0%	90,862	1,141	132,997
Series of May 2012	425,040	6/15/2036	2.298% to 4.08%	54,540	66,013	162,766
Series of May 2013	300,000	6/15/2037	1.93% to 3.88%	79,166	39,584	110,834
Series of June 2013	604,110	6/15/2026	5.0%	-	-	-
Series of March 2014	402,000	6/15/2038	2.23% to 4.62%	105,836	41,664	175,001
Series of September 2016-A	150,025	6/15/2034	3.0% to 5.0%	77,647	21,177	23,223
Series of September 2016-B	60,010	6/15/2034	1.33% to 3.17%	26,856	11,294	18,330
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			\$ 528,770	\$ 188,712	\$ 658,373
Authorized but Unissued				\$ 276,670	\$ 373,987	\$ 15,058

* The accreted bond is shown at its accreted value as of 6/30/18. 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, 2018	Amount Related to Capital Assets
		Civic Centers	Libraries		
\$ -	\$ -	\$ 16,538	\$ -	\$ 16,538	\$ -
-	-	13,372	1,878	15,250	-
252	-	-	-	13,790	4,458
-	19,385	-	-	19,385	527
2,333	-	-	-	70,000	4,195
-	25,900	-	-	25,900	9,584
279	-	-	-	10,185	661
187	-	-	-	19,365	-
580	-	-	-	27,215	142
-	61,790	-	-	61,790	5,792
-	-	-	-	225,000	519
35,461	-	-	-	318,780	303
7,916	-	-	-	237,500	1,010
-	371,760	-	-	371,760	76,169
12,499	-	-	-	335,000	-
19,153	-	-	-	141,200	5,303
-	-	-	-	56,480	-
-	152,000	-	-	152,000	24,656
-	186,755	-	-	186,755	766
<u>\$ 78,660</u>	<u>\$ 817,590</u>	<u>\$ 29,910</u>	<u>\$ 1,878</u>	<u>2,303,893</u>	<u>134,085</u>
<u>\$ 29,552</u>	<u>Unlimited</u>	<u>\$ 174,495</u>	<u>\$ 8,122</u>		
				Unamortized premiums	
				106,077	10,005
				<u>\$ 2,409,970</u>	<u>\$ 144,090</u>

Changes in special obligation bonds during the year ended June 30, 2018, are summarized in Note 8. Future special obligation debt service requirements at June 30, 2018, are as follows:

Table 10-3 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
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	156,285	66,558	222,843
2024-2028	670,730	233,432	904,162
2029-2033	478,530	108,660	587,190
2034-2038	249,895	24,940	274,835
	2,305,075	\$ 773,943	\$ 3,079,018
Less: Unaccreted appreciation	(1,182)		
	2,303,893		
Unamortized premiums	106,077		
Total	\$ 2,409,970		

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, 2018 (except for the Illinois State Toll Highway Authority, which is as of December 31, 2017), 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	\$ 1,054,679	5.000% to 5.250%	2028
Business-type Activities			
Nonmajor enterprise fund:			
Illinois Designated Account Purchase Program	161,391	3.260% to 3.410%	2045
Major Component Units			
Illinois Housing Development Authority	1,095,992	0.950% to 5.550%	2059
Illinois State Toll Highway Authority	6,587,035	1.730% to 6.184%	2042
Illinois State University	118,152	1.300% to 5.000%	2039
Northern Illinois University	179,815	3.000% to 8.150%	2041
Southern Illinois University	216,082	1.000% to 6.200%	2035
University of Illinois	1,227,973	1.490% to 12.000%	2046

Changes in revenue bonds during the year ended June 30, 2018, are summarized in Note 8. Revenue bond debt service requirements, principal and interest, as of June 30, 2018, are as follows:

Table 11-2 (amounts expressed in thousands)

Year Ending June 30	Governmental Activities Railsplitter Tobacco Settlement Authority		Business-type Activities Illinois Designated Account Purchase Program		
	Principal	Interest	Principal	Interest	
	2019	\$ 93,620	\$ 48,925	\$ -	\$ 5,464
	2020	98,565	44,210	-	5,464
2021	103,900	39,035	-	5,464	
2022	109,655	33,548	13,025	5,464	
2023	112,260	28,065	-	5,020	
2024-2028	449,050	58,513	-	25,098	
2029-2033	-	-	-	25,098	
2034-2038	-	-	-	25,098	
2039-2043	-	-	-	25,098	
2044-2048	-	-	154,000	10,375	
	<u>967,050</u>	<u>\$ 252,296</u>	<u>167,025</u>	<u>\$ 137,643</u>	
Unamortized premiums	87,629	-	-	-	
Unamortized (discounts)	-	-	(5,634)	-	
Total	<u>\$ 1,054,679</u>		<u>\$ 161,391</u>		

Table 11-3 (amounts expressed in thousands)

Year Ending June 30	Illinois Housing Development Authority		Illinois State Toll Highway Authority		Illinois State University	
	Principal	Interest	Principal	Interest	Principal	Interest
	2019	\$ 125,129	\$ 47,069	\$ 113,160	\$ 293,501	\$ 5,370
2020	44,410	30,616	118,780	294,033	5,615	4,901
2021	43,101	29,473	134,840	287,826	5,885	4,636
2022	43,971	28,255	142,230	280,931	6,160	4,357
2023	44,361	27,111	149,090	273,809	6,455	4,060
2024-2028	201,599	116,548	930,745	1,256,128	37,230	15,351
2029-2033	162,629	88,208	1,447,155	991,578	26,250	7,679
2034-2038	133,163	61,050	1,586,340	597,758	13,155	2,798
2039-2043	142,759	36,639	1,485,500	142,143	3,040	152
2044-2048	129,731	13,269	-	-	-	-
2049-2053	8,535	2,070	-	-	-	-
2054-2058	6,662	766	-	-	-	-
2059-2063	253	-	-	-	-	-
	<u>1,086,303</u>	<u>\$ 481,074</u>	<u>6,107,840</u>	<u>\$ 4,417,707</u>	<u>109,160</u>	<u>\$ 49,084</u>
Unamortized premiums	10,636	-	479,195	-	8,992	-
Unamortized (discounts)	(947)	-	-	-	-	-
Total	<u>\$ 1,095,992</u>		<u>\$ 6,587,035</u>		<u>\$ 118,152</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	
2019	\$ 4,265	\$ 12,926	\$ 19,075	\$ 7,457	\$ 56,445	\$ 50,050	
2020	4,480	12,713	19,690	6,863	59,075	48,280	
2021	4,705	12,489	20,150	6,244	66,510	46,534	
2022	4,960	12,230	18,285	5,631	69,365	44,428	
2023	5,210	11,982	18,600	5,089	53,635	41,369	
2024-2028	30,400	55,562	86,435	17,149	262,740	171,198	
2029-2033	39,205	44,699	33,985	4,756	260,450	112,365	
2034-2038	50,440	27,416	8,720	674	171,580	61,366	
2039-2043	36,150	5,915	-	-	152,310	27,888	
2044-2048	-	-	-	-	31,180	1,398	
	179,815	\$ 195,932	224,940	\$ 53,863	1,183,290	\$ 604,876	
Less: Unaccrued appreciation	-	-	(17,175)	-	(15,351)	-	
	179,815	-	207,765	-	1,167,939	-	
Unamortized premiums	-	-	8,317	-	60,034	-	
Total	<u>\$ 179,815</u>	<u>-</u>	<u>\$ 216,082</u>	<u>-</u>	<u>\$ 1,227,973</u>	<u>-</u>	

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. Proceeds of the Series 2010 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 original 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, 2018, the deferred amount is \$505.079 million.

The RTSA issued \$670.695 million in Tobacco Settlement Revenue Bonds, Series 2017 (refunding bonds) on December 27, 2017. The Series 2017 bonds were issued as fixed rate interest, fixed scheduled amortization, serial and term bonds with maturities ranging from 2022 through 2028. The refunding bonds were issued at a fixed rate of 5.00%. Proceeds from the bonds were used to advance refund \$682.375 million of the Series 2010 bonds. The remaining Series 2010 bonds are due in annual installments through June 1, 2021, at interest rates ranging from 5.00% to 5.25%.

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 70% of the net TSRs. The total principal and interest remaining to be paid on the bonds is approximately \$1.219 billion. The total principal and interest paid for the current year and total TSRs received were \$143.279 million and \$306.472 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, 2018, \$218.047 million of residual revenues was paid to the State and \$66.258 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 \$167.025 million of outstanding revenue bonds at June 30, 2018, 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 \$42.880 million of Homeowner Mortgage Revenue Bonds Series 2004C3, 2014A4 and 2014A5, and \$92.395 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, \$5.325 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, 2017, 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 \$11.400 million for the Series 1997B bonds, \$69.525 million for the three Series 2008 bonds, and \$34.000 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 Build America Bonds. The holders of the Build America 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, 2018, 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	\$ 24,736,736	2057
Illinois Housing Development Authority	852,847	2060
Southwestern Illinois Development Authority	849,166	2048
Upper Illinois River Valley Development Authority	96,138	2051
Total	\$ 26,534,887	

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, 2018, were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Maturity Date
Major Component Units			
Illinois Housing Development Authority	\$ 68,432	0.70% to 2.70%	2027
Northern Illinois University	64	4.00%	2020
	\$ 68,496		

Changes in notes payable during the year ended June 30, 2018, are summarized in Note 8. Future notes payable debt service requirements as of June 30, 2018, are as follows:

Year Ending June 30	Illinois Housing Development Authority		Northern Illinois University	
	Principal	Interest	Principal	Interest
	2019	\$ 52,264	\$ 889	\$ 42
2020	1,823	370	22	-
2021	1,835	332	-	-
2022	1,656	296	-	-
2023	356	274	-	-
2024-2028	10,498	908	-	-
	\$ 68,432	\$ 3,069	\$ 64	\$ 2

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 \$113.657 million outstanding under this line is shown as current at June 30, 2018.

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 2018, \$20.304 million of principal and \$5.169 million of interest was collected, all of which was transferred to the trust. During the same period, the trust paid \$2.358 million for interest expense and other professional fees and \$1.152 million for servicing fees.

Major Component Units**University of Illinois (“U of I”)**

The U of I Foundation has a \$10 million unsecured line of credit to a bank, due February 2020, with a negotiated interest rate in irregular intervals (3.08% at June 30, 2018). The line of credit is to be used to purchase property that is to be held for the U of I. The \$3.118 million outstanding under this line is shown as current at June 30, 2018.

Changes in short-term borrowing during the year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Primary Government				
Business-type Activities				
Nonmajor enterprise funds	\$ 135,457	\$ -	\$ (21,800)	\$ 113,657
Major Component Units				
University of Illinois	\$ 3,963	\$ 155	\$ (1,000)	\$ 3,118

13 OTHER LONG-TERM OBLIGATIONS

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

Table 13-1 (amounts expressed in thousands)

Primary Government		Reference	Governmental Activities	Business-type Activities		Fiduciary Funds
				Prepaid Tuition Fund	Nonmajor Enterprise Funds	
Description						
Capital lease obligations	(A)	\$ 9,614	\$ -	\$ 57	\$ 46	
Certificates of participation	(B)	5,335	-	-	-	
Pollution remediation obligations	(D)	30,250	-	-	-	
Disproportionate share hospital payment obligations	(E)	144,798	-	-	-	
Obligations to Lottery Prize Winners	(F)	-	-	253,709	-	
Prepaid Tuition Fund obligations	(G)	-	1,125,285	-	-	
Other obligations	(H)	-	-	8,443	-	
Total Other Long-Term Obligations		<u>\$ 189,997</u>	<u>\$ 1,125,285</u>	<u>\$ 262,209</u>	<u>\$ 46</u>	

Table 13-2 (amounts expressed in thousands)

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)	\$ -	\$ -	\$ 130,458	\$ 2,002	\$ 931
Certificates of participation	(B)	-	45,402	9,711	35,120	194,132
Installment purchase obligations	(C)	-	2,558	-	-	-
Other obligations	(G)	46	917	31,045	1,572	117,446
Total Other Long-Term Obligations		<u>\$ 46</u>	<u>\$ 48,877</u>	<u>\$ 171,214</u>	<u>\$ 38,694</u>	<u>\$ 312,509</u>

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, 2018, assets capitalized under capitalized leases are as follows:

Table 13-3 (amounts expressed in thousands)

Primary Government		Governmental Activities	Business- type Activities	Fiduciary Funds
Buildings and building improvements		\$ 61	\$ -	\$ -
Equipment		16,151	63	99
		16,212	63	99
Less: Accumulated depreciation		5,416	9	29
		<u>\$ 10,796</u>	<u>\$ 54</u>	<u>\$ 70</u>

Table 13-4 (amounts expressed in thousands)

Major Component Units	Northern Illinois University	Southern Illinois University	University of Illinois
Land and land improvements	\$ -	\$ 56	\$ -
Buildings and building improvements	133,655	1,678	5,261
Equipment	795	5,180	1,688
	<u>134,450</u>	<u>6,914</u>	<u>6,949</u>
Less: Accumulated depreciation	22,645	2,492	2,205
	<u>\$ 111,805</u>	<u>\$ 4,422</u>	<u>\$ 4,744</u>

Future minimum commitments for non-cancelable capital leases as of June 30, 2018, are as follows:

Table 13-5 (amounts expressed in thousands)

Year Ending June 30	Primary Government					
	Governmental Activities		Capitalized Leases			
	Principal	Interest	Business-type Activities		Fiduciary Funds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 3,207	\$ 1,376	\$ 22	\$ 2	\$ 20	\$ 10
2020	1,837	920	21	1	15	8
2021	1,448	337	14	-	11	7
2022	873	185	-	-	-	-
2023	399	141	-	-	-	-
2024-2028	768	544	-	-	-	-
2029-2033	1,082	236	-	-	-	-
Total minimum lease payments	<u>\$ 9,614</u>	<u>\$ 3,739</u>	<u>\$ 57</u>	<u>\$ 3</u>	<u>\$ 46</u>	<u>\$ 25</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
2019	\$ 2,281	\$ 8,716	\$ 1,094	\$ 69	\$ 549	\$ 18
2020	2,701	8,600	216	41	198	13
2021	2,838	8,462	140	31	151	11
2022	2,986	8,318	142	24	33	1
2023	2,595	8,150	142	17	-	-
2024-2028	15,342	38,093	268	13	-	-
2029-2033	21,160	32,212	-	-	-	-
2034-2038	29,475	23,907	-	-	-	-
2039-2043	51,080	12,970	-	-	-	-
Total minimum lease payments	<u>\$ 130,458</u>	<u>\$ 149,428</u>	<u>\$ 2,002</u>	<u>\$ 195</u>	<u>\$ 931</u>	<u>\$ 43</u>

B. Certificates of Participation

The State 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, 2018 was \$5.335 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, 2018 was \$284.365 million, which includes unamortized premiums of \$15.478 million and unamortized discounts of \$198 thousand and is included in the component unit financial statements.

Future commitments by the State to make installment payments to pay for the assets acquired and related financing costs for non-State-issued Certificates at June 30, 2018, are as follows:

Primary Government Governmental Activities		Certificates of Participation	
		Non-State-Issued	
		Principal	Interest
Year Ending June 30			
2019	\$ 2,590	\$ 236	
2020	2,745	80	
	<u>\$ 5,335</u>	<u>\$ 316</u>	

Major Component Units		Certificates of Participation							
		Illinois State University		Northern Illinois University		Southern Illinois University		University of Illinois	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Year Ending June 30									
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	3,350	1,432	1,325	178	2,745	1,057	9,765	2,377	
2024-2028	17,915	4,955	2,910	150	9,330	4,000	40,595	4,790	
2029-2033	10,340	1,694	-	-	9,960	1,956	-	-	
2034-2038	1,765	73	-	-	2,275	108	-	-	
	<u>45,560</u>	<u>\$ 14,996</u>	<u>8,950</u>	<u>\$ 1,634</u>	<u>34,325</u>	<u>\$ 12,312</u>	<u>180,250</u>	<u>\$ 29,258</u>	
Unamortized premiums	40		761		795		13,882		
Unamortized (discounts)	(198)		-		-		-		
	<u>\$ 45,402</u>		<u>\$ 9,711</u>		<u>\$ 35,120</u>		<u>\$ 194,132</u>		

C. Installment Purchase Obligations

The State has acquired certain land, office facilities, office and computer equipment, and other assets through installment purchase arrangements. Future commitments under installment purchase contracts as of June 30, 2018, are as follows:

Table 13-9 (amounts expressed in thousands)

Major Component Unit			
Year Ending June 30	Illinois State University		
	Principal	Interest	Total
2019	\$ 109	\$ 85	\$ 194
2020	113	82	195
2021	117	77	194
2022	121	73	194
2023	125	69	194
2024-2028	1,973	154	2,127
	<u>\$ 2,558</u>	<u>\$ 540</u>	<u>\$ 3,098</u>

D. Pollution Remediation Obligations

Pollution remediation obligations are reported at the current value of expected outlays to fund remediation costs using the expected cash flows technique. This technique measures the sum of probability-weighted amounts in a range of possible estimated amounts and uses all expectations about possible cash flows on a site-specific basis. Such ranges are weighted within “most likely,” “worst case,” and/or “best case” scenarios and are based on actual remediation cost experience, remediation cost estimates, and/or discrete cost remediation treatment possibilities. All reported obligation amounts are estimates and are subject to change resulting from price increases or reductions, technology, or changes in applicable laws or regulations.

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, 2018, of \$3.400 million.

E. Disproportionate Share Hospital Payment Obligations

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 subsequently sought reconsideration, which was denied, and appealed the disallowances to the U.S. Department of Health and Human Services Departmental Appeals Board. On April 2, 2018, the Departmental Appeals Board sustained both disallowances. The State sought reconsideration of the decision on June 1, 2018, and the motion remains pending. Further, appeal rights exist in the federal courts if the motion for reconsideration is denied.

Repayment of a disallowance is not tolled during a motion for reconsideration pending before the Departmental Appeals Board or during the appeal before the federal courts. The State has chosen to engage in a repayment plan with CMMS to repay \$144.798 million plus interest, at the federal funds rate, over a two-year period.

F. Obligations to Lottery Prize Winners

The State has obligations to certain lottery prize winners for awards payable in annual installments ranging from nineteen years to the life of the prize winner, with the first payment being made after the claim is presented for payment. For certain prize winners, annuities were purchased in the name of the State for which the State has retained the rights of ownership. Effective July 30, 1985, State law provides that the State Treasurer, with the consent of the Director of the Department of 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 \$222 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 \$267.173 million at June 30, 2018, with interest rates ranging from 1.3% to 7.7%. The present value of these liabilities owed to prize winners, approximating \$253.487 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, 2018, are as follows:

Primary Government Business-type Activities		State Lottery Fund
Year Ending June 30		Amount
2019		\$ 23,179
2020		22,952
2021		25,043
2022		22,390
2023		23,478
2024-2044		217,030
		<u>334,072</u>
Less: Present value adjustments		(80,363)
Present value of future prizes		<u>\$ 253,709</u>

G. Prepaid Tuition Fund Obligations

Tuition payable in the Illinois Prepaid Tuition Fund, a major enterprise fund, as of June 30, 2018, represents net principal payments received for contracts held by the fund in the amount of \$1,125,285 million, of which \$150,056 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.

H. Other Obligations

Primary Government - Business-type Activities

Other nonmajor enterprise funds presented other obligations in the amount of \$8.443 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 \$151.026 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%. The applicable spread increased upon rating declines in the State’s ratings. When the State was downgraded on June 1, 2017 (Moody’s and Standard and Poor’s downgraded the State to Baa3 and BBB-, respectively on that day), the applicable spread increased to 3.45%. The State entered into continuing covenant agreements with each of the four purchasers, with a mandatory tender date at the end of the rate period, on November 7, 2018. The purchasers were DNT Asset Trust (affiliated with JP Morgan Chase Bank), PNC Bank, National Association, State Street Public Lending Corporation, and RBC Municipal Products, LLC.

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., were each amended

and restated in the novated Barclays Agreements to eliminate these terms and restructure the floating rate so that such rate was 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)	\$ (52,036)		10/33	BBB-/Baa2/BBB+
General Obligation Bonds	54,000	10/03	3.890%	(4)	(7,018)		10/33	A+/Aa3/AA
	54,000	10/03	3.890%	(4)	(7,196)		10/33	A+/Aa3/AA-
	54,000	10/03	3.890%	80.82% of 1 mo. LIBOR (5)	(6,155)		10/33	A/A2/A
	54,000	10/03	3.890%	82.7% of 1 mo. LIBOR (5)	(5,958)		10/33	A/A2/A
	<u>\$ 600,000</u>				<u>\$ (78,363)</u>	<u>\$ 32,219</u>		

(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 (5) when 1 mo. LIBOR (5) is > 2.5%, or SIFMA (6), when 1 mo. LIBOR (5) is < 2.5%
(5) London Interbank Offered Rate
(6) Securities Industry and Financial Market Association

Mark-to-Market valuations shown above were 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 (except for the ones with Barclays) was the SIFMA rate (1.51% was in effect on June 30, 2018) as the LIBOR rate was below 2.50%.

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, 2018, 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. Interest on the bonds was partially affected by the applicable spread, which is determined by the lowest of the State's credit ratings by Moody's and Standard and Poor's. As of June 30, 2018, the State's lowest credit rating was Baa3 and BBB- by Moody's and Standard and Poor's, respectively. A downgrade would have increased the applicable spread and the State's interest costs on the bonds.

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. The mode was set to expire on 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, 2018, 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:

Year Ending June 30	Governmental Activities			Total
	Principal	Interest	Interest Rate Swaps, Net	
2019	\$ -	\$ 35,879	\$ 14,040	\$ 49,919
2020	-	35,879	14,040	49,919
2021	32,500	34,908	13,660	81,068
2022	66,300	31,954	12,504	110,758
2023	79,500	27,594	10,798	117,892
2024-2028	183,600	97,777	38,262	319,639
2029-2033	190,200	30,312	11,861	232,373
2034	47,900	1,432	560	49,892
Total	\$ 600,000	\$ 295,735	\$ 115,725	\$ 1,011,460

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, 2018, 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, 2018:

ISBI

Investment Derivatives	Fair Value at June 30, 2018	Change in Fair Value	Notional*
Currency Forwards	\$ (7,847)	\$ 3,646	\$ -
Rights/Warrants	182	51	435
Grand Totals	<u>\$ (7,665)</u>	<u>\$ 3,697</u>	<u>\$ 435</u>

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

TRS

Investment Derivatives	Fair Value at June 30, 2018	Change in Fair Value	Notional*
Rights	\$ 1,428	\$ 384	\$ 5,083
Warrants	59,388	17,887	14,583
Currency Forwards			
Purchases	4,503,365		
Sales	(4,452,590)		
	50,775	(9,283)	-
Futures**			
Equity Futures Long	-	5,741	71,736
Equity Futures Short	-	(2,279)	(37,161)
Fixed Income Futures Long	-	(18,840)	1,212,860
Fixed Income Futures Short	-	14,956	(1,344,912)
Commodity Futures Long	-	11,051	21,394
Commodity Futures Short	-	(9,522)	(5,753)
	-	1,107	(81,836)
Options**			
Currency Forward Options Purchased	1	(3,242)	313
Currency Forward Options Written	-	1,717	1
Inflation Options Written	(219)	13	78,944
Options on Futures Purchased	33	122	4,449
Options on Futures Written	(671)	1,944	73,150
	(856)	554	156,857
Swaptions			
Swaptions Purchased	5,456	(1,107)	67,710
Swaptions Written	(9,079)	(1,427)	253,261
	(3,623)	(2,534)	320,971
Credit Default Swaps			
Credit Default Swaps Buying Protection	(830)	(312)	75,784
Credit Default Swaps Selling Protection	844	294	183,078
	14	(18)	258,862
Index Swaps	(1,988)	781	46,953
Interest Rate Swaps			
Pay Fixed Interest Rate Swaps	48,227	49,811	1,959,413
Receive Fixed Interest Rate Swaps	(7,839)	(6,808)	320,498
	40,388	43,003	2,279,911
Inflation-linked Swaps			
Pay Fixed Inflation Swaps	(912)	1,171	133,172
Receive Fixed Inflation Swaps	(803)	(612)	155,919
	(1,715)	559	289,091
Grand Totals	\$ 143,811	\$ 52,440	\$ 3,290,475

* 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, 2018:

Interest Rate and Inflation Swaps							Fair Value
Asset Description	Par	Gross Notional*	TRS Receives	TRS Pays	Maturity Date		June 30, 2018
Pay Fixed Interest							
Rate Swaps							
United States Dollar	634,579	\$ 636,194	12 month LIBOR (1)	1.25% to 2.61%	10/7/2018-12/20/2047	\$	4,106
United States Dollar	1,029,152	1,030,865	3 month LIBOR (1)	1.25% to 3.49%	12/16/2018-6/20/2048		46,691
Brazilian Real	7,412	1,926	3 month Brazilian CDI(2)	9.26% to 9.28%	1/2/2023		128
Euro	32,220	37,619	6 month EURIBOR (3)	0.14% to 2.11%	5/11/2019-9/19/2048		(150)
British Pound Sterling	111,510	147,230	6 month LIBOR (1)	1.25% to 2.34%	9/23/2019-3/21/2068		(1,825)
Israeli Shekel	64,150	17,547	3 month TELBOR (4)	0.27% to 0.42%	2/16/2020-6/20/2020		20
Japanese Yen	9,660,000	87,215	6 month JPY (5) LIBOR (1)	0.30% to 0.75%	3/18/2026-3/20/2038		(725)
New Zealand Dollar	1,200	817	3 month NZD (6) Bank Bill	3.25	3/21/2028		(18)
		<u>\$ 1,959,413</u>					<u>\$ 48,227</u>
Receive Fixed Interest							
Rate Swaps							
Brazilian Real	296,156	\$ 75,563	7.50% to 11.97%	3 mo. Brazilian CDI (2)	1/2/2020-1/4/2027	\$	(1,412)
British Pound Sterling	2,165	2,875	1.63%	6 mo. LIBOR (1)	10/30/2032		8
Euro	44,955	52,919	0.50% to 2.09%	3 or 6 mo. EURIBOR (3)	9/19/2023-3/19/2048		433
Israeli Shekel	13,580	3,712	1.88% to 2.08%	3 mo. TELBOR (4)	2/16/2028-6/20/2028		(13)
United States Dollar	192,065	185,429	2.25% to 2.99%	3 mo. LIBOR (1)	12/20/2022-10/4/2042		(6,855)
		<u>\$ 320,498</u>					<u>\$ (7,839)</u>
Pay Fixed Inflation							
Linked Swaps							
British Pound Sterling	4,680	\$ 5,997	UK (7) Retail Price Index	3.43% to 3.59%	10/15/2046-3/15/2047	\$	(197)
Euro	30,030	35,147	EMU HICP (8)/ France CPI (9) ex-Tobacco Index	0.99% to 1.71%	3/30/2020-3/15/2033		99
United States Dollar	93,500	92,028	U.S. CPI (9) URNSA (10)	1.46% to 2.56%	7/18/2018-7/25/2024		(814)
		<u>\$ 133,172</u>					<u>\$ (912)</u>
Receive Fixed Inflation							
Linked Swaps							
British Pound Sterling	30,870	\$ 41,513	3.30% to 3.53%	UK (7) Retail Price Index	5/15/2030-4/15/2035	\$	759
Euro	36,860	42,935	1.35% to 1.95%	EMU HICP (8)/ France CPI (9) ex-Tobacco Index	6/26/2021-3/15/2048		(100)
United States Dollar	72,930	71,471	1.72% to 2.37%	U.S. CPI (9) URNSA (10)	7/18/2019-6/6/2028		(1,462)
		<u>\$ 155,919</u>					<u>\$ (803)</u>
* Includes income/accrued payable amounts							
(1) LIBOR - London Interbank Offered Rate							
(2) Brazilian CDI - Brazilian Certificado de Deposito Interbancario							
(3) EURIBOR - Euro Interbank Offered Rate							
(4) TELBOR - Tel Aviv Interbank Offered Rate							
(5) JPY - Japanese Yen							
(6) NZD - New Zealand Dollar							
(7) UK - United Kingdom							
(8) EMU HICP - European Monetary Union Harmonized Index of Consumer Prices							
(9) CPI - Consumer Price Index							
(10) URNSA - Urban Consumers NSA Index Rate							

SURS

Table 14-6 (amounts expressed in thousands)			
Investment Derivatives	Fair Value at June 30, 2018	Changes in Fair Value	Notional*
Rights and Warrants	\$ 355	\$ 294	\$ 1,266
Currency Forwards			
Purchases	1,501	645	-
Sales	(981)	582	-
	520	1,227	-
Futures			
Equity Derivatives Long	165	153	43,115
Equity Derivatives Short	(1,291)	(1,219)	(279,044)
Fixed Income Long	(574)	289	973,147
Fixed Income Short	(129)	(444)	(893,401)
Commodity Long	180	180	25,591
Commodity Short	-	115	-
Foreign Exchange Long	(45)	(45)	3,559
Foreign Exchange Short	(195)	(178)	(25,119)
	(1,889)	(1,149)	(152,152)
Options			
Equity Call	(1,407)	(1,220)	(127)
Equity Put	(2,414)	(2,103)	(311)
Fixed Income Call	(55)	(149)	(153,200)
Fixed Income Put	(16)	(53)	(25,100)
Cash and Cash Equivalents Put	-	-	(100)
	(3,892)	(3,525)	(178,838)
Swaptions			
Call	(246)	(222)	222,500
Put	(2,209)	(2,040)	(152,400)
	(2,455)	(2,262)	70,100
Swaps			
Credit Default			
Buying Protection	(590)	906	19,167
Selling Protection	(481)	(182)	30,869
Pay Fixed Inflation-linked Swaps	-	93	-
Receive Fixed Inflation-linked Swaps	-	(20)	-
Receive Fixed Interest Rate	14,929	7,098	449,844
Volatility	-	(85)	-
	13,858	7,810	499,880
Grand Totals	\$ 6,497	\$ 2,395	\$ 240,256

* 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, 2018:

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, 2018
receive fixed	\$299,450	3 mo. USD-LIBOR BBA-Bloomberg (1)	1.45% to 2.75%	\$ 16,158
receive fixed	36,571	6 mo. GBP-LIBOR BBA-Bloomberg (2)	1.50% to 2.05%	(495)
receive fixed	37,595	6 mo. EURIBOR-Act/360-Bloomberg (3)	0.50% to 2.05%	238
receive fixed	36,835	6 mo. JPY-LIBOR BBA-Bloomberg (4)	0.10% to 0.75%	(590)
receive fixed	5,549	3 mo. CAD-BA-CDOR (5)	2.30%	79
receive fixed	30,547	BCID (6)	7.50%	(310)
receive fixed	3,297	28 day Mexico Interbank TIIE (7)	7.35%	(151)
	<u>\$449,844</u>			<u>\$ 14,929</u>

- (1) US Dollar London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen
(2) Pound London Interbank Offered Rate on the Bloomberg screen
(3) Euro Interbank Offered Rate on the Bloomberg screen
(4) Japanese Yen London Interbank Offered Rate published by the British Bankers' Association on the Bloomberg screen
(5) Canadian Dollar bankers' acceptances for the Canadian Dollar Offered Rate
(6) BCID - Brazil Cetip Interbank Deposit
(7) Mexico Interbank Equilibrium Interest Rate

Credit risk

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

ISBI: ISBI's derivative investments in forward currency contracts are held with counterparties. ISBI's counterparties were not rated and net exposure as of June 30, 2018, for these contracts was \$0.

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, 2018, was \$132.944 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 14-8 (amounts expressed in thousands)

Moody's Quality Rating	
Aa2	\$ 4,677
Aa3	34,059
A1	43,126
A2	6,644
A3	37,841
Baa1	4,919
Baa2	1,240
Not Rated	438
Total subject to credit risk	\$ 132,944

Although the derivative instruments held within the TRS investment portfolio are executed with various counterparties, approximately 89 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, 2018, if all counterparties fail to perform as contracted is \$21.7 million. This maximum exposure is reduced by \$7.2 million in collateral held and approximately \$13.3 million in liabilities, resulting in approximately \$1.2 million net exposure to credit risk. At June 30, 2018, the counterparties' credit ratings for currency forwards, swaptions, and swaps subject to credit risk are as follows:

Table 14-9 (amounts expressed in thousands)

Standard & Poor's Quality Rating	Forwards	Swaptions	Swaps	Total
AA	\$ -	\$ -	\$ (56)	\$ (56)
A	-	(2,221)	(599)	(2,820)
BBB	-	(234)	-	(234)
Not Rated	520	-	14,513	15,033
Total Subject to Credit Risk	\$ 520	\$ (2,455)	\$ 13,858	\$ 11,923

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 three swap contracts and two interest rate caps. All are considered cash flow hedges. The objective of the two pay-fixed, receive variable, interest rate swap agreements 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 objective of the third interest rate swap agreement is to protect the IHDA’s exposure to interest rates relative to a forward commitment for a permanent mortgage loan financing an affordable multifamily development. 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 2001F where early redemption of bonds have reduced the outstanding bond amount leaving the notional amount of the interest rate cap at its original scheduled 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 swaps and rate caps were estimated using data provided by the IHDA's swap advisor.

THA: The THA has entered into seven separate variable-to-fixed interest rate exchange agreements (swaps) in connection with its variable rate bond issues. 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 bonds to a synthetic fixed rate. The notional amount of the interest rate swaps is equal to the par amount of the related bonds, except for Health Services Facilities System Revenue Bonds Series 2008, of which \$215 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, 2018 (except for the THA, for which the fiscal year-end is December 31, 2017), along with the credit rating of the associated counterparty:

Table 14-10 (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								
FFB*								
Marshall Hotel - FFB	\$ 7,422	9/17	2.660%	%LIBOR (a) - BBA	\$ 269		2/48	A/A2
HMRB**								
Series 2001F	5,000	1/02	6.615%	1 mo. LIBOR (a)+40bp (b)	(321)		8/20	A-/A3
Series 2018 A-2	30,000	8/18	2.394%	JSD - LIBOR (a) BBA*70%	(203)		2/38	AA-/Aa3
	<u>42,422</u>				<u>(255)</u>	\$ 435		
Interest Rate Cap								
HB***								
Series 2008A	10,930	1/18	6.00%	N/A	25		1/27	A/A2
Series 2008C	4,700	6/06	4.75%	N/A	-		6/21	A+/Aa3
	<u>15,630</u>				<u>25</u>	24		
	<u>\$ 58,052</u>				<u>\$ (230)</u>	<u>\$ 459</u>		
THA-								
Interest Rate Exchange Agreements								
Series 2007 A-1	\$ 175,000	11/07	3.972%	SIFMA (c) 7 day Municipal Swap Index	\$ (32,353)		7/30	A+/A1
Series 2007 A-1	175,000	11/07	3.972%	SIFMA (c) 7 day Municipal Swap Index	(32,353)		7/30	A+/A1
Series 2007 A-2	262,500	11/07	3.993%	SIFMA (c) 7 day Municipal Swap Index	(49,003)		7/30	A-/Aa3
Series 2007 A-2	87,500	11/07	3.993%	SIFMA (c) 7 day Municipal Swap Index	(16,335)		7/30	AA-/Aa2
Series 2008 A-1	191,550	2/08	3.774%	SIFMA (c) 7 day Municipal Swap Index	(31,370)		1/31	AA-/Aa2
Series 2008 A-1	191,550	2/08	3.774%	SIFMA (c) 7 day Municipal Swap Index	(31,370)		1/31	A-/Baa2
Series 2008 A-2	95,775	2/08	3.764%	SIFMA (c) 7 day Municipal Swap Index	(15,603)		1/31	A+/Aa3
	<u>\$ 1,178,875</u>				<u>\$ (208,387)</u>	<u>\$ 6,187</u>		
U of I								
Interest Rate Swap Contracts								
Revenue Bonds								
Series 2008 (South Campus)	\$ 13,340	2/06****	4.086%	68% of 1 mo. LIBOR (a)	\$ (662)		1/22	BBB+/A3
Series 2008 (South Campus)	13,040	2/06****	4.092%	68% of 1 mo. LIBOR (a)	(645)		1/22	A-/Aa3
Series 2008 (Health Services Facility System)	26,360	11/08****	3.534%	68% of 1 mo. LIBOR (a)	(1,869)		10/26	BBB+/Baa2
	<u>\$ 52,740</u>				<u>\$ (3,176)</u>	<u>\$ 2,444</u>		
~ As of 12/31/2017 (THA's fiscal year-end).								
* Federal Financing Bank				(a) London Interbank Offered Rate				
** Homeowner Mortgage Revenue Bonds				(b) Basis points				
*** Housing Bonds				(c) Securities Industry and Financial Market Association				
**** Swap agreement was transferred from original issue to the refunded bond issue.								
(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 2023. 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 \$9.163 million and (\$378) 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, 2018, IHDA was not exposed to credit risk for the swaps that had negative fair value. IHDA is exposed to credit risk on the caps and swap with positive fair value. The aggregate fair value of hedging derivative instruments with positive fair value at June 30, 2018, was \$294 thousand. This represents the maximum loss that would be recognized at June 30, 2018, 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 52% of the total notional amount of the outstanding swaps. IHDA does not have a policy regarding master netting arrangements.

THA: At December 31, 2017 (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, 2017, 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, 2018, 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, 2018, one counterparty held 50%, another held 25%, and a third held 25% 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 execution of the swap agreements, they have negative fair values as of June 30, 2018. 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, 2017. 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 2018, 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 agreements have 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, 2017 (THA's fiscal year-end), the SIFMA rate in effect for the swaps was 0.84%.

U of I: 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 agreements 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 the 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, 2018, (except for the THA which is as of December 31, 2017), 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 14-11 (amounts expressed in thousands)
Swap Payments and Associated Debt
Variable Rate Debt

Major Component Units

Year Ending June 30	Illinois Housing Development Authority				Illinois State Toll Highway Authority			
	Principal	Interest	Interest Rate		Principal	Interest	Interest Rate	
			Swaps, Net	Total			Swaps, Net	Total
2019	\$ 1,970	\$ 349	\$ 696	\$ 3,015	\$ 2,375	\$ 21,339	\$ 25,735	\$ 49,449
2020	2,480	300	106	2,886	2,500	21,291	25,684	49,475
2021	1,480	245	21	1,746	2,625	21,245	25,668	49,538
2022	490	225	-	715	2,750	21,182	25,536	49,468
2023	495	217	-	712	2,812	21,133	25,516	49,461
2024-2028	9,905	845	-	10,750	548,625	88,261	112,272	749,158
2029-2033	980	230	-	1,210	617,188	18,254	28,250	663,692
2034-2038	1,240	143	-	1,383	-	-	-	-
2039-2043	1,090	36	-	1,126	-	-	-	-
Total	\$ 20,130	\$ 2,590	\$ 823	\$ 23,543	\$ 1,178,875	\$ 212,705	\$ 268,661	\$ 1,660,241

Year Ending June 30	University of Illinois-Revenue Bonds			
	Principal	Interest	Interest Rate	
			Swaps, Net	Total
2019	\$ 8,375	\$ 805	\$ 1,059	\$ 10,239
2020	9,175	676	846	10,697
2021	9,545	536	621	10,702
2022	10,005	390	383	10,778
2023	2,900	236	254	3,390
2024-2028	12,955	490	363	13,808
Total	\$ 52,955	\$ 3,133	\$ 3,526	\$ 59,614

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, 2018, the Railsplitter Tobacco Settlement Authority 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 refunded revenue bonds was \$577.430 million, with redemption dates through 2021.

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.

Advance refundings issued during fiscal year 2018 were as follows:

Table 15-1 (amounts expressed in thousands)

	Par Value of Refunding Issue	Refunding Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service (Increased)/ Reduced by Refunding	Refunding Economic Gain/ (Loss)	Accounting Gain/(Loss)
Major Component Units							
Revenue Bonds							
Railsplitter Tobacco Settlement Authority							
Series 2017	\$ 670,965	5.00%	\$ 682,375	5.50% to 6.25%	\$ 70,822	\$ 61,719	\$ (67,783)

B. Current Year Refundings

During the year ended June 30, 2018, two 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, 2018 through July 1, 2044, at redemption prices of 100%. Current refunding debt issued during fiscal year 2018, was as follows:

Table 15-2 (amounts expressed in thousands)

	Par Value of Refunding Issue	Refunding Interest Rates	Par Value of Bonds Refunded	Interest Rates of Bonds Refunded	Debt Service (Increased)/ Reduced by Refunding	Refunding Economic Gain/ (Loss)	Accounting Gain/(Loss)
Major Component Units							
Revenue Bonds							
Illinois Housing Development Authority							
Multifamily Revenue Bonds, Series 2017 B	\$ 10,694	3.210%	\$ 11,115	5.10% to 5.35%	\$ 4,318	\$ 3,278	\$ -
Illinois State University							
Series 2018 A & B	\$ 63,135	4.0% to 5.0%	\$ 81,530	4.0% to 5.0%	\$ (5,539)	\$ 15,118	\$ (211)

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, 2018, the outstanding balances of prior year defeased debt were as follows (except for the Illinois State Toll Highway Authority, which is as of December 31, 2017):

Table 15-3 (amounts expressed in thousands)

	Primary Government	Major Component Units		
	Governmental Activities	Illinois Housing Development Authority	Illinois State Toll Highway Authority	University of Illinois
Special obligation bonds	\$ 323,675	\$ -	\$ -	\$ -
Revenue bonds	-	22,040	350,000	76,305
	\$ 323,675	\$ 22,040	\$ 350,000	\$ 76,305

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, 125 special districts, and 14 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 18 thousand of the approximately 76 thousand active members have chosen this option, as of the measurement date, June 30, 2017.

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 three 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 75 thousand active members have chosen this option. \$2.500 billion of the \$21.822 billion total plan net position at June 30, 2018 relate to the Self-Managed Plan. Plan member contributions were \$84.219 million and the State contributions, along with employer contributions consisting of grant reimbursements, were \$69.433 million for the year ended June 30, 2018. 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

contribution is reduced by forfeitures, which for the year ended June 30, 2018, were \$5.284 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 provides survivors' annuity benefits, temporary and/or total disability benefits and, under certain specified conditions, lump-sum death benefits.

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

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

Tier 1	Tier 2
Regular Formula	Regular Formula
<p>A member must have a minimum of eight years of service credit and may retire at:</p> <ul style="list-style-type: none"> • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with 8 years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). <p>The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service.</p> <p>Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement.</p> <p>If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>	<p>A member must have a minimum of 10 years of credited service and may retire at:</p> <ul style="list-style-type: none"> • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). <p>The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less.</p> <p>If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2017 rate is \$112,408.</p> <p>If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.</p>

Alternative Formula	Alternative Formula
<p>Members eligible for the alternative formula may retire at age 50 with 25 years of service credit, or at age 55 with 20 years of service credit.</p> <p>Final average compensation is figured one of three ways:</p> <ul style="list-style-type: none"> • The average of the highest 48 consecutive months over the last 120 months of service (for members in service prior to January 1, 1998). • Average of last 48 months of service. • Final rate of pay: cannot exceed the average of the last 24 months of pay by 115%. <p>Alternative formula retirees receive their first 3% pension increase on January 1 following the first full year of retirement after age 55. These increases are not limited by the 80% maximum.</p>	<p>Members eligible for the alternative formula may retire at age 60 with 20 years of service.</p> <p>Final average compensation is the average monthly salary during the 96 highest consecutive months of service within the last 120 months. The retirement benefit is calculated on a maximum salary of \$106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less. The calendar year 2017 rate is \$112,408.</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 full 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, 2017, the following employees were covered by the defined benefit terms of each system, respectively:

	GARS	JRS	SERS	TRS	SURS
Retirees and beneficiaries receiving benefits	421	1,175	71,805	120,151	64,545
Inactive members entitled to but not yet receiving benefits	58	11	4,022	131,812	81,316
Active employees	135	953	60,612	160,488	64,117
Total	614	2,139	136,439	412,451	209,978

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, 2018. 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, 2018, are shown in Table 16-2.

Contribution Rates/Amounts		
Plan	Member (% of Covered Payroll)	State (Statutorily Required)
GARS	11.50%	\$ 21,155
JRS	11.00%	\$ 135,962
SERS	4.00% - 12.50%	\$ 1,929,175
TRS	9.00%	\$ 4,095,125
SURS	8.00% - 9.50%	\$ 1,568,221

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 2018, this amount was \$119,792. 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 2018, this amount was \$113,645.

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 2018, this amount was \$113,645.

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 2018, this amount was \$113,645.

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, 2018, was measured as of June 30, 2017, 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	\$ 3,880	\$ 56,166	\$ 893,147
Interest on total pension liability	24,046	168,164	3,217,532
Differences between expected and actual experience	2,094	23,042	(601,531)
Assumption changes	(2,431)	(29,511)	(884,705)
Benefit payments	(22,363)	(140,497)	(2,328,621)
Refunds	(131)	(975)	(26,609)
Administrative expenses	(356)	(914)	(15,957)
Net change in total pension liability	4,739	75,475	253,256
Total pension liability - June 30, 2016	373,666	2,637,553	49,183,948
Total pension liability - June 30, 2017 (a)	\$ 378,405	\$ 2,713,028	\$ 49,437,204
Plan fiduciary net position			
Contributions - employer	\$ 21,721	\$ 131,334	\$ 1,798,348
Contributions - participant	1,285	14,770	251,611
Net investment income	5,140	97,797	1,812,879
Benefit payments	(22,363)	(140,497)	(2,328,621)
Refunds	(131)	(975)	(26,609)
Administrative expense	(356)	(914)	(15,957)
Net change in plan fiduciary net position	5,296	101,515	1,491,651
Plan fiduciary net position - June 30, 2016	49,052	840,289	15,038,528
Plan fiduciary net position - June 30, 2017 (b)	\$ 54,348	\$ 941,804	\$ 16,530,179
State's net pension liability - ending (a) - (b)	\$ 324,057	\$ 1,771,224	\$ 32,907,025
Plan fiduciary net position as a percentage of the total pension liability	14.36%	34.71%	33.44%
Covered-employee payroll	\$ 10,996	\$ 139,738	\$ 4,192,582
State's net pension liability as a percentage of covered payroll	2947.04%	1267.53%	784.89%
[^] 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, 2018, related to GARS and JRS totaling \$324.057 million and \$1.771 billion, respectively.

Related to SERS, the State reported a collective net pension liability of \$32.907 billion. Of this amount, \$32.014 billion is reported by the primary government, while \$888.457 million and \$4.442 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, 2018, the primary government reported a liability of \$73.921 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, 2017, the measurement date, the State's proportionate share was 96.757% for the TRS plan, which was an increase of 0.1244% from its proportion measured as of the prior year measurement date of June 30, 2016.

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 \$58.702 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 2017. At June 30, 2017, the measurement date, the State's proportionate share related to employer contributions was 0.077%, which was a decrease of 3.718% from its proportion measured as of the prior year measurement date of June 30, 2016.

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, 2018, as a nonemployer contributing entity, the primary government reported a net pension liability of \$25.481 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, 2018, as follows:

Plan	Pension Expense
GARS	\$ 22,756
JRS	\$ 207,240
SERS [^]	\$ 4,036,844
TRS ^{^^}	\$ 7,277,204
SURS	\$ 2,412,918

[^] 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, 2018, the State reported deferred outflows and deferred inflows of resources related to each plan, as of the measurement date of June 30, 2017, 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	\$ 834	\$ 958	\$ 25,199	\$ 1,654	\$ 19,369	\$ 1,042,269	\$ 803,498	\$ 34,148	\$ 139,193	\$ 1,171
Changes of assumptions	7,471	968	106,718	22,400	3,394,100	686,082	4,937,596	2,125,825	205,004	259,657
Net difference between projected and actual investment earnings on pension plan investments	714	-	1,186	-	28,694	-	50,751	-	94,621	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-	-	-	276,526	9,314	-	-
State contributions subsequent to the measurement date	21,155	-	135,962	-	1,929,175	-	4,095,905	-	1,568,221	-
Total	\$ 30,174	\$ 1,926	\$ 269,065	\$ 24,054	\$ 5,371,338	\$ 1,728,351	\$ 10,164,276	\$ 2,169,287	\$ 2,007,039	\$ 260,828

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

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

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

Table 16-6 (amounts expressed in thousands)

	Primary Government		THA		ICHIP		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	\$ 18,843	\$ 1,013,988	\$ 523	\$ 28,140	\$ 3	\$ 141	\$ 19,369	\$ 1,042,269
Changes of assumptions	3,302,005	667,465	91,637	18,524	458	93	3,394,100	686,082
Net difference between projected and actual investment earnings on pension plan investments	27,915	-	775	-	4	-	28,694	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	(20,117)	(7,723)	20,114	4,987	3	2,736	-	-
State contributions subsequent to the measurement date	1,872,716	-	56,352	-	107	-	1,929,175	-
Total	\$ 5,201,362	\$ 1,673,730	\$ 169,401	\$ 51,651	\$ 575	\$ 2,970	\$ 5,371,338	\$ 1,728,351

[^] THA reported \$30,969 of contributions subsequent to the measurement date as of December 31, 2017, its fiscal year end.

In addition to the above amounts, the State's university component units make contributions to the SURS retirement system. The contributions made subsequent to the measurement date of June 30, 2017, have been recorded as a deferred outflow of resources. Illinois State University, Northern Illinois University, Southern Illinois University, and the University of Illinois have recorded \$669 thousand, \$1.204 million, \$2.583 million, and \$37.139 million, respectively, on the Statement of Net Position.

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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Table 16-7 (amounts expressed in thousands)

Year ended June 30,	GARS	JRS	SERS [^]	TRS ^{^^}	SURS
2019	\$ 6,206	\$ 53,515	\$ 924,138	\$ 1,247,179	\$ 55,590
2020	779	57,697	752,589	1,885,242	187,874
2021	473	6,261	342,885	1,366,993	90,476
2022	(365)	(8,424)	(305,800)	(543,384)	(155,950)
2023	-	-	-	(56,946)	-
Total	<u>\$ 7,093</u>	<u>\$ 109,049</u>	<u>\$ 1,713,812</u>	<u>\$ 3,899,084</u>	<u>\$ 177,990</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.

	<u>GARS</u>	<u>JRS</u>	<u>SERS</u>	<u>TRS</u>	<u>SURS</u>
Valuation date	6/30/2017	6/30/2017	6/30/2017	6/30/2016*	6/30/2016*
Measurement date	6/30/2017	6/30/2017	6/30/2017	6/30/2017	6/30/2017
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.				
<p>* The total pension liability is based on an actuarial valuation date of June 30, 2016, rolled-forward to the measurement date using generally accepted actuarial procedures.</p> <p>** Includes inflation rate listed.</p> <p>[^] Consumer Price Index</p> <p>^{^^} The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined. 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.</p> <p>^{^^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.</p>					

Long-term expected return on plan assets. The investments of GARS, JRS, and SERS are managed by the Illinois State Board of Investment (“ISBI”), thus the long-term expected rate of return on pension plan investments is determined for the pool of investments. The long-term expected rate of return on pension plan investments is determined using the best estimates of geometric real rates of return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage 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, 2017, 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%	5.50%
Developed Foreign Equity	13%	5.30%
Emerging Market Equity	8%	7.80%
Private Equity	7%	7.60%
Intermediate Investment Grade Bonds	14%	1.50%
Long-term Government Bonds	4%	1.80%
TIPS	4%	1.50%
High Yield and Bank Loans	5%	3.80%
Opportunistic Debt	8%	5.00%
Emerging Market Debt	2%	3.70%
Core Real Estate	5.5%	3.70%
Non-core Real Estate	4.5%	5.90%
Infrastructure	2%	5.80%
Total	100%	

The long-term expected rate of return assumption on pension plan investments under the TRS plan was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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, 2017, 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, 2017, 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%	7.34%
Global Equity	8%	6.85%
Fixed Income	19%	1.38%
Treasury Inflation-Protected Securities	4%	1.17%
Emerging Market Debt	3%	4.14%
Real Estate	10%	10.37%
Commodities	2%	4.23%
Hedged Strategies	5%	3.95%
Opportunity Fund	1%	6.71%
Total	100%	5.20%
Inflation		2.75%
Expected Arithmetic Normal Return		7.95%

Discount rate. The discount rate used to measure the total pension liability for each system as calculated using the June 30, 2017 and June 30, 2016 measurement dates, respectively, is shown in Table 16-12. These single discount rates were based on the expected rate of returns on pension plan investments as noted in Table 16-8 and a municipal bond rate of 3.56% 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 2070, 2062, 2073, 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 2119.

Plan	Current Discount Rate (%)	Prior Discount Rate (%)	Change (%)
GARS	6.66%	6.60%	0.06%
JRS	6.58%	6.48%	0.10%
SERS	6.78%	6.64%	0.14%
TRS	7.00%	6.83%	0.17%
SURS	7.09%	7.01%	0.08%

Sensitivity of the net pension liability to changes in the discount rate. The net pension liability for each system was 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	6.66%	\$ 368,350	\$ 324,057	\$ 287,186
JRS	6.58%	\$ 2,091,198	\$ 1,771,224	\$ 1,502,377
SERS [^]	6.78%	\$ 39,818,202	\$ 32,907,025	\$ 27,250,883
TRS ^{^^}	7.00%	\$ 90,893,398	\$ 73,979,435	\$ 60,125,490
SURS	7.09%	\$ 30,885,146	\$ 25,481,106	\$ 20,997,458

[^] 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, 2018, 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, 2018.

Table 16-14 (amounts expressed in thousands)

Plan	Payable to pension plan
GARS	\$ 651
JRS	\$ 5,215
SERS [^]	\$ 79,596
TRS ^{^^}	\$ 422,894
SURS	\$ 74,707

[^] 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 Illinois State Employees Group Insurance Program (“SEGIP”) 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. This includes employees of State agencies as well as employees of Illinois Toll Highway Authority (“THA”), Illinois Comprehensive Health Insurance Plan (“ICHIP”), and the State’s nine university component units. The State sponsored pension plans include the General Assembly Retirement System (“GARS”), Judges Retirement System (“JRS”), State Employees’ Retirement System of Illinois (“SERS”), Teachers’ Retirement System (“TRS”), and State Universities Retirement System of Illinois (“SURS”). The eligibility provisions for each of the retirement systems are defined within Note 16. Additionally, certain members covered under TRS for pension purposes are eligible for retiree healthcare benefits

under the Teachers’ Retirement Insurance Program (“TRIP”). Other TRS members eligible for coverage under SEGIP include: certified teachers employed by certain State agencies, executives employed by the Board of Education, regional superintendents, regional assistant superintendents, TRS employees and members with certain reciprocal service. Due to the THA’s December 31, year end, it did not implement GASB Statement No. 75 in the current reporting period.

The Department of Central Management Services administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

Benefits provided. 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. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. 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.

Employees covered by benefit terms. As of the measurement date June 30, 2017, the following employees were covered by the defined benefit terms of the plan.

Inactive employees or beneficiaries currently receiving benefit payments	95,101
Inactive employees entitled to but not yet receiving benefit payments	20,923
Active employees	108,291
Total	224,315

Funding policy and annual other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee’s Retirement System do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant’s contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of Central Management Services shall, on an annual basis, determine the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For fiscal year 2018, the annual cost of the basic program of group health, dental, and vision benefits before the State’s contribution was \$10,926.24 (\$6,145.92 if Medicare eligible) if the

annuitant chose benefits provided by a health maintenance organization and \$14,939.04 (\$5,165.04 if Medicare eligible) if the annuitant chose other benefits. 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.

Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB. The total OPEB liability, as reported at June 30, 2018, was measured as of June 30, 2017, with an actuarial valuation as of June 30, 2016. The schedule of changes in the State's total OPEB liability, as of the measurement date, are presented below:

Table 17-2 (amounts expressed in thousands)	
Total OPEB liability[^]	
Service cost	\$ 1,696,977
Interest on the total OPEB liability	1,242,237
Difference between expected and actual experience	16,224
Changes of assumptions	(4,805,714)
Benefit payments	(325,218)
Net change in total OPEB liability	(2,175,494)
Total OPEB liability at June 30, 2016	43,499,353
Total OPEB liability at June 30, 2017	\$ 41,323,859
Covered-employee payroll	\$ 7,663,997
Total OPEB liability as a percentage of covered-employee payroll	539.19%
[^] Amounts represent the collective total OPEB liability for the State, including THA, ICHIP, and the nine university component units.	

The following table presents the total OPEB liability allocated between the primary government and the component units of the State.

Table 17-3 (amounts expressed in thousands)	
Primary Government	\$39,540,693
Component Units:	
Toll Highway Authority [^]	\$ 104,136
Other Authorities - Illinois	
Comprehensive Health	
Insurance Plan	3,099
Illinois State University	30,042
Northern Illinois University	49,837
Southern Illinois University	174,635
University of Illinois	1,314,760
Other Universities	106,657
Total Component Units	1,783,166
Total OPEB liability	\$41,323,859
[^] Due to THA's December 31 year end, it did not implement GASB Statement No. 75 or report its portion of the total OPEB liability in the current reporting period.	

The State recognized a collective total OPEB expense, including the primary government, THA, ICHIP and the nine university component units, for the year ended June 30, 2018, of \$2.072 billion.

At June 30, 2018, the primary government and its component units reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2017, from the following sources:

Table 17-4 (amounts expressed in thousands)

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total SEGIP</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 12,675	\$ 572	\$ 13,247
Changes in proportion and differences between employer contributions and proportionate share of contributions	(6,499)	6,499	-
State contributions subsequent to the measurement date	2,003,723	50,445	2,054,168
Total deferred outflows of resources	<u>\$ 2,009,899</u>	<u>\$ 57,516</u>	<u>\$ 2,067,415</u>
Deferred inflows of resources			
Changes of assumptions	\$ 3,754,376	\$ 169,311	\$ 3,923,687
Changes in proportion and differences between employer contributions and proportionate share of contributions	(290,305)	290,305	-
Total deferred inflows of resources	<u>\$ 3,464,071</u>	<u>\$ 459,616</u>	<u>\$ 3,923,687</u>

The component unit deferred outflows and deferred inflows of resources presented above are further allocated to THA, ICHIP and the State's nine university component units in the table below:

Table 17-5 (amounts expressed in thousands)

	<u>Toll Highway Authority[^]</u>	<u>Other Authorities ICHIP</u>	<u>Illinois State University</u>	<u>Northern Illinois University</u>	<u>Southern Illinois University</u>	<u>University of Illinois</u>	<u>Other Universities</u>	<u>Total Component Units</u>
Deferred outflows of resources								
Differences between expected and actual experience	\$ 33	\$ 1	\$ 10	\$ 16	\$ 56	\$ 421	\$ 35	\$ 572
Changes in proportion and differences between employer contributions and proportionate share of contributions				5,576			923	6,499
Contributions subsequent to the measurement date	12,861	18	633	1,104	3,584	30,222	2,023	50,445
Total deferred outflows of resources	<u>\$ 12,894</u>	<u>\$ 19</u>	<u>\$ 643</u>	<u>\$ 6,696</u>	<u>\$ 3,640</u>	<u>\$ 30,643</u>	<u>\$ 2,981</u>	<u>\$ 57,516</u>
Deferred inflows of resources								
Changes of assumptions	\$ 9,888	\$ 294	\$ 2,853	\$ 4,732	\$ 16,581	\$ 124,836	\$ 10,127	\$ 169,311
Changes in proportion and differences between employer contributions and proportionate share of contributions	31,538	1,918	1,740		36,759	202,830	15,520	290,305
Total deferred inflows of resources	<u>\$ 41,426</u>	<u>\$ 2,212</u>	<u>\$ 4,593</u>	<u>\$ 4,732</u>	<u>\$ 53,340</u>	<u>\$ 327,666</u>	<u>\$ 25,647</u>	<u>\$ 459,616</u>

[^] Due to the THA's December 31 year end, it did not implement GASB Statement No. 75 or report its portion of the deferred outflows and inflows in the current reporting period.

The amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Table 17-6 (amounts expressed in thousands)

Year ended June 30,		
2019	\$	(879,051)
2020		(879,051)
2021		(879,050)
2022		(879,050)
2023		(394,238)
Total	\$	<u>(3,910,440)</u>

The amounts represent the collective deferred outflow s outflow s and inflow s of resources for the State, including THA, ICHIP, and the nine university component units, to be recognized as expense in future years.

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2016, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2016.

Table 17-7

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.75%
Projected Salary Increases*	3.00% - 15.00%
Discount Rate	3.56%
Healthcare Cost Trend Rate:	
Medical (Pre-Medicare)	8.0 % grading down 0.5% in the first year to 7.5%, then grading down 0.01% in the second year to 7.49%, followed by grading down of 0.5% per year over 5 years to 4.99% in year 7
Medical (Post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%
Dental	7.5% grading down 0.5% per year over 6 years to 4.5%
Vision	3.00%
Retirees' share of benefit-related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2017 and 2018 are based on actual premiums. Premiums after 2018 were projected based on the same healthcare cost trend rates applied to per capita claim costs but excluding the additional trend rate that estimates the impact of the Excise Tax.
* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.	

Additionally, the demographic assumptions used in the this OPEB valuation are identical to those used in the June 30, 2016 valuations for GARS, JRS, SERS, TRS, and SURS as follows:

Table 17-8

	Retirement age experience study [^]	Mortality ^{^^}
GARS	July 2012 - June 2015	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	July 2012 - June 2015	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	July 2009 - June 2013	105 percent of the RP 2014 Healthy Annuitant mortality table, sex distinct, with rates projected to 2015; generational mortality improvement factors were added
TRS	July 2011 - June 2014	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2014
SURS	July 2010 - June 2014	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants

[^] 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 remained unchanged.

^{^^} Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Discount rate. Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 2.85% at June 30, 2016, and 3.56% at June 30, 2017, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate. The following presents the plan's total OPEB liability, calculated using a Single Discount Rate of 3.56%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.56%) or lower (2.56%) than the current rate:

Table 17-9 (amounts expressed in thousands)

	1% Decrease (2.56%)	Current Single Discount Rate Assumption (3.56%)	1% Increase (4.56%)
Total OPEB liability [^]	\$ 46,881,577	\$ 41,323,859	\$ 35,797,432

[^] The amounts represent the collective total OPEB liability for the State including THA, ICHIP, and the nine university component units.

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the plans total OPEB liability, calculated using the healthcare cost trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.0% in 2018 decreasing to an ultimate trend rate of 4.99% in 2025, for non-Medicare coverage, and 9.0% decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

Table 17-10 (amounts expressed in thousands)

	1% Decrease*	Current Healthcare Cost Trend Rates Assumption	1% Increase**
Total OPEB liability^	\$ 35,310,895	\$ 41,323,859	\$ 46,287,991

^ The amounts represent the collective total OPEB liability for the State including THA, ICHIP, and the nine university component units.

* One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 3.99% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

** One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 5.99% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

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. Eligibility to participate in both OPEB plans is defined in the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5 and 5 ILCS 375/6.9, respectively.) The 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.

Plan description. The Teacher Health Insurance Security Fund (“THISF”) (also known as the Teacher Retirement Insurance Program (“TRIP”)) is a non-appropriated trust fund held outside of the State Treasury, with the State Treasurer as custodian. Amounts deposited into the trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. TRIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees of participating school districts throughout the State of Illinois, excluding the Chicago Public School System. Annuitants may participate in the State administered Preferred Provider Organization plan or choose from several managed care options. The Department administers the plan with the cooperation of TRS.

To be eligible, retirees of public schools must have been certified educators or administrators during their time of employment. Eligibility to participate in the plan is currently limited to former full-time employees, or if not a full-time employee, an individual that is in a permanent and continuous basis in a position in which services are expected to be rendered for at least one school term, and their dependents. As of the measurement date of June 30, 2017, there were 975 school districts participating.

The Community College Health Insurance Security Fund (“CCHISF”) (also known as The College Insurance Program, “CIP”) is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Amounts deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. The Department administers the plan with the cooperation of SURS and the boards of trustees of the various community college districts.

All members receiving benefits from SURS who have been full-time employees of a community college district or an association of a community college who have paid the required active member contributions prior to retirement age are eligible to participate in CIP. Survivors of an annuitant or benefit recipient eligible for CIP coverage are also eligible for coverage under CIP. As of the measurement date of June 30, 2017, there were 39 community college districts participating.

Benefits provided. TRIP health coverage includes provisions for medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits. CIP health coverage includes provisions for medical, prescription drugs, vision, dental and behavioral health benefits.

Employees covered by benefit terms. As of the measurement date of June 30, 2017, the following employees were covered by the defined benefit terms of each program, respectively:

	<u>TRIP</u>	<u>CIP</u>
Inactive employees or beneficiaries currently receiving benefit payments	64,030	6,031
Inactive employees entitled to but not yet receiving benefit payments	39,649	5,679
Active employees	154,176	20,319
Total	<u>257,855</u>	<u>32,029</u>

Funding policy and contributions. For TRIP retiree healthcare benefits are funded on a pay-as-you-go basis. The cost of TRIP is shared among active members, retirees, the individual school districts and the State. For fiscal year 2018, active members contributed 1.18% of pay, and school districts contributed an amount equal to 0.88% of each teacher’s salary. The Department of Central Management Services determines, by rule, the percentage required, which each year, shall not exceed 105% of the percentage of salary required to be paid in the previous fiscal year. In addition, under the State Pension Funds Continuing Appropriations Act, the State is required 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 TRS Board of Trustees. The State contributed \$114.168 million for fiscal year 2018.

The Act requires that the Department’s Director determine the rates and premiums of annuitants and dependent beneficiaries and establish the cost-sharing parameters, as well as funding. Member premiums are set by this statute, which provides for a subsidy of either 50% or 75%, depending upon member benefit choices. Dependents are eligible for coverage, at a rate of 100% of the cost of coverage.

For CIP retiree healthcare benefits are funded on a pay-as-you-go basis. The cost of CIP is shared among active members, retirees, community college districts and the State. For fiscal year 2018, the Act required 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 0.5% of salary and every community college district or association of community college boards to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who are required to contribute to the plan. In addition, under the State Pension Funds Continuing Appropriations Act, the State is required 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 State contributed \$4.133 million for fiscal year 2018.

The Act requires the Department’s Director to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by CIP.

OPEB liabilities, deferred outflows and inflows of resources related to OPEB and OPEB expense. TRIP is a cost-sharing multiple-employer defined benefit plan with a special funding situation. As a nonemployer contributing entity, at June 30, 2018, the State reported a liability of \$14.732 billion for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the State’s proportion was 56.771%, based on its contribution requirement. This is a decrease of 2.287% from its proportion measured as of the prior year measurement date of June 30, 2016.

CIP is also a cost-sharing multiple-employer defined benefit plan with a special funding situation. At June 30, 2018, the State reported a liability of \$905.774 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. At June 30, 2017, the State’s proportionate share of the liability was 49.669% based on its contribution requirement. This is a decrease of 2.661% from its proportionate share measured as of the prior year measurement date.

As a result of the State’s contribution requirements for the plans, the State recognized OPEB expense for the year ended June 30, 2018, as follows:

Plan	OPEB Expense
TRIP	\$ 1,045,358
CIP	\$ 80,043

At June 30, 2018, the State reported deferred outflows and deferred inflows of resources related to each plan, as of the measurement date from the following sources:

Table 17-13 (amounts expressed in thousands)

	TRIP		CIP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience		\$ 8,344		\$ 2,563
Changes of assumptions		1,754,011		75,450
Net difference between projected and actual investment earnings on OPEB plan investments		162		10
Changes in proportion and differences between employer contributions and share of contributions.		323,327		20,593
State contributions subsequent to the measurement date	\$ 114,168		\$ 4,133	
Total	<u>\$ 114,168</u>	<u>\$ 2,085,844</u>	<u>\$ 4,133</u>	<u>\$ 98,616</u>

The amounts reported as deferred outflows of resources resulting from State contributions to TRIP and CIP, respectively, subsequent to the measurement date will be recognized as a reduction of the respective net OPEB liability for each of the plans in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources for TRIP and CIP as a result of the State’s requirement to contribute to the plans will be recognized in expense as follows:

Table 17-14 (amounts expressed in thousands)

Year ended June 30,	TRIP	CIP
2019	\$ (320,422)	\$ (19,724)
2020	(320,422)	(19,724)
2021	(320,422)	(19,724)
2022	(320,422)	(19,724)
2023	(320,381)	(19,720)
Thereafter	(483,775)	-
Total	<u>\$ (2,085,844)</u>	<u>\$ (98,616)</u>

Actuarial methods and assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation of TRIP was based on TRS active, inactive and retiree data as of June 30, 2016, and TRIP retiree data as of June 30, 2016, while the actuarial valuation of CIP was based on SURS active, inactive and retiree data as of June 30, 2016, for eligible community college members, and CIP retiree data as of June 30, 2016.

Table 17-15	TRIP	CIP
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Inflation Rate	2.75%	2.75%
Projected Salary Increases*	3.25% - 9.25%	3.75% - 10.0%
Investment Rate of Return	0.00%	0.00%
Retirement age experience study ^	July 2011 - June 2014	July 2010 - June 2014
Mortality	RP-2014 with future mortality improvements on a fully generational basis using projection table MP-2014	RP-2014 White Collar, gender distinct, projected using MP-2014 two dimensional mortality improvement scale, set forward one year for male and female annuitants.
Healthcare Cost Trend Rate:		
Medical and Rx (Pre-Medicare)	8.0% grading down 0.5% in the first year to 7.5%, then grading up 0.09% in the second year to 7.59%, followed by grading down of 0.5% per year over 5 years to 5.09% in year 7.	8.0% grading down 0.5% in the first year to 7.5%, then grading up 0.02% in the second year to 7.52%, followed by grading down of 0.5% per year over 5 years to 5.02% in year 7.
Medical and Rx (Post-Medicare)	9.0% grading down 0.5% per year over 9 years to 4.5%	9.0% grading down 0.5% per year over 9 years to 4.5%
Retiree Premium	5.0% grading down 0.5% in the final year 9.	5.0% grading down 0.5% in the final year 9.
* Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.		
^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.		

As of the measurement date of June 30, 2017, the THSIF and CCHISF earned \$357 thousand and \$24 thousand in interest, respectively. Due to a significant benefit payable in each plan, the market value of assets for TRIP and CIP was negative \$43.131 million and \$50.603 million, respectively. The significant benefit payable, the negative asset value, and the pay-as-you-go funding policy resulted in a long-term expected rate of return assumption of zero for both plans.

Discount rate. Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 2.85% at June 30, 2016, and 3.56% at June 30, 2017, was used to measure the net OPEB liability for both TRIP and CIP.

Sensitivity of net OPEB liability to changes in the single discount rate. The net OPEB liability for each plan calculated using the single discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a single discount rate that is one percentage point lower (2.56%) or higher (4.56%) than the current rate is shown below:

Table 17-16 (amounts expressed in thousands)

Plan	1% Decrease (2.56%)	Current Single Discount Rate Assumption (3.56%)	1% Increase (4.56%)
TRIP	\$ 17,678,040	\$ 14,731,764	\$ 12,374,277
CIP	\$ 1,035,899	\$ 905,774	\$ 793,590

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. The net OPEB liability for each plan calculated using the healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or higher than the current healthcare cost trend rates is shown below. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% for TRIP and 5.02% for CIP in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.5% for both plans in 2027, for Medicare coverage.

Table 17-17 (amounts expressed in thousands)

Plan	1% Decrease*	Current Healthcare Cost Trend Rates Assumption	1% Increase**
TRIP	\$ 11,890,043	\$ 14,731,764	\$ 18,810,575
CIP	\$ 751,431	\$ 905,774	\$ 1,129,126

* One percentage point decrease in healthcare trend rates are 7.00% in 2018 for both plans decreasing to an ultimate trend rate of 4.09% for TRIP and 4.02% for CIP in 2025, for non-Medicare coverage, and 8.00% in 2018, decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage for both plans.

** One percentage point increase in healthcare trend rates are 9.00% in 2018, for both plans, decreasing to an ultimate trend rate of 6.09% for TRIP and 5.02% for CIP in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

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, 2018. The amounts are segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value.

Investment Type	Fair Value	Significant Other Observable Inputs (Level 2)
Investments by fair value level		
U.S. Treasury obligations	\$ 2,538,875	\$ 2,538,875
U.S. Agency obligations	2,516,621	2,516,621
Supranational bonds	130,755	130,755
Municipal debt	55,196	55,196
Corporate debt securities	433,402	433,402
Equity in other investment pools	25	25
Total investments by fair value level	5,674,874	\$ 5,674,874
Investments measured at the net asset value (NAV)		
Private equity (1)	84,930	
Total investments measured at the NAV	84,930	
Investments measured at amortized cost		
U.S. Treasury bills	1,108,475	
U.S. Agency discount notes	473,879	
Commercial paper	3,302,674	
Money market mutual funds	766,701	
Repurchase agreements	1,474,974	
Securities lending collateral invested in repurchase agreements	4,521,091	
Illinois Public Treasurers' Investment Pool	1,603,093	
Total investments measured at amortized cost	13,250,887	
Total investments	\$ 19,010,691	

- (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 June 24, 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, 2018, there are unfunded commitments of \$99.112 million.

Primary government investments held outside of the State Treasury at June 30, 2018, 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, 2018, 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	\$ 5,474	\$ -	\$ 5,474	\$ -
U.S. Treasury obligations	1,022,102	966,751	55,351	-
U.S. Agency obligations	67,240	40	67,200	-
Municipal debt	152,910	2,943	149,967	-
Corporate debt securities	61,214	-	61,214	-
Debt mutual funds	3,881,257	3,881,257	-	-
Government notes - non U.S.	2,169	1,500	669	-
Money market mutual funds	1,148,190	1,145,419	2,771	-
Equity securities	228,296	228,296	-	-
Equity mutual funds	6,216,755	6,216,755	-	-
Blended mutual funds	1,812	1,812	-	-
Guaranteed investment contracts	583,962	583,962	-	-
Bond trust funds	77,530	-	77,530	-
Equity trust funds	1,211,830	1,211,830	-	-
Mixed trust funds	2,572,638	2,572,638	-	-
Annuities	222	-	-	222
Other	42,695	-	42,695	-
Total investments by fair value level	17,276,296	\$ 16,813,203	\$ 462,871	\$ 222
Investments measured at the net asset value (NAV)				
High yield fund (1)	38,521			
Absolute return fund (2)	78,073			
Real estate investment trust (3)	45,138			
Infrastructure funds (4)	46,036			
Real estate funds (5)	49,814			
Private equity (6)	12,714			
International equity (7)	72,853			
U.S. equity mutual fund (8)	1,740			
U.S. debt mutual fund (8)	556			
Total investments measured at the NAV	345,445			
Investments measured at amortized cost				
Cash and pending trades	2,649			
Money market mutual funds	13,762			
Equity in Public Treasurers' Investment Pool	3,671,057			
Total investments measured at amortized cost	3,687,468			
Equity in Illinois State Board of Investments*	38,606			
Total investments	\$ 21,347,815			
Hedging derivative instruments by fair value level				
Interest rate swap contracts	\$ (78,363)	\$ -	\$ (78,363)	\$ -
Total hedging derivative instruments by fair value level	\$ (78,363)	\$ -	\$ (78,363)	\$ -

* Total investments of Illinois State Board of Investments are \$18,320,775. 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, 2018, \$199 thousand was held in a liquidating account related to prior redemptions.
- (2) **Absolute return fund:** Of the total investment, \$50.793 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 \$27.280 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 \$10 million redemption was initiated in June 2018 for distribution September 30, 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 U.S., 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 10% to 20% (varies by investment manager) within fiscal year 2019. There are unfunded commitments of \$4.738 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%, 50% and 100% (varies by investment manager) within fiscal year 2019.
 - (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 funds. 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 four years with 20% to 100% (varies by investment manager) within fiscal year 2019. There are unfunded commitments of \$3.547 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 U.S. 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.

The following table summarizes the investments held by ISBI as of June 30, 2018. 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)
Investments by fair value level				
U.S. Treasury obligations	\$ 3,051,823	\$ -	\$ 3,051,823	\$ -
U.S. Agency obligations	721,173	-	721,173	-
Municipal debt	8,911	-	8,911	-
Corporate obligations	1,295,227	-	1,289,899	5,328
Common stock and equity funds	5,288,870	5,287,713	1,135	22
Foreign equity securities	2,239,629	2,235,519	3,662	448
Foreign preferred stock	8,764	8,764	-	-
Bank loans	464,316	-	36,604	427,712
Foreign forward currency contracts	(7,847)	(7,847)	-	-
Total investments by fair value level	13,070,866	\$ 7,524,149	\$ 5,113,207	\$ 433,510
Investments measured at the net asset value (NAV)				
Commingled funds (1)	1,721,839			
Real estate (2)	1,594,775			
Private equity (3)	706,768			
Infrastructure (4)	408,986			
Opportunistic debt (5)	225,053			
Hedge funds (6)	360,744			
Total investments measured at the NAV	5,018,165			
Investments measured at amortized cost				
Money market instruments	231,744			
Total investments measured at amortized cost	231,744			
Total investments	\$ 18,320,775			

- (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. These investments provide primarily liquid exposure to publicly traded equity and fixed income markets. The equity portfolios provide diversification benefits and return enhancement to the overall fund in both domestic and international equity markets. Commingled funds are also called "pooled funds" and "master trusts." Investment strategies consist of investments in six diversified funds focusing on emerging markets and six long-only equity funds. 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, 2018. It is probable that any investments sold will be sold at an amount different from the current NAV per share (or its equivalent) 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-six funds with the goals of diversifying ISBI's overall portfolio, providing capital appreciation, and supplementing the total return of the portfolio through exposure to private real estate assets in both open-end and closed-end structures. Investments in this category are globally diversified and consist of office, industrial, multi-family, storage, and other types of assets. Core assets are expected to provide strong diversification through primary markets and high-income potential. Non-core assets are typically higher risk assets with stronger capital appreciation. 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, 2018. It is probable that any investments sold will be sold at an amount different from the current NAV per share (or its equivalent) of the plan's ownership interest. There are unfunded commitments of \$713.3 million at June 30, 2018.

- (3) **Private equity:** ISBI's assets in this category consist of investments in funds not listed on public exchanges. Investment strategies consist of investments in sixty-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. The strategies of Private Equity funds, include, but are not limited to, leveraged buyouts, venture capital, growth capital, and mezzanine capital. 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, 2018. It is probable that any investments sold will be sold at an amount different from the current NAV per share (or its equivalent) of the plan's ownership interest. There are unfunded commitments of \$707.6 million at June 30, 2018.
- (4) **Infrastructure:** 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.) and are typically made as a part of a privatization initiative on the part of a government entity. Investment strategies consist of investments in six funds with the goals of diversifying ISBI's overall portfolio which is comprised predominantly of fixed income and equity assets and providing capital appreciation and income generation. 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, 2018. It is probable that any investments sold will be sold at an amount different from the current NAV per share (or its equivalent) of the plan's ownership interest. There are unfunded commitments of \$23.5 million at June 30, 2018.
- (5) **Opportunistic debt:** ISBI's assets in this category consist of investments in private fixed income markets. Investment strategies consist of investments in seventeen funds with the goals of diversifying ISBI's overall portfolio, providing downside protection through assets that are capital collateralized, 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, 2018. It is probable that any investments sold will be sold at an amount different from the current NAV of the plan's ownership interest. There are unfunded commitments of \$660.1 million as of June 30, 2018.
- (6) **Hedge funds:** ISBI is currently in the process of transitioning investments in hedge fund vehicles to long-only equity vehicles. Assets in this category have historically consisted of investments in funds that seek to generate better than average return and provide a hedge against a downward trend in the overall market. Investment strategies currently consist of investments in eighteen funds including hedge fund and long-only 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. As of June 30, 2018, for the majority of the hedge fund investments, ISBI has plans to transition out entirely or to long-only equity assets. It is probable that any investments sold will be sold at an amount different from the current NAV per share (or its equivalent) 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, 2018:

Table 18-4 (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	\$ 1,648,604	\$ -	\$ 1,648,604	\$ -
U.S. Agency obligations	766,037	-	766,037	-
Corporate debt securities	4,681,670	-	4,678,234	3,436
Foreign debt securities	1,486,779	-	1,476,128	10,651
Commingled fixed income funds	326,769	326,769	-	-
International common and preferred stock	10,109,996	10,106,518	3,478	-
U.S. equities	7,792,089	7,778,286	13,803	-
Municipal obligations	46,548	-	46,548	-
Real estate	5,015,068	-	-	5,015,068
Securities lending collateral	2,248,613	153,657	2,094,956	-
Total investments by fair value level	34,122,173	\$ 18,365,230	\$ 10,727,788	\$ 5,029,155
Investment derivative instruments by fair value level				
Credit default swaps	14	\$ -	\$ 14	\$ -
Index and variance swaps	(1,988)	-	(1,988)	-
Inflation swaps	(1,714)	-	(1,714)	-
Interest rate swaps	40,388	-	40,388	-
Options	(857)	-	(857)	-
Swaptions	(3,623)	-	(3,623)	-
Total investment derivative instruments by fair value level	32,220	\$ -	\$ 32,220	\$ -
Investments measured at the net asset value (NAV)				
Diversifying strategies (1) (2)	5,855,618			
Commingled fixed income funds (3) (4)	3,181,686			
International equity commingled funds (5)	305,511			
Private equity partnerships (6)	6,788,647			
Private real estate partnerships (6)	2,220,493			
Other real assets (7) (8)	464,051			
Total investments measured at the NAV	18,816,006			
Investments measured at amortized cost				
Short-term investments	1,280,713			
Total investments measured at amortized cost	1,280,713			
Total investments subject to disclosure	54,251,112			
Less cash equivalents	(53,704)			
Total investments	\$ 54,197,408			

- (1) **Diversifying funds (liquid strategies):** The diversifying strategies asset class applies various strategies that provide diversification to the total investment portfolio. Investments focus on reducing equity-like risk characteristics encompassed in the overall TRS portfolio by enhancing exposures to strategies that show little to no correlation to growth factors while adding positive skew and active risk management characteristics. Risk parity and alternative risk premia strategies consists of five direct investments focusing on market neutral and long only expressions of cross-asset risk. The systematic and discretionary macro strategies include direct investment in 11 funds diversifying through regional and product expertise, speed of algorithms, and style of trading. Opportunistic alpha funds, including five direct investments and two diversified funds, use idiosyncratic alpha capture through liquidity and security selection. 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 submitted redemption request for one fund, valued at \$316.064 million, and completely exited on August 1, 2018.
- (2) **Diversifying funds (illiquid strategies):** The diversifying strategies asset class also includes three opportunistic alpha funds 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 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 and are audited annually. The average life of these funds span 5 to 10 years and the funds will 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, 2018.
- (3) **Commingled fixed income funds:** The investment strategies for the eight 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 monthly to quarterly upon notice of redemption and TRS has no plans to liquidate as of June 30, 2018.
 - (4) **Fixed income private debt funds:** Private debt funds consist of 27 funds investing across strategies such as stressed debt/credit, direct lending, specialty finance, 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 one to ten years and distributions are received throughout the life of the fund. TRS has no plans to liquidate as of June 30, 2018; however, three of the funds, with fair value of \$66.5 million, are approaching the end of the partnership term, winding down, and distributing cash as the funds sell underlying investments.
 - (5) **International equity commingled funds:** International equity commingled funds include one fund investing in emerging market small cap equities diversified across multiple sectors. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the investments. Daily liquidity is available.
 - (6) **Private equity and real estate partnerships:** TRS has 193 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 48 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. During the fiscal year, TRS sold 21 private equity funds on the secondary market. As of June 30, 2018, it is probable that all investments in this type will be sold at an amount different from the current NAV per share (or its equivalent) of the plan's ownership interest.
 - (7) **Real return fund:** TRS holds one multi-strategy real return fund (\$331 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, 2018.
 - (8) **Real assets partnerships:** Real assets strategies include three limited partnerships (\$133 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, 2018, 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, 2018. 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	\$ 1,706,241	\$ 1,706,241	\$ -	\$ -
U.S. Agency obligations	771,281	-	732,917	38,364
Municipal obligations	26,247	-	23,664	2,583
Corporate debt securities	1,174,863	-	1,106,524	68,339
Fixed income funds	262,069	-	262,069	-
Fixed income mutual funds	491,145	491,145	-	-
Foreign obligations	47,702	-	46,209	1,493
U.S. equities	5,726,440	5,724,394	1,767	279
Foreign equity securities	2,345,645	2,281,955	63,442	248
Short-term securities and cash adjustments	21,141	19,640	1,501	-
Real estate funds	39,050	39,050	-	-
Equity funds	1,513,507	1,513,507	-	-
Securities lending collateral	780,639	-	780,639	-
Total investments by fair value level	14,905,970	\$ 11,775,932	\$ 3,018,732	\$ 111,306
Investment derivative instruments by fair value level				
U.S. fixed income derivatives	12,755	\$ (72)	\$ 12,827	\$ -
Foreign fixed income derivatives	(1,423)	-	(1,423)	-
U.S. equity derivatives	(3,310)	(3,311)	1	-
Foreign equity derivatives	(156)	(156)	-	-
Total investment derivative instruments by fair value level	7,866	\$ (3,539)	\$ 11,405	\$ -
Investments measured at the net asset value (NAV)				
Commingled fixed income funds (1)	835,131			
Commingled equity funds (1)	2,167,879			
Commingled foreign equity funds (1)	537,002			
Private real estate funds (2)	1,012,089			
Private equity funds (2)	1,209,340			
Hedge funds (3)	860,515			
Commodity funds (4)	367,617			
Stable value fund (5)	50,412			
Commingled equity pools (6)	275,904			
Total investments measured at the NAV	7,315,889			
Total investments subject to disclosure	22,229,725			
Less cash equivalents	(60,466)			
Total investments	\$ 22,169,259			

- (1) **Commingled funds:** Nine 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 16 core, value-add, and opportunistic real estate funds. The private equity funds are 230 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, 2018, 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 \$185.635 million and \$817.100 million in unfunded commitments in the private real estate funds and private equity funds, respectively.
- (3) **Hedge funds:** Four 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, 2018. 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, 2018, 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	\$ 31,897	\$ 31,897	\$ -
U.S. Agency obligations	968,622	-	968,622
Negotiable certificates of deposit	21,638	21,638	-
Total investments by fair value level	1,022,157	\$ 53,535	\$ 968,622
Investments measured at amortized cost			
Money market mutual funds	312,425		
Total investments measured at amortized cost	312,425		
Total investments	1,334,582		
Less cash equivalents	(312,425)		
Total investments	\$ 1,022,157		
Hedging derivative instruments by fair value level			
Interest rate swaps and caps	\$ (230)	\$ -	\$ (230)
Total hedging derivative instruments by fair value level	\$ (230)	\$ -	\$ (230)

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 2 inputs are significant other observable inputs that can be accessed at a measurement date.

The following table summarizes assets measured at fair value as of December 31, 2017 (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	Significant Other Observable Inputs (Level 2)
Investments measured at amortized cost		
U.S. Treasury obligations	\$ 370,000	
Money market mutual funds	164,254	
Total investments measured at amortized cost	534,254	
Total investments	534,254	
Less cash equivalents	(164,254)	
Total investments	\$ 370,000	
Hedging derivative instruments by fair value level		
Interest rate swaps	\$ (208,387)	\$ (208,387)
Total hedging derivative instruments by fair value level	\$ (208,387)	\$ (208,387)

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, 2018, 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	\$ 97,595	\$ 97,595	\$ -
U.S. Agency obligations	151,775	-	151,775
Money market mutual funds	9,995	9,995	-
Total investments by fair value level	259,365	\$ 107,590	\$ 151,775
Investments measured at amortized cost			
Illinois Public Treasurers' Investment Pool	12,509		
Total investments measured at amortized cost	12,509		
Total investments subject to disclosure	271,874		
Less cash equivalents	(22,504)		
Total investments of the University	\$ 249,370		

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 a multidimensional relational model including standard inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers, and reference data. There have been no significant changes in valuation techniques.

The following table summarizes assets measured at fair value as of June 30, 2018, 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	\$ 33,788	\$ 33,788
U.S. Agency obligations	42,179	42,179
Total investments by fair value level	75,967	\$ 75,967
Investments measured at amortized cost		
Money market mutual funds	21,342	
Illinois Public Treasurers' Investment Pool	40,920	
Total investments measured at amortized cost	62,262	
Total investments subject to disclosure	138,229	
Less cash equivalents	(21,342)	
Total investments of the University	\$ 116,887	

SOUTHERN ILLINOIS UNIVERSITY (“SIU”)

SIU categorizes fair values according to the hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) for identical assets or

liabilities in active markets. Level 2 inputs are inputs other than quoted prices that are observable for an asset or liability, directly or indirectly. The fair values 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, 2018, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Table 18-10 (amounts expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments by fair value level			
U.S. Treasury obligations	\$ 72,943	\$ -	\$ 72,943
U.S. Agency obligations	81,204	-	81,204
Commercial paper	67,695	-	67,695
Common stock	44	44	-
Total investments by fair value level	221,886	\$ 44	\$ 221,842
Investments measured at amortized cost			
Illinois Public Treasurers' Investment Pool	64,918		
Total investments measured at amortized cost	64,918		
Total investments subject to disclosure	286,804		
Less cash equivalents	(64,918)		
Total investments of the University	\$ 221,886		

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 bond funds, equity funds, and 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 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, 2018.

The following table summarizes investments and derivative instruments measured at fair value as of June 30, 2018, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

Table 18-11 (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	\$ 357,067	\$ -	\$ 357,067	\$ -
U.S. Agency obligations	141,624	-	141,624	-
Commercial paper	18,000	-	18,000	-
Corporate bonds	826,070	-	826,070	-
Non government mortgage-backed securities	70,556	-	70,556	-
Other asset-backed securities	289,560	-	289,560	-
Government bonds - non U.S.	9,658	-	9,658	-
Municipal bonds	23,285	-	23,285	-
Bond funds	3,676	3,676	-	-
U.S. equities	27,029	26,936	-	93
Equity funds	5,996	5,996	-	-
Real estate - farm properties	99,963	-	-	99,963
Total investments by fair value level	1,872,484	\$ 36,608	\$ 1,735,820	\$ 100,056
Investments measured at the net asset value (NAV)				
Bond funds (1)	75,923			
Equity funds (2)	357,864			
Hedge funds (3)	45,995			
Private equity (4)	45,698			
Real estate (5)	38,332			
Total investments measured at the NAV	563,812			
Investments measured at amortized cost				
Money market mutual funds	829,497			
Illinois Public Treasurers' Investment Pool	2,665			
Total investments measured at amortized cost	832,162			
Total investments subject to disclosure	3,268,458			
Less cash equivalents	(841,270)			
Total investments of the University	\$ 2,427,188			
Hedging derivative instruments by fair value level				
Interest rate swaps	\$ (3,176)	\$ -	\$ (3,176)	\$ -
Total hedging derivative instruments by fair value level	\$ (3,176)	\$ -	\$ (3,176)	\$ -

- (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 less than 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 may be able to 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 \$36.911 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, 2018.
- (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, 2018.

19 FUND DEFICITS/CASH FLOW DEFICITS

A. Fund Deficits

Primary Government - Governmental Activities

Major Governmental Funds

The State's General Fund, from which a significant portion of day to day operating expenditures are paid, has a GAAP deficit aggregating \$7.763 billion at June 30, 2018. This deficit results from spending in excess of revenues recognized.

Nonmajor Governmental Funds

The State and Local Sales Tax Reform Fund, the Local Government Distributive Fund and the Personal Property Tax Replacement Fund of the Department of Revenue and the Transportation Bond, Series A Fund of the Department of Transportation have deficits aggregating \$181 thousand, \$13.828 million, \$196.985 million, and \$10.716 million, respectively, at June 30, 2018, resulting from spending and transfers to other State funds in excess of revenues recognized.

The Tobacco Settlement Recovery Fund of the Treasurer, the Employment and Training Fund and the DHS Recoveries Trust Fund of the Department of Human Services, the Public Health Services Fund of the Department of Public Health and the SBE Federal Department of Education Fund of the State Board of Education have deficits at June 30, 2018, aggregating \$382.475 million, \$3.339 million, \$152.494 million, \$471 thousand and \$53.427 million, respectively, resulting from the recognition of fund liabilities in excess of accrued revenues on the modified accrual basis.

Primary Government – Business-Type Activities

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 \$89.860 million, \$203.888 million, and \$60.670 million, respectively, at June 30, 2018, resulting from the recognition of a proportionate share of the net pension liability and OPEB liability.

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, 2018, aggregating \$9.228 million and \$64.261 million, respectively, resulting from insufficient contributions due to funding based on a pay-as-you-go basis.

B. Cash Flow Deficits

As of June 30, 2018, transactions totaling \$7.492 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, \$1.210 billion related to intra-governmental transactions and \$3.083 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.

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 \$118 thousand and \$218 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 \$5.217 million and \$11.461 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 \$603.493 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 \$649.209 million. 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, 2018:

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:				
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>
2018				
Auto Liability	\$ 17,631	\$ 2,894	\$ (3,511)	\$ 17,014
Workers' Compensation	614,856	101,190	(112,553)	603,493
Health Insurance	1,549,644	1,030,056	(1,930,491)	649,209
Total	<u>\$ 2,182,131</u>	<u>\$ 1,134,140</u>	<u>\$ (2,046,555)</u>	<u>\$ 1,269,716</u>
Component Units, (Information for the Illinois State Toll Highway Authority is as of December 31):				
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>
2018				
Illinois State Toll Highway Authority	\$ 17,310	\$ 13,878	\$ (15,597)	\$ 15,591
Southern Illinois University	35,094	5,039	(10,928)	29,205
University of Illinois	239,485	53,398	(57,835)	235,048
Total	<u>\$ 291,889</u>	<u>\$ 72,315</u>	<u>\$ (84,360)</u>	<u>\$ 279,844</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 \$15.591 million at December 31, 2017.

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 \$29.205 million at June 30, 2018.

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 \$235.048 million at June 30, 2018.

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 \$3.768 billion as of June 30, 2018, which will be financed through State reappropriations. Also, the Capital Development Board has outstanding construction commitments for building and building additions and improvements of \$167.1 million as of June 30, 2018, which will be financed through State reappropriations. The Illinois State Toll Highway Authority, reported on a December 31st year-end, has entered into commitments for road construction of \$1.4 billion as of December 31, 2017. Illinois State University and the University of Illinois have outstanding construction commitments for various building and building improvement projects of \$43.649 million and \$306.875 million, respectively, as of June 30, 2018.

B. Investment Commitments

The Office of the Treasurer has outstanding commitments at June 30, 2018, for Illinois Technology Development of approximately \$99 million. The Illinois State Board of Investments has total unfunded investment commitments of \$2.1 billion outstanding at June 30, 2018. The

Teachers' Retirement System has outstanding commitments at June 30, 2018, for the future purchase of investments in the real estate, other real assets, private equity, diversifying strategies, and global fixed income asset classes of \$6.783 billion. The State Universities Retirement System has outstanding commitments at June 30, 2018, to private equity limited partnerships, real estate partnerships and infrastructure partnerships of approximately \$817.1 million, \$159.3 million and \$26.5 million, respectively.

C. Illinois Housing Development Authority Loans

The Illinois Housing Development Authority has entered into commitments aggregating \$34.151 million for the purchase of various home loans as of June 30, 2018.

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, 2018, are as follows:

Operating Leases		Major Component Units					University of Illinois
		Illinois Housing Development Authority	Illinois State University	Northern Illinois University	Southern Illinois University		
Year Ending June 30	Primary Government						
2019	\$ 177,411	\$ 2,732	\$ 1,278	\$ 701	\$ 8,772	\$ 11,759	
2020	125,882	2,732	801	697	3,825	8,404	
2021	96,511	2,732	110	608	1,031	5,522	
2022	45,050	2,122	90	51	934	4,158	
2023	17,774	1,817	-	-	140	3,108	
2024-2028	6,984	6,058	-	-	-	8,093	
2029-2033	-	-	-	-	-	1	
2034-2038	-	-	-	-	-	1	
2039-2043	-	-	-	-	-	3	
Total minimum lease payments	\$ 469,612	\$ 18,193	\$ 2,279	\$ 2,057	\$ 14,702	\$ 41,049	

Rental payments for operating leases charged to operations during the year ended June 30, 2018, aggregated \$255.211 million for the governmental and business-type activities and \$594 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, 2018, of \$2.732 million, \$1.592 million, \$779 thousand, \$9.527 million, and \$15.178 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, 2018, approximately 20.6 thousand agreements were in place with total future commitments of approximately \$807 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, 2018, the State of Illinois has \$81.935 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

The State implemented a new Integrated Eligibility System (“IES”) for the intake and processing of applications in order to determine eligibility for various health and human services programs in October 2013. The State has experienced delays in processing applications due to an increase in the number of applications for the expanded Medicaid programs and open enrollment periods, insufficient caseworker resources, and other factors. These delays resulted in applications not being reviewed and approved or denied within the mandated 45-day timeframe. As of June 30, 2018, the Department of Healthcare and Family Services (“DHFS”), along with the Department of Human Services (“DHS”), had 125,044 unprocessed applications, a portion of which seek Medicaid long-term care benefits. On March 29, 2018 a preliminary order in a class-action lawsuit was issued indicating the DHFS was to give provisional eligibility and to pay for those benefits beginning on June 28, 2018. The associated liability is considered to be included in the calculation of the overall medical accrual liability estimate recorded in accounts payable.

During Fiscal Year 2018, the DHFS and the DHS implemented additional functionality within IES. During this transition, the State experienced several significant issues, including problems with (1) transfer of data files, (2) documentation of eligibility decisions, and (3) noncompliance with federal regulations requiring the timely determination and redetermination of eligibility for programs. Due to these problems, the U.S. Department of Health & Human Services, Centers for Medicare & Medicaid Services (“CMMS”) required the DHFS to finalize and submit a corrective action plan for approval no later than August 31, 2019.

CMMS has indicated to the DHFS that, provided an acceptable corrective action plan is implemented by the State and the State adheres to the timeframes and milestones contained therein, no disallowances or withholding of federal financial participation (“FFP”) is anticipated; however, if CMMS determines the State either ultimately (1) does not submit an acceptable corrective action plan or (2) does not adhere to the requirements of the corrective action plan, CMMS may initiate formal compliance proceedings. In addition, the U.S. Department of Agriculture, Food and Nutritional Services has indicated to the DHS that there would be no disallowance or withholding of FFP if they make the necessary corrections.

The State has also experienced ongoing challenges in determining eligibility for long-term care services, primarily care in nursing homes. As a part of the determination of eligibility, a long-term care admission report must be filed with the DHFS for the DHS to determine eligibility; however, long-term care providers were not always notified of the report status. Thus, the DHFS has allowed the long-term care providers to resubmit admission reports the providers believed were adjudicated incorrectly. The DHS will review this information and, if not denied, the DHFS

will allow the provider to bill the State for unpaid claims. The actual amount that will be owed upon adjudication cannot be fully estimated at this time; however, approximately one-half of the liability amount, once known, will be eligible for FFP.

In December 2018, CMMS issued four Demand Letters for return of FFP related to certain optical service/supply, inpatient psychiatric and Disproportionate Share Hospital payments. The total dollar value of the FFP identified in those letters was approximately \$121.5 million and was related to services that go back as far as fiscal year 2000. The Demand Letters do not represent formal disallowances of the identified FFP although such notification could be forthcoming in the future. The DHFS has notified CMMS in writing that it does not plan to return the FFP and strongly disagrees with the assertions made within the Demand Letters.

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, 2018, other than the amount discussed in Footnote 13, Section E, 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 and the University of Illinois have executed forward fixed-price purchase contracts for natural gas and electricity with commitments of approximately \$25.150 million and \$46 million, respectively, as of June 30, 2018.

J. 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 \$2.850 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 \$221 million in fiscal year 2019, \$233 million in fiscal year 2020, \$246 million in fiscal year 2021, \$260 million in fiscal year 2022, \$275 million in fiscal year 2023, 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 2018, debt service requirements for these bonds were \$141.829 million. The amount paid to the Authority based on their annual certification was \$141.779 million consisting of \$110.079 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. \$2.697 million was repaid during the year, with a remaining balance of \$39.304 million at June 30, 2018.

K. 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 2018, the State provided \$130.213 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.

L. 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 2018 was \$53.169 million plus \$10 million for a total of \$63.169 million. The ISFA's annual certification for fiscal year 2018 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 \$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, \$79.873 million in fiscal year 2023, and graduating to \$124.252 million in fiscal year 2032. Of these amounts, only \$5 million per year is the State's share.

M. 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, 2018, the outstanding balance of bonds, which the State is morally obligated to repay, is \$6.554 million.

N. 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, 2018, the outstanding balance, which the State is morally obligated to repay, is \$9.900 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.

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, 2018, for the segments described above:

Table 22-1 (amounts expressed in thousands)

Major Component Units	Illinois State	Southern Illinois		University of	
	University	University		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					
Current assets	\$ 54,309	\$ 65,441	\$ 7,099	\$ 224,503	\$ 449,311
Noncurrent assets:					
Capital assets, net of accumulated depreciation	266,814	253,535	27,025	1,120,803	203,372
Other noncurrent assets	109,461	6,590	-	21,583	27,301
Total assets	<u>430,584</u>	<u>325,566</u>	<u>34,124</u>	<u>1,366,889</u>	<u>679,984</u>
Deferred outflows of resources	<u>-</u>	<u>2,450</u>	<u>557</u>	<u>21,043</u>	<u>3,291</u>
Liabilities					
Current liabilities	13,878	23,256	2,529	101,865	162,390
Noncurrent liabilities	113,495	203,529	24,507	1,055,069	131,848
Total liabilities	<u>127,373</u>	<u>226,785</u>	<u>27,036</u>	<u>1,156,934</u>	<u>294,238</u>
Deferred inflows of resources	<u>-</u>	<u>3,818</u>	<u>4,774</u>	<u>-</u>	<u>-</u>
Net Position					
Net investment in capital assets	148,670	48,482	18,417	60,180	101,825
Restricted-other expendable purposes	154,541	40,044	1,549	27,461	19,575
Unrestricted	-	8,887	(17,094)	143,357	267,637
Total net position	<u>\$ 303,211</u>	<u>\$ 97,413</u>	<u>\$ 2,872</u>	<u>\$ 230,998</u>	<u>\$ 389,037</u>
Condensed Statement of Revenues, Expenses and Changes in Net Position:					
Operating revenues	\$ 87,627	\$ 91,974	\$ 38,119	\$ 363,940	\$ 791,299
Operating expenses	(60,933)	(94,690)	(65,688)	(337,978)	(1,061,814)
Depreciation expense	(8,874)	(14,898)	(1,264)	(43,128)	(21,499)
Operating income (loss)	17,820	(17,614)	(28,833)	(17,166)	(292,014)
Nonoperating revenues (expenses)	(4,910)	20,691	28,738	20,281	353,358
Other revenues (expenses)	-	423	92	-	-
Increase (decrease) in net position	12,910	3,500	(3)	3,115	61,344
Net position, July 1, 2017, as restated	290,301	93,913	2,875	227,883	327,693
Net position, June 30, 2018	<u>\$ 303,211</u>	<u>\$ 97,413</u>	<u>\$ 2,872</u>	<u>\$ 230,998</u>	<u>\$ 389,037</u>

23 SUBSEQUENT EVENTS

Subsequent to June 30, 2018, 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:				
September, Series 2018 A (Refunding)	9/5/2018	\$ 641.2	5.00%	2033
September, Series 2018 B (Refunding)	9/5/2018	\$ 324.6	5.00%	2033
April, Series 2019 A	4/9/2019	\$ 300.0	3.75% - 6.00%	2044
April, Series 2019 B (Refunding Tax Exempt)	4/9/2019	\$ 140.3	5.00% - 5.13%	2028
Special obligation bonds:				
Series 2018 A (Junior)	11/1/2018	\$ 115.0	4.00% - 5.00%	2043
Series 2018 B (Junior)	11/1/2018	\$ 125.0	4.75% - 5.00%	2043
Taxable Series 2018 C (Junior)	11/1/2018	\$ 10.0	3.61% - 4.13%	2028
Major Component Units:				
Revenue bonds:				
Illinois Housing Development Authority				
Series 2018 A-1 (Homeowner Mortgage Revenue)	7/11/2018	\$ 67.5	2.95% - 4.00%	2048
Series 2018 A-2 (Homeowner Mortgage Revenue)	7/11/2018	\$ 30.0	Variable	2038
Series 2018 A-3 (Homeowner Mortgage Revenue)	7/11/2018	\$ 23.1	2.00% - 3.35%	2026
Series 2018 A (Revenue)	10/25/2018	\$ 91.0	1.90% - 4.50%	2048
Series 2019 A (Revenue)	3/7/2019	\$ 66.8	1.60% - 4.25%	2049
Series 2019 B (Revenue)	3/7/2019	\$ 30.0	Variable	2042
Series 2019 C (Revenue)	6/27/2019	\$ 92.5	1.35% - 5.00%	2049
Illinois State Toll Highway Authority				
Series 2018 A (Toll Highway Senior Revenue Refunding)	1/10/2019	\$ 515.3	5.00%	2031
Series 2019 A (Toll Highway Senior Revenue)	7/11/2019	\$ 300.0	3.00% - 5.00%	2044
Illinois State University				
Series 2018C (Auxiliary Facilities System)	12/5/2018	\$ 6.2	3.12%	2028
Southern Illinois University				
Series 2019A (Housing and Auxiliary Facilities System)	4/10/2019	\$ 5.0	4.35%	2029
University of Illinois				
Series 2018A (Auxiliary Facilities System)	10/17/2018	\$ 142.1	4.00% - 5.00%	2048
Series 2018B (Auxiliary Facilities System)	10/17/2018	\$ 20.0	3.00% - 5.00%	2048

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, 2018 (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	\$ 16,125,000	\$ 16,125,000	\$ 19,741,998	\$ 3,616,998				
Sales taxes	8,305,000	8,305,000	7,809,808	(495,192)				
Public utility taxes	917,000	917,000	896,053	(20,947)				
Federal government	3,110,000	3,110,000	5,237,433	2,127,433	\$ 1,694,856	\$ 1,694,856	\$ 1,275,567	\$ (419,289)
Other	2,613,000	2,613,000	2,554,670	(58,330)	1,060,215	1,060,215	992,869	(67,346)
Less:								
Refunds		5,811	4,770	(1,041)		2,575	1,341	(1,234)
Total revenues	31,070,000	31,064,189	36,235,192	5,171,003	2,755,071	2,752,496	2,267,095	(485,401)
EXPENDITURES:								
Current:								
Health and social services	13,049,509	13,659,414	13,016,665	(642,749)				
Education	15,174,976	15,588,187	15,559,889	(28,298)				
General government	3,697,961	3,860,308	3,809,807	(50,501)	126,488	126,488	125,362	(1,126)
Employment and economic development	97,748	126,691	104,237	(22,454)	4,000	4,000	3,939	(61)
Transportation	5,303	5,303	4,341	(962)	6,014,942	2,832,613	2,320,905	(511,708)
Public protection and justice	2,390,574	2,853,476	2,806,489	(46,987)				
Environment and business regulation	63,459	68,212	66,081	(2,131)				
Capital outlays	6,767	9,931	8,688	(1,243)	164,509	65,587	65,207	(380)
Total expenditures	34,486,297	36,171,522	35,376,197	(795,325)	6,309,939	3,028,688	2,515,413	(513,275)
Excess (deficiency) of revenues over (under) expenditures	(3,416,297)	(5,107,333)	858,995	5,966,328	(3,554,868)	(276,192)	(248,318)	27,874
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:								
Transfers-in	11,446,042	11,446,042	11,446,042	-	305,189	305,189	305,189	-
Transfers-out	(10,039,786)	(10,039,786)	(10,039,786)	-	(606,798)	(606,798)	(606,798)	-
Total other sources (uses) of financial resources	1,406,256	1,406,256	1,406,256	-	(301,609)	(301,609)	(301,609)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(2,010,041)	(3,701,077)	2,265,251	5,966,328	(3,856,477)	(577,801)	(549,927)	27,874
Budgetary fund balances (deficits), July 1, 2017, as previously reported	(7,984,203)	(7,984,203)	(7,984,203)	-	1,096,890	1,096,890	1,096,890	-
Reclassifications between budgetary/nonbudgetary fund groups-net	21,129	21,129	21,129	-				
Budgetary fund balances (deficits), July 1, 2017, as reclassified	(7,963,074)	(7,963,074)	(7,963,074)	-	1,096,890	1,096,890	1,096,890	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (9,973,115)	\$ (11,664,151)	\$ (5,697,823)	\$ 5,966,328	\$ (2,759,587)	\$ 519,089	\$ 546,963	\$ 27,874

Notes to Budgetary Comparison Schedule
– Major Governmental Funds

For the Year Ended June 30, 2018

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.

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, 2018, 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)	\$ 2,265,251	\$ (549,927)
Reclassifications:		
Budgetary Special State Funds reported as part of the General Fund and Road Fund for GAAP reporting	100,059	-
Adjustments:		
To adjust revenues, related receivables and unavailable revenue	912,434	176,088
To adjust expenditures and related liabilities	3,570,610	5,052
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources (GAAP basis)	\$ 6,848,354	\$ (368,787)

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)				
	June 30,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 3,880	\$ 3,577	\$ 5,957	\$ 5,383
Interest on total pension liability	24,046	22,395	19,911	20,111
Differences between expected and actual experience	2,094	(5,401)	2,366	12,389
Assumption changes	(2,431)	42,123	(70,539)	-
Benefit payments	(22,363)	(21,841)	(21,275)	(20,800)
Refunds	(131)	(142)	(192)	(245)
Administrative expenses	(356)	(382)	(394)	(335)
Net change in total pension liability	<u>4,739</u>	<u>40,329</u>	<u>(64,166)</u>	<u>16,503</u>
Total pension liability - beginning	<u>373,666</u>	<u>333,337</u>	<u>397,503</u>	<u>381,000</u>
Total pension liability - ending (a)	<u>\$ 378,405</u>	<u>\$ 373,666</u>	<u>\$ 333,337</u>	<u>\$ 397,503</u>
Plan fiduciary net position				
Contributions - employer	\$ 21,721	\$ 16,073	\$ 15,871	\$ 13,957
Contributions - participant	1,285	1,309	1,487	1,503
Net investment income	5,140	(539)	2,287	8,363
Benefit payments	(22,363)	(21,841)	(21,275)	(20,800)
Refunds	(131)	(142)	(192)	(245)
Administrative expense	(356)	(382)	(394)	(335)
Net change in plan fiduciary net position	<u>5,296</u>	<u>(5,522)</u>	<u>(2,216)</u>	<u>2,443</u>
Plan fiduciary net position - beginning	<u>49,052</u>	<u>54,574</u>	<u>56,790</u>	<u>54,347</u>
Plan fiduciary net position - ending (b)	<u>54,348</u>	<u>49,052</u>	<u>54,574</u>	<u>56,790</u>
State's net pension liability - ending (a) - (b)	<u>\$ 324,057</u>	<u>\$ 324,614</u>	<u>\$ 278,763</u>	<u>\$ 340,713</u>
Plan fiduciary net position as a percentage of the total pension liability	14.36%	13.13%	16.37%	14.29%
Covered payroll *	\$ 10,996	\$ 11,298	\$ 11,587	\$ 12,754
State's net pension liability as a percentage of covered payroll	2947.04%	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:				
	2017	2016	2015	2014
Total pension liability				
Discount rate	6.66%	6.60%	6.91%	5.11%
Investment rate of return	6.75%	6.75%	7.00%	7.00%
Long-term municipal bond rate	3.56%	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)				
	June 30,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 56,166	\$ 58,041	\$ 59,620	\$ 57,139
Interest on total pension liability	168,164	158,611	151,431	145,994
Differences between expected and actual experience	23,042	(3,260)	28,714	4,490
Assumption changes	(29,511)	205,405	9,482	-
Benefit payments	(140,497)	(132,572)	(125,654)	(118,591)
Refunds	(975)	(658)	(946)	(688)
Administrative expenses	(914)	(942)	(983)	(832)
Net change in total pension liability	75,475	284,625	121,664	87,512
Total pension liability - beginning	2,637,553	2,352,928	2,231,264	2,143,752
Total pension liability - ending (a)	\$ 2,713,028	\$ 2,637,553	\$ 2,352,928	\$ 2,231,264
Plan fiduciary net position				
Contributions - employer	\$ 131,334	\$ 132,060	\$ 134,040	\$ 126,816
Contributions - participant	14,770	14,962	15,431	15,919
Net investment income	97,797	(6,471)	36,009	110,059
Benefit payments	(140,497)	(132,572)	(125,654)	(118,591)
Refunds	(975)	(658)	(946)	(688)
Administrative expense	(914)	(942)	(983)	(832)
Net change in plan fiduciary net position	101,515	6,379	57,897	132,683
Plan fiduciary net position - beginning	840,289	833,910	776,013	643,330
Plan fiduciary net position - ending (b)	941,804	840,289	833,910	776,013
State's net pension liability - ending (a) - (b)	\$ 1,771,224	\$ 1,797,264	\$ 1,519,018	\$ 1,455,251
Plan fiduciary net position as a percentage of the total pension liability	34.71%	31.86%	35.44%	34.78%
Covered payroll *	\$ 139,738	\$ 139,538	\$ 145,903	\$ 150,280
State's net pension liability as a percentage of covered payroll	1267.53%	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:				
	2017	2016	2015	2014
Total pension liability				
Discount rate	6.58%	6.48%	6.85%	6.89%
Investment rate of return	6.75%	6.75%	7.00%	7.00%
Long-term municipal bond rate	3.56%	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)				
	June 30,			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 893,147	\$ 843,377	\$ 847,997	\$ 776,488
Interest on total pension liability	3,217,532	2,989,387	2,912,736	2,754,122
Differences between expected and actual experience	(601,531)	(730,622)	(464,942)	150,997
Assumption changes	(884,705)	5,048,087	360,713	3,142,466
Benefit payments	(2,328,621)	(2,190,501)	(2,034,858)	(1,917,062)
Refunds	(26,609)	(26,709)	(23,129)	(23,083)
Administrative expenses	(15,957)	(16,127)	(16,547)	(16,615)
Net change in total pension liability	253,256	5,916,892	1,581,970	4,867,313
Total pension liability - beginning	49,183,948	43,267,056	41,685,086	36,817,773
Total pension liability - ending (a)	\$ 49,437,204	\$ 49,183,948	\$ 43,267,056	\$ 41,685,086
Plan fiduciary net position				
Contributions - employer	\$ 1,798,348	\$ 1,882,243	\$ 1,804,319	\$ 1,699,448
Contributions - participant	251,611	256,198	266,139	269,232
Net investment income	1,812,879	(125,443)	681,377	2,169,346
Benefit payments	(2,328,621)	(2,190,501)	(2,034,858)	(1,917,062)
Refunds	(26,609)	(26,709)	(23,129)	(23,083)
Administrative expense	(15,957)	(16,127)	(16,547)	(16,615)
Net change in plan fiduciary net position	1,491,651	(220,339)	677,301	2,181,266
Plan fiduciary net position - beginning	15,038,528	15,258,867	14,581,566	12,400,300
Plan fiduciary net position - ending (b)	16,530,179	15,038,528	15,258,867	14,581,566
State's net pension liability - ending (a) - (b)	\$ 32,907,025	\$ 34,145,420	\$ 28,008,189	\$ 27,103,520
Plan fiduciary net position as a percentage of the total pension liability	33.44%	30.58%	35.27%	34.98%
Covered payroll *	\$ 4,192,582	\$ 4,282,020	\$ 4,452,369	\$ 4,414,784
State's net pension liability as a percentage of covered payroll	784.89%	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:				
	2017	2016	2015	2014
Total pension liability				
Discount rate	6.78%	6.64%	7.02%	7.09%
Investment rate of return	7.00%	7.00%	7.25%	7.25%
Long-term municipal bond rate	3.56%	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	2018	\$ 32,083	\$ 21,155	\$ 10,928	\$ 10,711	197.51%	
	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%	
JRS	2018	\$ 168,057	\$ 135,962	\$ 32,095	\$ 132,065	102.95%	
	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%	
SERS	2018	\$ 2,739,378	\$ 1,929,175	\$ 810,203	\$ 4,240,109	45.50%	
	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%	

^ 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	6/30/2016	6/30/2016	6/30/2016
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	2.75%	2.75%	2.75%
Salary increases*	3.00%	Salary increase rates based on age-related productivity and merit rates plus inflation.	Salary increase rates based on age-related productivity and merit rates plus inflation.
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	6.75%	6.75%	7.00%
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-2014 White Collar Healthy Annuitant mortality table, sex distinct, and generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales.		
JRS	RP-2014 White Collar Healthy Annuitant mortality table, sex distinct, and generational mortality improvements using the MP-2014 two-dimensional mortality improvement scales.		
SERS	105% of the RP 2014 Healthy Annuitant mortality table, sex distinct, and generational mortality improvements.		
^ Consumer Price Index * Includes inflation rate listed			

Cost-Sharing Multiple-Employer Plans

The following schedule of the State’s proportionate share of the net pension liability for TRS is presented as of the measurement dates:

Schedule of the State's Proportionate Share of the Net Pension Liability TRS (amounts expressed in thousands)				
	June 30,			
	2017	2016	2015	2014
State's proportion of the net pension liability	96.83%	96.72%	96.48%	96.47%
State's proportionate share of the net pension liability [^]	\$ 73,979,435	\$ 76,344,452	\$ 63,203,638	\$ 58,710,342
Plan fiduciary net position as a percentage of the total pension liability	39.26%	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)				
	June 30,			
	2017	2016	2015	2014
State's proportion of the net pension liability	100.00%	100.00%	100.00%	100.00%
State's proportionate share of the net pension liability	\$ 25,481,106	\$ 25,965,272	\$ 23,756,361	\$ 21,790,983
Plan fiduciary net position as a percentage of the total pension liability	42.04%	39.57%	42.37%	44.39%

The following is a schedule of the State's 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*	2018	\$ 4,095,125	\$ 4,095,125	-
	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**	2018	\$ 1,568,221	\$ 1,568,221	-
	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 \$509, \$580, \$667, \$787, and \$905 for fiscal years 2018, 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

Required supplementary information is provided for the State's single-employer defined benefit other postemployment benefit ("OPEB") plan, the Illinois State Employees Group Insurance Program ("SEGIP"), as well as the cost-sharing defined benefit OPEB plans administered by the State for teachers at school districts in Illinois (excluding Chicago), the Teachers' Retirement Insurance Program ("TRIP"), and for teachers at community colleges in Illinois, the College Insurance Program ("CIP").

All schedules are intended to present information for 10 years. Additional years will be displayed prospectively as they become available.

Single-employer plan

The following schedule of changes in the total OPEB liability and related ratios is presented as of the measurement date:

Schedule of Changes in Total OPEB Liability and Related Ratios	
SEGIP	
(amounts expressed in thousands)	
	June 30, 2017
Total OPEB liability	
Service cost	\$ 1,696,977
Interest on total OPEB liability	1,242,237
Differences between expected and actual experience	16,224
Assumption changes	(4,805,714)
Benefit payments	(325,218)
Net change in total OPEB liability	(2,175,494)
Total OPEB liability - beginning	43,499,353
Total OPEB liability - ending	\$ 41,323,859
Covered-employee payroll	\$ 7,663,997
Total OPEB liability as a percentage of covered-employee payroll	539.19%
Notes to Schedule. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.	
The calculations of the total OPEB liability as of June 30, 2016 and June 30, 2017, were based on the following assumptions:	
Total OPEB liability - June 30, 2016	
Discount rate	2.85%
Total OPEB liability - June 30, 2017	
Discount rate	3.56%

Cost-Sharing Multiple-Employer Plans

The following schedule of the State’s proportionate share of the net OPEB liability for TRIP is presented as of the measurement dates:

Schedule of the State's Proportionate Share of the Net OPEB Liability	
TRIP	
(amounts expressed in thousands)	
	June 30, 2017
State's proportion of the net OPEB liability	56.77%
State's proportionate share of the net OPEB liability	\$ 14,731,764
Plan fiduciary net position as a percentage of the total OPEB liability	-0.17%

The following schedule of the State’s proportionate share of the net OPEB liability for CIP is presented as of the measurement dates:

Schedule of the State's Proportionate Share of the Net OPEB Liability	
CIP	
(amounts expressed in thousands)	
	June 30, 2017
State's proportion of the net OPEB liability	49.67%
State's proportionate share of the net OPEB liability	\$ 905,774
Plan fiduciary net position as a percentage of the total OPEB liability	-2.87%

The following is a schedule of the State’s 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)
TRIP	2018	\$ 114,168	\$ 114,168	-
	2017	109,703	109,703	-
	2016	108,259	108,259	-
	2015	100,983	100,983	-
	2014	90,430	90,430	-
	2013	86,683	86,683	-
	2012	87,622	87,622	-
	2011	85,953	85,953	-
	2010	79,007	79,007	-
	2009	75,474	75,474	-
CIP	2018	\$ 4,133	\$ 4,133	-
	2017	4,309	4,309	-
	2016	4,625	4,625	-
	2015	4,479	4,479	-
	2014	4,399	4,399	-
	2013	* 4,176	40,176	36,000
	2012	4,396	4,396	-
	2011	5,237	5,237	-
	2010	4,059	4,059	-
	2009	3,916	3,916	-

* In FY 2013, the State made a one time additional contribution from the General Revenue Fund.

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, 2018 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
ASSETS						
Cash equity with State Treasurer	\$ 1,861,582	\$ 76,259	\$ 51,631	\$ 32,913		\$ 2,022,385
Cash and cash equivalents	7,322					7,322
Securities lending collateral of State Treasurer	2,583,929	23,542	38,422			2,645,893
Receivables, net:						
Taxes	1,651,738	9,565	125,162	58,972		1,845,437
Intergovernmental	2,098,291	186,119				2,284,410
Other	607,157	157	154	32		607,500
Due from other funds	246,310	20,083	787	43,247	\$ (20,013)	290,414
Due from component units	5,262	3,059				8,321
Inventories	22,401					22,401
Loans and notes receivable, net	5,547					5,547
Other assets	15,000					15,000
Total assets	\$ 9,104,539	\$ 318,784	\$ 216,156	\$ 135,164	\$ (20,013)	\$ 9,754,630
LIABILITIES						
Accounts payable and accrued liabilities	\$ 5,576,823	\$ 83,251	\$ 84,513	\$ 3,891		\$ 5,748,478
Intergovernmental payables	2,420,735	148,083		49		2,568,867
Due to other funds	3,756,784	142	423,204	21	\$ (20,013)	4,160,138
Due to component units	93,181	18,471		5,189		116,841
Unearned revenue	801,280			49,717		850,997
Obligations under securities lending of State Treasurer	2,583,929	23,542	38,422			2,645,893
Matured portion of long-term liabilities	20,710					20,710
Total liabilities	15,253,442	273,489	546,139	58,867	(20,013)	16,111,924
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unavailable revenue	1,353,451	34,326	166	18,056		1,405,999
Total deferred inflows of resources	1,353,451	34,326	166	18,056		1,405,999
FUND BALANCES (DEFICITS)						
Nonspendable long-term portion of loans and notes receivable	5,547					5,547
Nonspendable inventories	22,401					22,401
Restricted	89,798					89,798
Committed	1,829,915	34,940		58,241		1,923,096
Unassigned	(9,450,015)	(23,971)	(330,149)			(9,804,135)
Total fund balances (deficits)	(7,502,354)	10,969	(330,149)	58,241		(7,763,293)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 9,104,539	\$ 318,784	\$ 216,156	\$ 135,164	\$ (20,013)	\$ 9,754,630

State of Illinois

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

General Fund

For the Year Ended June 30, 2018 (Expressed in Thousands)

	General Revenue Account	Medicaid Provider Assessment Program	Common School Account	Education Assistance Account	Eliminations	Total
REVENUES						
Income taxes	\$ 18,372,551			\$ 1,526,733		\$ 19,899,284
Sales taxes	6,118,431		\$ 2,037,217			8,155,648
Public utility taxes	873,410		67,499			940,909
Medical providers assessment taxes	1,410,560	\$ 175,680				1,586,240
Other taxes	2,324,359	19,418	72,165			2,415,942
Federal government	12,058,252	1,539,079				13,597,331
Licenses and fees	618,186	658	767			619,611
Interest and other investment income	65,797	921	1,328			68,046
Other	214,235	788,001		1,650		1,003,886
Total revenues	42,055,781	2,523,757	2,178,976	1,528,383		48,286,897
EXPENDITURES						
Current:						
Health and social services	20,649,310	2,535,278				23,184,588
Education	7,795,274		7,167,976	2,534,044		17,497,294
General government	2,047,019					2,047,019
Employment and economic development	133,870					133,870
Transportation	558,448					558,448
Public protection and justice	2,785,855					2,785,855
Environment and business regulation	162,894					162,894
Debt service:						
Principal	3,040	1		14		3,055
Interest	498			2		500
Capital outlays	53,649	57		441		54,147
Total expenditures	34,189,857	2,535,336	7,167,976	2,534,501		46,427,670
Excess (deficiency) of revenues over (under) expenditures	7,865,924	(11,579)	(4,989,000)	(1,006,118)		1,859,227
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation bonds issued	6,000,000					6,000,000
Premiums on general obligation bonds issued	502,402					502,402
Transfers-in	1,186,660	50,000	4,981,210	334,064	\$ (4,383,385)	2,168,549
Transfers-out	(8,056,998)	(11,300)			4,383,385	(3,684,913)
Capital lease financing	2,871			218		3,089
Net other sources (uses) of financial resources	(365,065)	38,700	4,981,210	334,282	-	4,989,127
Net change in fund balances	7,500,859	27,121	(7,790)	(671,836)	-	6,848,354
Fund balances (deficits), July 1, 2017	(15,003,179)	(16,152)	(322,359)	730,077		(14,611,613)
(Decrease) for changes in inventories	(34)					(34)
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (7,502,354)	\$ 10,969	\$ (330,149)	\$ 58,241	\$ -	\$ (7,763,293)

State of Illinois

Combining Schedule of Accounts - General Fund
 Medicaid Provider Assessment Program

June 30, 2018 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
ASSETS				
Cash equity with State Treasurer	\$ 23,184	\$ 32,156	\$ 20,919	\$ 76,259
Securities lending collateral of State Treasurer	10,334	7,712	5,496	23,542
Receivables, net:				
Taxes		9,227	338	9,565
Intergovernmental	115,087	47,601	23,431	186,119
Other	41	31	85	157
Due from other funds	58	16	20,009	20,083
Due from component units			3,059	3,059
Total assets	\$ 148,704	\$ 96,743	\$ 73,337	\$ 318,784
LIABILITIES				
Accounts payable and accrued liabilities	\$ 97	\$ 79,103	\$ 4,051	\$ 83,251
Intergovernmental payables	138,196	9,884	3	148,083
Due to other funds	77	44	21	142
Due to component units			18,471	18,471
Obligations under securities lending of State Treasurer	10,334	7,712	5,496	23,542
Total liabilities	148,704	96,743	28,042	273,489
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unavailable revenue	11,459	12,512	10,355	34,326
Total deferred inflows of resources	11,459	12,512	10,355	34,326
FUND BALANCES (DEFICITS)				
Committed			34,940	34,940
Unassigned	(11,459)	(12,512)		(23,971)
Total fund balances (deficits)	(11,459)	(12,512)	34,940	10,969
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 148,704	\$ 96,743	\$ 73,337	\$ 318,784

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, 2018 (Expressed in Thousands)

	County Hospital Services Account	Long-Term Care Provider Account	Other Medicaid Provider Assessment Accounts	Total
REVENUES				
Medical providers assessment taxes		\$ 158,677	\$ 17,003	\$ 175,680
Other taxes		19,418		19,418
Federal government	\$ 1,293,992	160,072	85,015	1,539,079
Licenses and fees			658	658
Interest and other investment income	281	413	227	921
Other	783,393		4,608	788,001
Total revenues	2,077,666	338,580	107,511	2,523,757
EXPENDITURES				
Current:				
Health and social services	2,041,167	346,617	147,494	2,535,278
Debt service:				
Principal		1		1
Capital outlays			57	57
Total expenditures	2,041,167	346,618	147,551	2,535,336
Excess (deficiency) of revenues over (under) expenditures	36,499	(8,038)	(40,040)	(11,579)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-in		30,000	20,000	50,000
Transfers-out		(10,000)	(1,300)	(11,300)
Net other sources (uses) of financial resources		20,000	18,700	38,700
Net change in fund balances	36,499	11,962	(21,340)	27,121
Fund balances (deficits), July 1, 2017	(47,958)	(24,474)	56,280	(16,152)
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (11,459)	\$ (12,512)	\$ 34,940	\$ 10,969

State of Illinois

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2018 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS					
Cash equity with State Treasurer	\$ 3,636,768	\$ 1,589,692	\$ 2,035,848	\$ 14,569	\$ 7,276,877
Cash and cash equivalents	209,114	145,378	7,279	180	361,951
Securities lending collateral of State Treasurer	310,851	524,312	235,794	975	1,071,932
Investments	16,140			39,848	55,988
Receivables, net:					
Taxes	526,445				526,445
Intergovernmental	820,410	9,187	496		830,093
Other	636,027	2,227	3,293	23	641,570
Due from other funds	720,648	3,458	46,787		770,893
Due from component units	336,138				336,138
Inventories	47,607				47,607
Loans and notes receivable, net	46,064	3,279	1,500		50,843
Other assets	41,842				41,842
Total assets	7,348,054	2,277,533	2,330,997	55,595	12,012,179
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - intra-entity transfers of future revenues	505,078				505,078
Total deferred outflows of resources	505,078				505,078
Total assets and deferred outflows of resources	\$ 7,853,132	\$ 2,277,533	\$ 2,330,997	\$ 55,595	\$ 12,517,257
LIABILITIES					
Accounts payable and accrued liabilities	\$ 531,340		\$ 190,963		\$ 722,303
Intergovernmental payables	1,797,847		84,503		1,882,350
Due to other funds	488,367		1,273	\$ 150	489,790
Due to component units	68,915				68,915
Unearned revenue	329,438		8,381		337,819
Obligations under securities lending of State Treasurer	310,851	\$ 524,312	235,794	975	1,071,932
Total liabilities	3,526,758	524,312	520,914	1,125	4,573,109
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	795,544		218		795,762
Deferred inflows of resources - intra-entity transfers of future revenues	505,078				505,078
Total deferred inflows of resources	1,300,622		218		1,300,840
FUND BALANCES (DEFICITS)					
Nonspendable - inventories	47,607				47,607
Nonspendable - endowments and similar funds				50,834	50,834
Restricted	1,349,217	1,753,221	1,185,890	3,636	4,291,964
Committed	2,485,620		634,691		3,120,311
Unassigned	(856,692)		(10,716)		(867,408)
Total fund balances	3,025,752	1,753,221	1,809,865	54,470	6,643,308
Total liabilities, deferred inflows of resources and fund balances	\$ 7,853,132	\$ 2,277,533	\$ 2,330,997	\$ 55,595	\$ 12,517,257

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES					
Income taxes	\$ 2,487,137				\$ 2,487,137
Sales taxes	3,695,035				3,695,035
Motor fuel taxes	793,109		\$ 222,156		1,015,265
Public utility taxes	473,593				473,593
Riverboat taxes	469,363				469,363
Other taxes	496,053				496,053
Federal government	8,340,989	\$ 49,240	8,339		8,398,568
Licenses and fees	715,997		486,361	\$ 51	1,202,409
Interest and other investment income	18,627	15,551	3,592	3,055	40,825
Other	954,015		271	2	954,288
Total revenues	18,443,918	64,791	720,719	3,108	19,232,536
EXPENDITURES					
Current:					
Health and social services	5,650,919			8	5,650,927
Education	2,611,133		67,917		2,679,050
General government	443,463	84	40,772		484,319
Employment and economic development	631,944	14	4,878		636,836
Transportation	393,937	1	320,627		714,565
Public protection and justice	588,424				588,424
Environment and business regulation	558,107		32,443		590,550
Debt service:					
Principal	90,776	2,242,985			2,333,761
Interest	54,507	1,557,154			1,611,661
Capital outlays	123,139		578,569		701,708
Intergovernmental	5,917,915				5,917,915
Total expenditures	17,064,264	3,800,238	1,045,206	8	21,909,716
Excess (deficiency) of revenues over (under) expenditures	1,379,654	(3,735,447)	(324,487)	3,100	(2,677,180)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General obligation bonds issued			1,250,000		1,250,000
Premiums on general obligation bonds issued			57,268		57,268
Revenue refunding bonds issued	670,965				670,965
Premiums on revenue refunding bonds issued	90,805				90,805
Transfers-in	583,091	4,244,335	3,069		4,830,495
Transfers-out	(1,814,275)	(159,692)	(2,099)	(1,125)	(1,977,191)
Payments to refunded bond escrow agent	(756,954)				(756,954)
Capital lease financing	6,020				6,020
Net other sources (uses) of financial resources	(1,220,348)	4,084,643	1,308,238	(1,125)	4,171,408
Net change in fund balances	159,306	349,196	983,751	1,975	1,494,228
Fund balances, July 1, 2017	2,840,038	1,404,025	826,114	52,495	5,122,672
Increase for changes in inventories	26,408				26,408
FUND BALANCES, JUNE 30, 2018	\$ 3,025,752	\$ 1,753,221	\$ 1,809,865	\$ 54,470	\$ 6,643,308

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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

Secretary of State

Secretary of State Identification Security and Theft Prevention Fund--to provide funding for identification security theft and security measures.

Treasurer

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

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

Department of Children and Family Services

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

Department of Commerce and Economic Opportunity

State Small Business Credit Initiative Fund--to receive and record monies obtained from capital provided in accordance with the provisions of the State Small Business Credit Initiative.

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

Tourism Promotion Fund--to provide assistance for the promotion and marketing of local tourist attractions and services throughout the State.

Department of Natural Resources

Abandoned Mined Land Reclamation Set-Aside Fund--to record and disburse monies received under the Federal Surface Mining Control and Reclamation Act.

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

Department of Employment Security

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

Department of Financial and Professional Regulation

Illinois State Medical Disciplinary Fund--to deposit monies received as license renewal fees under Section 14 of the Medical Practice Act for use by the Medical Disciplinary Board and for costs in administering the 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.

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 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.

Tax Compliance and Administration Fund--to account for the costs of collecting, administering and enforcing the tax laws that provide for deposits into the fund.

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 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 agreement with the federal government regarding the federal share of the high speed rail project.

Downstate Public Transportation Fund--to provide financial assistance for local governments with public transportation systems.

Railsplitter Tobacco Settlement Authority

Railsplitter Trustee Account Fund--to account for the payment of principal and interest on bonds issued in exchange for rights to the State's future tobacco settlement revenues.

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.

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, 2018 (Expressed in Thousands)

	Secretary of State Identification Security and Theft Prevention Fund	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services
ASSETS					
Cash equity with State Treasurer	\$ 36,043	\$ 202,209	\$ 163,412	\$ 76,498	\$ 114,936
Cash and cash equivalents		18			
Securities lending collateral of State Treasurer			14,733	19,765	
Investments					
Receivables, net:					
Taxes			21,762		
Intergovernmental	28	8,475			87,428
Other		415	60	79	308,622
Due from other funds	23	68,586	93,413	55,003	360
Due from component units					
Inventories					
Loans and notes receivable, net			500		
Other assets			39,222		
Total assets	36,094	279,703	333,102	151,345	511,346
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources - TSR's					
Total assets and deferred outflows of resources	\$ 36,094	\$ 279,703	\$ 333,102	\$ 151,345	\$ 511,346
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,556	\$ 18,691	\$ 8,793	\$ 236	\$ 80,625
Intergovernmental payables		565	773	10,427	172,028
Due to other funds		39	1,257	20	4,835
Due to component units		411			3,898
Unearned revenue			535		307
Obligations under securities lending of State Treasurer			14,733	19,765	
Total liabilities	1,556	19,706	26,091	30,448	261,693
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	8	2,011			318,770
Deferred inflows of resources - TSR's		505,078			
Total deferred inflows of resources	8	507,089			318,770
FUND BALANCES (DEFICITS)					
Nonspendable inventories					
Restricted		131,478	75,230	48,960	86,716
Committed	34,530	3,905	231,781	71,937	
Unassigned		(382,475)			(155,833)
Total fund balances (deficits)	34,530	(247,092)	307,011	120,897	(69,117)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 36,094	\$ 279,703	\$ 333,102	\$ 151,345	\$ 511,346

Insurance	Revenue	Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Other	Total
\$ 64,810	\$ 999,006	\$ 205,296	\$ 337,290	\$ 2,675	\$ 161,929	\$ 1,272,664	\$ 3,636,768
	89,691		366		169,400	39,330	209,114
			15,448		40,159	131,055	310,851
						16,140	16,140
	314,109	130,223			11,500	48,851	526,445
		6,255	100,679	397,017		220,528	820,410
4,724	14,996		493	7,411	195,265	103,962	636,027
15,612	78,237	122,487	121,713	3,926	1,620	159,668	720,648
	335,979			5		154	336,138
		20,865	935	1,623		24,184	47,607
	38,277					7,287	46,064
						2,620	41,842
85,146	1,870,295	485,126	576,924	412,657	579,873	2,026,443	7,348,054
						505,078	505,078
\$ 85,146	\$ 1,870,295	\$ 485,126	\$ 576,924	\$ 412,657	\$ 1,084,951	\$ 2,026,443	\$ 7,853,132
\$ 1,034	\$ 43,866	\$ 27,863	\$ 104,912	\$ 29,146	\$ 6,466	\$ 208,152	\$ 531,340
54	935,497	141,242	7,021	369,506	9,833	150,901	1,797,847
708	151,460	101,405	7,569	8,708	112,603	99,763	488,367
	8,225		5,473	1,816		49,092	68,915
	266,066		7,422	1,177		53,931	329,438
	89,691		15,448		40,159	131,055	310,851
1,796	1,494,805	270,510	147,845	410,353	169,061	692,894	3,526,758
2,157	46,126	4,053	60,921	53,834	169,088	138,576	795,544
							505,078
2,157	46,126	4,053	60,921	53,834	169,088	138,576	1,300,622
		20,865	935	1,623		24,184	47,607
			86,533	277	605,220	314,803	1,349,217
81,193	540,358	189,698	281,768		141,582	908,868	2,485,620
	(210,994)		(1,078)	(53,430)		(52,882)	(856,692)
81,193	329,364	210,563	368,158	(51,530)	746,802	1,194,973	3,025,752
\$ 85,146	\$ 1,870,295	\$ 485,126	\$ 576,924	\$ 412,657	\$ 1,084,951	\$ 2,026,443	\$ 7,853,132

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Secretary of State Identification Security and Theft Prevention Fund	Treasurer	Commerce and Economic Opportunity	Natural Resources	Human Services
REVENUES					
Income taxes					
Sales taxes					
Motor fuel taxes					
Public utility taxes			\$ 98,561		
Riverboat taxes					
Other taxes			72,580	\$ 27,816	
Federal government	\$ 53	\$ 33,643	2,290	8,000	\$ 3,523,392
Licenses and fees					
Interest and other investment income		657	1,764	709	
Other		315,739	2,932		532
Total revenues	53	350,039	178,127	36,525	3,523,924
EXPENDITURES					
Current:					
Health and social services		210,782	80,499		3,654,198
Education		215,000			
General government	12,106	11,158			
Employment and economic development			31,426		
Transportation					
Public protection and justice					
Environment and business regulation				11,061	
Debt service:					
Principal		22			3
Interest		1			1
Capital outlays		113	413		8
Intergovernmental					
Total expenditures	12,106	437,076	112,338	11,061	3,654,210
Excess (deficiency) of revenues over (under) expenditures	(12,053)	(87,037)	65,789	25,464	(130,286)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Revenue refunding bonds issued					
Premiums on revenue refunding bonds issued					
Transfers-in	11,287	302,103			
Transfers-out		(10,601)	(5,000)		
Capital lease financing					8
Payments to refunded bond escrow agent					
Net other sources (uses) of financial resources	11,287	291,502	(5,000)		8
Net change in fund balances	(766)	204,465	60,789	25,464	(130,278)
Fund balances (deficits), July 1, 2017	35,296	(451,557)	246,222	95,433	61,161
Increase (decrease) for changes in inventory					
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 34,530	\$ (247,092)	\$ 307,011	\$ 120,897	\$ (69,117)

Insurance	Revenue	Transportation	Other Departments	State Board of Education	Other Agencies, Boards and Authorities	Other	Total
	\$ 2,487,137						\$ 2,487,137
	3,427,504	\$ 213,095				\$ 54,436	3,695,035
	219,258	717,592			\$ 75,517		793,109
						155,774	473,593
	208,376				469,363		469,363
		97,071	\$ 770,910	\$ 2,281,346		187,281	496,053
\$ 54,679	829	1,089	16,627		31,484	1,624,284	8,340,989
	5,567		1,406		2,852	611,289	715,997
	2,428	6,543	27,399		308,063	290,379	954,015
57,107	6,355,214	1,028,847	816,342	2,281,346	887,279	2,929,115	18,443,918
	14,057		586,128		758	1,104,497	5,650,919
	1,619			2,247,548		146,966	2,611,133
	201,302	41,405			6,754	170,738	443,463
			184,251			416,267	631,944
		322,308				71,629	393,937
	736				47,870	539,818	588,424
34,195			3,324		61,297	448,230	558,107
9			174		89,040	1,528	90,776
2			26		54,239	238	54,507
21	2,069	70,834	7,282	3,689	89	38,621	123,139
	5,131,889	581,582			89,319	115,125	5,917,915
34,227	5,351,672	1,016,129	781,185	2,251,237	349,366	3,053,657	17,064,264
22,880	1,003,542	12,718	35,157	30,109	537,913	(124,542)	1,379,654
					670,965		670,965
					90,805		90,805
	50,402		23,275			196,024	583,091
(25,942)	(751,735)	(78,758)	(7,300)		(668,192)	(266,747)	(1,814,275)
			451			5,561	6,020
					(756,954)		(756,954)
(25,942)	(701,333)	(78,758)	16,426		(663,376)	(65,162)	(1,220,348)
(3,062)	302,209	(66,040)	51,583	30,109	(125,463)	(189,704)	159,306
84,255	27,155	255,738	316,466	(80,549)	872,265	1,378,153	2,840,038
		20,865	109	(1,090)		6,524	26,408
\$ 81,193	\$ 329,364	\$ 210,563	\$ 368,158	\$ (51,530)	\$ 746,802	\$ 1,194,973	\$ 3,025,752

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Treasurer

June 30, 2018 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 134,759	\$ 67,450	\$ 202,209
Cash and cash equivalents	18		18
Receivables, net:			
Intergovernmental		8,475	8,475
Other		415	415
Due from other funds	2,328	66,258	68,586
Total assets	\$ 137,105	\$ 142,598	\$ 279,703
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,700	\$ 16,991	\$ 18,691
Intergovernmental payables		565	565
Due to other funds	22	17	39
Due to component units		411	411
Total liabilities	1,722	17,984	19,706
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - unavailable revenue		2,011	2,011
Deferred inflows of resources - TSR's		505,078	505,078
Total deferred inflows of resources		507,089	507,089
FUND BALANCES (DEFICITS)			
Restricted	131,478		131,478
Committed	3,905		3,905
Unassigned		(382,475)	(382,475)
Total fund balances (deficits)	135,383	(382,475)	(247,092)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 137,105	\$ 142,598	\$ 279,703

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Unclaimed Property Trust Fund	Tobacco Settlement Recovery Fund	Total
REVENUES			
Federal government		\$ 33,643	\$ 33,643
Interest and other investment income		657	657
Other	\$ 315,414	325	315,739
Total revenues	315,414	34,625	350,039
EXPENDITURES			
Current:			
Health and social services		210,782	210,782
Education	215,000		215,000
General government	11,158		11,158
Debt service:			
Principal	22		22
Interest	1		1
Capital outlays	113		113
Total expenditures	226,294	210,782	437,076
Excess (deficiency) of revenues over (under) expenditures	89,120	(176,157)	(87,037)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-in		302,103	302,103
Transfers-out	(10,601)		(10,601)
Net other sources (uses) of financial resources	(10,601)	302,103	291,502
Net change in fund balances	78,519	125,946	204,465
Fund balances (deficits), July 1, 2017	56,864	(508,421)	(451,557)
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 135,383	\$ (382,475)	\$ (247,092)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Commerce and Economic Opportunity

June 30, 2018 (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	\$ 37,372	\$ 90,961	\$ 35,079	\$ 163,412
Securities lending collateral of State Treasurer	14,733			14,733
Receivables, net:				
Taxes		8,262	13,500	21,762
Other	60			60
Due from other funds		15,029	78,384	93,413
Loans and notes receivable, net	500			500
Other assets	39,222			39,222
Total assets	\$ 91,887	\$ 114,252	\$ 126,963	\$ 333,102
LIABILITIES				
Accounts payable and accrued liabilities	\$ 901	\$ 2,441	\$ 5,451	\$ 8,793
Intergovernmental payables		746	27	773
Due to other funds	488	306	463	1,257
Unearned revenue	535			535
Obligations under securities lending of State Treasurer	14,733			14,733
Total liabilities	16,657	3,493	5,941	26,091
FUND BALANCES				
Restricted	75,230			75,230
Committed		110,759	121,022	231,781
Total fund balances	75,230	110,759	121,022	307,011
Total liabilities and fund balances	\$ 91,887	\$ 114,252	\$ 126,963	\$ 333,102

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, 2018 (Expressed in Thousands)

	State Small Business Credit Initiative Fund	Supplemental Low Income Energy Assistance Fund	Tourism Promotion Fund	Total
REVENUES				
Public utility taxes		\$ 98,561		\$ 98,561
Other taxes			\$ 72,580	72,580
Federal government	\$ 2,290			2,290
Interest and other investment income	1,764			1,764
Other		2,932		2,932
Total revenues	4,054	101,493	72,580	178,127
EXPENDITURES				
Current:				
Health and social services		80,499		80,499
Employment and economic development	946		30,480	31,426
Capital outlays		97	316	413
Total expenditures	946	80,596	30,796	112,338
Excess (deficiency) of revenues over (under) expenditures	3,108	20,897	41,784	65,789
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out			(5,000)	(5,000)
Net other sources (uses) of financial resources			(5,000)	(5,000)
Net change in fund balances	3,108	20,897	36,784	60,789
Fund balances, July 1, 2017	72,122	89,862	84,238	246,222
FUND BALANCES, JUNE 30, 2018	\$ 75,230	\$ 110,759	\$ 121,022	\$ 307,011

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Natural Resources

June 30, 2018 (Expressed in Thousands)

	Abandoned Mined Land Reclamation Set- Aside Fund	Open Space Lands Acquisition and Development Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 48,881	\$ 27,617	\$ 76,498
Securities lending collateral of State Treasurer	19,765		19,765
Other receivables, net	79		79
Due from other funds		55,003	55,003
Total assets	\$ 68,725	\$ 82,620	\$ 151,345
LIABILITIES			
Accounts payable and accrued liabilities		\$ 236	\$ 236
Intergovernmental payables		10,427	10,427
Due to other funds		20	20
Obligations under securities lending of State Treasurer	\$ 19,765		19,765
Total liabilities	19,765	10,683	30,448
FUND BALANCES			
Restricted	48,960		48,960
Committed		71,937	71,937
Total fund balances	48,960	71,937	120,897
Total liabilities and fund balances	\$ 68,725	\$ 82,620	\$ 151,345

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, 2018 (Expressed in Thousands)

	Abandoned Mined Land Reclamation Set- Aside Fund	Open Space Lands Acquisition and Development Fund	Total
REVENUES			
Other taxes		\$ 27,816	\$ 27,816
Federal government	\$ 8,000		8,000
Interest and other investment income	709		709
Total revenues	8,709	27,816	36,525
EXPENDITURES			
Current:			
Environment and business regulation		11,061	11,061
Total expenditures		11,061	11,061
Excess (deficiency) of revenues over (under) expenditures	8,709	16,755	25,464
Net change in fund balances	8,709	16,755	25,464
Fund balances, July 1, 2017	40,251	55,182	95,433
FUND BALANCES, JUNE 30, 2018	\$ 48,960	\$ 71,937	\$ 120,897

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Human Services

June 30, 2018 (Expressed in Thousands)

	Employment and Training Fund	DHS Special Purposes Trust Fund	DHS Recoveries Trust Fund	Food Stamp and Commodity Fund	Total
ASSETS					
Cash equity with State Treasurer	\$ 27,372	\$ 73,285	\$ 14,279		\$ 114,936
Receivables, net:					
Intergovernmental	31,692	55,736			87,428
Other		2	308,620		308,622
Due from other funds	35	144	181		360
Total assets	\$ 59,099	\$ 129,167	\$ 323,080	\$ -	\$ 511,346
LIABILITIES					
Accounts payable and accrued liabilities	\$ 56,254	\$ 23,785	\$ 586		\$ 80,625
Intergovernmental payables	630	4,237	167,161		172,028
Due to other funds	2,174	1,747	914		4,835
Due to component units	47	3,851			3,898
Unearned revenue		307			307
Total liabilities	59,105	33,927	168,661		261,693
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	3,333	8,524	306,913		318,770
Total deferred inflows of resources	3,333	8,524	306,913		318,770
FUND BALANCES (DEFICITS)					
Restricted		86,716			86,716
Unassigned	(3,339)		(152,494)		(155,833)
Total fund balances (deficits)	(3,339)	86,716	(152,494)		(69,117)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 59,099	\$ 129,167	\$ 323,080	\$ -	\$ 511,346

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, 2018 (Expressed in Thousands)

	Employment and Training Fund	DHS Special Purposes Trust Fund	DHS Recoveries Trust Fund	Food Stamp and Commodity Fund	Total
REVENUES					
Federal government	\$ 389,598	\$ 287,028	\$ 79	\$ 2,846,687	\$ 3,523,392
Other		532			532
Total revenues	389,598	287,560	79	2,846,687	3,523,924
EXPENDITURES					
Current:					
Health and social services	392,937	250,183	164,391	2,846,687	3,654,198
Debt service:					
Principal		2	1		3
Interest			1		1
Capital outlays		3	5		8
Total expenditures	392,937	250,188	164,398	2,846,687	3,654,210
Excess (deficiency) of revenues over (under) expenditures	(3,339)	37,372	(164,319)	-	(130,286)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Capital lease financing		3	5		8
Net other sources (uses) of financial resources	-	3	5	-	8
Net change in fund balances	(3,339)	37,375	(164,314)	-	(130,278)
Fund balances, July 1, 2017		49,341	11,820		61,161
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (3,339)	\$ 86,716	\$ (152,494)	\$ -	\$ (69,117)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Insurance

June 30, 2018 (Expressed in Thousands)

	Insurance Producers' Administration Fund	Insurance Financial Regulation Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 34,004	\$ 30,806	\$ 64,810
Other receivables, net	2,189	2,535	4,724
Due from other funds	10,295	5,317	15,612
Total assets	\$ 46,488	\$ 38,658	\$ 85,146
LIABILITIES			
Accounts payable and accrued liabilities	\$ 463	\$ 571	\$ 1,034
Intergovernmental payables	26	28	54
Due to other funds	339	369	708
Total liabilities	828	968	1,796
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - unavailable revenue	2,155	2	2,157
Total deferred inflows of resources	2,155	2	2,157
FUND BALANCES			
Committed	43,505	37,688	81,193
Total fund balances	43,505	37,688	81,193
Total liabilities, deferred inflows of resources and fund balances	\$ 46,488	\$ 38,658	\$ 85,146

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Insurance Producers' Administration Fund	Insurance Financial Regulation Fund	Total
REVENUES			
Licenses and fees	\$ 30,962	\$ 23,717	\$ 54,679
Other	2,305	123	2,428
Total revenues	33,267	23,840	57,107
EXPENDITURES			
Current:			
Environment and business regulation	16,758	17,437	34,195
Debt service:			
Principal	8	1	9
Interest	2		2
Capital outlays	14	7	21
Total expenditures	16,782	17,445	34,227
Excess (deficiency) of revenues over (under) expenditures	16,485	6,395	22,880
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Transfers-out	(15,000)	(10,942)	(25,942)
Net other sources (uses) of financial resources	(15,000)	(10,942)	(25,942)
Net change in fund balances	1,485	(4,547)	(3,062)
Fund balances, July 1, 2017	42,020	42,235	84,255
FUND BALANCES, JUNE 30, 2018	\$ 43,505	\$ 37,688	\$ 81,193

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds
Revenue

June 30, 2018 (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	Tax Compliance and Administration Fund
ASSETS					
Cash equity with State Treasurer	\$ 51,700	\$ 76,548	\$ 351,306	\$ 71,380	\$ 32,408
Securities lending collateral of State Treasurer				27,202	9,892
Receivables, net:					
Taxes	51,472	20,426	77,712		6,057
Other				109	56
Due from other funds					1,121
Due from component units				335,979	
Loans and notes receivable, net					
Total assets	\$ 103,172	\$ 96,974	\$ 429,018	\$ 434,670	\$ 49,534
LIABILITIES					
Accounts payable and accrued liabilities				\$ 335	\$ 2,834
Intergovernmental payables	\$ 21,220	\$ 60,503	\$ 429,018		85
Due to other funds	81,952	36,471			1,279
Due to component units				8,188	37
Unearned revenue					
Obligations under securities lending of State Treasurer				27,202	9,892
Total liabilities	103,172	96,974	429,018	35,725	14,127
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue	181				81
Total deferred inflows of resources	181				81
FUND BALANCES (DEFICITS)					
Committed				398,945	35,326
Unassigned	(181)				
Total fund balances (deficits)	(181)			398,945	35,326
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 103,172	\$ 96,974	\$ 429,018	\$ 434,670	\$ 49,534

Local Government Distributive Fund	Personal Property Tax Replacement Fund	Senior Citizens' Real Estate Deferred Tax Revolving Fund	Build Illinois Fund	Total
\$ 121,896	\$ 268,783 43,656	\$ 14,665	\$ 10,320 8,941	\$ 999,006 89,691
46,740	62,056 175	14,620	49,646 36	314,109 14,996
65,443	2,223		9,450	78,237
		38,277		335,979 38,277
\$ 234,079	\$ 376,893	\$ 67,562	\$ 78,393	\$ 1,870,295
\$ 1,010	\$ 23,419		\$ 16,268	\$ 43,866
192,318	232,353 31,758			935,497 151,460 8,225
40,751	225,315 43,656		8,941	266,066 89,691
234,079	556,501		25,209	1,494,805
13,828	17,377	\$ 14,620	39	46,126
13,828	17,377	14,620	39	46,126
(13,828)	(196,985)	52,942	53,145	540,358 (210,994)
(13,828)	(196,985)	52,942	53,145	329,364
\$ 234,079	\$ 376,893	\$ 67,562	\$ 78,393	\$ 1,870,295

State of Illinois

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

Revenue

For the Year Ended June 30, 2018 (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	Tax Compliance and Administration Fund
REVENUES					
Income taxes					\$ 6,354
Sales taxes	\$ 168,401	\$ 413,568	\$ 2,042,230		49,931
Public utility taxes					1,210
Other taxes				\$ 39,738	24,282
Licenses and fees					829
Interest and other investment income				2,347	279
Other				6,321	222
Total revenues	168,401	413,568	2,042,230	48,406	83,107
EXPENDITURES					
Current:					
Health and social services				14,057	
Education					
General government				22,557	64,530
Public protection and justice					
Capital outlays					829
Intergovernmental	90,208	373,568	1,870,230		
Total expenditures	90,208	373,568	1,870,230	36,614	65,359
Excess (deficiency) of revenues over (under) expenditures	78,193	40,000	172,000	11,792	17,748
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-in					786
Transfers-out	(38,374)			(5,000)	(2,800)
Net other sources (uses) of financial resources	(38,374)			(5,000)	(2,014)
Net change in fund balances	39,819	40,000	172,000	6,792	15,734
Fund balances (deficits), July 1, 2017	(40,000)	(40,000)	(172,000)	392,153	19,592
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (181)	\$ -	\$ -	\$ 398,945	\$ 35,326

Local Government Distributive Fund	Personal Property Tax Replacement Fund	Senior Citizens' Real Estate Deferred Tax Revolving Fund	Build Illinois Fund	Total
\$ 1,129,547	\$ 1,351,236		\$ 484,203	\$ 2,487,137
269,171	218,048			3,427,504
			144,356	219,258
				208,376
	628	\$ 2,022	291	829
				5,567
				6,543
1,398,718	1,569,912	2,022	628,850	6,355,214
				14,057
	1,619			1,619
	114,215			201,302
	736			736
	1,240			2,069
1,402,446	1,395,437			5,131,889
1,402,446	1,513,247			5,351,672
(3,728)	56,665	2,022	628,850	1,003,542
	10,150		39,466	50,402
(5,000)	(30,573)		(669,988)	(751,735)
(5,000)	(20,423)		(630,522)	(701,333)
(8,728)	36,242	2,022	(1,672)	302,209
(5,100)	(233,227)	50,920	54,817	27,155
\$ (13,828)	\$ (196,985)	\$ 52,942	\$ 53,145	\$ 329,364

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Transportation

June 30, 2018 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal High Speed Rail Trust Fund	Downstate Public Transportation Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 112,894	\$ 43,248	\$ 49,154	\$ 205,296
Receivables, net:				
Taxes	113,198		17,025	130,223
Intergovernmental		6,255		6,255
Due from other funds	1,088		121,399	122,487
Inventories		20,865		20,865
Total assets	\$ 227,180	\$ 70,368	\$ 187,578	\$ 485,126
LIABILITIES				
Accounts payable and accrued liabilities	\$ 13,305	\$ 14,410	\$ 148	\$ 27,863
Intergovernmental payables	111,449		29,793	141,242
Due to other funds	101,405			101,405
Total liabilities	226,159	14,410	29,941	270,510
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unavailable revenue	1,021	3,032		4,053
Total deferred inflows of resources	1,021	3,032		4,053
FUND BALANCES				
Nonspendable inventories		20,865		20,865
Committed		32,061	157,637	189,698
Total fund balances		52,926	157,637	210,563
Total liabilities, deferred inflows of resources and fund balances	\$ 227,180	\$ 70,368	\$ 187,578	\$ 485,126

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Motor Fuel Tax Fund	Federal High Speed Rail Trust Fund	Downstate Public Transportation Fund	Total
REVENUES				
Sales taxes			\$ 213,095	\$ 213,095
Motor fuel taxes	\$ 717,592			717,592
Federal government	54	\$ 97,017		97,071
Licenses and fees	1,089			1,089
Total revenues	718,735	97,017	213,095	1,028,847
EXPENDITURES				
Current:				
General government	41,405			41,405
Transportation	15,581	94,945	211,782	322,308
Capital outlays	1,409	69,425		70,834
Intergovernmental	581,582			581,582
Total expenditures	639,977	164,370	211,782	1,016,129
Excess (deficiency) of revenues over (under) expenditures	78,758	(67,353)	1,313	12,718
OTHER SOURCES (USES) OF FINANCIAL RESOURCES				
Transfers-out	(78,758)			(78,758)
Net other sources (uses) of financial resources	(78,758)			(78,758)
Net change in fund balances	-	(67,353)	1,313	(66,040)
Fund balances, July 1, 2017		99,414	156,324	255,738
Increase for changes in inventories		20,865		20,865
FUND BALANCES, JUNE 30, 2018	\$ -	\$ 52,926	\$ 157,637	\$ 210,563

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Departments

June 30, 2018 (Expressed in Thousands)

	Children and Family Services	Employment Security	Financial and Professional Regulation	Illinois Power Agency	Public Health	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	Illinois State Medical Disciplinary Fund	Illinois Power Agency Renewable Energy Resources Fund	Public Health Services Fund	Total
ASSETS						
Cash equity with State Treasurer	\$ 147,279	\$ 82,099	\$ 38,731	\$ 57,903	\$ 11,278	\$ 337,290
Cash and cash equivalents	363	3				366
Securities lending collateral of State Treasurer			15,448			15,448
Receivables, net:						
Intergovernmental	62,055	11,015			27,609	100,679
Other		120	373			493
Due from other funds	1,306	5,162	65	112,500	2,680	121,713
Inventories		337			598	935
Total assets	\$ 211,003	\$ 98,736	\$ 54,617	\$ 170,403	\$ 42,165	\$ 576,924
LIABILITIES						
Accounts payable and accrued liabilities	\$ 81,865	\$ 4,296	\$ 95	\$ 1,456	\$ 17,200	\$ 104,912
Intergovernmental payables	298	437	6		6,280	7,021
Due to other funds	716	4,851	56		1,946	7,569
Due to component units	4,556				917	5,473
Unearned revenue		2,283			5,139	7,422
Obligations under securities lending of State Treasurer			15,448			15,448
Total liabilities	87,435	11,867	15,605	1,456	31,482	147,845
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unavailable revenue	49,464	8	295		11,154	60,921
Total deferred inflows of resources	49,464	8	295		11,154	60,921
FUND BALANCES (DEFICITS)						
Nonspendable inventories		337			598	935
Restricted		86,533				86,533
Committed	74,104		38,717	168,947		281,768
Unassigned		(9)			(1,069)	(1,078)
Total fund balances (deficits)	74,104	86,861	38,717	168,947	(471)	368,158
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 211,003	\$ 98,736	\$ 54,617	\$ 170,403	\$ 42,165	\$ 576,924

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, 2018 (Expressed in Thousands)

	Children and Family Services	Employment Security	Financial and Professional Regulation	Illinois Power Agency	Public Health	
	DCFS Childrens' Services Fund	Title III Social Security and Employment Service Fund	Illinois State Medical Disciplinary Fund	Illinois Power Agency Renewable Energy Resources Fund	Public Health Services Fund	Total
REVENUES						
Federal government	\$ 354,075	\$ 189,638			\$ 227,197	\$ 770,910
Licenses and fees		44	\$ 16,583			16,627
Interest and other investment income		834	572			1,406
Other	6,557	246	465	\$ 13	20,118	27,399
Total revenues	360,632	190,762	17,620	13	247,315	816,342
EXPENDITURES						
Current:						
Health and social services	336,699				249,429	586,128
Employment and economic development		179,919		4,332		184,251
Environment and business regulation			3,324			3,324
Debt service:						
Principal		140			34	174
Interest		23			3	26
Capital outlays		6,596			686	7,282
Total expenditures	336,699	186,678	3,324	4,332	250,152	781,185
Excess (deficiency) of revenues over (under) expenditures	23,933	4,084	14,296	(4,319)	(2,837)	35,157
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Transfers-in	5	23,270				23,275
Transfers-out		(11)	(7,289)			(7,300)
Capital lease financing		341			110	451
Net other sources (uses) of financial resources	5	23,600	(7,289)		110	16,426
Net change in fund balances	23,938	27,684	7,007	(4,319)	(2,727)	51,583
Fund balances, July 1, 2017	50,166	59,144	31,710	173,266	2,180	316,466
Increase for changes in inventories		33			76	109
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 74,104	\$ 86,861	\$ 38,717	\$ 168,947	\$ (471)	\$ 368,158

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

State Board of Education

June 30, 2018 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 1,784	\$ 891	\$ 2,675
Receivables, net:			
Intergovernmental	29,229	367,788	397,017
Other	6,901	510	7,411
Due from other funds		3,926	3,926
Due from component units	5		5
Inventories	1,623		1,623
Total assets	\$ 39,542	\$ 373,115	\$ 412,657
LIABILITIES			
Accounts payable and accrued liabilities	\$ 17,088	\$ 12,058	\$ 29,146
Intergovernmental payables	20,077	349,429	369,506
Due to other funds	70	8,638	8,708
Due to component units		1,816	1,816
Unearned revenue	407	770	1,177
Total liabilities	37,642	372,711	410,353
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - unavailable revenue	3	53,831	53,834
Total deferred inflows of resources	3	53,831	53,834
FUND BALANCES (DEFICITS)			
Nonspendable inventories	1,623		1,623
Restricted	277		277
Unassigned	(3)	(53,427)	(53,430)
Total fund balances (deficits)	1,897	(53,427)	(51,530)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 39,542	\$ 373,115	\$ 412,657

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, 2018 (Expressed in Thousands)

	SBE Federal Department of Agriculture Fund	SBE Federal Department of Education Fund	Total
REVENUES			
Federal government	\$ 847,134	\$ 1,434,212	\$ 2,281,346
Total revenues	847,134	1,434,212	2,281,346
EXPENDITURES			
Current:			
Education	846,040	1,401,508	2,247,548
Capital outlays	1,093	2,596	3,689
Total expenditures	847,133	1,404,104	2,251,237
Excess (deficiency) of revenues over (under) expenditures	1	30,108	30,109
Net change in fund balances	1	30,108	30,109
Fund balances (deficits), July 1, 2017	2,986	(83,535)	(80,549)
(Decrease) for changes in inventories	(1,090)		(1,090)
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 1,897	\$ (53,427)	\$ (51,530)

State of Illinois

Combining Balance Sheet - Nonmajor Special Revenue Funds

Other Agencies, Boards and Authorities

June 30, 2018 (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		\$ 13,010	\$ 47,252	\$ 101,667	\$	161,929
Cash and cash equivalents	\$ 169,400					169,400
Securities lending collateral of State Treasurer				40,159		40,159
Receivables, net:						
Taxes			5,165	6,335		11,500
Other	153,236	39,035	159	2,835		195,265
Due from other funds		517	868	235		1,620
Total assets	322,636	52,562	53,444	151,231		579,873
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows of resources - TSR's	505,078					505,078
Total assets and deferred outflows of resources	\$ 827,714	\$ 52,562	\$ 53,444	\$ 151,231	\$	1,084,951
LIABILITIES						
Accounts payable and accrued liabilities		\$ 1,060	\$ 1,100	\$ 4,306	\$	6,466
Intergovernmental payables		37	9,380	416		9,833
Due to other funds	\$ 69,258	296	42,964	85		112,603
Obligations under securities lending of State Treasurer				40,159		40,159
Total liabilities	69,258	1,393	53,444	44,966		169,061
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unavailable revenue	153,236	13,178		2,674		169,088
Total deferred inflows of resources	153,236	13,178		2,674		169,088
FUND BALANCES						
Restricted	605,220					605,220
Committed		37,991		103,591		141,582
Total fund balances	605,220	37,991		103,591		746,802
Total liabilities, deferred inflows of resources and fund balances	\$ 827,714	\$ 52,562	\$ 53,444	\$ 151,231	\$	1,084,951

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, 2018 (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				\$ 75,517	\$ 75,517
Riverboat taxes			\$ 469,363		469,363
Licenses and fees		\$ 26,035	5,403	46	31,484
Interest and other investment income	\$ 2,399			453	2,852
Other	303,970	2,885	3	1,205	308,063
Total revenues	306,369	28,920	474,769	77,221	887,279
EXPENDITURES					
Current:					
Health and social services			758		758
General government	4,895			1,859	6,754
Public protection and justice			43,780	4,090	47,870
Environment and business regulation		27,943		33,354	61,297
Debt service:					
Principal	89,040				89,040
Interest	54,239				54,239
Capital outlays			89		89
Intergovernmental			89,319		89,319
Total expenditures	148,174	27,943	133,946	39,303	349,366
Excess (deficiency) of revenues over (under) expenditures	158,195	977	340,823	37,918	537,913
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Revenue refunding bonds issued	670,965				670,965
Premiums on revenue refunding bonds issued	90,805				90,805
Transfers-out	(302,103)	(11,273)	(340,823)	(13,993)	(668,192)
Payments to refunded bond escrow agent	(756,954)				(756,954)
Net other sources (uses) of financial resources	(297,287)	(11,273)	(340,823)	(13,993)	(663,376)
Net change in fund balances	(139,092)	(10,296)	-	23,925	(125,463)
Fund balances, July 1, 2017	744,312	48,287		79,666	872,265
FUND BALANCES, JUNE 30, 2018	\$ 605,220	\$ 37,991	\$ -	\$ 103,591	\$ 746,802

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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, 2018 (Expressed in Thousands)

	Treasurer		Governor's Office of Management and Budget		Other	Total
	General Obligation Bond Retirement and Interest Fund	Build Illinois Bond Retirement and Interest Fund				
ASSETS						
Cash equity with State Treasurer	\$ 1,572,180	\$ 9,466	\$ 8,046	\$ 1,589,692		
Cash and cash equivalents	5,720	119,898	19,760	145,378		
Securities lending collateral of State Treasurer	519,852	4,460		524,312		
Receivables, net:						
Intergovernmental	9,187			9,187		
Other	2,079	148		2,227		
Due from other funds	3,458			3,458		
Loans and notes receivable, net	3,279			3,279		
Total assets	\$ 2,115,755	\$ 133,972	\$ 27,806	\$ 2,277,533		
LIABILITIES						
Obligations under securities lending of State Treasurer	\$ 519,852	\$ 4,460		\$ 524,312		
Total liabilities	519,852	4,460		524,312		
FUND BALANCES						
Restricted	1,595,903	129,512	\$ 27,806	1,753,221		
Total fund balances	1,595,903	129,512	27,806	1,753,221		
Total liabilities and fund balances	\$ 2,115,755	\$ 133,972	\$ 27,806	\$ 2,277,533		

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Treasurer		Governor's Office of Management and Budget		Other	Total	
	General Obligation Bond Retirement and Interest Fund		Build Illinois Bond Retirement and Interest Fund				
REVENUES							
Federal government	\$	49,240				\$ 49,240	
Interest and other investment income		11,746	\$	3,615	\$	190	15,551
Total revenues		<u>60,986</u>		<u>3,615</u>		<u>190</u>	<u>64,791</u>
EXPENDITURES							
Current:							
General government		20		64		84	
Employment and economic development					14	14	
Transportation					1	1	
Debt service:							
Principal		2,007,050		217,005		18,930	2,242,985
Interest		1,449,771		105,811		1,572	1,557,154
Total expenditures		<u>3,456,841</u>		<u>322,880</u>		<u>20,517</u>	<u>3,800,238</u>
Excess (deficiency) of revenues over (under) expenditures		<u>(3,395,855)</u>		<u>(319,265)</u>		<u>(20,327)</u>	<u>(3,735,447)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Transfers-in		3,748,012		478,841		17,482	4,244,335
Transfers-out				(159,690)		(2)	(159,692)
Net other sources (uses) of financial resources		<u>3,748,012</u>		<u>319,151</u>		<u>17,480</u>	<u>4,084,643</u>
Net change in fund balances		<u>352,157</u>		<u>(114)</u>		<u>(2,847)</u>	<u>349,196</u>
Fund balances, July 1, 2017		1,243,746		129,626		30,653	1,404,025
FUND BALANCES, JUNE 30, 2018	\$	<u>1,595,903</u>	\$	<u>129,512</u>	\$	<u>27,806</u>	\$ <u>1,753,221</u>

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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.

State of Illinois

Combining Balance Sheet
Nonmajor Capital Projects Funds

June 30, 2018 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board Capital Development		Other	Total
	Build Illinois Bond Fund	Transportation	Fund			
ASSETS						
Cash equity with State Treasurer	\$ 149,960	\$ 1,352,253	\$ 487,710	\$ 45,925	\$ 2,035,848	
Cash and cash equivalents			5,590	1,689	7,279	
Securities lending collateral of State Treasurer		235,794			235,794	
Receivables, net:						
Intergovernmental				496	496	
Other	798	2,468		27	3,293	
Due from other funds	490	42,004	2,297	1,996	46,787	
Loans and notes receivable, net	1,500				1,500	
Total assets	\$ 152,748	\$ 1,632,519	\$ 495,597	\$ 50,133	\$ 2,330,997	
LIABILITIES						
Accounts payable and accrued liabilities	\$ 406	\$ 107,633	\$ 80,910	\$ 2,014	\$ 190,963	
Intergovernmental payables	9,380	72,666	2,428	29	84,503	
Due to other funds	248		105	920	1,273	
Unearned revenue		7,061		1,320	8,381	
Obligations under securities lending of State Treasurer		235,794			235,794	
Total liabilities	10,034	423,154	83,443	4,283	520,914	
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - unavailable revenue		218			218	
Total deferred inflows of resources		218			218	
FUND BALANCES (DEFICITS)						
Restricted	142,714	599,118	412,154	31,904	1,185,890	
Committed		620,745		13,946	634,691	
Unassigned		(10,716)			(10,716)	
Total fund balances (deficits)	142,714	1,209,147	412,154	45,850	1,809,865	
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 152,748	\$ 1,632,519	\$ 495,597	\$ 50,133	\$ 2,330,997	

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Commerce and Economic Opportunity		Capital Development Board Capital Development			
	Build Illinois Bond Fund	Transportation	Fund	Other	Total	
REVENUES						
Motor fuel taxes		\$ 222,156			\$ 222,156	
Federal government				\$ 8,339	8,339	
Licenses and fees		486,361			486,361	
Interest and other investment income		3,592			3,592	
Other	\$ 8			263	271	
Total revenues	8	712,109		8,602	720,719	
EXPENDITURES						
Current:						
Education	500		\$ 65,047	2,370	67,917	
General government	9,639	3,329	27,804		40,772	
Employment and economic development	4,878				4,878	
Transportation		318,553		2,074	320,627	
Environment and business regulation	20,053		9,817	2,573	32,443	
Capital outlays	1,823	478,787	89,577	8,382	578,569	
Total expenditures	36,893	800,669	192,245	15,399	1,045,206	
Excess (deficiency) of revenues over (under) expenditures	(36,885)	(88,560)	(192,245)	(6,797)	(324,487)	
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
General obligation bonds issued		727,613	522,387		1,250,000	
Premiums on general obligation bonds issued		33,204	24,064		57,268	
Transfers-in		652		2,417	3,069	
Transfers-out	(2,095)			(4)	(2,099)	
Net other sources (uses) of financial resources	(2,095)	761,469	546,451	2,413	1,308,238	
Net change in fund balances	(38,980)	672,909	354,206	(4,384)	983,751	
Fund balances, July 1, 2017	181,694	536,238	57,948	50,234	826,114	
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 142,714	\$ 1,209,147	\$ 412,154	\$ 45,850	\$ 1,809,865	

State of Illinois

Combining Balance Sheet - Nonmajor Capital Projects Funds

Transportation

June 30, 2018 (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	\$ 1,300	\$ 320,878	\$ 382,386	\$ 647,689	\$ 1,352,253
Securities lending collateral of State Treasurer				235,794	235,794
Other receivables, net				2,468	2,468
Due from other funds				42,004	42,004
Total assets	\$ 1,300	\$ 320,878	\$ 382,386	\$ 927,955	\$ 1,632,519
LIABILITIES					
Accounts payable and accrued liabilities	\$ 11,543	\$ 6,726	\$ 25,326	\$ 64,038	\$ 107,633
Intergovernmental payables	473	32,799	39,295	99	72,666
Unearned revenue				7,061	7,061
Obligations under securities lending of State Treasurer				235,794	235,794
Total liabilities	12,016	39,525	64,621	306,992	423,154
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - unavailable revenue				218	218
Total deferred inflows of resources				218	218
FUND BALANCES (DEFICITS)					
Restricted		281,353	317,765		599,118
Committed				620,745	620,745
Unassigned	(10,716)				(10,716)
Total fund balances (deficits)	(10,716)	281,353	317,765	620,745	1,209,147
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,300	\$ 320,878	\$ 382,386	\$ 927,955	\$ 1,632,519

State of Illinois

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

For the Year Ended June 30, 2018 (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				\$ 222,156	\$ 222,156
Licenses and fees				486,361	486,361
Interest and other investment income				3,592	3,592
Total revenues				712,109	712,109
EXPENDITURES					
Current:					
General government	\$ 8	\$ 1,771	\$ 1,550		3,329
Transportation	6,984	181,193	42,492	87,884	318,553
Capital outlays	22,647	2,275		453,865	478,787
Total expenditures	29,639	185,239	44,042	541,749	800,669
Excess (deficiency) of revenues over (under) expenditures	(29,639)	(185,239)	(44,042)	170,360	(88,560)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
General obligation bonds issued	1,910	393,284	332,419		727,613
Premiums on general obligation bonds issued	98	15,975	17,131		33,204
Transfers-in				652	652
Net other sources (uses) of financial resources	2,008	409,259	349,550	652	761,469
Net change in fund balances	(27,631)	224,020	305,508	171,012	672,909
Fund balances, July 1, 2017	16,915	57,333	12,257	449,733	536,238
FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (10,716)	\$ 281,353	\$ 317,765	\$ 620,745	\$ 1,209,147

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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.

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, 2018 (Expressed in Thousands)

	Natural Resources	Human Services DHS Permanent Trust Fund	Illinois Power Agency Illinois Power Agency Trust Fund	Other	Total
ASSETS					
Cash equity with State Treasurer	\$ 14,569				\$ 14,569
Cash and cash equivalents		\$ 162		\$ 18	180
Securities lending collateral of State Treasurer	975				975
Investments		261	\$ 38,606	981	39,848
Other receivables, net	22			1	23
Total assets	\$ 15,566	\$ 423	\$ 38,606	\$ 1,000	\$ 55,595
LIABILITIES					
Due to other funds		\$ 150			\$ 150
Obligations under securities lending of State Treasurer	\$ 975				975
Total liabilities	975	150			1,125
FUND BALANCES					
Nonspendable endowments and similar funds	11,088	159	\$ 38,606	\$ 981	50,834
Restricted	3,503	114		19	3,636
Total fund balances	14,591	273	38,606	1,000	54,470
Total liabilities and fund balances	\$ 15,566	\$ 423	\$ 38,606	\$ 1,000	\$ 55,595

State of Illinois

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Nonmajor Permanent Funds

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Natural Resources	Human Services DHS Permanent Trust Fund	Illinois Power Agency Illinois Power Agency Trust Fund	Other	Total
REVENUES					
Licenses and fees	\$ 51				\$ 51
Interest and other investment income	194	\$ 11	\$ 2,838	\$ 12	3,055
Other		2			2
Total revenues	245	13	2,838	12	3,108
EXPENDITURES					
Current:					
Health and social services		1		7	8
Total expenditures		1		7	8
Excess (deficiency) of revenues over (under) expenditures	245	12	2,838	5	3,100
OTHER SOURCES (USES) OF FINANCIAL RESOURCES					
Transfers-out			(1,125)		(1,125)
Net other sources (uses) of financial resources			(1,125)		(1,125)
Net change in fund balances	245	12	1,713	5	1,975
Fund balances, July 1, 2017	14,346	261	36,893	995	52,495
FUND BALANCES, JUNE 30, 2018	\$ 14,591	\$ 273	\$ 38,606	\$ 1,000	\$ 54,470

State of Illinois

Combining Balance Sheet - Nonmajor Permanent Funds

Natural Resources

June 30, 2018 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 2,416	\$ 12,153	\$ 14,569
Securities lending collateral of State Treasurer	975		975
Other receivables, net	4	18	22
Total assets	\$ 3,395	\$ 12,171	\$ 15,566
LIABILITIES			
Obligations under securities lending of State Treasurer	\$ 975		\$ 975
Total liabilities	975		975
FUND BALANCES			
Nonspendable endowments and similar funds	2,420	\$ 8,668	11,088
Restricted		3,503	3,503
Total fund balances	2,420	12,171	14,591
Total liabilities and fund balances	\$ 3,395	\$ 12,171	\$ 15,566

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Fish and Wildlife Endowment Fund	Illinois Habitat Endowment Trust Fund	Total
REVENUES			
Licenses and fees	\$ 51		\$ 51
Interest and other investment income	36	\$ 158	194
Total revenues	87	158	245
Net change in fund balances	87	158	245
Fund balances, July 1, 2017	2,333	12,013	14,346
FUND BALANCES, JUNE 30, 2018	\$ 2,420	\$ 12,171	\$ 14,591

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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, 2018 (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	\$ 17,417	\$ 67,863	\$ 97,004	\$ 31,648	\$ 213,932			
Cash and cash equivalents		32,564	22,212	6,127	60,903			
Securities lending collateral of State Treasurer	7,229		40,094	9,913	57,236			
Investments		22,692	3,955	31,189	57,836			
Receivables, net:								
Intergovernmental			22,097	470	22,567			
Other	6,256	29,358	160	6,138	41,912			
Due from other funds	275	368	4,542	465	5,650			
Restricted assets:								
Cash and cash equivalents			12,052		12,052			
Other receivables, net			17,838		17,838			
Loans and notes receivable, net			42,515		42,515			
Prepaid expenses				169	169			
Total current assets	31,177	152,845	262,469	86,119	532,610			
Investments		244,703		23,437	268,140			
Restricted loans and notes receivable, net			261,164		261,164			
Capital assets being depreciated, net		83	1,843	1,768	3,694			
Total noncurrent assets		244,786	263,007	25,205	532,998			
Total assets	31,177	397,631	525,476	111,324	1,065,608			
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows of resources - pensions	10,616	17,933	25,767		54,316			
Deferred outflows of resources - OPEB	743	1,272	4,518		6,533			
Total deferred outflows of resources	11,359	19,205	30,285		60,849			
LIABILITIES								
Accounts payable and accrued liabilities	5,573	117,298	10,253	16,168	149,292			
Intergovernmental payables	21	60	6,156	5	6,242			
Due to other funds	205	830	4,336	51	5,422			
Due to component units		2			2			
Unearned revenue		1,803		32,150	33,953			
Obligations under securities lending of State Treasurer	7,229		40,094	9,913	57,236			
Short-term notes payable			113,657		113,657			
Current portion of long-term liabilities	261	21,733	210	580	22,784			
Total current liabilities	13,289	141,726	174,706	58,867	388,588			
Due to other funds		89,045			89,045			
Noncurrent portion of long-term liabilities	99,551	375,726	292,723	8,506	776,506			
Total noncurrent liabilities	99,551	464,771	292,723	8,506	865,551			
Total liabilities	112,840	606,497	467,429	67,373	1,254,139			
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows of resources - unamortized deferred amounts on refundings			33,014		33,014			
Deferred inflows of resources - pensions	9,010	5,187	21,430		35,627			
Deferred inflows of resources - OPEB	10,546	9,040	5,973		25,559			
Total deferred inflows of resources	19,556	14,227	60,417		94,200			
NET POSITION								
Net investment in capital assets		26	1,843	1,768	3,637			
Restricted for:								
Debt service			24,288		24,288			
Education			46,331		46,331			
Unrestricted	(89,860)	(203,914)	(44,547)	42,183	(296,138)			
Total net position	\$ (89,860)	\$ (203,888)	\$ 27,915	\$ 43,951	\$ (221,882)			

State of Illinois

Combining Statement of Revenues, Expenses
and Changes in Net Position

Nonmajor Enterprise Funds

For the Year Ended June 30, 2018 (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	\$ 19,890	\$ 2,926,375	\$ 28,475	\$ 79,111	\$ 3,053,851	
Interest income pledged as revenue bond security			17,462		17,462	
Interest and other investment income				50	50	
Other		6,517			6,517	
Total operating revenues	19,890	2,932,892	45,937	79,161	3,077,880	
OPERATING EXPENSES						
Cost of sales and services	15,602	165,045	127,572	2,140	310,359	
Benefit payments and refunds				64,787	64,787	
Prizes and claims		1,910,896			1,910,896	
Interest			2,649		2,649	
General and administrative		198,230	19,182	11,592	229,004	
Depreciation		17	427	397	841	
Other				15,463	15,463	
Total operating expenses	15,602	2,274,188	149,830	94,379	2,533,999	
Operating income (loss)	4,288	658,704	(103,893)	(15,218)	543,881	
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income	242	(2,791)	1,485	990	(74)	
Interest expense		(6,354)		(10)	(6,364)	
Federal government			117,249		117,249	
Other revenues		29		28	57	
Other expenses		(315)	(1,011)		(1,326)	
Income (loss) before transfers	4,530	649,273	13,830	(14,210)	653,423	
Transfers-in			21,925		21,925	
Transfers-out	(3,496)	(722,525)	(21,925)		(747,946)	
Change in net position	1,034	(73,252)	13,830	(14,210)	(72,598)	
Net position, July 1, 2017, as restated	(90,894)	(130,636)	14,085	58,161	(149,284)	
NET POSITION, JUNE 30, 2018	\$ (89,860)	\$ (203,888)	\$ 27,915	\$ 43,951	\$ (221,882)	

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2018 (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	\$ 20,846		\$ 104,273	\$ 77,604	\$ 202,723
Cash received from lottery sales		\$ 2,923,272			2,923,272
Cash payments to suppliers for goods and services		(119,252)	(7,531)	(54,359)	(181,142)
Cash payments to employees for services	(13,126)	(16,907)	(14,254)	(15,138)	(59,425)
Cash payments for lottery prizes		(1,906,591)			(1,906,591)
Cash payments for commissions and bonuses		(165,045)			(165,045)
Cash receipts from student loan principal			58,204		58,204
Cash receipts from student loan interest			6,716		6,716
Cash payments for student loans issued			(1,586)		(1,586)
Cash receipts from other operating activities		6,746		1,340	8,086
Cash payments for other operating activities	(943)	(191)	(200,948)	(8,892)	(210,974)
Net cash provided (used) by operating activities	6,777	722,032	(55,126)	555	674,238
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Principal paid on revenue bonds and other borrowings			(52,750)		(52,750)
Interest paid on revenue bonds and other borrowings			(6,167)	(10)	(6,177)
Grants received			114,258	35	114,293
Grants paid			(1,527)		(1,527)
Transfers-in from other funds			21,407		21,407
Transfers-out to other funds	(3,496)	(731,818)	(21,407)		(756,721)
Net cash provided (used) by noncapital financing activities	(3,496)	(731,818)	53,814	25	(681,475)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets			(148)	(117)	(265)
Principal paid on capital debt		(6)			(6)
Net cash provided (used) by capital and related financing activities		(6)	(148)	(117)	(271)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities		(6,820)	(4,930)	(38,661)	(50,411)
Proceeds from sales and maturities of investment securities		23,900	5,000	33,066	61,966
Cash paid for long-term annuity prizes payable		(24,494)			(24,494)
Interest and dividends on investments	226		1,559	950	2,735
Net cash provided (used) by investing activities	226	(7,414)	1,629	(4,645)	(10,204)
Net increase (decrease) in cash and cash equivalents	3,507	(17,206)	169	(4,182)	(17,712)
Cash and cash equivalents, July 1, 2017	13,910	117,633	131,099	41,957	304,599
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 17,417	\$ 100,427	\$ 131,268	\$ 37,775	\$ 286,887
Reconciliation of cash and cash equivalents to the Statement of Net Position:					
Total cash and cash equivalents per Statement of Net Position		\$ 32,564	\$ 22,212	\$ 6,127	\$ 60,903
Add: cash equity with State Treasurer	\$ 17,417	67,863	97,004	31,648	213,932
Add: restricted cash equivalents			12,052		12,052
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 17,417	\$ 100,427	\$ 131,268	\$ 37,775	\$ 286,887

(continued)

State of Illinois

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended June 30, 2018 (Expressed in Thousands)

(continued)

	Financial and Professional Regulation		Lottery	Student Assistance Commission	Other	Total
	Bank and Trust Company Fund	State Lottery Fund				
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ 4,288	\$ 658,704	\$ (103,893)	\$ (15,218)	\$	\$ 543,881
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation		17	427	397		841
Provision for uncollectible accounts	(12)	1,960	(1,263)			685
Amortization			814			814
Interest and investment income			(179)	(50)		(229)
Interest expense			2,649			2,649
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
(Increase) decrease in accounts receivable	11	19,006	(3,067)	(1,856)		14,094
(Increase) decrease in intergovernmental receivables			57	457		514
(Increase) decrease in due from other funds	(275)	(367)	450	(109)		(301)
(Increase) decrease in loans and notes receivable			50,524			50,524
(Increase) decrease in prepaid expenses				32		32
(Increase) decrease in deferred outflows of resources	6,192	3,787	(12,999)			(3,020)
Increase (decrease) in accounts payable and accrued liabilities	833	26,919	(2,155)	927		26,524
Increase (decrease) in intergovernmental payables	(7)	(1)	(1,383)	5		(1,386)
Increase (decrease) in due to other funds	(34)	80	(65)	(133)		(152)
Increase (decrease) in due to component units						
Increase (decrease) in unearned revenue		258		14,771		15,029
Increase (decrease) in net pension liability	(6,080)	1,279	16,001			11,200
Increase (decrease) in OPEB liability	(10,775)	(7,321)	463			(17,633)
Increase (decrease) in other liabilities	(334)	(48)	(178)	1,332		772
Increase (decrease) in long-term annuity prizes payable		6,820				6,820
Increase (decrease) in deferred inflows of resources	12,970	10,939	(1,329)			22,580
Total adjustments	2,489	63,328	48,767	15,773		130,357
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 6,777	\$ 722,032	\$ (55,126)	\$ 555	\$	\$ 674,238
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Increase (decrease) in fair value of investments		\$ 9,128	\$ 40	\$ 47	\$	\$ 9,215
Cost of capital asset acquisitions financed by capital leases		63				63
Interest accreted on investments		6,337				6,337
Interest accreted on long-term annuity prizes payable		(6,337)				(6,337)

State of Illinois

Combining Statement of Net Position - Nonmajor Enterprise Funds

Student Assistance Commission

June 30, 2018 (Expressed in Thousands)

	Federal Student Loan Fund	Student Loan Operation Fund	Illinois Designated Account Purchase Program Fund	Total
ASSETS				
Cash equity with State Treasurer	\$ 39,325	\$ 57,679		\$ 97,004
Cash and cash equivalents			\$ 22,212	22,212
Securities lending collateral of State Treasurer	16,495	23,599		40,094
Investments			3,955	3,955
Receivables, net:				
Intergovernmental	21,631	466		22,097
Other	66	94		160
Due from other funds	891	3,651		4,542
Restricted assets:				
Cash and cash equivalents			12,052	12,052
Other receivables, net			17,838	17,838
Loans and notes receivable, net			42,515	42,515
Total current assets	78,408	85,489	98,572	262,469
Restricted loans and notes receivable, net			261,164	261,164
Capital assets being depreciated, net		1,843		1,843
Total noncurrent assets		1,843	261,164	263,007
Total assets	78,408	87,332	359,736	525,476
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - pensions		25,461	306	25,767
Deferred outflows of resources - OPEB		4,474	44	4,518
Total deferred outflows of resources		29,935	350	30,285
LIABILITIES				
Accounts payable and accrued liabilities	8,180	706	1,367	10,253
Intergovernmental payables	6,138		18	6,156
Due to other funds	1,264	1,049	2,023	4,336
Obligations under securities lending of State Treasurer	16,495	23,599		40,094
Short-term notes payable			113,657	113,657
Current portion of long-term liabilities		204	6	210
Total current liabilities	32,077	25,558	117,071	174,706
Noncurrent portion of long-term liabilities		128,458	164,265	292,723
Total liabilities	32,077	154,016	281,336	467,429
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - unamortized deferred amounts on refundings			33,014	33,014
Deferred inflows of resources - pensions		19,005	2,425	21,430
Deferred inflows of resources - OPEB		4,916	1,057	5,973
Total deferred inflows of resources		23,921	36,496	60,417
NET POSITION				
Net investment in capital assets		1,843		1,843
Restricted for:				
Debt service			24,288	24,288
Education	46,331			46,331
Unrestricted		(62,513)	17,966	(44,547)
Total net position	\$ 46,331	\$ (60,670)	\$ 42,254	\$ 27,915

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, 2018 (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	\$ 14,405	\$ 14,070		\$ 28,475
Interest income pledged as revenue bond security			\$ 17,462	17,462
Total operating revenues	14,405	14,070	17,462	45,937
OPERATING EXPENSES				
Cost of sales and services	116,629	10,943		127,572
Interest			2,649	2,649
General and administrative		17,578	1,604	19,182
Depreciation		427		427
Total operating expenses	116,629	28,948	4,253	149,830
Operating income (loss)	(102,224)	(14,878)	13,209	(103,893)
NONOPERATING REVENUES (EXPENSES)				
Interest and investment income	615	870		1,485
Federal government	117,249			117,249
Other expenses			(1,011)	(1,011)
Income (loss) before transfers	15,640	(14,008)	12,198	13,830
Transfers-in	4,452	17,473		21,925
Transfers-out	(17,473)	(4,452)		(21,925)
Change in net position	2,619	(987)	12,198	13,830
Net position, July 1, 2017, as restated	43,712	(59,683)	30,056	14,085
NET POSITION, JUNE 30, 2018	\$ 46,331	\$ (60,670)	\$ 42,254	\$ 27,915

State of Illinois

Combining Statement of Cash Flows - Nonmajor Enterprise Funds

Student Assistance Commission

For the Year Ended June 30, 2018 (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	\$ 91,940	\$ 12,333		\$ 104,273
Cash payments to suppliers for goods and services		(5,496)	\$ (2,035)	(7,531)
Cash payments to employees for services		(13,641)	(613)	(14,254)
Cash receipts from student loan principal			58,204	58,204
Cash receipts from student loan interest			6,716	6,716
Cash payments for student loans issued			(1,586)	(1,586)
Cash payments for other operating activities	(197,480)	(3,468)		(200,948)
Net cash provided (used) by operating activities	(105,540)	(10,272)	60,686	(55,126)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal paid on revenue bonds and other borrowings			(52,750)	(52,750)
Interest paid on revenue bonds and other borrowings			(6,167)	(6,167)
Grants received	114,258			114,258
Grants paid			(1,527)	(1,527)
Transfers-in from other funds	4,596	16,811		21,407
Transfers-out to other funds	(16,811)	(4,596)		(21,407)
Net cash provided (used) by noncapital financing activities	102,043	12,215	(60,444)	53,814
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets		(148)		(148)
Net cash provided (used) by capital and related financing activities		(148)		(148)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investment securities			(4,930)	(4,930)
Proceeds from sales and maturities of investment securities			5,000	5,000
Interest and dividends on investments	590	830	139	1,559
Net cash provided (used) by investing activities	590	830	209	1,629
Net increase (decrease) in cash and cash equivalents	(2,907)	2,625	451	169
Cash and cash equivalents, July 1, 2017	42,232	55,054	33,813	131,099
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 39,325	\$ 57,679	\$ 34,264	\$ 131,268
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Total cash and cash equivalents per Statement of Net Position			\$ 22,212	\$ 22,212
Add: cash equity with State Treasurer	\$ 39,325	\$ 57,679		97,004
Add: restricted cash equivalents			12,052	12,052
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 39,325	\$ 57,679	\$ 34,264	\$ 131,268
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
OPERATING INCOME (LOSS)	\$ (102,224)	\$ (14,878)	\$ 13,209	\$ (103,893)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation		427		427
Provision for uncollectible accounts			(1,263)	(1,263)
Amortization			814	814
Interest and investment income			(179)	(179)
Interest expense			2,649	2,649
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:				
(Increase) decrease in accounts receivable			(3,067)	(3,067)
(Increase) decrease in intergovernmental receivables		57		57
(Increase) decrease in due from other funds	(4)	454		450
(Increase) decrease in loans and notes receivable			50,524	50,524
(Increase) decrease in deferred outflows of resources - pensions		(13,329)	330	(12,999)
Increase (decrease) in accounts payable and accrued liabilities	(1,929)	(210)	(16)	(2,155)
Increase (decrease) in intergovernmental payables	(1,383)			(1,383)
Increase (decrease) in due to other funds		(35)	(30)	(65)
Increase (decrease) in net pension liability		17,795	(1,794)	16,001
Increase (decrease) in OPEB liability		1,668	(1,205)	463
Increase (decrease) in other liabilities		(203)	25	(178)
Increase (decrease) in deferred inflows of resources - pensions		(2,018)	689	(1,329)
Total adjustments	(3,316)	4,606	47,477	48,767
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (105,540)	\$ (10,272)	\$ 60,686	\$ (55,126)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Transfer of assets from (to) other state funds			\$ 40	\$ 40
Increase (decrease) in fair value of investments				

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

Technology Management Revolving Fund--to account for the purchase, maintenance, and operation of electronic data processing and informational services 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, 2018 (Expressed in Thousands)

	Auditor General		Corrections		Department of Innovation and Technology	Other	Total
	Audit Expense Fund	Central Management Services	Working Capital Revolving Fund				
ASSETS							
Cash equity with State Treasurer	\$ 30,384	\$ 144,844	\$ 2,709	\$ 42,423	\$ 3,018	\$	223,378
Cash and cash equivalents		161,355					161,355
Securities lending collateral of State Treasurer		42,088			833		42,921
Receivables, net:							
Intergovernmental		5,964	8	1,592			7,564
Other		17,991	142	179	9,772		28,084
Due from other funds	17,939	2,795,364	42,048	281,000	7,159		3,143,510
Due from component units	1,268	13,493	10	850	403		16,024
Inventories		2,028	5,747		1,589		9,364
Total current assets	49,591	3,183,127	50,664	326,044	22,774		3,632,200
Capital assets not being depreciated		38,336		90,913			129,249
Capital assets being depreciated, net		130,051	2,442	62,050			194,543
Total noncurrent assets		168,387	2,442	152,963			323,792
Total assets	49,591	3,351,514	53,106	479,007	22,774		3,955,992
LIABILITIES							
Accounts payable and accrued liabilities	5,936	2,360,991	15,715	225,072	5,176		2,612,890
Intergovernmental payables		5,100	30	15,249			20,379
Due to other funds	2	8,228	3,128	6,275	10,536		28,169
Due to component units		347	3	19			369
Unearned revenue		7,933		4,584	3		12,520
Obligations under securities lending of State Treasurer		42,088			833		42,921
Current portion of long-term liabilities		110,362	198	452			111,012
Total current liabilities	5,938	2,535,049	19,074	251,651	16,548		2,828,260
Noncurrent portion of long-term liabilities		498,287	739	4,988			504,014
Total liabilities	5,938	3,033,336	19,813	256,639	16,548		3,332,274
NET POSITION							
Net investment in capital assets		168,387	2,441	152,963			323,791
Unrestricted	43,653	149,791	30,852	69,405	6,226		299,927
Total net position	\$ 43,653	\$ 318,178	\$ 33,293	\$ 222,368	\$ 6,226		\$ 623,718

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Auditor General		Corrections		Department of		
	Audit Expense	Central	Working Capital	Department of	Other	Total	
	Fund	Management	Revolving Fund	Innovation and			
		Services		Technology			
OPERATING REVENUES							
Charges for sales and services	\$ 27,425	\$ 3,240,247	\$ 34,562	\$ 246,003	\$ 19,885	\$ 3,568,122	
Other		120				120	
Total operating revenues	27,425	3,240,367	34,562	246,003	19,885	3,568,242	
OPERATING EXPENSES							
Cost of sales and services	22,947	244,867	28,766	227,125	20,076	543,781	
Benefit payments and refunds		2,468,366				2,468,366	
General and administrative		82,295	6,646		50	88,991	
Depreciation		21,296	565	10,753		32,614	
Other		9				9	
Total operating expenses	22,947	2,816,833	35,977	237,878	20,126	3,133,761	
Operating income (loss)	4,478	423,534	(1,415)	8,125	(241)	434,481	
NONOPERATING REVENUES (EXPENSES)							
Interest and investment income		4,980			333	5,313	
Interest expense		(441,280)	(1,464)	(17,303)		(460,047)	
Federal government		6,624				6,624	
Other revenues			735			735	
Other expenses		(11)		(90,537)		(90,548)	
Income (loss) before contributions and transfe	4,478	(6,153)	(2,144)	(99,715)	92	(103,442)	
Contributions of capital assets		1,524		90,969		92,493	
Transfers-in				4,086	500	4,586	
Transfers-out				(4,086)		(4,086)	
Change in net position	4,478	(4,629)	(2,144)	(8,746)	592	(10,449)	
Net position, July 1, 2017	39,175	322,807	35,437	231,114	5,634	634,167	
NET POSITION, JUNE 30, 2018	\$ 43,653	\$ 318,178	\$ 33,293	\$ 222,368	\$ 6,226	\$ 623,718	

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Auditor General		Central	Corrections			
	Audit Expense		Management	Working Capital		Department of	
	Fund		Services	Revolving Fund		Innovation and	Other
						Technology	
							Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from sales and services	\$ 2,428		\$ 135,883	\$ 1,279		\$ 14,907	\$ 154,497
Cash received from transactions with other funds	23,891		6,365,837	28,876		137,052	6,566,892
Cash payments to suppliers for goods and services	(20,870)		(5,860,817)	(26,478)		(140,589)	(6,059,296)
Cash payments to employees for services	(705)		(54,188)	(7,467)		(89,184)	(152,790)
Cash payments for workers compensation			(103,337)				(103,337)
Cash receipts from other operating activities			57,416	691			58,107
Net cash provided (used) by operating activities	4,744		540,794	(3,099)		(77,814)	(552)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Interest paid on other borrowings			(485,498)	(606)		(4,858)	(490,962)
Grants received			5,346				5,346
Transfers-in to other funds						4,086	4,086
Transfers-out to other funds						(4,086)	(4,086)
Net cash provided (used) by noncapital financing activities			(480,152)	(606)		(4,858)	(485,616)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition and construction of capital assets			(7,891)	(531)		(9,209)	(17,631)
Principal paid on capital debt			(4,225)	(4)			(4,229)
Interest paid on capital debt			(6)				(6)
Proceeds from sales of capital assets				42			42
Net cash provided (used) by capital and related financing activities			(12,122)	(493)		(9,209)	(21,824)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest and dividends on investments			4,934				330
Net cash provided (used) by investing activities			4,934				330
Net increase (decrease) in cash and cash equivalents	4,744		53,454	(4,198)		(91,881)	(222)
Cash and cash equivalents, July 1, 2017	25,640		252,745	6,907		134,304	3,240
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 30,384		\$ 306,199	\$ 2,709		\$ 42,423	\$ 3,018
Reconciliation of cash and cash equivalents to the statement of net position:							
Total cash and cash equivalents per statement of net position			\$ 161,355				\$ 161,355
Add: cash equity with State Treasurer	\$ 30,384		144,844	\$ 2,709		\$ 42,423	\$ 3,018
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 30,384		\$ 306,199	\$ 2,709		\$ 42,423	\$ 3,018
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
OPERATING INCOME (LOSS)	\$ 4,478		\$ 423,534	\$ (1,415)		\$ 8,125	\$ (241)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation			21,296	565		10,753	32,614
Provision for uncollectible accounts						2	2
Miscellaneous income				691			691
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable			7,215	39		(131)	(8,673)
(Increase) decrease in intergovernmental receivables			(60)	6		(30)	(84)
(Increase) decrease in due from other funds	34		3,228,429	(4,716)		(60,727)	125
(Increase) decrease in due from component units	(1,140)		(3,295)	(6)		68	(100)
(Increase) decrease in inventories			3	627			(16)
(Increase) decrease in prepaid expenses				1			1
Increase (decrease) in accounts payable and accrued liabilities	1,371		(3,132,652)	1,221		4,511	(2,149)
Increase (decrease) in intergovernmental payables			593	29		(1,445)	(823)
Increase (decrease) in due to other funds	1		2,931	(136)		(29,089)	10,530
Increase (decrease) in due to component units			(38)	(4)		(179)	(221)
Increase (decrease) in unearned revenue			3,550			(9,764)	(28)
Increase (decrease) in other liabilities			(10,712)	(1)		92	(10,621)
Total adjustments	266		117,260	(1,684)		(85,939)	(311)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 4,744		\$ 540,794	\$ (3,099)		\$ (77,814)	\$ (552)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES							
Gain (loss) on disposal of capital assets			\$ (11)			\$ (6)	\$ (17)
Transfer of assets/liabilities from (to) other state funds			1,524				1,524
Increase (decrease) in fair value of investments			(537)				(537)

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State of Illinois

Combining Statement of Net Position - Internal Service Funds

Central Management Services

June 30, 2018 (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	\$ 12,615	\$ 16,812	\$ 8,760	\$ 16,656	\$ 90,001	\$ 144,844
Cash and cash equivalents				15,115	146,240	161,355
Securities lending collateral of State Treasurer		4,744	2,650	4,595	30,099	42,088
Receivables, net:						
Intergovernmental	63				5,901	5,964
Other	15	19	11	18	17,928	17,991
Due from other funds	31,319	141,991	24,133	572,431	2,025,490	2,795,364
Due from component units		26			13,467	13,493
Inventories	2,028					2,028
Total current assets	46,040	163,592	35,554	608,815	2,329,126	3,183,127
Capital assets not being depreciated		38,336				38,336
Capital assets being depreciated, net	5,808	124,152	91			130,051
Total noncurrent assets	5,808	162,488	91			168,387
Total assets	51,848	326,080	35,645	608,815	2,329,126	3,351,514
LIABILITIES						
Accounts payable and accrued liabilities	8,947	51,644	2,000	560	2,297,840	2,360,991
Intergovernmental payables	40	4,857	51	2	150	5,100
Due to other funds	1,754	4,046	1,628	100	700	8,228
Due to component units	63	284				347
Unearned revenue		7,933				7,933
Obligations under securities lending of State Treasurer		4,744	2,650	4,595	30,099	42,088
Current portion of long-term liabilities	190	266	100	109,758	48	110,362
Total current liabilities	10,994	73,774	6,429	115,015	2,328,837	2,535,049
Noncurrent portion of long-term liabilities	707	2,131	1,360	493,800	289	498,287
Total liabilities	11,701	75,905	7,789	608,815	2,329,126	3,033,336
NET POSITION						
Net investment in capital assets	5,808	162,488	91			168,387
Unrestricted	34,339	87,687	27,765			149,791
Total net position	\$ 40,147	\$ 250,175	\$ 27,856	\$ -	\$ -	\$ 318,178

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, 2018 (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	\$ 48,086	\$ 185,791	\$ 41,000	\$ 99,697	\$ 2,865,673	\$ 3,240,247
Other	120					120
Total operating revenues	48,206	185,791	41,000	99,697	2,865,673	3,240,367
OPERATING EXPENSES						
Cost of sales and services	34,948	177,104	32,815			244,867
Benefit payments and refunds				100,131	2,368,235	2,468,366
General and administrative	5,489	9,247			67,559	82,295
Depreciation	8,056	13,225	15			21,296
Other	9					9
Total operating expenses	48,502	199,576	32,830	100,131	2,435,794	2,816,833
Operating income (loss)	(296)	(13,785)	8,170	(434)	429,879	423,534
NONOPERATING REVENUES (EXPENSES)						
Interest and investment income		192	106	434	4,248	4,980
Interest expense		(527)	(2)		(440,751)	(441,280)
Federal government					6,624	6,624
Other expenses	(11)					(11)
Income (loss) before contributions and transfers	(307)	(14,120)	8,274	-	-	(6,153)
Contributions of capital assets		1,477	47			1,524
Change in net position	(307)	(12,643)	8,321	-	-	(4,629)
Net position, July 1, 2017	40,454	262,818	19,535			322,807
NET POSITION, JUNE 30, 2018	\$ 40,147	\$ 250,175	\$ 27,856	\$ -	\$ -	\$ 318,178

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Central Management Services

For the Year Ended June 30, 2018 (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	\$ 5,904	\$ 22			\$ 129,957	\$ 135,883
Cash received from transactions with other funds	45,605	169,533	\$ 35,871	\$ 99,089	6,015,739	6,365,837
Cash payments to suppliers for goods and services	(33,021)	(150,919)	(30,007)	(8,271)	(5,638,599)	(5,860,817)
Cash payments to employees for services	(18,011)	(31,563)			(4,614)	(54,188)
Cash payments for workers compensation				(103,337)		(103,337)
Cash receipts from other operating activities	120				57,296	57,416
Net cash provided (used) by operating activities	597	(12,927)	5,864	(12,519)	559,779	540,794
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Interest paid on other borrowings	(39)		(4)		(485,455)	(485,498)
Grants received					5,346	5,346
Net cash provided (used) by noncapital financing activities	(39)		(4)		(480,109)	(480,152)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(6,953)	(906)	(32)			(7,891)
Principal paid on capital debt		(4,225)				(4,225)
Interest paid on capital debt		(6)				(6)
Net cash provided (used) by capital and related financing activities	(6,953)	(5,137)	(32)			(12,122)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and dividends on investments		208	99	435	4,192	4,934
Net cash provided (used) by investing activities		208	99	435	4,192	4,934
Net increase (decrease) in cash and cash equivalents	(6,395)	(17,856)	5,927	(12,084)	83,862	53,454
Cash and cash equivalents, July 1, 2017	19,010	34,668	2,833	43,855	152,379	252,745
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 12,615	\$ 16,812	\$ 8,760	\$ 31,771	\$ 236,241	\$ 306,199
Reconciliation of cash and cash equivalents to the statement of net position:						
Total cash and cash equivalents per statement of net position				\$ 15,115	\$ 146,240	\$ 161,355
Add: cash equity with State Treasurer	\$ 12,615	\$ 16,812	\$ 8,760	16,656	90,001	144,844
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 12,615	\$ 16,812	\$ 8,760	\$ 31,771	\$ 236,241	\$ 306,199
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
OPERATING INCOME (LOSS)	\$ (296)	\$ (13,785)	\$ 8,170	\$ (434)	\$ 429,879	\$ 423,534
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	8,056	13,225	15			21,296
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(2)				7,217	7,215
(Increase) decrease in intergovernmental receivables	(60)					(60)
(Increase) decrease in due from other funds	(4,885)	(19,362)	(5,593)	(667)	3,258,936	3,228,429
(Increase) decrease in due from component units		(11)			(3,284)	(3,295)
(Increase) decrease in inventories	3					3
Increase (decrease) in accounts payable and accrued liabilities	(2,261)	1,094	935	(77)	(3,132,343)	(3,132,652)
Increase (decrease) in intergovernmental payables	13	409	49	2	120	593
Increase (decrease) in due to other funds	330	2,093	1,192	99	(783)	2,931
Increase (decrease) in due to component units	1	(39)				(38)
Increase (decrease) in unearned revenue		3,550				3,550
Increase (decrease) in other liabilities	(302)	(101)	1,096	(11,442)	37	(10,712)
Total adjustments	893	858	(2,306)	(12,085)	129,900	117,260
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 597	\$ (12,927)	\$ 5,864	\$ (12,519)	\$ 559,779	\$ 540,794
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES						
Gain (loss) on disposal of capital assets	\$ (11)					\$ (11)
Transfer of assets from (to) other state funds		\$ 1,477	\$ 47			1,524
Increase (decrease) in fair value of investments					\$ (537)	(537)

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State of Illinois

Combining Statement of Net Position - Internal Service Funds

Department of Innovation and Technology

June 30, 2018 (Expressed in Thousands)

	Technology Management Revolving Fund	Communications Revolving Fund	Total
ASSETS			
Cash equity with State Treasurer	\$ 42,423		\$ 42,423
Receivables, net:			
Intergovernmental	1,592		1,592
Other	179		179
Due from other funds	281,000		281,000
Due from component units	850		850
Total current assets	326,044		326,044
Capital assets not being depreciated	90,913		90,913
Capital assets being depreciated, net	62,050		62,050
Total noncurrent assets	152,963		152,963
Total assets	479,007		479,007
LIABILITIES			
Accounts payable and accrued liabilities	225,072		225,072
Intergovernmental payables	15,249		15,249
Due to other funds	6,275		6,275
Due to component units	19		19
Unearned revenue	4,584		4,584
Current portion of long-term liabilities	452		452
Total current liabilities	251,651		251,651
Noncurrent portion of long-term liabilities	4,988		4,988
Total liabilities	256,639		256,639
NET POSITION			
Net investment in capital assets	152,963		152,963
Unrestricted	69,405		69,405
Total net position	\$ 222,368	\$ -	\$ 222,368

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, 2018 (Expressed in Thousands)

	Technology Management Revolving Fund	Communications Revolving Fund	Total
OPERATING REVENUES			
Charges for sales and services	\$ 244,455	\$ 1,548	\$ 246,003
Total operating revenues	244,455	1,548	246,003
OPERATING EXPENSES			
Cost of sales and services	227,125		227,125
Depreciation	10,753		10,753
Total operating expenses	237,878		237,878
Operating income (loss)	6,577	1,548	8,125
NONOPERATING REVENUES (EXPENSES)			
Interest expense	(17,303)		(17,303)
Other expenses	(90)	(90,447)	(90,537)
Income (loss) before contributions and transfers	(10,816)	(88,899)	(99,715)
Contributions of capital assets	90,969		90,969
Transfers-in	4,086		4,086
Transfers-out		(4,086)	(4,086)
Change in net position	84,239	(92,985)	(8,746)
Net position, July 1, 2017	138,129	92,985	231,114
NET POSITION, JUNE 30, 2018	\$ 222,368	\$ -	\$ 222,368

State of Illinois

Combining Statement of Cash Flows - Internal Service Funds

Department of Innovation and Technology

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Statistical Services Revolving Fund	Communications Revolving Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sales and services	\$ 11,991	\$ 2,916	\$ 14,907
Cash received from transactions with other funds	109,930	27,122	137,052
Cash payments to suppliers for goods and services	(86,909)	(53,680)	(140,589)
Cash payments to employees for services	(89,096)	(88)	(89,184)
Net cash provided (used) by operating activities	<u>(54,084)</u>	<u>(23,730)</u>	<u>(77,814)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interest paid on other borrowings	(3,481)	(1,377)	(4,858)
Transfers-in from other funds	4,086		4,086
Transfers-out to other funds		(4,086)	(4,086)
Net cash provided (used) by noncapital financing activities	<u>605</u>	<u>(5,463)</u>	<u>(4,858)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(8,318)	(891)	(9,209)
Net cash provided (used) by capital and related financing activities	<u>(8,318)</u>	<u>(891)</u>	<u>(9,209)</u>
Net increase (decrease) in cash and cash equivalents	(61,797)	(30,084)	(91,881)
Cash and cash equivalents, July 1, 2017	<u>104,220</u>	<u>30,084</u>	<u>134,304</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 42,423	\$ -	\$ 42,423
Reconciliation of cash and cash equivalents to the statement of net position:			
Add: cash equity with State Treasurer	\$ 42,423		\$ 42,423
CASH AND CASH EQUIVALENTS, JUNE 30, 2018	\$ 42,423	\$ -	\$ 42,423
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
OPERATING INCOME (LOSS)	\$ 6,577	\$ 1,548	\$ 8,125
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	10,753		10,753
Provision for uncollectible accounts	2		2
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(191)	60	(131)
(Increase) decrease in intergovernmental receivables	(1,610)	1,580	(30)
(Increase) decrease in due from other funds	(87,849)	27,122	(60,727)
(Increase) decrease in due from component units	(849)	917	68
Increase (decrease) in accounts payable and accrued liabilities	57,194	(52,683)	4,511
Increase (decrease) in intergovernmental payables	(1,445)		(1,445)
Increase (decrease) in due to other funds	(26,815)	(2,274)	(29,089)
Increase (decrease) in due to component units	(179)		(179)
Increase (decrease) in unearned revenue	(9,764)		(9,764)
Increase (decrease) in other liabilities	92		92
Total adjustments	<u>(60,661)</u>	<u>(25,278)</u>	<u>(85,939)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (54,084)	\$ (23,730)	\$ (77,814)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Gain (loss) on disposal of capital assets	\$ (6)		\$ (6)
Transfer of assets/liabilities from (to) other state funds	90,447	(90,447)	-

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, 2018 (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	\$ 3,194	\$ 43,655	\$ 2,800	\$ 4,718	\$ 28,938	\$ 204,856
Cash and cash equivalents	52,382	20,996	1,415			
Securities lending collateral of State Treasurer	961	18,757	906	1,949	12,439	66,204
Investments:						
Equities	3,784,468					
Fixed income	114,319					
Private equity						
Real estate						
Other	583,962					
Equity in Illinois State Board of Investments				51,488	978,197	17,268,137
Securities lending collateral						
Receivables, net:						
Members		7,399	200	25	92	13,420
Employers		5,518	200			
Investment income	4	75	4	8	50	264
Intergovernmental		1,448	170			
Pending investment sales						
Other	757	1,900	234			8,287
Due from other funds					63	113
Due from primary government funds		178,161	3,950	651	5,215	79,777
Prepaid expenses						
Loans and notes receivable, net	40,551					
Capital assets not being depreciated						971
Capital assets being depreciated, net				23	70	7,647
Total assets	4,580,598	277,909	9,879	58,862	1,025,064	17,649,676
LIABILITIES						
Accounts payable and accrued liabilities	997	268,187	73,211		30	11,901
Intergovernmental payables	2	2				
Due to other funds				90	86	
Due to primary government funds	61	123	18			107,426
Obligations under securities lending of State Treasurer	961	18,757	906	1,949	12,439	66,204
Securities lending collateral						
Payable to brokers for unsettled trades						
Obligations under reverse repurchase agreements						
Long term obligations:						
Due within one year	6	16		1	1	147
Due subsequent to one year	126	52	5	6	23	721
Total liabilities	2,153	287,137	74,140	2,046	12,579	186,399
NET POSITION						
Restricted for:						
Pension benefits				56,816	1,012,485	17,463,277
Defined contribution	4,578,445					
Unrestricted		(9,228)	(64,261)			
Total net position	\$ 4,578,445	\$ (9,228)	\$ (64,261)	\$ 56,816	\$ 1,012,485	\$ 17,463,277

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 32,036			\$ 320,197
122,151	\$ 672,524		869,468
75,264			176,480
18,207,596	11,902,599	\$ 1,334,401	35,229,064
12,138,093	3,640,064	247,078	16,139,554
6,788,647			6,788,647
7,699,612	1,008,813	42,326	8,750,751
7,114,847	2,343,123	870,216	10,912,148
			18,297,822
2,248,613	780,639		3,029,252
55,936	10,819	4,258	92,149
8,098	6,237	2,173	22,226
113,336	47,303		161,044
			1,618
5,253,320	279,382		5,532,702
			11,178
			176
423,409	74,707		765,870
2,659	158		2,817
			40,551
238	529		1,738
2,611	5,580		15,931
60,286,466	20,772,477	2,500,452	107,161,383
			453,069
65,988	32,755		4
			176
2			107,630
75,264			176,480
2,248,595	779,626		3,028,221
5,925,020	603,465		6,528,485
	34,477		34,477
108	91		370
1,942	988		3,863
8,316,919	1,451,402		10,332,775
			89,823,200
51,969,547	19,321,075	2,500,452	7,078,897
			(73,489)
\$ 51,969,547	\$ 19,321,075	\$ 2,500,452	\$ 96,828,608

State of Illinois

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

For the Year Ended June 30, 2018 (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		\$ 88,996	\$ 4,463	\$ 21,155	\$ 135,962	\$ 1,929,175
Members:						
Employees	\$ 159,666	119,906	4,463	1,255	14,296	254,442
Federal Medicare Part D		1,533	207			
Other	6,599	81				
Total contributions	166,265	324,684	13,266	22,410	150,258	2,183,617
Investment income:						
Interest and other investment income	19,326	743	59	1,197	21,556	380,030
Net increase (decrease) in fair value of investments	333,896			2,611	49,815	902,665
Reimbursements of expenses not separable from investment income	3,002					
Less investment expense	(479)			(74)	(1,421)	(25,655)
Net investment income	355,745	743	59	3,734	69,950	1,257,040
Total additions	522,010	325,427	13,325	26,144	220,208	3,440,657
DEDUCTIONS						
Benefit payments	268,592	277,298	23,440	23,283	148,147	2,464,832
Refunds	47			45	482	27,469
Depreciation				1	7	831
General and administrative	2,781	14,226	3,543	347	891	14,427
Other	3,366					
Total deductions	274,786	291,524	26,983	23,676	149,527	2,507,559
Change in net position						
Restricted for:						
Pension benefits				2,468	70,681	933,098
Retiree health insurance benefits (unrestricted deficit)		33,903	(13,658)			
Defined contribution	247,224					
Net position, July 1, 2017	4,331,221	(43,131)	(50,603)	54,348	941,804	16,530,179
NET POSITION, JUNE 30, 2018	\$ 4,578,445	\$ (9,228)	\$ (64,261)	\$ 56,816	\$ 1,012,485	\$ 17,463,277

**State Universities Retirement
System**

Teachers' Retirement System	Defined Benefit	Defined Contribution	Total
\$ 84,034	\$ 39,659	\$ 8,346	\$ 2,311,790
4,095,125	1,568,221	61,087	5,842,734
938,037	282,726	84,219	1,859,010
			1,740
599			7,279
5,117,795	1,890,606	153,652	10,022,553
1,768,350	365,110		2,556,371
3,124,846	1,208,428	259,006	5,881,267
			3,002
(843,924)	(73,708)		(945,261)
4,049,272	1,499,830	259,006	7,495,379
9,167,067	3,390,436	412,658	17,517,932
6,458,710	2,446,291	51,654	12,162,247
92,925	93,492	30,350	244,810
948	535		2,322
20,602	13,863	453	71,133
			3,366
6,573,185	2,554,181	82,457	12,483,878
2,593,882	836,255		4,436,384
			20,245
		330,201	577,425
49,375,665	18,484,820	2,170,251	91,794,554
\$ 51,969,547	\$ 19,321,075	\$ 2,500,452	\$ 96,828,608

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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, 2018 (Expressed in Thousands)

	Treasurer College Savings Pool Fund	Other	Total
ASSETS			
Cash equity with State Treasurer		\$ 1,291	\$ 1,291
Cash and cash equivalents	\$ 799,331	94	799,425
Securities lending collateral of State Treasurer		522	522
Investments:			
Equities	6,215,668	2,196	6,217,864
Fixed income	3,765,961	710	3,766,671
Receivables, net:			
Investment income	9,309		9,309
Other		16	16
Loans and notes receivable, net		30	30
Total assets	10,790,269	4,859	10,795,128
LIABILITIES			
Accounts payable and accrued liabilities	9,771		9,771
Obligations under securities lending of State Treasurer		522	522
Other liabilities		14	14
Total liabilities	9,771	536	10,307
NET POSITION			
Net position restricted for individuals, organizations and other governments	\$ 10,780,498	\$ 4,323	\$ 10,784,821

State of Illinois

Combining Statement of Changes in Fiduciary Net Position

Private-Purpose Trust Funds

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Treasurer College Savings Pool Fund	Other	Total
ADDITIONS			
Contributions:			
Participants	\$ 1,376,031	\$ 2,156	\$ 1,378,187
Other		16	16
Total contributions	1,376,031	2,172	1,378,203
Investment income:			
Interest and other investment income	269,693	114	269,807
Net increase (decrease) in fair value of investments	425,895		425,895
Net investment income	695,588	114	695,702
Total additions	2,071,619	2,286	2,073,905
DEDUCTIONS			
Payments in accordance with trust agreements	782,119	336	782,455
General and administrative	27,670	17	27,687
Other		17	17
Total deductions	809,789	370	810,159
Change in net position restricted for individuals, organizations and other governments	1,261,830	1,916	1,263,746
Net position, July 1, 2017	9,518,668	2,407	9,521,075
NET POSITION, JUNE 30, 2018	\$ 10,780,498	\$ 4,323	\$ 10,784,821

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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 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, 2018 (Expressed in Thousands)

	Insurance	Healthcare and Family Services			
	Security Deposit Fund	Child Support Enforcement Trust Fund	Revenue	Other	Total
ASSETS					
Cash equity with State Treasurer		\$ 16,105	\$ 554,812	\$ 129,840	\$ 700,757
Cash and cash equivalents	\$ 6,421	279		30,462	37,162
Securities lending collateral of State Treasurer			189,066	17,617	206,683
Investments	892,865			28,494	921,359
Receivables, net:					
Taxes			144,129	29,269	173,398
Intergovernmental				1,042	1,042
Other		196,707	756	1,263	198,726
Due from primary government funds			36,471	4,081	40,552
Other assets				102	102
Total assets	\$ 899,286	\$ 213,091	\$ 925,234	\$ 242,170	\$ 2,279,781
LIABILITIES					
Accounts payable and accrued liabilities		\$ 16,132		\$ 24,338	\$ 40,470
Intergovernmental payables			\$ 736,168	141,302	877,470
Due to component units				80	80
Obligations under securities lending of State Treasurer			189,066	17,617	206,683
Depository and other liabilities	\$ 899,286	196,959		58,833	1,155,078
Total liabilities	\$ 899,286	\$ 213,091	\$ 925,234	\$ 242,170	\$ 2,279,781

State of Illinois

Combining Statement of Changes in Assets and Liabilities
Agency Funds

For the Year Ended June 30, 2018 (Expressed in Thousands)

Agency/Fund	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Insurance:				
Security Deposit Fund				
Assets				
Cash and cash equivalents	\$ 2,929	\$ 26,875	\$ 23,383	\$ 6,421
Investments	918,759	198,983	224,877	892,865
Total assets	\$ 921,688	\$ 225,858	\$ 248,260	\$ 899,286
Liabilities				
Depository and other liabilities	\$ 921,688	\$ 225,858	\$ 248,260	\$ 899,286
Total liabilities	\$ 921,688	\$ 225,858	\$ 248,260	\$ 899,286
Healthcare and Family Services:				
Child Support Enforcement Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 18,590	\$ 136,695	\$ 139,180	\$ 16,105
Cash and cash equivalents	265	79,218	79,204	279
Other receivables, net	202,364	131,038	136,695	196,707
Total assets	\$ 221,219	\$ 346,951	\$ 355,079	\$ 213,091
Liabilities				
Accounts payable and accrued liabilities	\$ 19,239	\$ 4,604	\$ 7,711	\$ 16,132
Depository and other liabilities	201,980	205,652	210,673	196,959
Total liabilities	\$ 221,219	\$ 210,256	\$ 218,384	\$ 213,091
Revenue:				
Assets				
Cash equity with State Treasurer	\$ 477,722	\$ 3,523,651	\$ 3,446,561	\$ 554,812
Securities lending collateral of State Treasurer	83,489	2,787,065	2,681,488	189,066
Taxes receivable, net	168,291	3,352,809	3,376,971	144,129
Other receivables, net	255	4,963	4,462	756
Due from primary government funds	36,242	142,447	142,218	36,471
Total assets	\$ 765,999	\$ 9,810,935	\$ 9,651,700	\$ 925,234
Liabilities				
Accounts payable and accrued liabilities	\$ 67		\$ 67	\$ -
Intergovernmental payables	682,443	\$ 3,500,219	3,446,494	736,168
Obligations under securities lending of State Treasurer	83,489	2,787,065	2,681,488	189,066
Total liabilities	\$ 765,999	\$ 6,287,284	\$ 6,128,049	\$ 925,234
Other:				
Assets				
Cash equity with State Treasurer	\$ 110,494	\$ 1,061,732	\$ 1,042,386	\$ 129,840
Cash and cash equivalents	24,967	1,265,002	1,259,507	30,462
Securities lending collateral of State Treasurer	10,660	376,218	369,261	17,617
Investments	26,498	9,743	7,747	28,494
Taxes receivable, net	31,105	684,780	686,616	29,269
Intergovernmental receivables, net	480	4,785	4,223	1,042
Other receivables, net	34,220	8,298	41,255	1,263
Due from primary government funds	6,673	8,661	11,253	4,081
Other assets	102			102
Total assets	\$ 245,199	\$ 3,419,219	\$ 3,422,248	\$ 242,170
Liabilities				
Accounts payable and accrued liabilities	\$ 53,745	\$ 1,471,816	\$ 1,501,223	\$ 24,338
Intergovernmental payables	126,725	696,122	681,545	141,302
Due to component units	36	502	458	80
Obligations under securities lending of State Treasurer	10,660	376,218	369,261	17,617
Depository and other liabilities	54,033	141,303	136,503	58,833
Total liabilities	\$ 245,199	\$ 2,685,961	\$ 2,688,990	\$ 242,170

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 606,806	\$ 4,722,078	\$ 4,628,127	\$ 700,757
Cash and cash equivalents	28,161	1,371,095	1,362,094	37,162
Securities lending collateral of State Treasurer	94,149	3,163,283	3,050,749	206,683
Investments	945,257	208,726	232,624	921,359
Taxes receivable, net	199,396	4,037,589	4,063,587	173,398
Intergovernmental receivables, net	480	4,785	4,223	1,042
Other receivables, net	236,839	144,299	182,412	198,726
Due from primary government funds	42,915	151,108	153,471	40,552
Other assets	102			102
Total assets	\$ 2,154,105	\$ 13,802,963	\$ 13,677,287	\$ 2,279,781
Liabilities				
Accounts payable and accrued liabilities	\$ 73,051	\$ 1,476,420	\$ 1,509,001	\$ 40,470
Intergovernmental payables	809,168	4,196,341	4,128,039	877,470
Due to component units	36	502	458	80
Obligations under securities lending of State Treasurer	94,149	3,163,283	3,050,749	206,683
Depository and other liabilities	1,177,701	572,813	595,436	1,155,078
Total liabilities	\$ 2,154,105	\$ 9,409,359	\$ 9,283,683	\$ 2,279,781

State of Illinois

Combining Statement of Fiduciary Net Position - Agency Funds

Revenue

June 30, 2018 (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	\$ 164,664	\$ 115,719	\$ 77,322	\$ 44,047	\$ 153,060	\$ 554,812
Securities lending collateral of State Treasurer	47,174	50,850	27,315		63,727	189,066
Receivables, net:						
Taxes	40,649	33,951	16,662	2,053	50,814	144,129
Other	189	203	109		255	756
Due from primary government funds					36,471	36,471
Total assets	\$ 252,676	\$ 200,723	\$ 121,408	\$ 46,100	\$ 304,327	\$ 925,234
LIABILITIES						
Intergovernmental payables	\$ 205,502	\$ 149,873	\$ 94,093	\$ 46,100	\$ 240,600	\$ 736,168
Obligations under securities lending of State Treasurer	47,174	50,850	27,315		63,727	189,066
Total liabilities	\$ 252,676	\$ 200,723	\$ 121,408	\$ 46,100	\$ 304,327	\$ 925,234

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds - Revenue

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Home Rule Municipal Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 123,726	\$ 1,069,750	\$ 1,028,812	\$ 164,664
Securities lending collateral of State Treasurer	23,016	762,630	738,472	47,174
Taxes receivable, net	70,616	1,038,536	1,068,503	40,649
Other receivables, net	70	1,366	1,247	189
Total assets	\$ 217,428	\$ 2,872,282	\$ 2,837,034	\$ 252,676
Liabilities				
Intergovernmental payables	\$ 194,412	\$ 1,039,902	\$ 1,028,812	\$ 205,502
Obligations under securities lending of State Treasurer	23,016	762,630	738,472	47,174
Total liabilities	\$ 217,428	\$ 1,802,532	\$ 1,767,284	\$ 252,676
Home Rule County Retailers				
Occupation Tax Fund				
Assets				
Cash equity with State Treasurer	\$ 113,293	\$ 830,689	\$ 828,263	\$ 115,719
Securities lending collateral of State Treasurer	22,462	769,332	740,944	50,850
Taxes receivable, net	40,549	822,858	829,456	33,951
Other receivables, net	69	1,367	1,233	203
Total assets	\$ 176,373	\$ 2,424,246	\$ 2,399,896	\$ 200,723
Liabilities				
Intergovernmental payables	\$ 153,911	\$ 824,225	\$ 828,263	\$ 149,873
Obligations under securities lending of State Treasurer	22,462	769,332	740,944	50,850
Total liabilities	\$ 176,373	\$ 1,593,557	\$ 1,569,207	\$ 200,723
Metropolitan Pier and Exposition Authority Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 38,837	\$ 153,958	\$ 115,473	\$ 77,322
Securities lending collateral of State Treasurer	8,193	241,331	222,209	27,315
Taxes receivable, net	16,245	154,044	153,627	16,662
Other receivables, net	25	415	331	109
Total assets	\$ 63,300	\$ 549,748	\$ 491,640	\$ 121,408
Liabilities				
Accounts payable and accrued liabilities	\$ 67		\$ 67	\$ -
Intergovernmental payables	55,040	\$ 154,459	115,406	94,093
Obligations under securities lending of State Treasurer	8,193	241,331	222,209	27,315
Total liabilities	\$ 63,300	\$ 395,790	\$ 337,682	\$ 121,408
Municipal Telecommunications Fund				
Assets				
Cash equity with State Treasurer	\$ 50,336	\$ 182,085	\$ 188,374	\$ 44,047
Taxes receivable, net	59	184,079	182,085	2,053
Total assets	\$ 50,395	\$ 366,164	\$ 370,459	\$ 46,100
Liabilities				
Intergovernmental payables	\$ 50,395	\$ 184,079	\$ 188,374	\$ 46,100
Total liabilities	\$ 50,395	\$ 184,079	\$ 188,374	\$ 46,100
RTA Sales Tax Trust Fund				
Assets				
Cash equity with State Treasurer	\$ 151,530	\$ 1,287,169	\$ 1,285,639	\$ 153,060
Securities lending collateral of State Treasurer	29,818	1,013,772	979,863	63,727
Taxes receivable, net	40,822	1,153,292	1,143,300	50,814
Other receivables, net	91	1,815	1,651	255
Due from primary government funds	36,242	142,447	142,218	36,471
Total assets	\$ 258,503	\$ 3,598,495	\$ 3,552,671	\$ 304,327
Liabilities				
Intergovernmental payables	\$ 228,685	\$ 1,297,554	\$ 1,285,639	\$ 240,600
Obligations under securities lending of State Treasurer	29,818	1,013,772	979,863	63,727
Total liabilities	\$ 258,503	\$ 2,311,326	\$ 2,265,502	\$ 304,327

State of Illinois

Combining Statement of Changes in Assets and Liabilities

Agency Funds - Revenue

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Balance at July 1, 2017	Additions	Deletions	Balance at June 30, 2018
Total - All Funds				
Assets				
Cash equity with State Treasurer	\$ 477,722	\$ 3,523,651	\$ 3,446,561	\$ 554,812
Securities lending collateral of State Treasurer	83,489	2,787,065	2,681,488	189,066
Taxes receivable, net	168,291	3,352,809	3,376,971	144,129
Other receivables, net	255	4,963	4,462	756
Due from primary government funds	36,242	142,447	142,218	36,471
Total assets	\$ 765,999	\$ 9,810,935	\$ 9,651,700	\$ 925,234
Liabilities				
Accounts payable and accrued liabilities	\$ 67	\$ -	\$ 67	\$ -
Intergovernmental payables	682,443	3,500,219	3,446,494	736,168
Obligations under securities lending of State Treasurer	83,489	2,787,065	2,681,488	189,066
Total liabilities	\$ 765,999	\$ 6,287,284	\$ 6,128,049	\$ 925,234

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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

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, 2018 (Expressed in Thousands)

	Comprehensive Health Insurance Plan Board	Illinois Finance Authority	Illinois Medical District Commission	Southwestern Illinois Development Authority
ASSETS				
Cash and cash equivalents	\$ 17,114	\$ 9,080	\$ 9,030	\$ 4,565
Securities lending collateral of State Treasurer Investments		7,415 41,071		
Receivables, net:				
Other	1	1,025	724	4
Due from component units		1,098	23,240	
Due from primary government	9	941,297		
Prepaid expenses	1	40	38	1
Loans and notes receivable, net		13,142		1,608
Restricted assets:				
Cash equity with State Treasurer		18,387		
Cash and cash equivalents		353,525	106	
Investments		23,127		417
Other receivables, net		173		
Loans and notes receivable, net		19,387		
Other assets			105	31
Capital assets not being depreciated			34,923	100
Capital assets being depreciated, net	2	63	23,795	260
Total assets	17,127	1,428,830	91,961	6,986
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - unamortized deferred amounts on bond refundings		266		
Deferred outflows of resources - pensions	575		243	57
Deferred outflows of resources - OPEB	19			
Total deferred outflows of resources	594	266	243	57
LIABILITIES				
Accounts payable and accrued liabilities	352	26,645	1,015	27
Due to primary government	1	9,287		
Unearned revenue	155	93	230	3
Obligations under securities lending collateral of State Treasurer		7,415		
Assets held for others		5		
Other liabilities	980			
Long-term obligations:				
Due within one year		89,249	1,401	
Due subsequent to one year	7,565	1,174,558	34,286	89
Total liabilities	9,053	1,307,252	36,932	119
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pensions	2,970		342	84
Deferred inflows of resources - OPEB	2,212			
Total deferred inflows of resources	5,182		342	84
NET POSITION				
Net investment in capital assets	2	63	43,146	360
Restricted for:				
Other expendable purposes	3,484	57,844	106	
Unrestricted		63,937	11,678	6,480
Total net position	\$ 3,486	\$ 121,844	\$ 54,930	\$ 6,840

**Upper Illinois
River Valley
Development
Authority**

Total

	Authority	Total
\$	440	\$ 40,229
		7,415
	56	41,127
		1,754
		24,338
		941,306
		80
		14,750
		18,387
		353,631
		23,544
		173
		19,387
		136
		35,023
		24,120
	496	1,545,400
		266
		875
		19
		1,160
		28,039
		9,288
		481
		7,415
		5
		980
		90,650
		1,216,498
		1,353,356
		3,396
		2,212
		5,608
		43,571
		61,434
	496	82,591
\$	496	\$ 187,596

State of Illinois

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

For the Year Ended June 30, 2018 (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	\$ 4,023	\$ 1,975	\$ (2,048)
Illinois Finance Authority	33,333	25,916	(7,417)
Illinois Medical District Commission	9,215	5,636	(3,579)
Southwestern Illinois Development Authority	582	142	(440)
Upper Illinois River Valley Development Authority	129	383	254
Total	<u>\$ 47,282</u>	<u>\$ 34,052</u>	<u>\$ (13,230)</u>

General revenues				Net position, July 1, 2017, as restated	Net position, June 30, 2018
Interest and investment income	Other	Total general revenues	Change in net position		
\$ 197	\$ 3,068	\$ 3,265	\$ 1,217	\$ 2,269	\$ 3,486
7,008	477	7,485	68	121,776	121,844
1,077	8,997	10,074	6,495	48,435	54,930
29	15	44	(396)	7,236	6,840
			254	242	496
<u>\$ 8,311</u>	<u>\$ 12,557</u>	<u>\$ 20,868</u>	<u>\$ 7,638</u>	<u>\$ 179,958</u>	<u>\$ 187,596</u>

State of Illinois

Combining Statement of Net Position

Component Units - Other Universities

June 30, 2018 (Expressed in Thousands)

	Chicago State University	Eastern Illinois University	Governors State University	Northeastern Illinois University
ASSETS				
Cash equity with State Treasurer	\$ 642			
Cash and cash equivalents	30,025	\$ 25,685	\$ 51,476	\$ 57,800
Securities lending collateral of State Treasurer	502			
Investments		2,651	4,094	1,034
Receivables, net:				
Intergovernmental			1,418	7,023
Other	5,831	13,415	4,221	10,231
Due from component units		30		
Due from primary government	714	169	891	1,349
Inventories	18	1,467	45	14
Prepaid expenses	408	625	220	837
Unamortized bond insurance costs		11	84	
Loans and notes receivable, net	550	5,970	2,674	853
Restricted assets:				
Cash and cash equivalents	4,806	25,574		2,033
Investments	5,263	94,087		12,358
Other receivables, net		535		
Loans and notes receivables, net				
Other assets				
Other assets		335	7	937
Capital assets not being depreciated	22,044	5,120	4,117	33,604
Capital assets being depreciated, net	124,141	252,567	109,494	156,215
Total assets	194,944	428,241	178,741	284,288
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources - unamortized deferred amounts on bond refundings				
Deferred outflows of resources - pensions	179	106	115	1,070
Deferred outflows of resources - OPEB	140	801	312	1,329
Total deferred outflows of resources	319	907	427	2,399
LIABILITIES				
Accounts payable and accrued liabilities	7,778	8,055	6,946	10,179
Intergovernmental payables			3,393	
Due to component units	47			58
Due to primary government		140		
Unearned revenue	2,414	3,311	2,770	1,561
Obligations under securities lending collateral of State Treasurer	502			
Assets held for others		4,287		809
Other liabilities		5,739		
Long-term obligations:				
Due within one year	2,300	6,831	3,180	3,362
Due subsequent to one year	18,681	96,794	66,993	98,223
Total liabilities	31,722	125,157	83,282	114,192
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - service concession arrangements				31,562
Deferred inflows of resources - OPEB	8,397	969	7,910	3,806
Total deferred inflows of resources	8,397	969	7,910	35,368
NET POSITION				
Net investment in capital assets	136,507	174,218	78,992	109,652
Restricted for:				
Debt service		2,870	665	2,090
Capital projects	450			
Nonexpendable purposes	3,570	66,267	2,160	11,753
Other expendable purposes	5,278	51,625	1,892	8,313
Unrestricted	9,339	8,042	4,267	5,319
Total net position	\$ 155,144	\$ 303,022	\$ 87,976	\$ 137,127

Western Illinois		University		Total	
		\$	642		
\$	30,289		195,275		
			502		
	14,137		21,916		
			8,441		
	9,447		43,145		
	14		44		
	1,400		4,523		
	1,082		2,626		
	294		2,384		
	41		136		
	87		10,134		
	27,551		59,964		
	47,711		159,419		
	1,829		2,364		
	1,400		1,400		
	5,457		5,457		
	610		1,889		
	10,172		75,057		
	206,005		848,422		
	357,526		1,443,740		
	696		696		
	370		1,840		
	399		2,981		
	1,465		5,517		
	10,175		43,133		
			3,393		
	34		139		
	17		157		
	5,282		15,338		
			502		
			5,096		
	1,916		7,655		
	8,919		24,592		
	93,268		373,959		
	119,611		473,964		
			31,562		
	4,565		25,647		
	4,565		57,209		
	140,904		640,273		
			5,625		
			450		
	31,064		114,814		
	42,675		109,783		
	20,172		47,139		
\$	234,815	\$	918,084		

State of Illinois

Combining Statement of Activities
Component Units - Other Universities

For the Year Ended June 30, 2018 (Expressed in Thousands)

Functions/Programs	Expenses	Program revenues		Net (expense) revenue
		Charges for services	Operating grants and contributions	
Chicago State University	\$ 122,208	\$ 27,626	\$ 21,241	\$ (73,341)
Eastern Illinois University	213,912	54,016	31,369	(128,527)
Governors State University	117,672	41,062	23,174	(53,436)
Northeastern Illinois University	199,743	58,553	57,248	(83,942)
Western Illinois University	299,983	102,106	59,460	(138,417)
Total	<u>\$ 953,518</u>	<u>\$ 283,363</u>	<u>\$ 192,492</u>	<u>\$ (477,663)</u>

<u>General revenues</u>				<u>Additions to permanent endowments</u>	<u>Total general revenues and additions to permanent endowments</u>	<u>Change in net position</u>	<u>Net position, July 1, 2017, as restated</u>	<u>Net position, June 30, 2018</u>
<u>Pension and OPEB revenue recognized</u>	<u>State appropriations</u>	<u>Interest and investment income</u>	<u>Other</u>					
\$ 37,196	\$ 58,166	\$ 831	\$ 1,367		\$ 97,560	\$ 24,219	\$ 130,925	\$ 155,144
69,174	55,688	8,352	1,769	\$ 1,015	135,998	7,471	295,551	303,022
38,812	33,263	753	432	121	73,381	19,945	68,031	87,976
63,932	51,333	1,057	857	938	118,117	34,175	102,952	137,127
91,893	66,431	4,470	1,029	3,715	167,538	29,121	205,694	234,815
<u>\$ 301,007</u>	<u>\$ 264,881</u>	<u>\$ 15,463</u>	<u>\$ 5,454</u>	<u>\$ 5,789</u>	<u>\$ 592,594</u>	<u>\$ 114,931</u>	<u>\$ 803,153</u>	<u>\$ 918,084</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: Income Tax Refund Fund County Provider Trust Fund Long-Term Care Provider Fund Hospital Provider Fund Drug Rebate Fund Healthcare Provider Relief Fund Public Transportation Fund Income Tax Bond Fund and 50 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 4 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, 2018 (Expressed in Thousands)

	General Funds			Highway Funds		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 16,125,000	\$ 19,741,998	\$ 3,616,998			
Sales taxes	8,305,000	7,809,808	(495,192)			
Motor fuel taxes				\$ 1,294,682	\$ 1,292,407	\$ (2,275)
Public utility taxes	917,000	896,053	(20,947)			
Federal government	3,110,000	5,237,433	2,127,433	1,694,886	1,275,621	(419,265)
Other	2,613,000	2,554,670	(58,330)	1,640,076	1,494,323	(145,753)
Less:						
Refunds	5,811	4,770	(1,041)	24,575	23,340	(1,235)
Total revenues	31,064,189	36,235,192	5,171,003	4,605,069	4,039,011	(566,058)
EXPENDITURES:						
Current:						
Health and social services	13,659,414	13,016,665	(642,749)			
Education	15,588,187	15,559,889	(28,298)			
General government	3,860,308	3,809,807	(50,501)	201,811	192,720	(9,091)
Employment and economic development	126,691	104,237	(22,454)	4,000	3,939	(61)
Transportation	5,303	4,341	(962)	4,051,519	3,498,163	(553,356)
Public protection and justice	2,853,476	2,806,489	(46,987)			
Environment and business regulation	68,212	66,081	(2,131)	30,000	30,000	-
Debt service:						
Principal						
Interest						
Capital outlays	9,931	8,688	(1,243)	65,640	65,213	(427)
Total expenditures	36,171,522	35,376,197	(795,325)	4,352,970	3,790,035	(562,935)
Excess (deficiency) of revenues over (under) expenditures	(5,107,333)	858,995	5,966,328	252,099	248,976	(3,123)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	11,446,042	11,446,042	-	1,146,096	1,146,096	-
Operating transfers-out	(10,039,786)	(10,039,786)	-	(1,760,980)	(1,760,980)	-
Total other sources (uses) of financial resources	1,406,256	1,406,256	-	(614,884)	(614,884)	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(3,701,077)	2,265,251	5,966,328	(362,785)	(365,908)	(3,123)
Budgetary fund balances (deficits), July 1, 2017, as previously reported	(7,984,203)	(7,984,203)	-	1,623,617	1,623,617	-
Reclassifications between budgetary/nonbudgetary fund groups-net	21,129	21,129	-			
Budgetary fund balances (deficits), July 1, 2017, as reclassified	(7,963,074)	(7,963,074)	-	1,623,617	1,623,617	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$(11,664,151)	\$ (5,697,823)	\$ 5,966,328	\$ 1,260,832	\$ 1,257,709	\$ (3,123)

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)
\$ 3,070,529	\$ 5,227,452	\$ 2,156,923						
1,124,018	1,538,579	414,561				\$ 59,036	\$ 59,036	\$ -
69,444	75,532	6,088						
359,656	536,892	177,236						
9,996,897	9,837,003	(159,894)				50,067	49,658	(409)
11,059,176	10,446,743	(612,433)	\$ 8	\$ 8	\$ -	841,803	851,412	9,609
2,540,208	2,521,886	(18,322)						
23,139,512	25,140,315	2,000,803	8	8	-	950,906	960,106	9,200
15,981,539	13,239,759	(2,741,780)						
412,978	373,086	(39,892)	434	434	-			
10,872,711	10,119,423	(753,288)	445,922	91,568	(354,354)			
978,938	544,696	(434,242)	5,702	4,674	(1,028)			
1,369,765	968,690	(401,075)	288,984	288,025	(959)			
509,626	325,516	(184,110)						
1,520,839	1,234,239	(286,600)	33,425	32,091	(1,334)			
						2,487,470	2,487,470	-
						1,472,428	1,472,428	-
23,163	14,030	(9,133)	155,128	113,754	(41,374)			
31,669,559	26,819,439	(4,850,120)	929,595	530,546	(399,049)	3,959,898	3,959,898	-
(8,530,047)	(1,679,124)	6,850,923	(929,587)	(530,538)	399,049	(3,008,992)	(2,999,792)	9,200
7,040,822	7,040,822	-	1,301,509	1,301,509	-			
6,452,373	6,452,373	-				4,599,592	4,599,592	-
(9,850,216)	(9,850,216)	-				(1,101,597)	(1,101,597)	-
3,642,979	3,642,979	-	1,301,509	1,301,509	-	3,497,995	3,497,995	-
(24,484)	(24,484)	-						
(4,911,552)	1,939,371	6,850,923	371,922	770,971	399,049	489,003	498,203	9,200
(1,207,494)	(1,207,494)	-	536,010	536,010	-	1,645,792	1,645,792	-
8,163	8,163	-						
(1,199,331)	(1,199,331)	-	536,010	536,010	-	1,645,792	1,645,792	-
\$ (6,110,883)	\$ 740,040	\$ 6,850,923	\$ 907,932	\$ 1,306,981	\$ 399,049	\$ 2,134,795	\$ 2,143,995	\$ 9,200

(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, 2018 (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	\$ 4,887,135	\$ 4,336,357	\$ (550,778)	\$ 524	\$ 392	\$ (132)
Other	225,950	244,596	18,646	920,622	532,789	(387,833)
Less:						
Refunds	321		(321)	8	1	(7)
Total revenues	5,112,764	4,580,953	(531,811)	921,138	533,180	(387,958)
EXPENDITURES:						
Current:						
Health and social services	2,168,440	1,439,076	(729,364)			
Education	4,009,302	2,404,176	(1,605,126)			
General government	23,783	11,761	(12,022)	863,231	654,626	(208,605)
Employment and economic development	973,582	394,122	(579,460)			
Transportation	74,308	74,308	-	500	26	(474)
Public protection and justice	502,011	178,568	(323,443)	58,645	36,553	(22,092)
Environment and business regulation	243,700	80,400	(163,300)			
Debt service:						
Principal						
Interest						
Capital outlays	6,316	1,069	(5,247)	15,932	7,706	(8,226)
Total expenditures	8,001,442	4,583,480	(3,417,962)	938,308	698,911	(239,397)
Excess (deficiency) of revenues over (under) expenditures	(2,888,678)	(2,527)	2,886,151	(17,170)	(165,731)	(148,561)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues						
Operating transfers-in	67,472	67,472	-	152,892	152,892	-
Operating transfers-out	(41,019)	(41,019)	-	(7,495)	(7,495)	-
Total other sources (uses) of financial resources	26,453	26,453	-	145,397	145,397	-
Budgetary funds-nonbudgeted accounts	(13,274)	(13,274)	-			
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(2,875,499)	10,652	2,886,151	128,227	(20,334)	(148,561)
Budgetary fund balances (deficits), July 1, 2017, as previously reported	(153,488)	(153,488)	-	3,836	3,836	-
Reclassifications between budgetary/nonbudgetary fund groups-net	(28,930)	(28,930)	-			
Budgetary fund balances (deficits), July 1, 2017, as reclassified	(182,418)	(182,418)	-	3,836	3,836	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (3,057,917)	\$ (171,766)	\$ 2,886,151	\$ 132,063	\$ (16,498)	\$ (148,561)

State Trust Funds			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 19,195,529	\$ 24,969,450	\$ 5,773,921
			9,488,054	9,407,423	(80,631)
			1,364,126	1,367,939	3,813
\$ 191,953	\$ 191,953	\$ -	1,468,609	1,624,898	156,289
92,249	180,419	88,170	19,831,758	20,916,883	1,085,125
3,879,326	4,859,373	980,047	21,179,961	20,983,914	(196,047)
312	222	(90)	2,571,235	2,550,219	(21,016)
4,163,216	5,231,523	1,068,307	69,956,802	76,720,288	6,763,486
412,008	299,533	(112,475)	32,221,401	27,995,033	(4,226,368)
18,209	5,247	(12,962)	20,029,110	18,342,832	(1,686,278)
122,210	105,877	(16,333)	16,389,976	14,985,782	(1,404,194)
1,125		(1,125)	2,090,038	1,051,668	(1,038,370)
			5,790,379	4,833,553	(956,826)
17,500	1,352	(16,148)	3,941,258	3,348,478	(592,780)
16,810	8,360	(8,450)	1,912,986	1,451,171	(461,815)
			2,487,470	2,487,470	-
			1,472,428	1,472,428	-
874	45	(829)	276,984	210,505	(66,479)
588,736	420,414	(168,322)	86,612,030	76,178,920	(10,433,110)
3,574,480	4,811,109	1,236,629	(16,655,228)	541,368	17,196,596
			8,342,331	8,342,331	-
28,731	28,731	-	23,893,198	23,893,198	-
(745,107)	(745,107)	-	(23,546,200)	(23,546,200)	-
(716,376)	(716,376)	-	8,689,329	8,689,329	-
(4,837,512)	(4,837,512)	-	(4,875,270)	(4,875,270)	-
(1,979,408)	(742,779)	1,236,629	(12,841,169)	4,355,427	17,196,596
983,814	983,814	-	(4,552,116)	(4,552,116)	-
362,742	362,742	-	363,104	363,104	-
1,346,556	1,346,556	-	(4,189,012)	(4,189,012)	-
\$ (632,852)	\$ 603,777	\$ 1,236,629	\$ (17,030,181)	\$ 166,415	\$ 17,196,596

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, 2018 (Expressed in Thousands)

	General Revenue			Common School Special Account		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 13,871,000	\$ 16,982,446	\$ 3,111,446			
Sales taxes	6,122,000	5,756,968	(365,032)	\$ 2,183,000	\$ 2,052,840	\$ (130,160)
Public utility taxes	846,000	827,136	(18,864)			
Federal government	3,110,000	5,237,433	2,127,433			
Other	2,494,000	2,435,368	(58,632)			
Less:						
Refunds	5,811	4,770	(1,041)			
Total revenues	26,437,189	31,234,581	4,797,392	2,183,000	2,052,840	(130,160)
EXPENDITURES:						
Current:						
Health and social services	12,940,414	12,401,526	(538,888)			
Education	5,816,547	5,793,145	(23,402)			
General government	3,860,169	3,809,711	(50,458)			
Transportation	5,303	4,341	(962)			
Employment and economic development	126,691	104,237	(22,454)			
Public protection and justice	2,853,476	2,806,489	(46,987)			
Environment and business	68,212	66,081	(2,131)			
Capital outlays	9,082	7,844	(1,238)			
Total expenditures	25,679,894	24,993,374	(686,520)			
Excess (deficiency) of revenues over (under) expenditures	757,295	6,241,207	5,483,912	2,183,000	2,052,840	(130,160)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	4,026,979	4,026,979	-			
Operating transfers-out	(7,926,444)	(7,926,444)	-	(2,100,932)	(2,100,932)	-
Total other sources (uses) of financial resources	(3,899,465)	(3,899,465)	-	(2,100,932)	(2,100,932)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(3,142,170)	2,341,742	5,483,912	82,068	(48,092)	(130,160)
Budgetary fund balances (deficits), July 1, 2017, as previously reported	(7,706,470)	(7,706,470)	-	77,925	77,925	-
Reclassifications between budgetary/nonbudgetary fund groups-net						
Budgetary fund balances (deficits), July 1, 2017, as reclassified	(7,706,470)	(7,706,470)	-	77,925	77,925	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (10,848,640)	\$ (5,364,728)	\$ 5,483,912	\$ 159,993	\$ 29,833	\$ (130,160)

Education Assistance			Common School			Fund for the Advancement of Education		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 1,246,000	\$ 1,525,791	\$ 279,791				\$ 504,000	\$ 616,908	\$ 112,908
			\$ 71,000	\$ 68,917	\$ (2,083)			
2,000	2,366	366	77,000	76,887	(113)			
1,248,000	1,528,157	280,157	148,000	145,804	(2,196)	504,000	616,908	112,908
1,984,970	1,980,203	(4,767)	7,167,670	7,167,670	-	619,000	618,871	(129)
13	13	-						
849	844	(5)						
1,985,832	1,981,060	(4,772)	7,167,670	7,167,670	-	619,000	618,871	(129)
(737,832)	(452,903)	284,929	(7,019,670)	(7,021,866)	(2,196)	(115,000)	(1,963)	113,037
333,272	333,272	-	7,082,090	7,082,090	-	1	1	-
(8,385)	(8,385)	-	(313)	(313)	-	(12)	(12)	-
324,887	324,887	-	7,081,777	7,081,777	-	(11)	(11)	-
(412,945)	(128,016)	284,929	62,107	59,911	(2,196)	(115,011)	(1,974)	113,037
135,378	135,378	-	(491,036)	(491,036)	-			
						31,400	31,400	-
135,378	135,378	-	(491,036)	(491,036)	-	31,400	31,400	-
\$ (277,567)	\$ 7,362	\$ 284,929	\$ (428,929)	\$ (431,125)	\$ (2,196)	\$ (83,611)	\$ 29,426	\$ 113,037

(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) General Funds

For the Year Ended June 30, 2018 (Expressed in Thousands)

(continued)

	Commitment to Human Services			Budget Stabilization		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes	\$ 504,000	\$ 616,853	\$ 112,853			
Sales taxes						
Public utility taxes						
Federal government						
Other	40,000	40,014	14	\$ 35	\$ 35	
Less:						
Refunds						
Total revenues	544,000	656,867	112,867	35	35	
EXPENDITURES:						
Current:						
Health and social services	719,000	615,139	(103,861)			
Education						
General government				\$ 126	83	(43)
Transportation						
Employment and economic development						
Public protection and justice						
Environment and business						
Capital outlays						
Total expenditures	719,000	615,139	(103,861)	126	83	(43)
Excess (deficiency) of revenues over (under) expenditures	(175,000)	41,728	216,728	(126)	(48)	78
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				3,700	3,700	-
Operating transfers-out				(3,700)	(3,700)	-
Total other sources (uses) of financial resources						
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(175,000)	41,728	216,728	(126)	(48)	78
Budgetary fund balances (deficits), July 1, 2017, as previously reported						
Reclassifications between budgetary/nonbudgetary fund groups-net	(13,993)	(13,993)	-	3,722	3,722	-
Budgetary fund balances (deficits), July 1, 2017, as reclassified	(13,993)	(13,993)	-	3,722	3,722	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (188,993)	\$ 27,735	\$ 216,728	\$ 3,596	\$ 3,674	\$ 78

Total		
Final Budget	Actual	Variance Over (Under)
\$ 16,125,000	\$ 19,741,998	\$ 3,616,998
8,305,000	7,809,808	(495,192)
917,000	896,053	(20,947)
3,110,000	5,237,433	2,127,433
2,613,000	2,554,670	(58,330)
5,811	4,770	(1,041)
31,064,189	36,235,192	5,171,003
13,659,414	13,016,665	(642,749)
15,588,187	15,559,889	(28,298)
3,860,308	3,809,807	(50,501)
5,303	4,341	(962)
126,691	104,237	(22,454)
2,853,476	2,806,489	(46,987)
68,212	66,081	(2,131)
9,931	8,688	(1,243)
36,171,522	35,376,197	(795,325)
(5,107,333)	858,995	5,966,328
11,446,042	11,446,042	-
(10,039,786)	(10,039,786)	-
1,406,256	1,406,256	-
(3,701,077)	2,265,251	5,966,328
(7,984,203)	(7,984,203)	-
21,129	21,129	-
(7,963,074)	(7,963,074)	-
\$ (11,664,151)	\$ (5,697,823)	\$ 5,966,328

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, 2018 (Expressed in Thousands)

	Road			Motor Fuel Tax - State		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Motor fuel taxes				\$ 1,294,682	\$ 1,292,407	\$ (2,275)
Federal government	\$ 1,694,856	\$ 1,275,567	\$ (419,289)	30	54	24
Other	1,060,215	992,869	(67,346)		993	993
Less:						
Refunds	2,575	1,341	(1,234)	22,000	21,999	(1)
Total revenues	2,752,496	2,267,095	(485,401)	1,272,712	1,271,455	(1,257)
EXPENDITURES:						
Current:						
General government	126,488	125,362	(1,126)	75,323	67,358	(7,965)
Employment and economic development	4,000	3,939	(61)			
Transportation	2,832,613	2,320,905	(511,708)	19,305	13,829	(5,476)
Environment and business regulation				30,000	30,000	-
Capital outlays	65,587	65,207	(380)	53	6	(47)
Total expenditures	3,028,688	2,515,413	(513,275)	124,681	111,193	(13,488)
Excess (deficiency) of revenues over (under) expenditures	(276,192)	(248,318)	27,874	1,148,031	1,160,262	12,231
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	305,189	305,189	-	1	1	-
Operating transfers-out	(606,798)	(606,798)	-	(1,151,154)	(1,151,154)	-
Total other sources (uses) of financial resources	(301,609)	(301,609)	-	(1,151,153)	(1,151,153)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(577,801)	(549,927)	27,874	(3,122)	9,109	12,231
Budgetary fund balances (deficits), July 1, 2017	1,096,890	1,096,890	-	91,238	91,238	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 519,089	\$ 546,963	\$ 27,874	\$ 88,116	\$ 100,347	\$ 12,231

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)
			\$ 579,861	\$ 500,461	\$ (79,400)			
			579,861	500,461	(79,400)			
\$ 302,375	\$ 285,660	\$ (16,715)	557,445	557,103	(342)	\$ 339,781	\$ 320,666	\$ (19,115)
302,375	285,660	(16,715)	557,445	557,103	(342)	339,781	320,666	(19,115)
(302,375)	(285,660)	16,715	22,416	(56,642)	(79,058)	(339,781)	(320,666)	19,115
283,751	283,751	-	221,001	221,001	-	336,154	336,154	-
			(27)	(27)	-	(3,001)	(3,001)	-
283,751	283,751	-	220,974	220,974	-	333,153	333,153	-
(18,624)	(1,909)	16,715	243,390	164,332	(79,058)	(6,628)	12,487	19,115
(19,664)	(19,664)	-	416,255	416,255	-	38,898	38,898	-
\$ (38,288)	\$ (21,573)	\$ 16,715	\$ 659,645	\$ 580,587	\$ (79,058)	\$ 32,270	\$ 51,385	\$ 19,115

(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, 2018 (Expressed in Thousands)

(continued)

	Total		
	Final Budget	Actual	Variance Over (Under)
REVENUES:			
Motor fuel taxes	\$ 1,294,682	\$ 1,292,407	\$ (2,275)
Federal government	1,694,886	1,275,621	(419,265)
Other	1,640,076	1,494,323	(145,753)
Less:			
Refunds	24,575	23,340	(1,235)
Total revenues	<u>4,605,069</u>	<u>4,039,011</u>	<u>(566,058)</u>
EXPENDITURES:			
Current:			
General government	201,811	192,720	(9,091)
Employment and economic development	4,000	3,939	(61)
Transportation	4,051,519	3,498,163	(553,356)
Environment and business regulation	30,000	30,000	-
Capital outlays	65,640	65,213	(427)
Total expenditures	<u>4,352,970</u>	<u>3,790,035</u>	<u>(562,935)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>252,099</u>	<u>248,976</u>	<u>(3,123)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	1,146,096	1,146,096	-
Operating transfers-out	(1,760,980)	(1,760,980)	-
Total other sources (uses) of financial resources	<u>(614,884)</u>	<u>(614,884)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(362,785)</u>	<u>(365,908)</u>	<u>(3,123)</u>
Budgetary fund balances (deficits), July 1, 2017	<u>1,623,617</u>	<u>1,623,617</u>	<u>-</u>
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	<u>\$ 1,260,832</u>	<u>\$ 1,257,709</u>	<u>\$ (3,123)</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, 2018 (Expressed in Thousands)

	Elected Officials			Code Departments		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 3,058,697	\$ 5,221,618	\$ 2,162,921
Sales taxes				911,578	1,179,809	268,231
Motor fuel taxes						
Public utility taxes				48,172	215,846	167,674
Federal government	\$ 114,271	\$ 27,124	\$ (87,147)	8,479,872	8,483,144	3,272
Other	114,225	225,227	111,002	8,132,131	8,049,153	(82,978)
Less:						
Refunds				2,515,077	2,501,576	(13,501)
Total revenues	228,496	252,351	23,855	18,115,373	20,647,994	2,532,621
EXPENDITURES:						
Current:						
Health and social services	215,483	211,601	(3,882)	14,002,371	11,918,190	(2,084,181)
Education				123,099	121,946	(1,153)
General government	14	14	-	10,153,130	9,550,693	(602,437)
Employment and economic development						
Transportation				555,360	519,996	(35,364)
Public protection and justice				880	735	(145)
Environment and business regulation						
Capital outlays				46	32	(14)
Total expenditures	215,497	211,615	(3,882)	24,834,886	22,111,592	(2,723,294)
Excess (deficiency) of revenues over (under) expenditures	12,999	40,736	27,737	(6,719,513)	(1,463,598)	5,255,915
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	6,482,113	6,482,113	-			
Operating transfers-in				5,560,981	5,560,981	-
Operating transfers-out	(6,482,136)	(6,482,136)	-	(2,096,596)	(2,096,596)	-
Total other sources (uses) of financial resources	(23)	(23)	-	3,464,385	3,464,385	-
Budgetary funds-nonbudgeted accounts				(9,337)	(9,337)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	12,976	40,713	27,737	(3,264,465)	1,991,450	5,255,915
Budgetary fund balances (deficits), July 1, 2017, as previously reported	8,655	8,655	-	(2,844,045)	(2,844,045)	-
Reclassifications between budgetary/nonbudgetary fund groups-net						
Budgetary fund balances (deficits), July 1, 2017, as reclassified	8,655	8,655	-	(2,844,045)	(2,844,045)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 21,631	\$ 49,368	\$ 27,737	\$ (6,108,510)	\$ (852,595)	\$ 5,255,915

Agencies, Boards & Commissions			Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
			\$ 11,832	\$ 5,834	\$ (5,998)	\$ 3,070,529	\$ 5,227,452	\$ 2,156,923
			212,440	358,770	146,330	1,124,018	1,538,579	414,561
			69,444	75,532	6,088	69,444	75,532	6,088
			311,484	321,046	9,562	359,656	536,892	177,236
\$ 93,320	\$ 63,936	\$ (29,384)	1,309,434	1,262,799	(46,635)	9,996,897	9,837,003	(159,894)
1,168,727	656,252	(512,475)	1,644,093	1,516,111	(127,982)	11,059,176	10,446,743	(612,433)
50		(50)	25,081	20,310	(4,771)	2,540,208	2,521,886	(18,322)
1,261,997	720,188	(541,809)	3,533,646	3,519,782	(13,864)	23,139,512	25,140,315	2,000,803
1,030	593	(437)	1,762,655	1,109,375	(653,280)	15,981,539	13,239,759	(2,741,780)
			289,879	251,140	(38,739)	412,978	373,086	(39,892)
156,946	133,975	(22,971)	562,621	434,741	(127,880)	10,872,711	10,119,423	(753,288)
			978,938	544,696	(434,242)	978,938	544,696	(434,242)
			814,405	448,694	(365,711)	1,369,765	968,690	(401,075)
			508,746	324,781	(183,965)	509,626	325,516	(184,110)
782,679	736,225	(46,454)	738,160	498,014	(240,146)	1,520,839	1,234,239	(286,600)
50	13	(37)	23,067	13,985	(9,082)	23,163	14,030	(9,133)
940,705	870,806	(69,899)	5,678,471	3,625,426	(2,053,045)	31,669,559	26,819,439	(4,850,120)
321,292	(150,618)	(471,910)	(2,144,825)	(105,644)	2,039,181	(8,530,047)	(1,679,124)	6,850,923
558,709	558,709	-				7,040,822	7,040,822	-
74	74	-	891,318	891,318	-	6,452,373	6,452,373	-
(340,118)	(340,118)	-	(931,366)	(931,366)	-	(9,850,216)	(9,850,216)	-
218,665	218,665	-	(40,048)	(40,048)	-	3,642,979	3,642,979	-
			(15,147)	(15,147)	-	(24,484)	(24,484)	-
539,957	68,047	(471,910)	(2,200,020)	(160,839)	2,039,181	(4,911,552)	1,939,371	6,850,923
87,845	87,845	-	1,540,051	1,540,051	-	(1,207,494)	(1,207,494)	-
			8,163	8,163	-	8,163	8,163	-
87,845	87,845	-	1,548,214	1,548,214	-	(1,199,331)	(1,199,331)	-
\$ 627,802	\$ 155,892	\$ (471,910)	\$ (651,806)	\$ 1,387,375	\$ 2,039,181	\$ (6,110,883)	\$ 740,040	\$ 6,850,923

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Comptroller			Treasurer		
	Income Tax Bond			Tobacco Settlement		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government				\$ 114,271	\$ 27,124	\$ (87,147)
Other				114,225	225,227	111,002
Total revenues				228,496	252,351	23,855
EXPENDITURES:						
Current:						
Health and social services				215,483	211,601	(3,882)
General government				14	14	-
Total expenditures				215,497	211,615	(3,882)
Excess (deficiency) of revenues over (under) expenditures				12,999	40,736	27,737
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Proceeds from general and special obligation bond issues	\$ 6,482,113	\$ 6,482,113	\$ -			
Operating transfers-out	(6,482,113)	(6,482,113)	-	(23)	(23)	-
Total other sources (uses) of financial resources	-	-	-	(23)	(23)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	-	-	-	12,976	40,713	27,737
Budgetary fund balances (deficits), July 1, 2017				8,655	8,655	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ -	\$ -	\$ -	\$ 21,631	\$ 49,368	\$ 27,737

Total		
Final Budget	Actual	Variance Over (Under)
\$ 114,271	\$ 27,124	\$ (87,147)
114,225	225,227	111,002
228,496	252,351	23,855

215,483	211,601	(3,882)
14	14	-
215,497	211,615	(3,882)

12,999	40,736	27,737
6,482,113	6,482,113	-
(6,482,136)	(6,482,136)	-
(23)	(23)	-

12,976	40,713	27,737
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8,655	8,655	-
\$ 21,631	\$ 49,368	\$ 27,737

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Central Management Services			Healthcare and Family Services		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes						
Sales taxes						
Public utility taxes						
Federal government	\$ 4,949	\$ 5,903	\$ 954	\$ 8,013,562	\$ 8,012,902	\$ (660)
Other	3,170,735	2,730,465	(440,270)	3,505,974	3,658,476	152,502
Less:						
Refunds				8,750	102	(8,648)
Total revenues	3,175,684	2,736,368	(439,316)	11,510,786	11,671,276	160,490
EXPENDITURES:						
Current:						
Health and social services				13,584,686	11,565,591	(2,019,095)
Education						
General government	6,000,001	5,851,729	(148,272)	344	344	-
Transportation						
Public protection and justice						
Capital outlays						
Total expenditures	6,000,001	5,851,729	(148,272)	13,585,030	11,565,935	(2,019,095)
Excess (deficiency) of revenues over (under) expenditures	(2,824,317)	(3,115,361)	(291,044)	(2,074,244)	105,341	2,179,585
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	3,982,113	3,982,113	-	850,224	850,224	-
Operating transfers-out				(345,158)	(345,158)	-
Total other sources (uses) of financial resources	3,982,113	3,982,113	-	505,066	505,066	-
Budgetary funds-nonbudgeted accounts						
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	1,157,796	866,752	(291,044)	(1,569,178)	610,407	2,179,585
Budgetary fund balances (deficits), July 1, 2017	(2,127,063)	(2,127,063)	-	(980,471)	(980,471)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (969,267)	\$ (1,260,311)	\$ (291,044)	\$ (2,549,649)	\$ (370,064)	\$ 2,179,585

Revenue			Transportation Public Transportation			Other Other Code Departments		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 3,058,697	\$ 5,221,618	\$ 2,162,921						
911,578	928,826	17,248		\$ 250,983	\$ 250,983			
48,172	215,846	167,674						
68,877	68,877	-				\$ 392,484	\$ 395,462	\$ 2,978
146,062	147,100	1,038				1,309,360	1,513,112	203,752
2,506,227	2,501,447	(4,780)				100	27	(73)
1,727,159	4,080,820	2,353,661		250,983	250,983	1,701,744	1,908,547	206,803
18,099	18,098	(1)				399,586	334,501	(65,085)
123,099	121,946	(1,153)						
2,952,037	2,903,465	(48,572)	\$ 1,611	1,006	(605)	1,199,137	794,149	(404,988)
			555,360	519,996	(35,364)			
880	735	(145)						
36	31	(5)				10	1	(9)
3,094,151	3,044,275	(49,876)	556,971	521,002	(35,969)	1,598,733	1,128,651	(470,082)
(1,366,992)	1,036,545	2,403,537	(556,971)	(270,019)	286,952	103,011	779,896	676,885
435,992	435,992	-	292,652	292,652	-			
(1,031,607)	(1,031,607)	-	(16)	(16)	-	(719,815)	(719,815)	-
(595,615)	(595,615)	-	292,636	292,636	-	(719,815)	(719,815)	-
						(9,337)	(9,337)	-
(1,962,607)	440,930	2,403,537	(264,335)	22,617	286,952	(626,141)	50,744	676,885
226,083	226,083	-	(6,576)	(6,576)	-	43,982	43,982	-
\$ (1,736,524)	\$ 667,013	\$ 2,403,537	\$ (270,911)	\$ 16,041	\$ 286,952	\$ (582,159)	\$ 94,726	\$ 676,885

(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, 2018 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
REVENUES:			
Income taxes	\$ 3,058,697	\$ 5,221,618	\$ 2,162,921
Sales taxes	911,578	1,179,809	268,231
Public utility taxes	48,172	215,846	167,674
Federal government	8,479,872	8,483,144	3,272
Other	8,132,131	8,049,153	(82,978)
Less:			
Refunds	2,515,077	2,501,576	(13,501)
Total revenues	<u>18,115,373</u>	<u>20,647,994</u>	<u>2,532,621</u>
EXPENDITURES:			
Current:			
Health and social services	14,002,371	11,918,190	(2,084,181)
Education	123,099	121,946	(1,153)
General government	10,153,130	9,550,693	(602,437)
Transportation	555,360	519,996	(35,364)
Public protection and justice	880	735	(145)
Capital outlays	46	32	(14)
Total expenditures	<u>24,834,886</u>	<u>22,111,592</u>	<u>(2,723,294)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,719,513)</u>	<u>(1,463,598)</u>	<u>5,255,915</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	5,560,981	5,560,981	-
Operating transfers-out	(2,096,596)	(2,096,596)	-
Total other sources (uses) of financial resources	<u>3,464,385</u>	<u>3,464,385</u>	<u>-</u>
Budgetary funds-nonbudgeted accounts	<u>(9,337)</u>	<u>(9,337)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	<u>(3,264,465)</u>	<u>1,991,450</u>	<u>5,255,915</u>
Budgetary fund balances (deficits), July 1, 2017	<u>(2,844,045)</u>	<u>(2,844,045)</u>	<u>-</u>
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	<u>\$ (6,108,510)</u>	<u>\$ (852,595)</u>	<u>\$ 5,255,915</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 Healthcare and Family Services

For the Year Ended June 30, 2018 (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	\$ 1,304,269	\$ 1,221,139	\$ (83,130)	\$ 220,168	\$ 211,109	\$ (9,059)
Other	750,059	745,960	(4,099)	199,618	203,121	3,503
Less:						
Refunds	1,000		(1,000)	2,750	102	(2,648)
Total revenues	2,053,328	1,967,099	(86,229)	417,036	414,128	(2,908)
EXPENDITURES:						
Current:						
Health and social services	2,525,000	1,909,071	(615,929)	553,324	416,862	(136,462)
General government				1	1	-
Total expenditures	2,525,000	1,909,071	(615,929)	553,325	416,863	(136,462)
Excess (deficiency) of revenues over (under) expenditures	(471,672)	58,028	529,700	(136,289)	(2,735)	133,554
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				30,000	30,000	-
Operating transfers-out				(10,015)	(10,015)	-
Total other sources (uses) of financial resources				19,985	19,985	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(471,672)	58,028	529,700	(116,304)	17,250	133,554
Budgetary fund balances (deficits), July 1, 2017	(41,059)	(41,059)	-	(55,706)	(55,706)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (512,731)	\$ 16,969	\$ 529,700	\$ (172,010)	\$ (38,456)	\$ 133,554

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)
\$ 1,852,373	\$ 1,707,974	\$ (144,399)	\$ 495,188	\$ 1,229,323	\$ 734,135	\$ 4,141,564	\$ 3,643,357	\$ (498,207)
1,391,331	1,398,531	7,200	262	651	389	1,164,704	1,310,213	145,509
5,000		(5,000)						
3,238,704	3,106,505	(132,199)	495,450	1,229,974	734,524	5,306,268	4,953,570	(352,698)
3,100,000	2,734,345	(365,655)	980,000	979,814	(186)	6,426,362	5,525,499	(900,863)
						343	343	-
3,100,000	2,734,345	(365,655)	980,000	979,814	(186)	6,426,705	5,525,842	(900,863)
138,704	372,160	233,456	(484,550)	250,160	734,710	(1,120,437)	(572,272)	548,165
			615,324	615,324	-	204,900	204,900	-
(334,977)	(334,977)	-	(18)	(18)	-	(148)	(148)	-
(334,977)	(334,977)	-	615,306	615,306	-	204,752	204,752	-
(196,273)	37,183	233,456	130,756	865,466	734,710	(915,685)	(367,520)	548,165
119,514	119,514	-	(726,627)	(726,627)	-	(276,593)	(276,593)	-
\$ (76,759)	\$ 156,697	\$ 233,456	\$ (595,871)	\$ 138,839	\$ 734,710	\$ (1,192,278)	\$ (644,113)	\$ 548,165

(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, 2018 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
REVENUES:			
Federal government	\$ 8,013,562	\$ 8,012,902	\$ (660)
Other	3,505,974	3,658,476	152,502
Less:			
Refunds	8,750	102	(8,648)
Total revenues	<u>11,510,786</u>	<u>11,671,276</u>	<u>160,490</u>
EXPENDITURES:			
Current:			
Health and social services	13,584,686	11,565,591	(2,019,095)
General government	344	344	-
Total expenditures	<u>13,585,030</u>	<u>11,565,935</u>	<u>(2,019,095)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,074,244)</u>	105,341	2,179,585
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	850,224	850,224	-
Operating transfers-out	(345,158)	(345,158)	-
Total other sources (uses) of financial resources	<u>505,066</u>	<u>505,066</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(1,569,178)</u>	610,407	2,179,585
Budgetary fund balances (deficits), July 1, 2017	(980,471)	(980,471)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	<u>\$ (2,549,649)</u>	<u>\$ (370,064)</u>	<u>\$ 2,179,585</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, 2018 (Expressed in Thousands)

	State and Local Sales Tax Reform			Income Tax Refund		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Income taxes				\$ 2,769,199	\$ 2,769,199	\$ -
Sales taxes	\$ 426,680	\$ 443,928	\$ 17,248			
Public utility taxes						
Federal government				68,877	68,877	-
Other				139	139	-
Less:						
Refunds				2,506,227	2,501,447	(4,780)
Total revenues	426,680	443,928	17,248	331,988	336,768	4,780
EXPENDITURES:						
Current:						
Health and social services						
Education						
General government	102,000	91,998	(10,002)			
Public protection and justice						
Capital outlays						
Total expenditures	102,000	91,998	(10,002)			
Excess (deficiency) of revenues over (under) expenditures	324,680	351,930	27,250	331,988	336,768	4,780
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				398	398	-
Operating transfers-out	(349,953)	(349,953)	-	(11,616)	(11,616)	-
Total other sources (uses) of financial resources	(349,953)	(349,953)	-	(11,218)	(11,218)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(25,273)	1,977	27,250	320,770	325,550	4,780
Budgetary fund balances (deficits), July 1, 2017	32,976	32,976	-	1,575	1,575	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 7,703	\$ 34,953	\$ 27,250	\$ 322,345	\$ 327,125	4,780

Local Government Distributive			Personal Property Tax Replacement			Build Illinois		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
	\$ 1,155,264	\$ 1,155,264	\$ 289,498	\$ 1,297,155	\$ 1,007,657			
			48,172	215,846	167,674	\$ 484,898	\$ 484,898	\$ -
			298	1,336	1,038	145,625	145,625	-
	1,155,264	1,155,264	337,968	1,514,337	1,176,369	630,523	630,523	-
			18,099	18,098	(1)			
\$ 1,467,994	1,435,027	(32,967)	123,099	121,946	(1,153)			
			1,382,043	1,376,440	(5,603)			
			880	735	(145)			
			36	31	(5)			
1,467,994	1,435,027	(32,967)	1,524,157	1,517,250	(6,907)			
(1,467,994)	(279,763)	1,188,231	(1,186,189)	(2,913)	1,183,276	630,523	630,523	-
385,348	385,348	-	10,780	10,780	-	39,466	39,466	-
(26)	(26)	-	(24)	(24)	-	(669,988)	(669,988)	-
385,322	385,322	-	10,756	10,756	-	(630,522)	(630,522)	-
(1,082,672)	105,559	1,188,231	(1,175,433)	7,843	1,183,276	1	1	-
(39,218)	(39,218)	-	230,750	230,750	-			
\$ (1,121,890)	\$ 66,341	\$ 1,188,231	\$ (944,683)	\$ 238,593	\$ 1,183,276	\$ 1	\$ 1	\$ -

(continued)

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

(continued)

	Final Budget	Total Actual	Variance Over (Under)
REVENUES:			
Income taxes	\$ 3,058,697	\$ 5,221,618	\$ 2,162,921
Sales taxes	911,578	928,826	17,248
Public utility taxes	48,172	215,846	167,674
Federal government	68,877	68,877	-
Other	146,062	147,100	1,038
Less:			
Refunds	2,506,227	2,501,447	(4,780)
Total revenues	<u>1,727,159</u>	<u>4,080,820</u>	<u>2,353,661</u>
EXPENDITURES:			
Current:			
Health and social services	18,099	18,098	(1)
Education	123,099	121,946	(1,153)
General government	2,952,037	2,903,465	(48,572)
Public protection and justice	880	735	(145)
Capital outlays	36	31	(5)
Total expenditures	<u>3,094,151</u>	<u>3,044,275</u>	<u>(49,876)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,366,992)</u>	<u>1,036,545</u>	<u>2,403,537</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:			
Operating transfers-in	435,992	435,992	-
Operating transfers-out	(1,031,607)	(1,031,607)	-
Total other sources (uses) of financial resources	<u>(595,615)</u>	<u>(595,615)</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	<u>(1,962,607)</u>	<u>440,930</u>	<u>2,403,537</u>
Budgetary fund balances (deficits), July 1, 2017	226,083	226,083	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	<u>\$ (1,736,524)</u>	<u>\$ 667,013</u>	<u>\$ 2,403,537</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 - Other Code Departments

For the Year Ended June 30, 2018 (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	\$ 392,484	\$ 395,462	\$ 2,978			
Other	4,516	6,888	2,372	\$ 1,304,844	\$ 1,506,224	\$ 201,380
Less:						
Refunds				100	27	(73)
Total revenues	397,000	402,350	5,350	1,304,744	1,506,197	201,453
EXPENDITURES:						
Current:						
Health and social services	399,586	334,501	(65,085)			
General government	4,509	4,351	(158)	1,194,628	789,798	(404,830)
Capital outlays				10	1	(9)
Total expenditures	404,095	338,852	(65,243)	1,194,638	789,799	(404,839)
Excess (deficiency) of revenues over (under) expenditures	(7,095)	63,498	70,593	110,106	716,398	606,292
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out	(717)	(717)	-	(719,098)	(719,098)	-
Total other sources (uses) of financial resources	(717)	(717)	-	(719,098)	(719,098)	-
Budgetary funds-nonbudgeted accounts				(9,337)	(9,337)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(7,812)	62,781	70,593	(618,329)	(12,037)	606,292
Budgetary fund balances (deficits), July 1, 2017	(5,549)	(5,549)	-	49,531	49,531	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (13,361)	\$ 57,232	\$ 70,593	\$ (568,798)	\$ 37,494	\$ 606,292

	Total		
Final Budget	Actual	Variance	Over (Under)
\$ 392,484	\$ 395,462	\$ 2,978	
1,309,360	1,513,112	203,752	
100	27	(73)	
1,701,744	1,908,547	206,803	

399,586	334,501	(65,085)	
1,199,137	794,149	(404,988)	
10	1	(9)	
1,598,733	1,128,651	(470,082)	

103,011	779,896	676,885	
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(719,815)	(719,815)	-	
(719,815)	(719,815)	-	
(9,337)	(9,337)	-	

(626,141)	50,744	676,885	
43,982	43,982	-	
\$ (582,159)	\$ 94,726	\$ 676,885	

State of Illinois

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

For the Year Ended June 30, 2018 (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:						
Federal government				\$ 93,320	\$ 63,936	\$ (29,384)
Other	\$ 479,848	\$ 471,639	\$ (8,209)	688,879	184,613	(504,266)
Less:						
Refunds	50		(50)			
Total revenues	479,798	471,639	(8,159)	782,199	248,549	(533,650)
EXPENDITURES:						
Current:						
Health and social services	1,030	593	(437)			
General government	156,945	133,974	(22,971)	1	1	-
Environment and business regulation				782,679	736,225	(46,454)
Capital outlays	50	13	(37)			
Total expenditures	158,025	134,580	(23,445)	782,680	736,226	(46,454)
Excess (deficiency) of revenues over (under) expenditures	321,773	337,059	15,286	(481)	(487,677)	(487,196)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Bond proceeds				558,709	558,709	-
Operating transfers-in	74	74	-			
Operating transfers-out	(340,118)	(340,118)	-			
Total other sources (uses) of financial resources	(340,044)	(340,044)	-	558,709	558,709	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	(18,271)	(2,985)	15,286	558,228	71,032	(487,196)
Budgetary fund balances (deficits), July 1, 2017	24,515	24,515	-	63,330	63,330	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 6,244	\$ 21,530	\$ 15,286	\$ 621,558	\$ 134,362	\$ (487,196)

Total		
Final Budget	Actual	Variance Over (Under)
\$ 93,320	\$ 63,936	\$ (29,384)
1,168,727	656,252	(512,475)
50		(50)
1,261,997	720,188	(541,809)

1,030	593	(437)
156,946	133,975	(22,971)
782,679	736,225	(46,454)
50	13	(37)
940,705	870,806	(69,899)
321,292	(150,618)	(471,910)

558,709	558,709	-
74	74	-
(340,118)	(340,118)	-
218,665	218,665	-

539,957	68,047	(471,910)
87,845	87,845	-
\$ 627,802	\$ 155,892	\$ (471,910)

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, 2018 (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				\$ 59,036	\$ 59,036	\$ -
Federal government	\$ 50,067	\$ 49,658	\$ (409)			
Other	44,214	53,663	9,449	797,530	797,530	-
Total revenues	94,281	103,321	9,040	856,566	856,566	-
EXPENDITURES:						
Debt service:						
Principal	1,989,203	1,989,203	-			
Interest	1,472,428	1,472,428	-			
Total expenditures	3,461,631	3,461,631	-			
Excess (deficiency) of revenues over (under) expenditures	(3,367,350)	(3,358,310)	9,040	856,566	856,566	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	4,106,172	4,106,172	-			
Operating transfers-out				(1,101,597)	(1,101,597)	-
Total other sources (uses) of financial resources	4,106,172	4,106,172	-	(1,101,597)	(1,101,597)	-
Excess (deficiency) of revenues over (under) expenditures and other sources (uses) of financial resources	738,822	747,862	9,040	(245,031)	(245,031)	-
Budgetary fund balances (deficits), July 1, 2017	2,693,246	2,693,246	-	(1,069,590)	(1,069,590)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ 3,432,068	\$ 3,441,108	\$ 9,040	\$(1,314,621)	\$(1,314,621)	\$ -

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)
						\$ 59,036	\$ 59,036	\$ -
						50,067	49,658	(409)
\$ 59	\$ 219	\$ 160				841,803	851,412	9,609
59	219	160				950,906	960,106	9,200
483,841	483,841	-	\$ 14,426	\$ 14,426	\$ -	2,487,470	2,487,470	-
						1,472,428	1,472,428	-
483,841	483,841	-	14,426	14,426	-	3,959,898	3,959,898	-
(483,782)	(483,622)	160	(14,426)	(14,426)	-	(3,008,992)	(2,999,792)	9,200
478,841	478,841	-	14,579	14,579	-	4,599,592	4,599,592	-
						(1,101,597)	(1,101,597)	-
478,841	478,841	-	14,579	14,579	-	3,497,995	3,497,995	-
(4,941)	(4,781)	160	153	153	-	489,003	498,203	9,200
14,245	14,245	-	7,891	7,891	-	1,645,792	1,645,792	-
\$ 9,304	\$ 9,464	\$ 160	\$ 8,044	\$ 8,044	\$ -	\$ 2,134,795	\$ 2,143,995	\$ 9,200

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, 2018 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions		
	Human Services			State Board of Education		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 696,552	\$ 603,631	\$ (92,921)	\$ 2,293,722	\$ 2,163,960	\$ (129,762)
Other		2,600	2,600		6	6
Less:						
Refunds						
Total revenues	696,552	606,231	(90,321)	2,293,722	2,163,966	(129,756)
EXPENDITURES:						
Current:						
Health and social services	849,336	575,644	(273,692)			
Education				3,640,820	2,203,815	(1,437,005)
General government	262	262	-	29	29	-
Employment and economic development						
Transportation						
Public protection and justice						
Environment and business regulation						
Capital outlays				989	161	(828)
Total expenditures	849,598	575,906	(273,692)	3,641,838	2,204,005	(1,437,833)
Excess (deficiency) of revenues over (under) expenditures	(153,046)	30,325	183,371	(1,348,116)	(40,039)	1,308,077
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	1,166	1,166	-			
Operating transfers-out				(15,206)	(15,206)	-
Total other sources (uses) of financial resources	1,166	1,166	-	(15,206)	(15,206)	-
Budgetary funds-nonbudgeted accounts	(149)	(149)	-	(1,735)	(1,735)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(152,029)	31,342	183,371	(1,365,057)	(56,980)	1,308,077
Budgetary fund balances (deficits), July 1, 2017, as previously reported	(16,192)	(16,192)	-	(282,476)	(282,476)	-
Reclassifications between budgetary/nonbudgetary fund groups-net						
Budgetary fund balances (deficits), July 1, 2017, as reclassified	(16,192)	(16,192)	-	(282,476)	(282,476)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (168,221)	\$ 15,150	\$ 183,371	\$ (1,647,533)	\$ (339,456)	\$ 1,308,077

	Other			Total		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$	1,896,861	\$ 1,568,766	\$ (328,095)	\$ 4,887,135	\$ 4,336,357	\$ (550,778)
	225,950	241,990	16,040	225,950	244,596	18,646
	321		(321)	321		(321)
	2,122,490	1,810,756	(311,734)	5,112,764	4,580,953	(531,811)
	1,319,104	863,432	(455,672)	2,168,440	1,439,076	(729,364)
	368,482	200,361	(168,121)	4,009,302	2,404,176	(1,605,126)
	23,492	11,470	(12,022)	23,783	11,761	(12,022)
	973,582	394,122	(579,460)	973,582	394,122	(579,460)
	74,308	74,308	-	74,308	74,308	-
	502,011	178,568	(323,443)	502,011	178,568	(323,443)
	243,700	80,400	(163,300)	243,700	80,400	(163,300)
	5,327	908	(4,419)	6,316	1,069	(5,247)
	3,510,006	1,803,569	(1,706,437)	8,001,442	4,583,480	(3,417,962)
	(1,387,516)	7,187	1,394,703	(2,888,678)	(2,527)	2,886,151
	66,306	66,306	-	67,472	67,472	-
	(25,813)	(25,813)	-	(41,019)	(41,019)	-
	40,493	40,493	-	26,453	26,453	-
	(11,390)	(11,390)	-	(13,274)	(13,274)	-
	(1,358,413)	36,290	1,394,703	(2,875,499)	10,652	2,886,151
	145,180	145,180	-	(153,488)	(153,488)	-
	(28,930)	(28,930)	-	(28,930)	(28,930)	-
	116,250	116,250	-	(182,418)	(182,418)	-
\$	(1,242,163)	\$ 152,540	\$ 1,394,703	\$ (3,057,917)	\$ (171,766)	\$ 2,886,151

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, 2018 (Expressed in Thousands)

	Employment & Training			DHS Special Purpose Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 442,552	\$ 314,704	\$ (127,848)	\$ 254,000	\$ 288,927	\$ 34,927
Other					2,600	2,600
Total revenues	442,552	314,704	(127,848)	254,000	291,527	37,527
EXPENDITURES:						
Current:						
Health and social services	505,000	323,515	(181,485)	344,336	252,129	(92,207)
General government	28	28	-	234	234	-
Total expenditures	505,028	323,543	(181,485)	344,570	252,363	(92,207)
Excess (deficiency) of revenues over (under) expenditures	(62,476)	(8,839)	53,637	(90,570)	39,164	129,734
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				1,166	1,166	-
Total other sources (uses) of financial resources				1,166	1,166	-
Budgetary funds-nonbudgeted accounts				(149)	(149)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(62,476)	(8,839)	53,637	(89,553)	40,181	129,734
Budgetary fund balances (deficits), July 1, 2017	(18,992)	(18,992)	-	2,800	2,800	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (81,468)	\$ (27,831)	\$ 53,637	\$ (86,753)	\$ 42,981	\$ 129,734

Total		
Final Budget	Actual	Variance Over (Under)
\$ 696,552	\$ 603,631	\$ (92,921)
	2,600	2,600
696,552	606,231	(90,321)
849,336	575,644	(273,692)
262	262	-
849,598	575,906	(273,692)
(153,046)	30,325	183,371
1,166	1,166	-
1,166	1,166	-
(149)	(149)	-
(152,029)	31,342	183,371
(16,192)	(16,192)	-
\$ (168,221)	\$ 15,150	\$ 183,371

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, 2018 (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	\$ 719,152	\$ 778,592	\$ 59,440	\$ 1,574,570	\$ 1,385,368	\$ (189,202)
Other		6	6			
Total revenues	719,152	778,598	59,446	1,574,570	1,385,368	(189,202)
EXPENDITURES:						
Current:						
Education	1,082,095	787,399	(294,696)	2,558,725	1,416,416	(1,142,309)
General government	7	7	-	22	22	-
Capital outlays	310	43	(267)	679	118	(561)
Total expenditures	1,082,412	787,449	(294,963)	2,559,426	1,416,556	(1,142,870)
Excess (deficiency) of revenues over (under) expenditures	(363,260)	(8,851)	354,409	(984,856)	(31,188)	953,668
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-out				(15,206)	(15,206)	-
Total other sources (uses) of financial resources				(15,206)	(15,206)	-
Budgetary funds-nonbudgeted accounts	(220)	(220)	-	(1,515)	(1,515)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(363,480)	(9,071)	354,409	(1,001,577)	(47,909)	953,668
Budgetary fund balances (deficits), July 1, 2017	(27,013)	(27,013)	-	(255,463)	(255,463)	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (390,493)	\$ (36,084)	\$ 354,409	\$ (1,257,040)	\$ (303,372)	\$ 953,668

	Total		
Final Budget	Actual	Variance Over (Under)	
\$ 2,293,722	\$ 2,163,960	\$ (129,762)	
	6	6	
2,293,722	2,163,966	(129,756)	

3,640,820	2,203,815	(1,437,005)
29	29	-
989	161	(828)
3,641,838	2,204,005	(1,437,833)

(1,348,116)	(40,039)	1,308,077
(15,206)	(15,206)	-
(15,206)	(15,206)	-
(1,735)	(1,735)	-

(1,365,057)	(56,980)	1,308,077
(282,476)	(282,476)	-
\$ (1,647,533)	\$ (339,456)	\$ 1,308,077

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, 2018 (Expressed in Thousands)

	Code Departments			Agencies, Boards & Commissions State Employees' Retirement System		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Public utility taxes						
Federal government	\$ 1,529	\$ 79,249	\$ 77,720			
Other	972,430	1,739,552	767,122	\$ 2,609,350	\$ 2,613,514	\$ 4,164
Less:						
Refunds						
Total revenues	973,959	1,818,801	844,842	2,609,350	2,613,514	4,164
EXPENDITURES:						
Current:						
Health and social services	162,667	105,211	(57,456)			
Education						
General government	129	129	-	1	1	-
Employment and Economic Development						
Public protection and justice						
Environment and business regulation						
Capital outlays	874	45	(829)			
Total expenditures	163,670	105,385	(58,285)	1	1	-
Excess (deficiency) of revenues over (under) expenditures	810,289	1,713,416	903,127	2,609,349	2,613,513	4,164
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in	20,000	20,000	-			
Operating transfers-out	(717,276)	(717,276)	-	(70)	(70)	-
Total other sources (uses) of financial resources	(697,276)	(697,276)	-	(70)	(70)	-
Budgetary funds-nonbudgeted accounts	(1,719,649)	(1,719,649)	-	(2,669,267)	(2,669,267)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(1,606,636)	(703,509)	903,127	(59,988)	(55,824)	4,164
Budgetary fund balances (deficits), July 1, 2017, as previously reported	747,466	747,466	-			
Reclassifications between budgetary/nonbudgetary funds-net	63,866	63,866	-	278,841	278,841	-
Budgetary fund balances (deficits), July 1, 2017, as reclassified	811,332	811,332	-	278,841	278,841	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (795,304)	\$ 107,823	\$ 903,127	\$ 218,853	\$ 223,017	\$ 4,164

Other			Total		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 191,953	\$ 191,953	\$ -	\$ 191,953	\$ 191,953	\$ -
90,720	101,170	10,450	92,249	180,419	88,170
297,546	506,307	208,761	3,879,326	4,859,373	980,047
312	222	(90)	312	222	(90)
579,907	799,208	219,301	4,163,216	5,231,523	1,068,307
249,341	194,322	(55,019)	412,008	299,533	(112,475)
18,209	5,247	(12,962)	18,209	5,247	(12,962)
122,080	105,747	(16,333)	122,210	105,877	(16,333)
1,125		(1,125)	1,125		(1,125)
17,500	1,352	(16,148)	17,500	1,352	(16,148)
16,810	8,360	(8,450)	16,810	8,360	(8,450)
			874	45	(829)
425,065	315,028	(110,037)	588,736	420,414	(168,322)
154,842	484,180	329,338	3,574,480	4,811,109	1,236,629
8,731	8,731	-	28,731	28,731	-
(27,761)	(27,761)	-	(745,107)	(745,107)	-
(19,030)	(19,030)	-	(716,376)	(716,376)	-
(448,596)	(448,596)	-	(4,837,512)	(4,837,512)	-
(312,784)	16,554	329,338	(1,979,408)	(742,779)	1,236,629
236,348	236,348	-	983,814	983,814	-
20,035	20,035	-	362,742	362,742	-
256,383	256,383	-	1,346,556	1,346,556	-
\$ (56,401)	\$ 272,937	\$ 329,338	\$ (632,852)	\$ 603,777	\$ 1,236,629

State of Illinois

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

For the Year Ended June 30, 2018 (Expressed in Thousands)

	Central Management Services			Healthcare and Family Services		
	Teacher Health Security			Public Aid Recoveries Trust		
	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
REVENUES:						
Federal government	\$ 1,529	\$ 1,529	\$ -	\$ 77,720	\$ 77,720	
Other	517,528	517,528	-	454,902	1,222,024	767,122
Total revenues	519,057	519,057	-	454,902	1,299,744	844,842
EXPENDITURES:						
Current:						
Health and social services				162,667	105,211	(57,456)
General government				129	129	-
Capital outlays				874	45	(829)
Total expenditures				163,670	105,385	(58,285)
Excess (deficiency) of revenues over (under) expenditures	519,057	519,057	-	291,232	1,194,359	903,127
OTHER SOURCES (USES) OF FINANCIAL RESOURCES:						
Operating transfers-in				20,000	20,000	-
Operating transfers-out	(276)	(276)	-	(717,000)	(717,000)	-
Total other sources (uses) of financial resources	(276)	(276)	-	(697,000)	(697,000)	-
Budgetary funds-nonbudgeted accounts	(611,712)	(611,712)	-	(1,107,937)	(1,107,937)	-
Excess (deficiency) of revenues over (under) expenditures, other sources (uses) of financial resources, and budgetary funds-nonbudgeted accounts	(92,931)	(92,931)	-	(1,513,705)	(610,578)	903,127
Budgetary fund balances (deficits), July 1, 2017				747,466	747,466	-
Reclassifications between budgetary/nonbudgetary funds-net	63,866	63,866	-			
Budgetary fund balances (deficits), July 1, 2017, as reclassified	63,866	63,866	-	747,466	747,466	-
BUDGETARY FUND BALANCES (DEFICITS), JUNE 30, 2018	\$ (29,065)	\$ (29,065)	\$ -	\$ (766,239)	\$ 136,888	\$ 903,127

Total		
Final Budget	Actual	Variance Over (Under)
\$ 1,529	\$ 79,249	\$ 77,720
972,430	1,739,552	767,122
973,959	1,818,801	844,842

162,667	105,211	(57,456)
129	129	-
874	45	(829)
163,670	105,385	(58,285)

810,289	1,713,416	903,127
20,000	20,000	-
(717,276)	(717,276)	-
(697,276)	(697,276)	-
(1,719,649)	(1,719,649)	-

(1,606,636)	(703,509)	903,127
747,466	747,466	-
63,866	63,866	-

811,332	811,332	-
\$ (795,304)	\$ 107,823	\$ 903,127

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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.	358
--	-----

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.	366
--	-----

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.	370
---	-----

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.	378
---	-----

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.	380
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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				
	2018	2017	2016	2015	2014
Governmental Activities					
Net investment in capital assets	\$ 16,205,052	\$ 15,992,970	\$ 15,583,035	\$ 15,180,555	\$ 15,097,043
Restricted	4,658,844	3,585,489	3,436,636	3,440,869	4,142,084
Unrestricted	(209,932,970)	(161,239,415)	(150,588,893)	(143,928,601)	(68,297,390)
Total governmental activities net position	<u>(189,069,074)</u>	<u>(141,660,956)</u>	<u>(131,569,222)</u>	<u>(125,307,177)</u>	<u>(49,058,263)</u>
Business-type Activities					
Net investment in capital assets	3,651	4,205	4,803	5,748	6,532
Restricted	5,705,891	5,450,934	5,371,256	5,240,507	4,911,161
Unrestricted	(654,207)	(381,994)	(533,887)	(921,900)	(1,094,605)
Total business-type activities net position	<u>5,055,335</u>	<u>5,073,145</u>	<u>4,842,172</u>	<u>4,324,355</u>	<u>3,823,088</u>
Primary Government					
Net investment in capital assets	16,208,703	15,997,175	15,587,838	15,186,303	15,103,575
Restricted	10,364,735	9,036,423	8,807,892	8,681,376	9,053,245
Unrestricted	(210,587,177)	(161,621,409)	(151,122,780)	(144,850,501)	(69,391,995)
Total primary government net position	<u>\$(184,013,739)</u>	<u>\$(136,587,811)</u>	<u>\$(126,727,050)</u>	<u>\$(120,982,822)</u>	<u>\$(45,235,175)</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.

The deficit balance of net position increased significantly in 2018 due to the implementation of GASB Statement No. 75.

State of Illinois

Fund Balances, Governmental Funds

Last Ten Fiscal Year Ends

(Modified Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2018	2017	2016	2015	2014
General fund (per GASB 54)					
Nonspendable	\$ 27,948	\$ 26,718	\$ 28,074	\$ 28,301	\$ 30,567
Restricted	89,798	52,233	79,294	45,569	58,852
Committed	1,923,096	1,946,730	1,139,048	1,311,460	1,138,836
Unassigned	(9,804,135)	(16,637,294)	(10,837,635)	(8,238,260)	(7,906,594)
General fund (prior to GASB 54)					
Reserved					
Unreserved					
Total general fund	<u>(7,763,293)</u>	<u>(14,611,613)</u>	<u>(9,591,219)</u>	<u>(6,852,930)</u>	<u>(6,678,339)</u>
All other governmental funds (per GASB 54)					
Nonspendable	149,962	134,400	121,976	120,025	101,255
Restricted	4,316,394	3,160,928	3,570,351	2,987,518	3,623,415
Committed	3,432,121	3,753,708	2,958,892	3,110,300	5,480,900
Assigned	-	1,658	9,835	1,227	10,007
Unassigned	(867,408)	(1,159,331)	(1,370,410)	(1,374,629)	(1,230,375)
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>7,031,069</u>	<u>5,891,363</u>	<u>5,290,644</u>	<u>4,844,441</u>	<u>7,985,202</u>
Total governmental funds	<u>\$ (732,224)</u>	<u>\$ (8,720,250)</u>	<u>\$ (4,300,575)</u>	<u>\$ (2,008,489)</u>	<u>\$ 1,306,863</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,				
2013	2012	2011	2010	2009
\$ 14,805,078	\$ 14,990,452	\$ 14,696,923	\$ 14,770,681	\$ 14,148,546
3,753,003	3,568,812	3,447,715	1,257,062	998,026
(66,410,019)	(65,144,723)	(61,753,364)	(53,562,848)	(44,608,334)
(47,851,938)	(46,585,459)	(43,608,726)	(37,535,105)	(29,461,762)
5,628	4,673	3,890	3,791	3,630
4,291,086	2,253,093	2,362,947	2,182,492	2,732,443
(1,271,930)	(422,682)	(1,129,243)	(1,227,648)	(161,927)
3,024,784	1,835,084	1,237,594	958,635	2,574,146
14,810,706	14,995,125	14,700,813	14,774,472	14,152,176
8,044,089	5,821,905	5,810,662	3,439,554	3,730,469
(67,681,949)	(65,567,405)	(62,882,607)	(54,790,496)	(44,770,261)
<u>\$(44,827,154)</u>	<u>\$(44,750,375)</u>	<u>\$(42,371,132)</u>	<u>\$(36,576,470)</u>	<u>\$(26,887,616)</u>

Schedule 2

Ended June 30,				
2013	2012	2011	2010	2009
\$ 32,395	\$ 34,652	\$ 32,108		
65,729	40,572	37,247		
739,161	917,589	1,132,322		
(8,171,762)	(10,070,984)	(9,211,633)		
			\$ 44,002	\$ 40,803
			(8,861,844)	(7,463,137)
<u>(7,334,477)</u>	<u>(9,078,171)</u>	<u>(8,009,956)</u>	<u>(8,817,842)</u>	<u>(7,422,334)</u>
108,746	85,281	78,447		
3,347,699	3,248,413	3,192,381		
3,408,438	3,783,223	3,437,839		
9,265	7,959	20,984		
(1,432,956)	(1,553,553)	(1,698,486)		
			501,514	507,169
			1,287,511	1,990,761
			1,061,585	837,423
			2,036,453	15,991
			13,648	916
5,441,192	5,571,323	5,031,165	4,900,711	3,352,260
<u>\$ (1,893,285)</u>	<u>\$(3,506,848)</u>	<u>\$(2,978,791)</u>	<u>\$(3,917,131)</u>	<u>\$(4,070,074)</u>

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

	For the Fiscal Year				
	2018	2017	2016	2015	2014
Governmental Activities:					
Expenses					
Health and social services	\$ 29,207,200	\$ 30,271,727	\$ 28,910,642	\$ 29,744,877	\$ 27,341,750
Education	25,359,053	22,330,561	19,277,492	19,302,465	19,049,547
General government	2,892,134	2,907,779	2,826,077	2,717,269	2,449,947
Employment and economic development	756,026	962,010	834,844	1,251,097	1,271,862
Transportation	4,625,352	5,282,459	4,702,430	5,132,636	5,103,505
Public protection and justice	4,416,348	4,522,776	3,931,125	3,600,577	3,394,190
Environment and business regulation	778,045	927,409	801,393	1,104,370	1,050,615
Intergovernmental-revenue sharing	5,917,915	6,145,598	5,905,841	5,956,535	5,669,666
Interest	1,986,119	1,872,321	1,761,607	1,709,219	1,783,172
Total governmental activities expenses	75,938,192	75,222,640	68,951,451	70,519,045	67,114,254
Program revenues					
Charges for services:					
Health and social services	144,921	515,062	332,674	236,140	402,880
Education	10,726	10,599	10,156	9,446	8,251
General government	2,233,439	2,243,389	2,150,695	2,170,928	2,110,376
Employment and economic development	17,959	31,282	76,595	27,622	13,046
Transportation	52,404	110,920	53,133	16,082	124,869
Public protection and justice	147,209	148,115	154,511	145,548	146,781
Environment and business regulation	460,043	431,116	437,622	416,124	441,445
Operating grants and contributions	21,347,390	23,176,771	20,956,206	21,882,386	19,928,670
Capital grants and contributions	1,302,747	1,503,916	1,531,259	1,524,107	1,673,267
Total governmental activities program revenues	25,716,838	28,171,170	25,702,851	26,428,383	24,849,585
Total governmental activities net program expense	(50,221,354)	(47,051,470)	(43,248,600)	(44,090,662)	(42,264,669)
General revenues and other changes in net position					
Taxes					
Income taxes	22,431,277	16,427,074	16,897,452	19,881,531	20,992,371
Sales taxes	11,850,090	11,332,134	11,165,310	10,997,205	10,585,448
Motor fuel taxes	1,323,577	1,303,773	1,322,372	1,292,178	1,272,818
Public utility taxes	1,443,513	1,439,332	1,427,368	1,460,558	1,469,128
Riverboat taxes	469,363	475,299	485,024	498,309	521,092
Medical providers assessment taxes	1,562,007	1,565,845	1,376,128	1,400,813	1,672,787
Other taxes	2,967,862	2,803,658	2,742,805	2,843,428	2,306,427
Interest and investment income	123,627	96,389	72,294	64,104	61,354
Other revenues	880,645	759,553	762,820	777,298	1,342,507
Gain on capital assets traded-in	-	-	-	-	-
Special items	-	-	-	-	-
Transfers	749,264	756,679	734,982	779,330	834,412
Total general revenues and other changes in net position	43,801,225	36,959,736	36,986,555	39,994,754	41,058,344
Total governmental activities change in net position	(6,420,129)	(10,091,734)	(6,262,045)	(4,095,908)	(1,206,325)

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 income taxes increased significantly beginning in 2018 as the State legislatures voted to raise the individual income tax rate from 3.75% to 4.95% and the corporate income tax rate from 5.25% to 7.0%.

Schedule 3

Ended June 30,				
2013	2012	2011	2010	2009
\$ 25,885,439	\$ 26,021,677	\$ 24,972,973	\$ 24,444,776	\$ 23,532,863
18,363,509	17,703,469	17,839,554	17,255,748	16,337,431
2,771,340	2,575,789	1,755,142	1,478,124	1,956,817
1,318,453	1,332,412	1,581,353	1,258,762	861,955
5,007,079	4,471,245	4,867,065	4,852,940	4,275,112
3,460,726	3,621,072	3,579,498	3,391,692	3,246,422
910,189	1,033,428	1,055,309	1,033,959	803,815
5,397,613	5,329,498	5,191,373	4,205,934	4,631,525
1,518,871	1,608,440	1,368,509	1,183,995	1,123,866
<u>64,633,219</u>	<u>63,697,030</u>	<u>62,210,776</u>	<u>59,105,930</u>	<u>56,769,806</u>
298,154	175,218	228,431	173,099	177,666
8,378	6,666	4,886	5,222	4,446
2,177,257	2,177,712	2,195,738	1,891,921	2,109,969
18,468	17,107	22,681	29,567	20,208
45,358	27,096	45,553	117,720	53,885
125,859	131,729	121,456	107,568	57,543
388,894	446,925	316,821	436,716	346,929
18,650,189	18,378,500	19,734,925	20,733,921	18,041,268
1,344,794	1,555,210	1,586,140	964,434	1,495,709
<u>23,057,351</u>	<u>22,916,163</u>	<u>24,256,631</u>	<u>24,460,168</u>	<u>22,307,623</u>
<u>(41,575,868)</u>	<u>(40,780,867)</u>	<u>(37,954,145)</u>	<u>(34,645,762)</u>	<u>(34,462,183)</u>
21,259,064	19,585,251	14,407,585	10,186,345	11,845,194
10,213,130	9,800,153	9,619,503	8,840,841	9,157,404
1,253,806	1,269,484	1,302,295	1,295,473	1,349,275
1,475,677	1,487,570	1,572,930	1,558,036	1,678,023
583,699	495,055	457,865	483,091	533,271
1,165,644	964,307	942,557	969,933	978,248
2,288,341	2,341,243	1,800,980	1,715,169	2,181,647
46,900	53,597	62,254	52,233	139,553
1,134,424	1,029,051	1,019,165	803,293	1,006,261
-	-	-	19	4,814
64,598	-	-	-	-
<u>824,106</u>	<u>778,423</u>	<u>695,390</u>	<u>667,986</u>	<u>673,354</u>
<u>40,309,389</u>	<u>37,804,134</u>	<u>31,880,524</u>	<u>26,572,419</u>	<u>29,547,044</u>
<u>(1,266,479)</u>	<u>(2,976,733)</u>	<u>(6,073,621)</u>	<u>(8,073,343)</u>	<u>(4,915,139)</u>

State of Illinois

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting, Amounts in Thousands)

(continued)

	For the Fiscal Year				
	2018	2017	2016	2015	2014
Business-Type Activities:					
Expenses					
Unemployment compensation trust	1,727,817	1,846,247	1,904,271	1,842,424	2,758,692
Water revolving	63,234	46,947	39,200	43,880	37,355
Prepaid tuition program	43,558	157,576	57,776	27,931	25,595
Lottery	2,280,857	2,129,455	2,150,110	2,138,677	2,084,750
Designated account purchase program	5,264	10,030	13,960	14,821	17,769
Federal student loans	116,629	131,593	132,955	133,205	167,595
Student loan operation fund	28,948	22,507	17,166	26,772	28,494
Other	109,991	90,266	87,067	83,895	75,671
Total business-type activities expenses	4,376,298	4,434,621	4,402,505	4,311,605	5,195,921
Program revenues					
Charges for services:					
Unemployment compensation trust	1,899,802	1,987,231	2,206,079	2,397,199	2,643,598
Water revolving	70,908	61,059	51,881	46,568	43,823
Prepaid tuition program	49,622	86,303	60,993	67,762	138,703
Lottery	2,932,921	2,850,445	2,862,056	2,850,711	2,868,500
Designated account purchase program	17,462	17,822	19,563	22,253	25,371
Federal student loans	14,405	20,909	28,748	27,456	33,716
Student loan operation fund	14,070	11,363	10,458	11,134	10,085
Other	99,079	98,539	94,894	87,167	86,875
Operating grants and contributions	181,675	262,654	238,119	270,208	943,403
Total business-type activities program revenues	5,279,944	5,396,325	5,572,791	5,780,458	6,794,074
Total business-type activities net program revenue (expense)	903,646	961,704	1,170,286	1,468,853	1,598,153
General revenues and other changes in net position					
Interest and investment income	37,092	25,948	64,737	50,713	34,563
Other revenues	-	-	-	-	-
Special items	-	-	-	-	-
Transfers	(749,264)	(756,679)	(734,982)	(779,330)	(834,412)
Total business-type activities general revenues and other changes in net position	(712,172)	(730,731)	(670,245)	(728,617)	(799,849)
Total business-type activities change in net position	191,474	230,973	500,041	740,236	798,304
Total primary government change in net position	\$ (6,228,655)	\$ (9,860,761)	\$ (5,762,004)	\$ (3,355,672)	\$ (408,021)

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

Schedule 3

Ended June 30,				
2013	2012	2011	2010	2009
3,594,082	5,087,631	6,424,471	8,259,960	5,086,053
45,840	85,366	84,114	113,383	18,085
94,691	193,523	94,405	86,447	74,718
2,097,604	1,941,324	1,601,387	1,544,196	1,443,717
38,197	41,617	58,376	57,250	62,622
177,412	189,251	212,839	214,905	199,964
31,158	61,292	25,668	28,170	31,184
85,124	114,742	169,082	112,161	91,128
<u>6,164,108</u>	<u>7,714,746</u>	<u>8,670,342</u>	<u>10,416,472</u>	<u>7,007,471</u>
3,209,935	3,216,031	2,626,928	1,849,486	1,600,817
43,516	42,958	44,393	44,940	46,007
126,025	35,294	170,250	90,249	(153,932)
2,902,357	2,682,379	2,269,675	2,196,315	2,082,039
29,858	36,110	45,434	55,073	50,809
29,797	23,688	19,458	22,451	19,756
13,848	14,172	11,721	12,704	12,344
90,174	108,607	214,655	106,428	118,514
<u>1,724,991</u>	<u>2,891,670</u>	<u>4,196,904</u>	<u>5,086,516</u>	<u>1,866,986</u>
<u>8,170,501</u>	<u>9,050,909</u>	<u>9,599,418</u>	<u>9,464,162</u>	<u>5,643,340</u>
<u>2,006,393</u>	<u>1,336,163</u>	<u>929,076</u>	<u>(952,310)</u>	<u>(1,364,131)</u>
7,413	39,750	41,959	4,785	76,006
-	-	3,314	-	-
-	-	-	-	-
<u>(824,106)</u>	<u>(778,423)</u>	<u>(695,390)</u>	<u>(667,986)</u>	<u>(673,354)</u>
<u>(816,693)</u>	<u>(738,673)</u>	<u>(650,117)</u>	<u>(663,201)</u>	<u>(597,348)</u>
<u>1,189,700</u>	<u>597,490</u>	<u>278,959</u>	<u>(1,615,511)</u>	<u>(1,961,479)</u>
<u>\$ (76,779)</u>	<u>\$ (2,379,243)</u>	<u>\$ (5,794,662)</u>	<u>\$ (9,688,854)</u>	<u>\$ (6,876,618)</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				
	2018	2017	2016	2015	2014
Revenues					
Income taxes	\$ 22,386,421	\$ 16,428,810	\$ 16,907,923	\$ 19,909,259	\$ 20,948,992
Sales taxes	11,850,683	11,354,547	11,162,605	11,006,405	10,602,973
Motor fuel taxes	1,322,392	1,304,523	1,322,727	1,291,139	1,273,009
Public utility taxes	1,414,502	1,443,797	1,431,179	1,461,807	1,472,798
Riverboat taxes	469,363	475,299	485,024	498,309	521,092
Medical providers assessment taxes	1,586,240	1,545,511	1,375,891	1,412,493	1,677,667
Other taxes	2,911,995	2,790,400	2,782,600	2,756,193	2,346,081
Federal government	23,314,354	21,921,955	21,763,831	21,981,451	20,573,411
Licenses and fees	2,767,206	2,809,879	2,737,014	2,706,962	2,649,213
Interest and other investment income	118,206	93,372	70,194	62,298	59,328
Other revenues	2,093,230	2,623,837	2,216,198	2,284,297	2,873,794
Total revenues	70,234,592	62,791,930	62,255,186	65,370,613	64,998,358
Expenditures					
Health and social services	28,835,515	29,299,969	28,274,261	29,029,974	27,024,378
Education	20,176,344	16,929,930	16,361,980	17,159,014	17,424,910
General government	2,531,734	2,351,867	2,479,319	2,375,648	2,286,984
Employment and economic development	770,706	882,272	762,998	1,223,773	1,291,102
Transportation	3,158,258	3,812,951	3,341,966	3,807,979	3,830,329
Public protection and justice	3,374,279	3,199,854	3,070,350	3,062,535	2,966,836
Environment and business regulation	753,444	761,369	739,662	956,821	948,652
Debt service:					
Principal	2,337,107	2,322,844	1,999,951	2,405,138	2,038,117
Interest	1,612,438	1,523,395	1,576,845	1,677,217	1,608,331
Capital outlay	1,365,606	1,504,609	1,867,445	1,829,993	1,776,463
Intergovernmental	5,917,915	6,145,598	5,905,841	5,956,535	5,669,666
Total expenditures	70,833,346	68,734,658	66,380,618	69,484,627	66,865,768
Deficiency of revenues (under) expenditures	(598,754)	(5,942,728)	(4,125,432)	(4,114,014)	(1,867,410)
Other Financing Sources (Uses)					
General and special obligation and revenue bonds issued	7,250,000	690,035	1,030,000	-	4,077,000
Premiums on general and special obligation and revenue bonds issued	559,670	54,443	60,939	-	169,216
Discounts on general obligation bonds issued	-	-	-	-	-
General and special obligation and revenue refunding bonds issued	670,965	1,641,900	-	-	-
Premiums on general and special obligation and revenue refunding bonds issued	90,805	152,800	-	-	-
Transfers-in	7,000,154	6,100,888	6,011,305	7,182,740	5,844,706
Transfers-out	(6,251,374)	(5,344,060)	(5,273,483)	(6,403,418)	(5,010,303)
Payment to refunded bond escrow agent	(756,954)	(1,782,885)	-	-	-
Capital lease financing	9,283	1,757	3,181	3,451	2,006
Total other financing sources (uses)	8,572,549	1,514,878	1,831,942	782,773	5,082,625
Special Items	-	-	-	-	-
Net change in fund balances	\$ 7,973,795	\$ (4,427,850)	\$ (2,293,490)	\$ (3,331,241)	\$ 3,215,215
Debt service as a percentage of noncapital expenditures	5.69%	5.72%	5.54%	6.03%	5.60%

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 income taxes increased significantly beginning in 2018 as the State legislatures voted to raise the individual income tax rate from 3.75% to 4.95% and the corporate income tax rate from 5.25% to 7.0%.

Schedule 4

Ended June 30,				
2013	2012	2011	2010	2009
\$ 21,094,432	\$ 19,597,757	\$ 14,410,452	\$ 10,132,945	\$ 11,860,233
10,218,389	9,794,571	9,627,310	8,820,201	9,156,235
1,254,260	1,275,042	1,299,397	1,302,000	1,350,032
1,463,308	1,495,251	1,578,941	1,564,966	1,667,389
583,699	495,055	457,865	483,091	533,271
1,149,310	961,546	944,635	970,164	975,086
2,306,255	2,168,203	1,815,470	1,923,107	1,902,400
19,605,267	18,213,961	20,389,879	21,084,394	18,148,428
2,491,802	2,587,031	2,406,475	2,294,068	2,051,258
45,082	52,495	51,462	52,094	136,596
<u>2,260,237</u>	<u>2,095,164</u>	<u>2,175,221</u>	<u>1,975,536</u>	<u>2,317,811</u>
<u>62,472,041</u>	<u>58,736,076</u>	<u>55,157,107</u>	<u>50,602,566</u>	<u>50,098,739</u>
25,403,862	25,643,420	24,571,136	24,130,047	23,171,985
16,190,331	15,064,753	15,681,944	15,525,027	14,319,907
2,243,536	2,214,383	1,383,859	1,316,201	1,360,562
1,291,834	1,298,303	1,534,519	1,193,374	802,053
3,696,646	3,272,768	3,617,622	3,698,028	3,200,491
2,937,295	3,180,977	3,043,677	3,003,370	2,817,374
808,257	930,414	945,980	944,869	802,942
1,899,704	1,819,303	1,975,685	925,276	928,339
1,570,741	1,576,539	1,353,275	1,073,432	1,102,787
1,600,425	1,916,674	2,024,842	1,882,840	1,456,465
5,397,613	5,329,498	5,191,373	4,205,934	4,631,525
<u>63,040,244</u>	<u>62,247,032</u>	<u>61,323,912</u>	<u>57,898,398</u>	<u>54,594,430</u>
<u>(568,203)</u>	<u>(3,510,956)</u>	<u>(6,166,805)</u>	<u>(7,295,832)</u>	<u>(4,495,691)</u>
1,150,000	2,100,040	6,403,460	6,698,015	150,000
41,540	80,268	6,607	42,840	2,290
-	-	(90)	-	-
604,110	1,797,740	-	1,956,380	-
85,084	165,789	-	157,131	-
6,057,771	6,099,132	9,694,259	11,375,512	9,554,492
(5,233,178)	(5,334,744)	(9,068,773)	(10,691,690)	(8,864,876)
(686,236)	(1,934,435)	-	(2,090,772)	-
1,006	2,788	1,282	1,001	1,364
<u>2,020,097</u>	<u>2,976,578</u>	<u>7,036,745</u>	<u>7,448,417</u>	<u>843,270</u>
165,001	-	-	-	-
<u>\$ 1,616,895</u>	<u>\$ (534,378)</u>	<u>\$ 869,940</u>	<u>\$ 152,585</u>	<u>\$ (3,652,421)</u>
<u>5.65%</u>	<u>5.63%</u>	<u>5.61%</u>	<u>3.57%</u>	<u>3.82%</u>

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

	For the Calendar Year				
	2017	2016	2015	2014	2013
Farm earnings	\$ 1,510,375	\$ 2,676,310	\$ 544,780	\$ 3,628,875	\$ 8,062,715
Agricultural/forestry, fishing, and other	439,980	457,914	468,694	436,321	361,331
Mining	828,924	849,603	1,214,117	1,324,490	1,273,964
Construction/utilities	28,724,020	28,253,330	27,375,387	25,578,492	23,606,891
Manufacturing	54,286,191	52,595,510	53,069,158	52,794,291	51,552,196
Transportation and public utilities	23,094,133	22,511,271	21,342,677	21,451,974	20,974,737
Wholesale trade	31,829,911	30,496,169	30,769,174	29,858,938	29,164,197
Retail trade	24,841,650	24,628,379	24,852,771	24,063,170	23,654,210
Finance, insurance, and real estate	54,797,255	53,337,727	50,527,865	44,770,850	38,591,892
Services	213,709,580	206,299,285	197,547,421	190,303,344	183,000,050
Federal, civilian	8,923,756	8,757,354	8,693,584	8,393,521	8,269,453
Military	2,495,523	2,343,051	2,352,968	2,357,223	2,483,026
State and local government	58,427,722	57,412,919	55,910,008	55,514,507	54,771,010
Other	190,004,961	182,910,105	178,016,641	168,307,279	155,016,980
Total personal income	\$ 693,913,981	\$ 673,528,927	\$ 652,685,245	\$ 628,783,275	\$ 600,782,652
Tax liability	\$ 14,232,641	\$ 11,531,400	\$ 11,758,489	\$ 15,532,205	\$ 14,701,925
Average effective rate	2.05%	1.71%	1.80%	2.47%	2.45%

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				
	2018	2017	2016	2015	2014
General merchandise	\$ 22,784,722	\$ 21,555,470	\$ 18,840,242	\$ 20,525,330	\$ 20,909,371
Food	22,436,327	21,355,215	22,385,459	21,908,129	20,659,706
Drinking and eating places	25,000,446	24,041,077	21,770,507	22,062,665	20,728,370
Apparel	8,075,480	7,966,678	7,130,282	7,420,636	7,001,093
Furniture, household, and radio	10,557,835	10,294,696	9,681,795	9,641,594	9,327,989
Lumber, building, and hardware	10,707,149	10,026,817	9,415,743	9,462,798	8,976,058
Automotive and filling stations	43,036,870	40,559,261	39,773,435	40,196,438	34,835,154
Drugs and other retail	37,771,600	36,526,231	30,733,251	29,927,521	28,062,832
Agriculture and extractives	30,754,927	28,195,889	25,603,217	27,431,997	26,517,679
Manufacturing	6,515,236	6,238,983	5,693,816	5,476,697	4,772,007
Total	\$ 217,640,592	\$ 206,760,317	\$ 191,027,747	\$ 194,053,805	\$ 181,790,259

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,				
2012	2011	2010	2009	2008
\$ 3,210,000	\$ 5,532,292	\$ 2,682,784	\$ 3,675,328	\$ 5,422,610
397,219	334,697	400,042	337,430	303,781
1,271,440	1,259,647	1,055,190	958,850	1,649,272
21,354,976	21,977,275	22,168,867	23,583,056	27,041,713
52,943,137	47,835,270	44,739,656	44,218,451	50,343,959
19,826,411	18,671,925	15,909,648	15,504,381	16,443,681
28,424,193	26,825,228	24,751,332	24,685,079	26,518,608
23,084,384	22,108,376	21,188,835	21,193,604	22,157,215
34,985,114	33,124,647	41,170,325	40,564,313	42,836,772
179,180,906	170,633,157	161,269,661	159,690,997	163,105,293
8,477,026	8,651,107	8,688,814	8,013,486	7,842,572
2,591,007	2,665,531	2,933,969	2,901,517	2,742,642
53,511,408	53,141,184	52,870,403	50,758,390	49,244,161
158,343,942	149,532,130	141,431,602	135,560,354	136,783,471
<u>\$ 587,601,163</u>	<u>\$ 562,292,466</u>	<u>\$ 541,261,128</u>	<u>\$ 531,645,236</u>	<u>\$ 552,435,750</u>
<u>\$ 15,703,310</u>	<u>\$ 12,855,244</u>	<u>\$ 8,131,062</u>	<u>\$ 7,812,307</u>	<u>\$ 8,402,169</u>
<u>2.67%</u>	<u>2.29%</u>	<u>1.50%</u>	<u>1.47%</u>	<u>1.52%</u>

Schedule 6

Ended June 30,				
2013	2012	2011	2010	2009
\$ 20,984,402	\$ 21,379,802	\$ 12,406,368	\$ 12,014,343	\$ 17,198,339
19,927,008	20,602,149	19,700,141	18,932,808	19,434,980
19,171,381	19,377,805	18,408,341	16,857,284	17,362,456
6,600,261	6,601,677	14,736,097	13,560,264	9,192,958
8,827,231	9,201,686	8,833,159	8,249,837	8,797,308
8,503,130	8,593,170	8,332,430	8,040,005	8,678,872
36,601,135	35,771,184	33,575,575	29,714,908	30,055,943
26,806,067	27,458,332	25,180,327	23,792,285	24,366,956
23,787,602	24,608,599	24,720,332	21,475,741	23,809,122
4,308,047	4,308,079	4,294,155	3,980,846	4,445,506
<u>\$ 175,516,264</u>	<u>\$ 177,902,483</u>	<u>\$ 170,186,925</u>	<u>\$ 156,618,321</u>	<u>\$ 163,342,440</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 2017 and 2008
(Amounts in Thousands)

For the Calendar Year Ended December 31, 2017

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	56,467	1.00%	\$ 2,833,121	19.91%
\$100,001 - \$500,000	1,092,863	19.37%	6,296,087	44.24%
\$50,001 - \$100,000	1,346,116	23.86%	3,008,945	21.14%
\$25,001 - \$50,000	1,270,911	22.53%	1,471,602	10.34%
\$25,000 and less	1,874,279	33.24%	622,886	4.37%
Total	5,640,636	100.00%	\$ 14,232,641	100.00%

For the Calendar Year Ended December 31, 2008

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
\$500,001 and higher	40,649	0.72%	\$ 1,719,156	20.46%
\$100,001 - \$500,000	787,948	14.00%	3,119,598	37.13%
\$50,001 - \$100,000	1,337,020	23.76%	2,081,865	24.78%
\$25,001 - \$50,000	1,312,161	23.32%	1,025,260	12.20%
\$25,000 and less	2,149,204	38.20%	456,290	5.43%
Total	5,626,982	100.00%	\$ 8,402,169	100.00%

Note: Generally, the tax liability for a filer (an individual or married couple) is calculated by taking the filer's federal adjusted gross income and subtracting the number of exemptions and multiplying the result by the State's income tax rate. The State exemption amount was \$2,000 for calendar year 2008 and \$2,175 for calendar year 2017. 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 2018 and 2009
(Amounts in Thousands)

	For the Fiscal Year Ended June 30, 2018			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,208	0.17%	\$ 1,469,667	9.72%
Food	6,549	0.50%	973,242	6.44%
Drinking and eating places	28,070	2.15%	2,212,581	14.63%
Apparel	9,202	0.71%	684,523	4.53%
Furniture, household, and radio	11,443	0.88%	863,147	5.71%
Lumber, building, and hardware	11,700	0.90%	928,763	6.14%
Automotive and filling stations	1,086,653	83.40%	3,020,299	19.97%
Drugs and other retail	63,167	4.85%	2,171,586	14.36%
Agriculture and extractives	69,507	5.33%	2,258,427	14.94%
Manufacturing	14,461	1.11%	537,946	3.56%
Total	1,302,960	100.00%	\$ 15,120,181	100.00%

	For the Fiscal Year Ended June 30, 2009			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
General merchandise	2,233	0.19%	\$ 1,178,526	10.34%
Food	7,263	0.63%	773,315	6.79%
Drinking and eating places	24,909	2.16%	1,476,333	12.96%
Apparel	7,549	0.65%	685,516	6.02%
Furniture, household, and radio	13,800	1.20%	718,671	6.31%
Lumber, building, and hardware	12,468	1.08%	724,499	6.36%
Automotive and filling stations	953,277	82.56%	2,157,288	18.94%
Drugs and other retail	56,664	4.91%	1,409,555	12.37%
Agriculture and extractives	64,113	5.55%	1,857,501	16.30%
Manufacturing	12,377	1.07%	411,405	3.61%
Total	1,154,653	100.00%	\$ 11,392,609	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>For the Fiscal 2014</u>
Governmental activities					
General obligation bonds	\$ 30,926,818	\$ 25,230,528	\$ 26,795,531	\$ 27,421,318	\$ 29,543,582
Special obligation bonds	2,409,970	2,658,088	2,650,435	2,912,003	3,181,684
Revenue bonds	1,054,679	1,071,621	1,156,699	1,237,731	1,314,929
Capital leases	9,614	5,862	7,580	7,244	6,073
Installment purchases	-	-	36	442	808
Certificates of participation	5,335	15,150	24,370	33,060	41,265
Total governmental activities	<u>34,406,416</u>	<u>28,981,249</u>	<u>30,634,651</u>	<u>31,611,798</u>	<u>34,088,341</u>
Business-type activities					
Revenue bonds	161,391	192,133	622,017	925,265	1,457,745
Capital leases	57	9	26	26	-
Total business-type activities	<u>161,448</u>	<u>192,142</u>	<u>622,043</u>	<u>925,291</u>	<u>1,457,745</u>
Total primary government	<u>\$ 34,567,864</u>	<u>\$ 29,173,391</u>	<u>\$ 31,256,694</u>	<u>\$ 32,537,089</u>	<u>\$ 35,546,086</u>
Total primary government debt as a percentage of personal income	<u>4.98%</u>	<u>4.33%</u>	<u>4.79%</u>	<u>5.17%</u>	<u>5.92%</u>
Total amount of primary government debt per capita	<u>\$ 2.700</u>	<u>\$ 2.273</u>	<u>\$ 2.430</u>	<u>\$ 2.526</u>	<u>\$ 2.758</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,				
2013	2012	2011	2010	2009
\$ 27,398,638	\$ 28,141,980	\$ 28,256,367	\$ 25,136,941	\$ 19,669,908
3,000,345	2,934,527	2,394,597	2,591,591	2,204,110
1,386,166	1,450,094	1,509,846	-	-
6,818	7,648	6,632	6,477	8,736
1,155	3,412	8,109	14,158	19,067
49,020	58,190	66,870	75,095	82,895
<u>31,842,142</u>	<u>32,595,851</u>	<u>32,242,421</u>	<u>27,824,262</u>	<u>21,984,716</u>
1,822,051	590,704	704,284	1,019,701	1,027,300
-	-	4	7	3
<u>1,822,051</u>	<u>590,704</u>	<u>704,288</u>	<u>1,019,708</u>	<u>1,027,303</u>
<u>\$ 33,664,193</u>	<u>\$ 33,186,555</u>	<u>\$ 32,946,709</u>	<u>\$ 28,843,970</u>	<u>\$ 23,012,019</u>
<u>5.73%</u>	<u>5.90%</u>	<u>6.09%</u>	<u>5.43%</u>	<u>4.17%</u>
<u>\$ 2.616</u>	<u>\$ 2.580</u>	<u>\$ 2.566</u>	<u>\$ 2.254</u>	<u>\$ 1.805</u>

State of Illinois

Ratios of General Bonded Debt Outstanding and Debt Limitations

Last Ten Fiscal Years

(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>For the Fiscal 2014</u>
General bonded debt					
General obligation bonds	\$ 30,926,818	\$ 25,230,528	\$ 26,795,531	\$ 27,421,318	\$ 29,543,582
Special obligation bonds	2,409,970	2,658,088	2,650,435	2,912,003	3,181,684
	<u>\$ 33,336,788</u>	<u>\$ 27,888,616</u>	<u>\$ 29,445,966</u>	<u>\$ 30,333,321</u>	<u>\$ 32,725,266</u>
Less: Amounts restricted for debt service	1,750,450	1,398,090	1,513,092	1,407,540	1,804,967
Net total general bonded debt	<u>\$ 31,586,338</u>	<u>\$ 26,490,526</u>	<u>\$ 27,932,874</u>	<u>\$ 28,925,781</u>	<u>\$ 30,920,299</u>
Total general bonded debt as a percentage of personal income	<u>4.55%</u>	<u>3.93%</u>	<u>4.28%</u>	<u>4.60%</u>	<u>5.15%</u>
Total general bonded debt as a percentage of taxable sales	<u>14.51%</u>	<u>12.81%</u>	<u>14.62%</u>	<u>14.91%</u>	<u>17.01%</u>
Total amount of general obligation debt per capita	<u>\$ 2.467</u>	<u>\$ 2.064</u>	<u>\$ 2.172</u>	<u>\$ 2.245</u>	<u>\$ 2.399</u>
Authorized general bonded debt					
General obligation bonds	\$ 65,255,951	\$ 58,455,951	\$ 58,455,951	\$ 57,855,951	\$ 57,855,951
Special obligation bonds	6,446,009	6,446,009	6,446,009	6,446,009	6,446,009
Total authorized general bonded debt	<u>\$ 71,701,960</u>	<u>\$ 64,901,960</u>	<u>\$ 64,901,960</u>	<u>\$ 64,301,960</u>	<u>\$ 64,301,960</u>
Issued general bonded debt					
General obligation bonds	\$ 64,471,191	\$ 57,221,190	\$ 55,438,046	\$ 54,408,046	\$ 54,408,046
Special obligation bonds	5,722,228	5,722,228	5,512,193	5,512,193	5,512,193
Total issued general bonded debt	<u>\$ 70,193,419</u>	<u>\$ 62,943,418</u>	<u>\$ 60,950,239</u>	<u>\$ 59,920,239</u>	<u>\$ 59,920,239</u>
General bonded debt margin (Authorized but unissued debt)					
General obligation bonds	\$ 6,990,234	\$ 7,011,954	\$ 8,397,243	\$ 9,013,252	\$ 7,981,693
Special obligation bonds	877,884	872,215	1,076,761	1,072,806	1,069,091
Total general bonded debt margin	<u>\$ 7,868,118</u>	<u>\$ 7,884,169</u>	<u>\$ 9,474,004</u>	<u>\$ 10,086,058</u>	<u>\$ 9,050,784</u>
Issued bonded debt to authorized bonded debt ratio					
General obligation bonds	98.80%	97.89%	94.84%	94.04%	94.04%
Special obligation bonds	88.77%	88.77%	85.51%	85.51%	85.51%
Total issued bonded debt to authorized bonded debt ratio	97.90%	96.98%	93.91%	93.19%	93.19%

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,				
2013	2012	2011	2010	2009
\$ 27,398,638	\$ 28,141,980	\$ 28,256,367	\$ 25,136,941	\$ 19,669,908
3,000,345	2,934,527	2,394,597	2,591,591	2,204,110
<u>\$ 30,398,983</u>	<u>\$ 31,076,507</u>	<u>\$ 30,650,964</u>	<u>\$ 27,728,532</u>	<u>\$ 21,874,018</u>
1,615,537	1,478,072	1,366,885	1,071,220	848,302
<u>\$ 28,783,446</u>	<u>\$ 29,598,435</u>	<u>\$ 29,284,079</u>	<u>\$ 26,657,312</u>	<u>\$ 21,025,716</u>
<u>4.90%</u>	<u>5.26%</u>	<u>5.41%</u>	<u>5.01%</u>	<u>3.81%</u>
<u>16.40%</u>	<u>16.64%</u>	<u>17.21%</u>	<u>17.02%</u>	<u>12.87%</u>
<u>\$ 2.236</u>	<u>\$ 2.301</u>	<u>\$ 2.281</u>	<u>\$ 2.083</u>	<u>\$ 1.649</u>
\$ 55,630,951	\$ 54,014,151	\$ 54,014,151	\$ 45,755,802	\$ 39,231,174
5,903,509	5,903,509	4,815,509	4,815,509	4,005,509
<u>\$ 61,534,460</u>	<u>\$ 59,917,660</u>	<u>\$ 58,829,660</u>	<u>\$ 50,571,311</u>	<u>\$ 43,236,683</u>
\$ 50,733,045	\$ 49,883,046	\$ 46,710,306	\$ 41,810,306	\$ 34,140,911
5,110,193	4,810,193	4,085,153	4,085,153	3,555,233
<u>\$ 55,843,238</u>	<u>\$ 54,693,239</u>	<u>\$ 50,795,459</u>	<u>\$ 45,895,459</u>	<u>\$ 37,696,144</u>
\$ 8,983,350	\$ 7,852,278	\$ 10,481,559	\$ 6,900,602	\$ 7,809,162
925,101	1,221,821	852,891	852,891	570,096
<u>\$ 9,908,451</u>	<u>\$ 9,074,099</u>	<u>\$ 11,334,450</u>	<u>\$ 7,753,493</u>	<u>\$ 8,379,258</u>
91.20%	92.35%	86.48%	91.38%	87.02%
86.56%	81.48%	84.83%	84.83%	88.76%
90.75%	91.28%	86.34%	90.75%	87.19%

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							
2018	\$ 632,465	\$ -	\$ 632,465	\$ 217,005	\$ 105,811	\$ 322,816	1.96
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
Civic Center Bond Fund - Pledged revenue of portion of sales tax collections							
2018	\$ 19,000	\$ -	\$ 19,000	\$ 13,340	\$ 1,093	\$ 14,433	1.32
2017	19,000	-	19,000	13,070	1,365	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
Illinois Student Assistance Commission - Pledged revenue of loans receivable repayments (a)							
2018	\$ 17,462	\$ 1,604	\$ 15,858	\$ 30,950	\$ 4,361	\$ 35,311	0.45
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
Railsplitter Tobacco Settlement Authority - Pledged revenue of tobacco settlement funds (b)							
2018	\$ 334,538	\$ 180,183	\$ 154,355	\$ 89,040	\$ 54,240	\$ 143,280	1.08
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 of principal by the sale of a portion of their student loan portfolio during fiscal year 2013.

(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							
2018	\$ 47,153	\$ 8,757	\$ 38,396	\$ 122,927	\$ 29,852	\$ 152,779	0.25
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
Illinois State Toll Highway Authority - Pledged revenue of toll fees (d)							
2017	\$ 1,427,700	\$ 402,691	\$ 1,025,009	\$ 88,860	\$ 297,005	\$ 385,865	2.66
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
Illinois State University - Pledged revenue of usage fees and rental income							
2018	\$ 88,390	\$ 66,605	\$ 21,785	\$ 28,145	\$ 3,482	\$ 31,627	0.69
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
Northern Illinois University - Pledged revenue of usage fees and rental income							
2018	\$ 77,925	\$ 63,413	\$ 14,512	\$ 4,065	\$ 13,129	\$ 17,194	0.84
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

(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							
2018	\$ 134,362	\$ 104,105	\$ 30,257	\$ 22,205	\$ 8,049	\$ 30,254	1.00
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
University of Illinois - Pledged revenue of usage fees, rental income, and medical fees							
2018	\$ 1,547,298	\$ 1,455,077	\$ 92,221	\$ 58,710	\$ 51,415	\$ 110,125	0.84
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

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

	For the Calendar				
	2017	2016	2015	2014	2013
Population					
State	12,802	12,836	12,862	12,882	12,890
Percentage change	-0.26%	-0.20%	-0.16%	-0.06%	0.15%
National	325,719	323,406	321,040	318,623	316,235
Percentage change	0.72%	0.74%	0.76%	0.76%	0.71%
Total Personal Income					
State	\$ 693,913,981	\$ 673,528,927	\$ 664,296,212	\$ 638,061,366	\$ 607,909,671
Percentage change	3.03%	1.39%	4.11%	4.96%	3.46%
National	\$ 16,820,250,000	\$ 16,115,630,000	\$ 15,711,634,000	\$ 14,983,140,000	\$ 14,175,503,000
Percentage change	4.37%	2.57%	4.86%	5.70%	1.95%
Per Capita Personal Income					
State	\$ 54,203	\$ 52,473	\$ 51,648	\$ 49,530	\$ 47,160
Percentage change	3.30%	1.60%	4.28%	5.03%	3.30%
National	\$ 51,640	\$ 49,831	\$ 48,940	\$ 47,025	\$ 44,826
Percentage change	3.63%	1.82%	4.07%	4.91%	1.23%
Labor Force					
State labor force	6,493	6,550	6,507	6,508	6,549
Employed	6,171	6,170	6,119	6,047	5,957
Unemployed	322	380	388	461	592
Unemployment rate	5.0%	5.8%	6.0%	7.1%	9.0%

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

Year Ended,									
2012	2011	2010	2009	2008					
12,871	12,862	12,840	12,797	12,747					
0.07%	0.17%	0.34%	0.39%	0.40%					
313,998	311,719	309,347	306,772	304,094					
0.73%	0.77%	0.84%	0.88%	0.95%					
\$ 587,601,163	\$ 562,292,466	\$ 541,261,128	\$ 531,645,236	\$ 552,435,750					
4.50%	3.89%	1.81%	-3.76%	3.73%					
\$ 13,904,485,000	\$ 13,233,436,000	\$ 12,459,613,000	\$ 12,079,444,000	\$ 12,492,705,000					
5.07%	6.21%	3.15%	-3.31%	4.15%					
\$ 45,654	\$ 43,718	\$ 42,154	\$ 41,529	\$ 43,620					
4.43%	3.71%	1.50%	-4.79%	2.97%					
\$ 44,282	\$ 42,453	\$ 40,277	\$ 39,376	\$ 41,082					
4.31%	5.40%	2.29%	-4.15%	3.17%					
6,582	6,587	6,625	6,619	6,657					
5,991	5,948	5,937	5,943	6,238					
591	639	688	676	419					
9.0%	9.7%	10.4%	10.2%	6.3%					

**Principal Employers
Fiscal Years 2018 and 2009**

Employer	2018	
	Employees	Percentage of Total State Employment
State of Illinois	63,027	1.06%
U.S. Government	50,800	0.85%
Walmart	46,725	0.78%
Albertson's Companies	42,209	0.71%
Chicago School Board	36,059	0.61%
City of Chicago	35,034	0.59%
University of Illinois	29,821	0.50%
U.S. Postal Service	28,000	0.47%
AHS Midwest Region Health	27,053	0.45%
US Foods Holding Corp.	26,421	0.44%
Total	385,149	6.46%

Employer	2009	
	Employees	Percentage of Total State Employment
State of Illinois	69,029	1.11%
U.S. Government	52,600	0.84%
Chicago School Board	44,021	0.71%
City of Chicago	39,921	0.64%
U.S. Postal Service	34,600	0.55%
University of Illinois	30,028	0.48%
Cook County	24,666	0.40%
Total	294,865	4.73%

Note: Information for the top 10 principal employers was not available for fiscal year 2009. The principal governmental employers have been presented above for this period.

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				
	2018	2017	2016	2015	2014
Health and social services	20,121	20,013	20,550	20,939	20,466
Education	683	653	671	696	724
General government	10,920	10,665	10,777	11,233	11,476
Employment and economic development	2,039	2,118	2,084	2,204	2,305
Transportation	6,874	6,745	6,715	7,122	7,351
Public protection and justice	18,749	18,313	18,233	18,313	17,675
Environment and business regulation	3,641	3,574	3,689	3,963	4,058
Total	63,027	62,081	62,719	64,470	64,055

Schedule 14

June 30,				
2013	2012	2011	2010	2009
19,275	19,976	21,519	21,258	21,912
723	713	727	778	767
11,396	11,286	11,905	11,534	12,205
2,466	2,990	3,119	3,303	3,287
7,475	7,386	7,529	7,662	7,574
17,642	18,013	19,134	18,903	18,886
3,859	3,964	4,213	4,304	4,398
62,836	64,328	68,146	67,742	69,029

State of Illinois

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

Function/Program	For the Fiscal Year				
	2018	2017	2016	2015	2014
Health and Social Services					
Child abuse and neglect					
Calls to abuse/neglect hotline	276,538	252,388	245,388	222,719	231,536
Children investigated	133,564	120,815	127,249	110,079	109,769
Medical programs					
Number of children enrolled in medical programs	1,447,134	1,473,581	1,490,290	1,504,802	1,546,091
Number of non-senior adults enrolled in medical programs*	1,485,564	1,236,537	1,244,883	1,247,553	1,027,702
Child support					
Number of child support cases with orders	387,653	392,473	392,500	392,331	404,918
Persons with disabilities receiving in-home services to prevent institutionalization	29,057	29,379	29,325	29,595	30,357
Immunization rates of children under age two	56%	54%	51%	45%	76%
General government					
Taxes					
Number of individual income tax returns processed	6,237,589	6,253,542	6,143,475	6,185,708	6,143,408
Percent of individual income tax returns filed electronically	85%	84%	82%	81%	79%
Total number of payments processed through State Treasury	14,827,574	14,482,761	14,085,085	14,992,358	15,209,821
Education					
Elementary and secondary education					
Public school enrollment	2,005,153	2,028,162	2,041,779	2,054,556	2,073,480
Graduation rate	87.6%	87.0%	85.5%	85.6%	86.0%
Dropout rate	2.1%	2.1%	2.0%	2.3%	2.2%
Higher education					
Enrollment	Not available	764,502	751,942	771,886	806,467
Transportation					
Miles of pavement maintained/improved	577	513	674	1,379	894
Number of bridges maintained/improved	92	88	66	188	222
Employment and economic development					
Unemployment insurance **					
Number of claims	532,495	585,207	607,139	630,594	725,979
Average duration (weeks)	17.25	17.06	16.72	17.99	17.92
State Fair					
State Fair attendees	369,144	401,648	357,409	411,547	847,690
DuQuoin State Fair attendees	100,800	109,305	105,622	315,808	350,000
Tourism					
Historic site attendance (in thousands)	1,835	1,886	1,671	2,100	1,915
Public protection and justice					
Crime Rates					
Violent crime rates per 100,000 in population **	439	436	383	370	373
Property crime rates per 100,000 in population **	2,011	2,049	1,989	2,076	2,274
Total crime rates per 100,000 in population	2,450	2,485	2,372	2,446	2,647
Forensic services					
Number of original crime scenes processed	3,849	3,961	3,930	3,630	3,736
Number of Deoxyribonucleic Acid (DNA) cases worked	6,394	4,322	5,450	5,704	6,086
Total number of forensic cases worked	66,126	67,049	83,157	83,594	91,878
Number of DNA offender samples worked	26,445	19,978	28,993	31,992	33,901
Environment and business regulation					
Professional Regulation					
Professional complaints received	12,080	11,358	9,214	8,893	10,875
Licenses placed on probation	1,839	346	418	440	446

* 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,				
2013	2012	2011	2010	2009
236,589	253,444	258,999	256,492	258,237
108,594	106,220	101,508	109,186	111,574
1,635,686	1,685,822	1,663,260	1,628,782	1,553,227
663,844	635,262	621,851	606,680	562,689
406,748	404,752	410,433	404,800	394,123
31,406	32,820	38,682	39,165	39,412
83%	77%	83%	81%	78%
5,946,121	5,961,003	5,961,385	5,946,127	6,132,529
79%	78%	71%	60%	56%
15,357,708	15,337,111	16,143,902	16,050,005	15,912,093
2,081,731	2,087,628	2,087,762	2,112,132	2,112,132
83.2%	82.3%	83.8%	87.8%	87.1%
2.4%	2.5%	2.7%	3.8%	3.5%
863,542	884,053	924,749	914,763	867,090
661	921	931	2,620	2,528
183	262	263	292	293
781,394	763,319	863,328	1,221,195	872,368
17.97	19.01	21.34	20.63	16.71
961,063	918,534	817,393	673,223	737,052
258,000	285,100	351,000	353,100	331,000
1,935	1,990	1,940	2,200	2,010
415	429	435	509	540
2,579	2,689	2,681	2,790	3,010
<u>2,994</u>	<u>3,118</u>	<u>3,116</u>	<u>3,299</u>	<u>3,550</u>
2,337	2,328	2,529	2,594	3,081
4,790	4,982	5,225	5,284	4,590
94,550	101,076	104,043	111,669	115,044
31,766	29,589	30,736	33,025	35,722
11,765	12,466	10,634	11,159	13,800
527	470	431	603	530

State of Illinois

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

	For the fiscal year ended				
	2018	2017	2016	2015	2014
Health and social services					
Mental health facilities	14	14	14	14	14
Veterans homes	4	4	4	4	4
Transportation					
Highway miles	15,908	15,919	15,969	17,085	15,989
Bridges	7,852	7,835	7,847	7,823	7,770
Public protection and justice					
Adult correctional facilities	25	25	25	25	25
Juvenile correctional facilities	5	5	6	6	6
Environment and business regulation					
State park acreage	484,688	479,115	478,832	475,304	469,870
Protected natural area acreage	112,809	110,766	108,880	108,343	106,741

Note: No capital asset indicators are available for the education, general government, and employment and economic development functions.

Schedule 16

Ended or as of June 30,

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
14	17	17	18	18
4	4	4	4	4
15,994	16,000	16,018	16,057	16,075
7,770	7,734	7,726	7,708	7,693
25	27	27	27	28
6	8	8	10	8
474,813	473,761	473,500	470,649	469,244
104,815	99,866	96,255	93,662	89,399