2006

BONDED INDEBTEDNESS REPORT

OF THE STATE OF ILLINOIS

Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706
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Commission on Government Forecasting and Accountability

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INTRODUCTION

Illinois State statute, 25 ILCS 155/3(8), requires the Commission on Government Forecasting and Accountability to "receive and review all executive agency and revenue bonding authority annual and three-year plans". The statute further requires the Commission to prepare a consolidated review of these plans and report on the outstanding and unissued bond authorizations and provide an evaluation of the State's ability to further market bonds.

Illinois issues several forms of formal long-term debt. State-supported bonds include the State's general obligation bonds, State-issued revenue bonds, and locally-issued revenue bonds that are repaid or secured by the State. Non-State-supported debt consists of those bonds which are issued by authorities created by the State, but for which the State is said to have only a moral obligation or no obligation to repay. In addition, the State incurs several other types of long-term debt not represented by formal debt instruments and, therefore, not covered by this report. These include unfunded pension liabilities, Certificates of Participation, and long-term leases.

This report provides information on the levels of State-supported and non-State-supported bond debt using information provided by the Governor's Office of Management and Budget, the Office of the Comptroller and bonding authorities. In an ongoing attempt to provide clear concise information, please note the table entitled Bonds at a Glance. Shown on page ii, the table provides a quick reference for frequently asked questions regarding bond sales, debt service, and bond ratings.

General Obligation Bonds are sold for capital development projects, school construction programs, anti-pollution programs, coal and energy development programs, and transportation projects. Transportation bonds include series A bonds for roads and bridges, and series B bonds for rail, mass transit and aviation projects.

Additional information relating to the State of Illinois bonded indebtedness may be obtained upon request.

2006 Bonded Indebtedness Report
EXECUTIVE SUMMARY

- Currently, FY 2008 debt service is $1.705 billion. This is a level of 6.09% of FY 2006 appropriated expenditures, which is within the 7.0% debt limit. The Office of Management and Budget has followed the debt responsibility measures for FY 2006 bond issues. In FY 2006, 32.4% of G.O. bonds and 30.2% of Build Illinois bonds were sold competitively, which are both in excess of the minimum requirement of 25%.

- Due to the passage of a scaled down Capital Plan, General Obligation bond sale projections for FY 2007 were reduced from $982 million to $515 million. Build Illinois bond sales projections were also lowered from $250 million to $80 million.

- FY 2007 General Obligation principal outstanding is expected to decrease 0.3% to $20.185 billion, while State-issued revenue bonds outstanding principal in FY 2007 will be an estimated $2.385 billion, down 2.4% from the previous year.

- G.O. debt service to be paid in FY 2007 is estimated to be approximately $1.671 billion, an increase of 1.3% over the previous year. Debt service on State-issued revenue bonds is expected to increase 10.2% to $278 million in FY 2007.

- Capital Facilities and Transportation A bond authorization have already been over-appropriated (excluding premiums) by $383 million and $63 million, respectively, in FY 2007. Authorization will need to be increased for these two categories to allow for additional bonds to be sold to support these appropriations. Any future appropriations from these bond funds, excluding Coal Development, will require increases in G.O. bond debt authorization by the legislature.

- New bond fund appropriations will decrease from $768 million in FY 2006 to approximately $79 million in FY 2007, which are the second lowest new appropriations in ten years (FY 2005 new appropriations were only $34 million).

- The McCormick Place Expansion Bonds are paid for from Chicago-related taxes, but there is a back up pledge of State sales tax if needed. The MPEA did not use this back up in FY 2006 and hopes that it will not need to use it for debt service in FY 2007 or FY 2008. As long as revenues continue to grow, the problem may be avoided. FY 2006 saw an increase in revenues around 10% over the prior fiscal year, and the first half of FY 2007 has shown an increase around 11%-12%.

ILLINOIS BONDS AT A GLANCE
($ in Millions)

	FY 2005	FY 2006	From Previous Year $ Chg.	From Previous Year % Chg.	Estimated 2007ⓘ	From Previous Year $ Chg.	From Previous Year % Chg.
Bond Sales*							
General Obligation**	$875.0	$925.0	$50.0	5.7%	$515.0	-$410.0	-44.3%
Revenue	200.0	215.0	15.0	7.5%	$80.0	-135.0	-62.8%
Locally-issued †	260.0	0.0	-260.0	-100.0%	250.4	250.4	100.0%
TOTAL	**$1,335.0**	**$1,140.0**	**-$195.0**	**-14.6%**	**$845.4**	**-$294.6**	**-25.8%**
Outstanding Principal							
General Obligation	$19,893.0	$20,242.4	$349.4	1.8%	$20,184.5	-$57.9	-0.3%
Revenue	2,347.7	2,442.5	94.8	4.0%	2,385.0	-57.5	-2.4%
Locally-issued	4,385.1	4,302.6	-82.5	-1.9%	4,440.2	137.6	3.2%
TOTAL	**$26,625.8**	**$26,987.5**	**$361.7**	**1.4%**	**$27,009.7**	**$22.2**	**0.1%**
Debt Service							
General Obligation	$1,595.0	$1,649.4	$54.4	3.4%	$1,670.8	$21.4	1.3%
Revenue	234.6	252.3	17.7	7.5%	278.1	25.8	10.2%
Locally-issued	256.2	273.7	17.5	6.8%	280.9	7.2	2.6%
TOTAL	**$2,085.8**	**$2,175.4**	**$89.6**	**4.3%**	**$2,229.8**	**$54.4**	**2.5%**
General Revenuesⓘ	**$28,183.0**	**$28,635.0**			**$28,596.0**		
G.O. & Revenue Debt Service as % of General Revenues	**6.49%**	**6.64%**			**6.81%**		
G.O. Bond Rating							
Moody's	Aa3	Aa3			Aa3		
Standard & Poor's	AA	AA			AA		
Fitch Ratings	AA	AA			AA		

* Bond Sales do not include refunding sales or Short-term borrowing.
† Locally-issued bond sales for years shown are RTA SCIP sales in FY 2005 and FY 2007 (estimated).
ⓘ The FY 2007 General Revenue Estimate uses CGFA's July 2006 estimate.
Sources: Governor's Office of Management and Budget, MPEA, RTA, and ISFA.

The current General Obligation bond authorization for new projects is $16.927 billion, with approximately $2.319 billion remaining unissued as of September 30, 2006. Total Build Illinois bond authorization equals $3.806 billion with $471.8 million remaining unissued as of September 30, 2006. Authorization has not been increased since January 2004.

SUMMARY OF STATE-SUPPORTED BOND DEBT

State-supported bond debt can be divided into three categories: general obligation debt backed by the full faith and credit of the State, State-issued revenue debt supported by dedicated tax revenue or lease payments, and locally-issued revenue debt supported by the pledge of State taxes or lease payments. Bonds are sold to provide funds either for projects or to refund previously issued bonds.

The State issues General Obligation bonds for its continuing capital program that began in FY 1971. Bond proceeds are distributed under categories for capital facilities, anti-pollution, coal and energy development, school construction, and transportation projects—roads and bridges, mass transit, rail and aviation.

Bonds secured by dedicated tax revenues are issued by the State for the Build Illinois program and for Civic Centers. The Build Illinois program uses bond proceeds for infrastructure and transportation, educational purposes, environmental protection and economic development. Civic Center bond proceeds were used in the past to pay for construction or debt service on civic center construction and improvements from bonds issued by local Authorities. There have been no new Civic Center bonds issued since FY 1992.

Certificates of participation (COPs) have been authorized and issued by the State and its agencies to finance the lease/purchase of equipment and the lease/purchase of facilities. Beginning in FY 2005, P.A. 93-0839 eliminated the issuance of COPs unless they were authorized by law.

Locally-issued revenue bonds supported by State revenue include those issued by the Metropolitan Pier and Exposition Authority (McCormick Place and Navy Pier), the Illinois Sports Facilities Authority (U.S. Cellular Field and Soldier Field), the Regional Transportation Authority (Strategic Capital Improvement Bonds), the Springfield Airport Authority, and the City of Collinsville (State Office Building). The Springfield Airport Authority bonds were paid off in FY 2003, while the City of Collinsville bonds were paid off in FY 2006.

The following report looks at various debt-related statistics in an attempt to explain what has occurred in this area and what direction the State's bonding programs may take in the future.

CURRENT BOND TOPICS

Debt Responsibility and Transparency

P.A. 93-0839 set limits on debt and created greater transparency through disclosure of bond deals from the Governor's Office of Management and Budget. Limitations are put on the following aspects of issuance:

Bond sale limit - No bonds may be issued if, in the next fiscal year after the issuance the amount of debt service on all then outstanding bonds would exceed 7% of the aggregate appropriations (excluding transfers out) from the general funds and the Road Fund for the fiscal year immediately prior to the fiscal year of issuance, unless consented in writing by the Comptroller and Treasurer.

The State is currently at 6.09% using the above-mentioned debt equation. To reach the ceiling of 7%, the State could sell up to $2.85 billion in bonds using a 5% interest rate and a 25-year level principal payment plan. This would add approximately $254 million to FY 2008 debt service, increasing it to $1.959 billion, the estimated debt ceiling. Total bond sale amount available will fluctuate depending on market interest rate at the time of sale and the authorization level to sell such an amount would have to be raised.

Cost of issuance limitations
Allows up to 0.5% cost of issuance, which:
- INCLUDES - underwriter's fees and discounts.
- EXCLUDES - bond insurance.
- DOES NOT ALLOW - State office operating expenses or employee salaries.

The Office of Management and Budget
- MUST NOT - contract with anyone who pays a contingent fee to a third party for promoting their selection.
- MUST - wait 2 calendar years before contracting with a party who made a false certification of contingent fees.
- MUST - make detailed cost of issuance summaries available and
  - submit copies of all contracts for costs of issuance to the Commission on Government Forecasting and Accountability.

Payment and Maturity
- Equal principal or mandatory redemption amounts.
- First maturity occurring within the fiscal year in which the bonds are offered or within the next succeeding fiscal year, and maturing or subject to mandatory redemption each fiscal year thereafter.
- Maximum 25 year maturities.

Competitive/Negotiated Sales - Minimum of 25% of bond sales must be sold competitively.

Refunding bonds

- All bonds in an issue that include refunding bonds must mature no later than the final maturity date of the bonds being refunded.
- Net present value of debt service savings must be 3% or more of the principal amount of the refunding bonds to be issued.
- The refunding principal maturing and redemption amounts due shall be greater than or equal to the principal maturing and redemption amounts of the bonds they are refunding.

NO Capitalized Interest.

NO Certificates of Participation unless otherwise authorized by law.

"Truth in borrowing disclosures" - Required for every bond issuance and includes:

- principal and interest payments to be paid on the bonds over the full stated term.
- total principal and interest to be made each fiscal year on all other outstanding bonds issued over the full stated terms of those bonds.

The following table illustrates the debt responsibility measures that have been followed. **In FY 2005, 32.6% of G.O. bonds and 37.5% of Build Illinois bonds were sold competitively. In FY 2006, 32.4% of G.O. bonds and 30.2% of Build Illinois bonds were sold competitively, which is above the required minimum of 25%.**

Debt Responsibility Measures

FY 2005	Cost of Issuance Limit 0.50%	Capitalized Interest	Within Maximum Maturity	Negotiated v. Competitive	Level principal	Annual maturity or mandatory redemption
G.O. September 2004- $285 million	0.28%	no	√	Competitive	√	√
G.O. November 2004- $275 million	0.35%	no	√	Negotiated	√	√
Build IL February 2005- $75 million	0.37%	no	√	Competitive	√	√
G.O. April 2005- $315 million	0.36%	no	√	Negotiated	√	√
Build IL June 2005 - $125 million	0.42%	no	√	Negotiated	√	√
FY 2006						
G.O. September 2005 - $300 million	0.33%	no	√	Competitive	√	√
G.O. January 2006 - $325 million	0.34%	no	√	Negotiated	√	√
Build IL March 2006 - $65 million	0.48%	no	√	Competitive	√	√
Build IL June 2006 – $150 million	0.43%	no	√	Negotiated	√	√
G.O. June 2006 – $274.95 million Refunding	0.36%	no	√	Negotiated	√	√
G.O. June 2006 Series A&B - $300 million	0.35%	no	√	Negotiated	√	√

Short-Term Borrowing

In November 2005, the Administration borrowed $1 billion to pay a backlog of Medicaid provider bills. The average true interest cost on the G.O. certificates was 3.2%. Debt service payments totaled approximately $20.1 million, or $14.4 million after premium.

The $1 billion was deposited into the General Revenue Fund, and a $5.7 million premium was deposited into the General Obligation Bond Retirement and Interest Fund. The certificates were paid off in June of 2006.

HISTORY OF SHORT TERM BORROWING		
Date Issued	Amount (millions)	Date Retired
June-July 1983	$200	May 1984
February 1987	$100	February 1988*
August 1991	$185	June 1992
February 1992	$500	October 1992*
August 1992	$600	May 1993
October 1992	$300	June 1993
August 1993	$900	June 1994
August 1994	$687	June 1995
August 1995	$500	June 1996
July 2002	$1,000	June 2003
May 2003	$1,500	May 2004*
June 2004	$850	October 2004*
March 2005	$765	June 2005
November 2005	$1,000	June 2006

Source: Office of Management & Budget
*Across fiscal year borrowing

Previous Short-term borrowing occurred in March 2005, when $765 million in short-term borrowing proceeds were deposited into the General Fund and then subsequently transferred to the Hospital Provider Fund to be spent on Medicaid bills. The short-term borrowing was paid off in June of 2005 including $5.7 million in interest.

Both of these types of borrowing are for cash flow purposes. In these cases, the State can borrow up to 5% of the State's appropriations for the fiscal year, but it must be repaid by the end of that fiscal year. The State can also use short-term borrowing for a deficit due to emergencies or failures of revenues. This "across fiscal year" borrowing allows for borrowing up to 15% of the State's appropriations for the fiscal year and must be repaid within one year.

Metropolitan Pier and Exposition Authority (MPEA)

There are two categories of bonds sold by the MPEA. The McCormick Place Dedicated State Tax Revenue bonds get transfers from the Build IL Fund for annual debt service (portions of State's sales tax, hotel tax and vehicle use tax). The McCormick Place Expansion Bonds are paid for from Chicago-related taxes: the airport departure tax, automobile renting tax, hotel tax, and local restaurant sales tax. In the event that the funds to pay debt service on the Expansion Bonds are not sufficient, a backup pledge of sales tax revenue from the Build Illinois Fund may be used, up to a maximum amount as stated in the sales tax acts (see table).

McCormick Place Expansion Bonds Back-up Maximum (in millions)	
FY 2003	$99.0
FY 2004	$103.0
FY 2005	$108.0
FY 2006	$113.0
FY 2007	$119.0
FY 2008	$126.0
FY 2009	$132.0
FY 2010	$139.0
FY 2011	$146.0
FY 2012	$153.0
FY 2013	$161.0
FY 2014	$170.0
FY 2015	$179.0
FY 2016	$189.0
FY 2017	$199.0
FY 2018	$210.0
FY 2019	$221.0
FY 2020	$233.0
FY 2021	$246.0
FY 2022	$260.0
FY 2023-2042	$275.0

The funds available from the backup pledge of sales tax on the Expansion Project bonds have only been used in a borrowing situation and have been paid back: $18 million in FY 2004, $28 million in FY 2005 and approximately $38 million in FY 2006. The Authority Tax Fund (reserve fund) balance was drawn down from $29.6 million at June 30, 2001, to approximately $2.3 million at June 30, 2006. With a strong showing in Calendar Year 2006, revenue collections for the second half of FY 2006 were up, with an annual increase of 10% over FY 2005. This also affects the first half of FY 2007, which showed an 11%-12% increase in the first few months of the fiscal year over the previous year. If FY 2007 ends with a 10% increase over FY 2006, the MPEA may break even and be able to fully pay back the borrowing from the State's backup sales tax fund.

The table to the right shows total Debt service for Dedicated and Expansion bonds for the life of the bonds:

Expansion bond debt service increases each year through FY 2023 and then levels off through 2042. Although tax collections and operating revenues appear to be performing better, revenues will have to keep pace with the annual increases in debt service so as not to tap the State backup pledge. The MPEA is working with the Office of Management and Budget and the legislature to possibly restructure future MPEA debt to resolve this problem.

Fiscal Year	Debt Service
FY 2007	$139.6 million
FY 2008	$157.6 million
FY 2009	$163.6 million
FY 2010	$170.6 million
FY 2011-FY 2015	$940.0 million
FY 2016-FY 2020	$1,051.9 million
FY 2021-FY 2025	$1,330.9 million
FY 2026-FY 2030	$1,374.9 million
FY 2031-FY 2035	$1,375.0 million
FY 2036-FY 2040	$1,375.0 million
FY 2041-FY 2042	$550.0 million
TOTAL	**$8,629.1 million**

The McCormick Place expansion remains on schedule and within budget with the West building to open in July 2007, eight months ahead of schedule, to allow bookings to occur earlier. The Authority purchased the Trigen-Peoples District Energy Plant in 2005 to be used as a new revenue source and for McCormick Place heating and cooling. The renovations to the Hyatt Regency Hotel at McCormick Place are almost complete, and planning has begun for improvements to Navy Pier.

Illinois State Toll Highway Authority

The Illinois State Toll Highway Authority's 10-year plan, named the Congestion-Relief Plan, includes the first restructuring of tolls since 1983. The Congestion-Relief Plan is designed to reduce congestion and add capacity by rebuilding, restoring and expanding the Tollway system and utilizing open road tolling. More than 65% of the Authority's roads and structures are more than 45 years old. Under the Plan, approximately 73% of the existing roadway will be reconstructed and 22% will be rehabilitated. Another priority is to convert the entire mainline system to open road tolling using I-PASS only lanes. The long-awaited I-355 extension will be constructed. The Tollway will also construct a 6-lane facility as its local share of the O'Hare bypass project, creating western access to O'Hare. This expansive 10-year plan is expected to cost $5.3 billion, approximately $3.0 billion of which will be financed with bonds and the remaining financed by "pay-as-you-go" revenues. There is no dollar amount limit on the Authority's bonding, with a 25-year maximum maturity allowed [605 ILCS 10/17]. Tollway bonds are not backed by the State, but the Governor must approve bond sales.

On March 30, 2006, the Tollway Board approved the sale of up to $1 billion of bonds due to low interest rates and favorable market conditions. Revenue Bonds 2006 Series A-1 in the amount of $500 million and Series A-2 in the amount of $500 million were sold in June. As of June 30, 2006, the Tollway's outstanding principal was $2.382 billion. The Tollway plans to sell approximately $700 million in bonds in FY 2007.

S&P affirmed its AA- rating of the Authority's debt due to the conservative estimates of revenues which account for diversions in traffic, and their ability to increase tolls as needed. Moody's has reaffirmed its rating of Aa3 which they had raised from A1 in June 2005 when the $770 million in bonds were sold. They raised the rating due to the clear financing plans for the capital project. Fitch has rated the Tollway's debt AA- and stable since June of 2005 since the Tollway lowered its revenue projections and debt service projections for 2005 while still being able to cover expenditures and maintain a reasonable 2.0x (times) coverage of debt service.

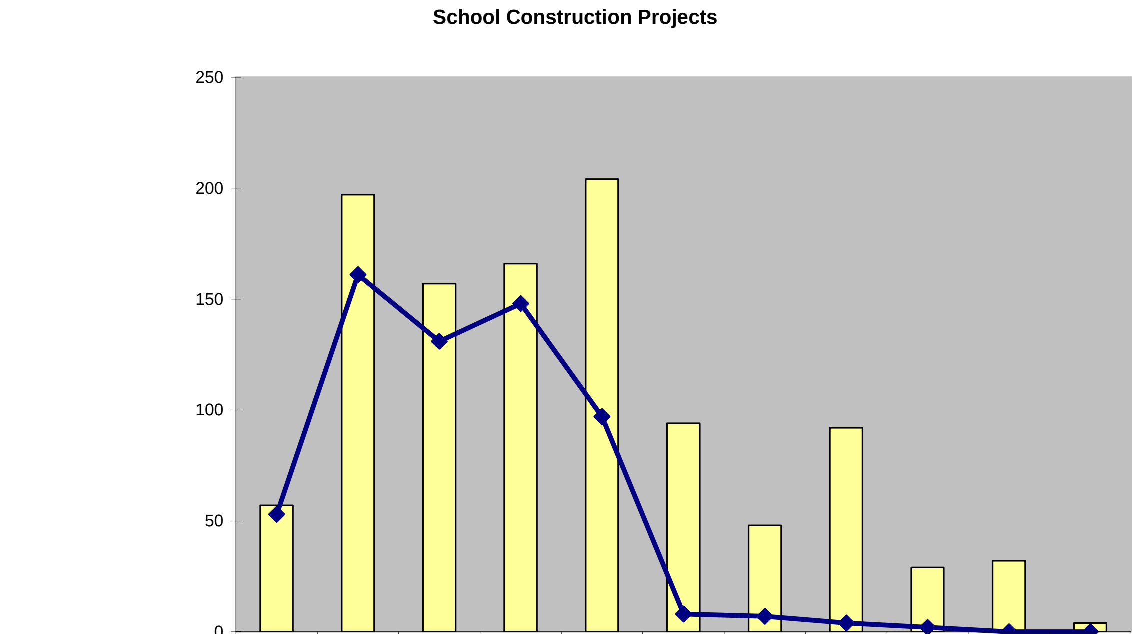
The following table shows total debt service for outstanding bonds plus the June $1.0 billion sale.

Current Toll Highway Bond Debt Service (in millions)			
Year Ending January 1	**Debt Service on Outstanding Bonds**	**Debt Service on $1.0 billion**	**Total Debt Service**
2007	$117.3	$28.3	$145.6
2008	$117.5	$50.0	$167.5
2009	$117.6	$50.0	$167.6
2010	$107.6	$50.0	$157.6
2011	$109.8	$50.0	$159.8
2012	$109.8	$50.0	$159.8
2013	$109.8	$50.0	$159.8
2014	$143.2	$50.0	$193.2
2015	$143.2	$50.0	$193.2
2016	$143.1	$50.0	$193.1
2017	$143.2	$50.0	$193.2
2018	$122.9	$65.0	$187.9
2019	$122.9	$64.3	$187.1
2020	$122.9	$68.5	$191.4
2021	$122.9	$72.5	$195.4
2022	$122.9	$71.3	$194.1
2023	$122.9	$75.0	$197.9
2024		$198.5	$198.5
2025		$150.8	$150.8
2026		$130.0	$130.0
2027		$145.0	$145.9
2028		$99.0	$99.0
2029		$105.0	$105.0
2030		$110.5	$110.5
2031		$115.5	$115.5
TOTAL*	**$2,099.2**	**$1,999.1**	**$4,098.3**
* Totals are accurate per the Illinois State Toll Highway Authority Official Statement of 2006 Series A-1 and A-2 Revenue Bond sale.			

The Commission on Government Forecasting and Accountability hired Credit Suisse to evaluate and determine the potential monetary value of the Illinois State Toll Highway. The report, "Illinois Tollway System Valuation" is available at the Commission's website, http://www.ilga.gov/commission/cgfa2006/home.aspx.

School Construction Update

The School Construction Grant Program received no new appropriations in FY 2005, $18 million in FY 2006 and will receive no new appropriations in FY 2007.



	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002*	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Applications Received	57	197	157	166	204	94	48	92	29	32	4
Applications Entitled	53	161	131	148	97	8	7	4	2	0	0

Applications Received Applications Entitled

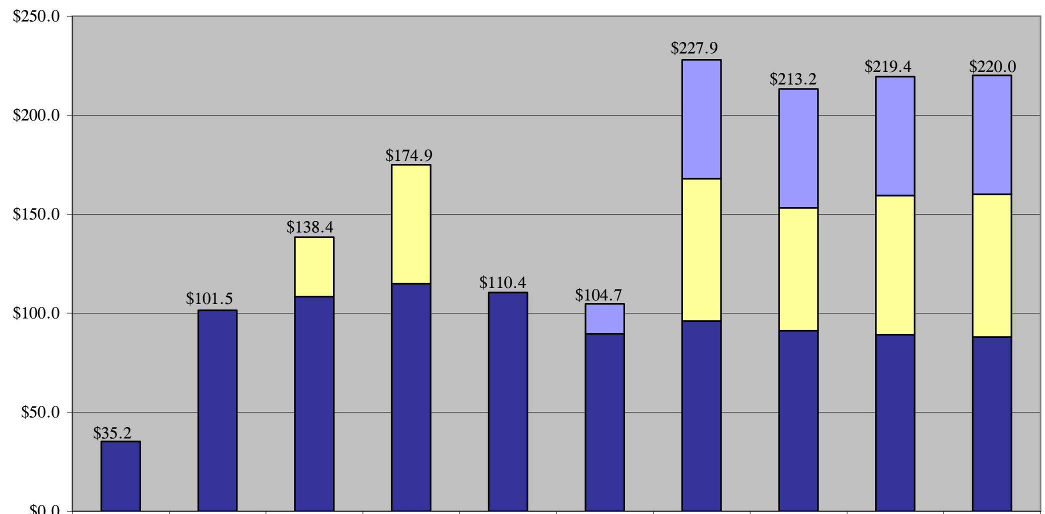
[1.] *"Entitlement signifies that a district has demonstrated a need and is eligible for a grant should sufficient funds be appropriated." (Source: Illinois State Board of Education)*
[2.] *There were 191 applications entitled in 2002, but approximately ½ were not able to secure their local share and were moved into the 2003/2004 cycles.*
[3.] *FY 2003 through FY 2007 entitlements are suspended except for emergency situations. This amount denotes estimated emergency situations.*

Public Act 92-0598, which was signed into law at the end of FY 2002, increased School Construction authorization by $930 million. FY 2003 and FY 2004 appropriations of $500 million each, allowed for the funding of 87% of the entitled FY 2002 projects. Of the 97 entitled applications in FY 2002, 24 projects remain on the list (Chicago gets 20% of total funding spent) and have not received funding. The School Construction Fund receives a portion of general obligation bond sale proceeds, which are sold as needed for grants to schools for the approved construction projects.

Appropriations for projects (in millions)	
FY 1998	$30.0
FY 1999	$260.0
FY 2000	$500.0
FY 2001	$500.0
FY 2002*	$740.0
FY 2003	$500.0
FY 2004	$500.0
FY 2005	$0.0
FY 2006	$18.0
FY 2007	$0.0

Debt service on School Construction bonds is paid for by transfers from the School Infrastructure Fund. This fund receives transfers from the General Revenue Fund in the amount of $60 million a year (approximately 75% of the additional liquor tax increase from IL FIRST), $60 million a year from the cigarette tax ($5 million a month from the cigarette tax increase enacted in FY 2002 which began April 1, 2003), and 1/7th of the 7% Telecommunications Excise tax from the School Reform Act. Telecom revenues fell to under $100 million in FY 2003 and have not rebounded. Whenever this amount falls under the 1999 level of $101 million, GRF backfills the shortage amount, which it did in FY 2004 by $11.8 million, FY 2005 by $2 million, and FY 2006 by $10.3 million. As the annual liquor and cigarette tax revenues deposited into the School Infrastructure Fund are set amounts, the telecommunications tax revenues become the main factor in determining if revenues will cover School Construction debt service.

School Infrastructure Fund Revenues
(in millions)



	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002*	FY 2003*	FY 2004	FY 2005	FY 2006	FY 2007
Cigarette Tax						$15.0	$60.0	$60.0	$60.0	$60.0
Liquor Tax/GRF			$30.0	$60.0	$0.0	$0.0	$71.8	$62.0	$70.3	$72.0
Telecom Tax	$35.2	$101.5	$108.4	$114.9	$110.4	$89.7	$96.1	$91.2	$89.1	$88.0

Telecom Tax   Liquor Tax/GRF   Cigarette Tax

**The liquor tax transfer was suspended for FY 2002 and FY 2003 as part of the budget agreement.*
† The FY 2007 amounts are CGFA estimates.

Funds are transferred monthly from the School Infrastructure Fund to the General Obligation Bond Retirement and Interest Fund to pay for the school construction portion of debt service. The following table shows the debt service on school construction bonds tied to transfers from the School Infrastructure Fund.

Transfer from School Infrastructure Fund to G.O. Bond Retirement & Interest Fund ($ in Millions)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007†
Transfer	N/A	$7.0	$21.2	$49.4	$73.2	$129.5	$155.2	$196.7	$225.9	$231.1

† *Office of Management and Budget estimate.*

CGFA estimates $220 million in revenues and $231 million in debt service for FY 2007. Since performance of the telecommunications tax is not expected to improve, the State may have to use an estimated $12 million of General Revenue Funds to pay the shortage in debt service. Since School Construction bonds are general obligations of the State they would normally be paid from the General Revenue Fund, but over the years, whenever the School Construction Program has been expanded the State has added specific revenue streams to pay for the increase in funding.

If any future School Construction increases are approved, the twenty-four FY 2002 projects would receive money first since they have actually been entitled. Applications for FY 2003 and after will have to go through the entitlement process before funds are appropriated. The FY 2006 Capital Plan (p. 32) stated that "recent data suggests that Illinois school districts have self-assessed their needs at over $6 billion with $3.8 billion of that simply needed to repair and upgrade existing facilities".

BOND AUTHORIZATION

General Obligation Bonds

General Obligation bonds are seen as the most secure type of bond issuance by any government because they carry the pledge that the government will pay the bondholders from any and all revenues. Below are authorization levels including legislative changes made over the past years to the General Obligation Bond Act:

TABLE 1: GENERAL OBLIGATION AUTHORIZATION LEVELS						
(in billions)	New Projects	Tobacco	Pension Systems	**Subtotal**	Refunding	**Total**
May 2000	$14.198	N/a	N/a	**$14.198**	$2.839	**$17.037**
June 2001	$15.265	N/a	N/a	**$15.265**	$2.839	**$18.104**
June 2002	$16.908	$0.750	N/a	**$17.658**	$2.839	**$20.497**
April 2003	$16.908	$0.750	$10.000	**$27.658**	$2.839	**$30.497**
January 2004	$16.927	$0.0	$10.000	**$27.677**	$2.839	**$29.766**

The current General Obligation bond authorization for new projects is $16.927 billion, with approximately $2.319 billion unissued as of September 30, 2006. The $10 billion of authorization for Pension Obligation Bonds was sold all in one issuance in June 2003, while Tobacco "Securitization" bond authorization has expired.

The table on the following page lists the General Obligation Bond and Build Illinois authorization level per statute, what has not been issued, and the remaining authorization "Available" after expected FY 2007 appropriations, as of September 30, 2006.

TABLE 2: STATUS OF G.O. and BUILD ILLINOIS BONDS As of August 31, 2006				
(in billions)	**Authorization**	**Un-Issued**	**Appropriated†**	**Available after appropriations**
Capital Facilities	$7.320	$1.135	$7.703	-$0.383
School Construction	$3.150	$0.193	$3.100	$0.050
Anti-Pollution	$0.480	$0.023	$0.475	$0.005
Transportation A	$3.432	$0.104	$3.495	-$0.063
Transportation B	$1.882	$0.302	$1.861	$0.020
Coal Development	$0.663	$0.562	$0.175	$0.488
Subtotal	**$16.927**	**$2.319**	**$16.809**	**$0.118**
Tobacco bonds	$0.750	$0.750	$0	$0
Pension bonds	$10.000	$0	$10.000	$0
Total	**$27.677**	**$3.069**	**$26.809**	**$0.118**
	Limit	**Un-Issued**	**Outstanding**	**Available**
Refunding°	$2.839	$0.820	$2.019	$0.820
	Authorization	**Un-Issued**	**Appropriated†**	
Build Illinois	$3.806	$0.472	$4.092	-$0.286
	Limit	**Un-Issued**	**Outstanding**	**Available**
Build IL Refunding	Unlimited	N/a	$0.771	Unlimited
Source: Illinois Office of the Comptroller, "Recap of General and Special Obligation Bonded Indebtedness and Update of Comparisons of General and Special Obligation Bond Activity"				

†Includes cumulative expenditures for prior years up through FY 2006 and FY 2007 appropriations and reappropriations.
*Only $6.4 million of the School Construction Fund "available" is for the $3.05 billion School Infrastructure Program, while bond premium amounts can be used for this program.
°Refunding is limited only by how much is outstanding at one time. As principal amounts are paid off, those amounts become available for future refundings.
Note: This chart does not include premiums since it has not been decided whether they will be counted for or against authorization.

As shown by the table above, Capital Facilities and Transportation A bond authorization have already been over-appropriated (excluding premiums) by $383 million and $63 million, respectively, in FY 2007. Authorization will need to be increased for these two categories to allow for additional bonds to be sold to support these appropriations. Any future appropriations from these bond funds, excluding Coal Development, will require increases in G.O. bond debt authorization by the legislature.

State-Issued Revenue Bonds

Total Build Illinois bond authorization equals $3.806 billion with $472 million remaining unissued as of September 30, 2006. Timing of the issuance of bonds is dependent on construction schedules. There is no refunding limit placed on Build Illinois bonds.

The Build Illinois program began in 1985 as a $1.3 billion economic development initiative composed of $948 million in bonds and $380 million in current funding.

Since that time, the bond program has been expanded and authorization increased several times:

TABLE 3: BUILD ILLINOIS AUTHORIZATION LEVELS		
YEAR	PUBLIC ACT	INCREASE
1999	91-0039	$754 Million
2000	91-0709	61.0 Million
2001	92-0009	688.7 Million
2002	92-0598	264.8 Million

Authorization for Civic Center bonds is limited to $200.0 million of new project bonds outstanding at one time. Refunding authorization is unlimited. Since October 1991, no applications have been approved and no new funding has been issued. Civic Center Authorization available as of August 31, 2006, is $146 million.

Locally-Issued Revenue Bonds

In August 2001, the Legislature increased authorization for the Metropolitan Pier and Exposition Authority by $800 million for another expansion of McCormick Place. These bonds were issued July 2, 2002. The MPEA has an unissued authorization level of $0.9 million. Navy Pier officials are looking into redevelopment, but it is unclear at this early stage whether they will request an increase in bond authorization.

The RTA has State-supported bonds called Strategic Capital Improvement Project (SCIP) bonds. The RTA was given authorization of $1.3 billion for the SCIP II bond program, as a part of the Illinois First program, with approximately $260 million of authorization remaining. Due to $117.0 million in premiums received from previous SCIP II bond sales, the Administration had discussed the possibility of lowering the remaining amount allowed to be issued to $143 million. After negotiations occurred between the Administration and the RTA for the FY 2007 budget, PA 94-0839 was passed which allows the RTA to spend the proceeds of SCIP bonds issued, rather than just the authorization level, to take advantage of the premiums received on SCIP bonds in earlier fiscal years due to the strong bond market. **The Authority plans on selling $250 million of bonds in FY 2007. The RTA still foresees a need for projects and maintenance, and may request an increase in authorization for another round of SCIP bonds at some time in the future.**

In FY 2001, the General Assembly increased bonding authorization for the Illinois Sports Facilities Authority (ISFA) Act by $399 million to finance renovations for the Chicago Bears Stadium at Soldier Field and related lakefront improvements. The bonds were issued in October of 2001. According to the ISFA, they have approximately $63.9 million of unissued authorization.

BOND SALES

The following table provides information on General Obligation and State-issued bond sales, which have occurred during the past two fiscal years.

TABLE 4: BOND SALES ($ In Millions)				
FY 2005				
Type of Bond	Issuance	Amount	Competitive or Negotiated	Purpose
General Obligation	September 2004	$285.0	Competitive	Project Funding
General Obligation	November 2004	$275.0	Negotiated	Project Funding
Build Illinois	February 2005	$75.0	Competitive	Project Funding
General Obligation Certificates	March 2005	$765.0	Competitive	Short-Term Borrowing
General Obligation	April 2005	$315.0	Negotiated	Project Funding
Build Illinois	June 2005	$125.0	Negotiated	Project Funding
	Total FY'05	**$1,840.0**		
FY 2006				
Type of Bond	Issuance	Amount	Competitive or Negotiated	Purpose
General Obligation	September 2005	$300.0	Competitive	Project Funding
General Obligation Certificates	November 2005	$1,000.0	Competitive	Short-Term Borrowing
General Obligation	January 2006	$325.0	Negotiated	Project Funding
Build Illinois	March 2006	$65.0	Competitive	Project Funding
Build Illinois	June 2006	$150.0	Negotiated	Project Funding
General Obligation	June 2006 Refunding	$274.9	Negotiated	Refunding
General Obligation	June 2006 Series A	$285.0	Negotiated	Project Funding
General Obligation	June 2006 Series B	$15.0	Negotiated	Project Funding
	Total FY'06	**$2,414.9**		

As Table 1 shows, total bond sales for FY 2005 equaled $1.840 billion. Of this total, $765 million was for Short-term borrowing and $1.075 billion was for new projects. FY 2006 bond sales totaled $2.415 billion, of which $1.0 billion was for short-term borrowing, $274.9 million for Refunding, and $1.140 billion for new projects. The following table illustrates the changes in bond sales by purpose, excluding short-term borrowing, from FY 2005 to FY 2006.

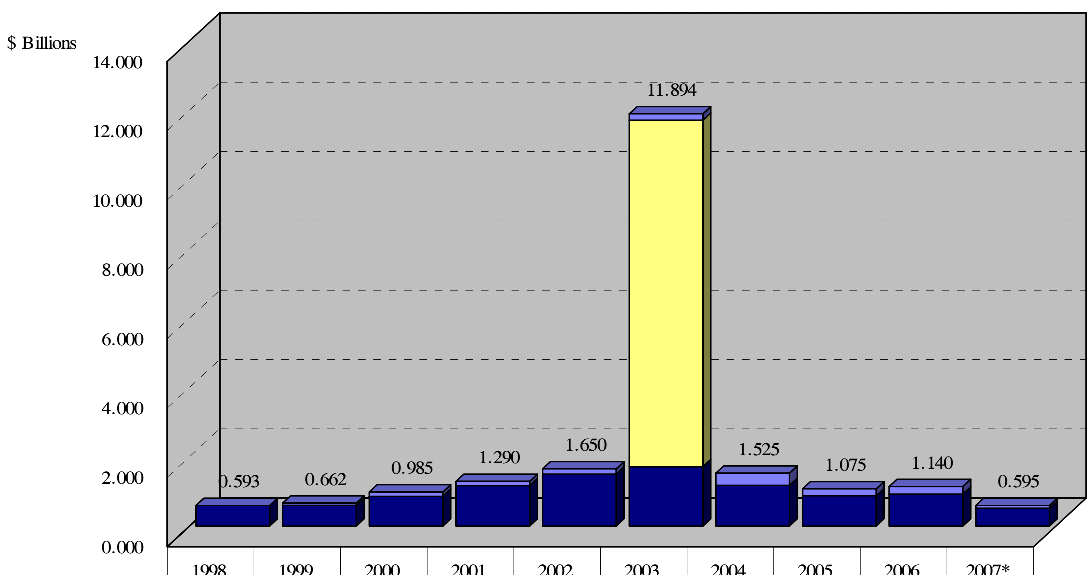
TABLE 5: TOTAL BOND SALES BY PURPOSE ($ in Millions)				
	FY 2005	FY 2006	$ Change	% Change
Projects	$1,075.0	$1,140.0	$65.0	6.0%
Refunding	0	274.9	274.9	100.0%
TOTAL	**$1,075.0**	**$1,414.9**	**$339.9**	**31.6%**

Project bond sales for FY 2006 were 6.0% higher than FY 2005, with refunding bond sales approximately $274.9 million in FY 2006.

CHART 1

STATE-SUPPORTED BOND SALES

(Excludes Refunding Sales)



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
State Issued Rev	0.000	0.060	0.125	0.125	0.150	0.182	0.350	0.200	0.215	0.080
Pension Obligation						10.000				
General Obligation	0.593	0.602	0.860	1.165	1.500	1.712	1.175	0.875	0.925	0.515

General Obligation Pension Obligation State Issued Rev

* GOMB Estimate
Source: Governor's Office of Management and Budget

Chart 1 shows the level of general obligation bond and State-issued revenue bond sales for new money projects since 1998. General Obligation project bond sales increased up through FY 2003 when they reached there highest at $1.712 billion. The lack of any bond funded capital plan since FY 2004 has diminished bond sale amounts back to their FY 2000 levels. Due to the passage of a scaled down Capital Plan, General Obligation bond sale projections for FY 2007 were reduced from $982 million to $515 million, the lowest level since FY 1998. Build Illinois bond sales projections were also lowered from $250 million to $80 million.

General Obligation Bonds

Table 3 breaks down general obligation sales for FY 2005 and FY 2006 by purpose. In FY 2006, new project G.O. bond sales increased 5.7% to $925 million.

TABLE 6: G.O. BOND SALES BY PURPOSE ($ in Millions)				
	FY2005	FY2006	$ Change	% Change
Projects	$875.0	$925.0	$50.0	5.7%
Refunding	0.0	274.9	274.9	100.0%
TOTAL	**$875.0**	**$1,199.9**	**$324.9**	**37.1%**

The Governor's Office of Management and Budget estimates $515 million in bond sales for FY 2007, indicating a decrease of 44.3% in the sale of general obligation project bonds.

State-Issued Revenue Bonds

State-issued revenue bonds consist of bonds sold for the Build Illinois program and the Civic Center program.

Build Illinois. In FY 2006 new money bonds sales for Build Illinois were $215 million, while no refunding bonds were sold. The Governor's Office of Management and Budget estimates $80 million of new money bond sales for Build Illinois in FY 2007, a decrease of 62.8%. Table 4 compares Build Illinois bond sales by purpose for FY 2005 and FY 2006.

TABLE 7: BUILD IL BOND SALES BY PURPOSE ($ in Millions)				
	FY 2005	FY 2006	$ Change	% Change
Projects	$200.0	$215.0	$15.0	7.5%
Refunding	0.0	0.0	0.0	0.0%
TOTAL	**$200.0**	**$215.0**	**$15.0**	**7.5%**

Civic Centers. In FY 1992, the State sold $75 million in Civic Center bonds for various projects throughout the State. This sale amount was based on the estimated 3-year spending needs so that no additional sales would be required for several years. The State issued $37.6 million in Civic Center refunding bonds in FY 1998 and $50.3 million of refunding bonds in FY 2001. There are no plans to issue new project money for the Civic Center program, and no new project money has been issued since FY 1992 when a moratorium was placed on the program.

Locally-Issued Revenue Bonds

Metropolitan Pier and Exposition Authority. In 2001 the State increased the MPEA's bonding authorization by $800 million. Expansion bonds were sold July 2, 2002 in the amount of $802 million. Other issuances in FY 2003 and FY 2004 were refundings of $285.7 million and $42.5 million respectively. There were no issuances in FY 2005 and FY 2006, and there are expected to be no issuances in FY 2007.

Regional Transportation Authority. The RTA sold $260 million in Strategic Capital Improvement Project (SCIP) bonds in FY 2005. The RTA plans on selling $250.4 million, most of its remaining authorization of SCIP bonds, in FY 2007.

Illinois Sports Facilities Authority. The November 2000 General Assembly passed an increase in authorization of $399 million for the Illinois Sports Facilities Authority. In October of 2001 the ISFA sold the $399 million in new bonds for the renovation of Soldier Field and related lakefront property. The last time the Authority issued new money bonds was in FY 2004 in the amount of $42.5 million for U.S. Cellular Field renovations.

OUTSTANDING DEBT

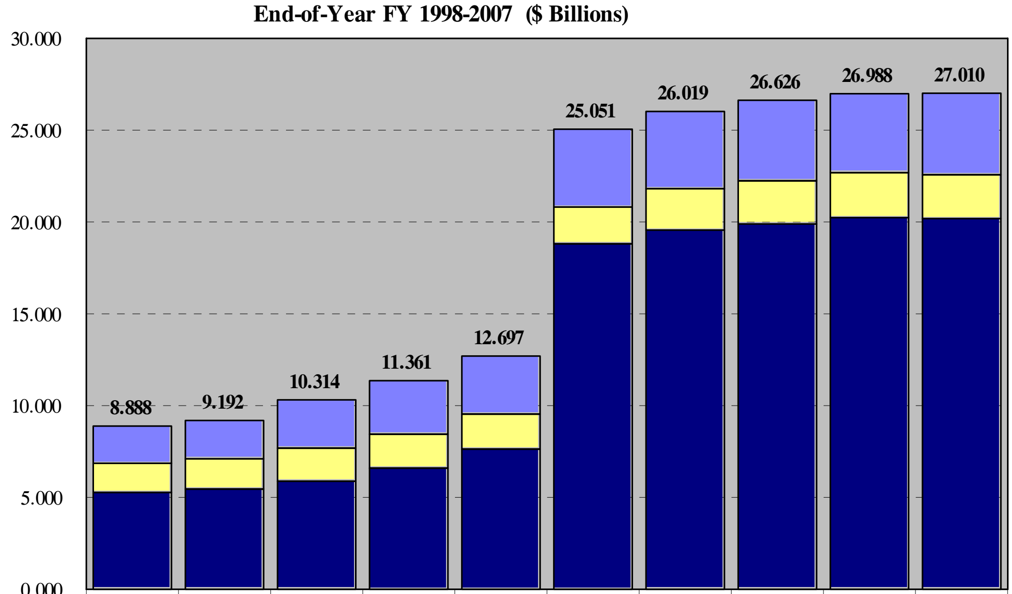
Short-term borrowing and unfunded pension liabilities are considered a part of a state's financial picture by rating agencies, but are not calculated in the State's outstanding debt. In FY 2003, to help fund the State's Pension Systems' unfunded liability, Illinois issued $10 billion in Pension Obligation Bonds, which shifted approximately $7.3 billion dollars of unfunded liability to $10 billion of long-term debt.

In FY 2006 principal outstanding for all State-supported debt increased by $362 million, or 1.4%, the lowest increase since FY 1999. With a lower bond sale level and debt service being paid by the level principal method, principal outstanding will actually decrease for both General obligation and State-Issued revenue bonds in FY 2007.

CHART 2

STATE-SUPPORTED PRINCIPAL OUTSTANDING

End-of-Year FY 1998-2007 ($ Billions)



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Locally-Issued Revenue	2.031	2.087	2.630	2.917	3.154	4.239	4.210	4.385	4.303	4.440
State-Issued Revenue	1.589	1.649	1.798	1.844	1.913	1.999	2.253	2.348	2.443	2.385
General Obligation	5.268	5.456	5.886	6.600	7.630	18.813	19.556	19.893	20.242	20.185

General Obligation State-Issued Revenue Locally-Issued Revenue

*Estimates

Sources: Governor's Office of Management and Budget, MPEA, ISFA, and RTA

General Obligation Bonds

G.O. principal at the end of FY 2006 equaled $20.242 billion, an increase of 1.8% over the previous fiscal year. FY 2007 principal outstanding is expected to decrease by 0.3% to $20.185 billion.

State-Issued Revenue Bonds

All increases in State-issued revenue bonds since the early 1990s have been strictly from the Build Illinois bond program. State-issued revenue bonds saw a 12.7% increase in outstanding principal in FY 2004. FY 2005 and FY 2006 saw an average increase of $94 million a year. FY 2007 principal outstanding will actually decrease by 2.4%. Outstanding principal in FY 2007 will be an estimated $2.385 billion.

Locally Issued Revenue Bonds

Principal outstanding for locally-issued revenue bonds saw growth in FY 2000 due to a McCormick Place expansion bond sale of $443.7 million, and $260 million, the first of a series of Regional Transportation Authority "Strategic Capital Improvement Project" bond sales authorized through Illinois First. In FY 2001, principal outstanding increased due to another McCormick Place expansion bond sale of $267.7 million and an RTA SCIP sale of $100 million. FY 2002 saw the sale of $399 million of Soldier Field renovation bonds through the Illinois Sports Facilities Authority and another $160 million of RTA SCIPs.

The large increase in FY 2003 comes from an $802 million MPEA expansion project bond sale and an RTA SCIP sale of $260 million. In FY 2004 the ISFA sold $42.5 million in new project bonds. The FY 2005 principal increase is attributed to an RTA SCIP bond sale of $260 million. The RTA expects to sell approximately $250.4 million in SCIP bonds in FY 2007.

DEBT SERVICE

As the level of outstanding debt grows, the amount of principal and interest payments, or debt service, increases as well. The following section looks at the required debt service levels for the various types of State-supported debt.

General Obligation

G.O. debt service is paid from the General Obligation Bond Retirement and Interest Fund, which receives transfers from the Road Fund (for Transportation A/highways), the School Infrastructure Fund, and the General Revenue Fund. In FY 2006, the Road Fund supported $259 million (22.4%) of G.O. debt service, the School Infrastructure Fund $226 million (19.6%) and the General Revenue Fund $669 million (58.0%). In FY 2007, the Road Fund will support an estimated $256 million (21.8%) of G.O. debt service, the School Infrastructure Fund $231 million (19.7%), and the General Revenue Fund $687 million (58.5%).

TABLE 8: GENERAL OBLIGATION DEBT SERVICE BY FUND

($ Millions)	FY 2004 Amount	FY 2005 Amount	FY 2006 Amount	FY 2006 % 0f Total	Estimated FY 2007 Amount	FY 2007 % of Total
Road Fund	$192.7	$237.5	$258.5	22.4%	$256.3	21.8%
School Infrastructure Fund	155.3	196.8	225.9	19.6%	231.1	19.7%
General Revenue Fund	583.4	664.5	668.8	58.0%	687.2	58.5%
SUBTOTAL	**$931.3**	**$1098.7**	**$1,153.2**	**100.0%**	**$1,174.6**	**100.0%**
General Revenue Fund for POBs		378.7	417.9	84.2%	417.9	84.2%
Capitalized Interest from POB proceeds	481.0					
Other Funds for POBs* (*per SERS' certification)		117.5	78.3	15.8%	78.3	15.8%
SUBTOTAL	**$481.0**	**$496.2**	**$496.2**	**100.0%**	**$496.2**	**100.0%**
GRAND TOTAL	**$1,412.4**	**$1,595.0**	**$1,649.4**		**$1,670.8**	

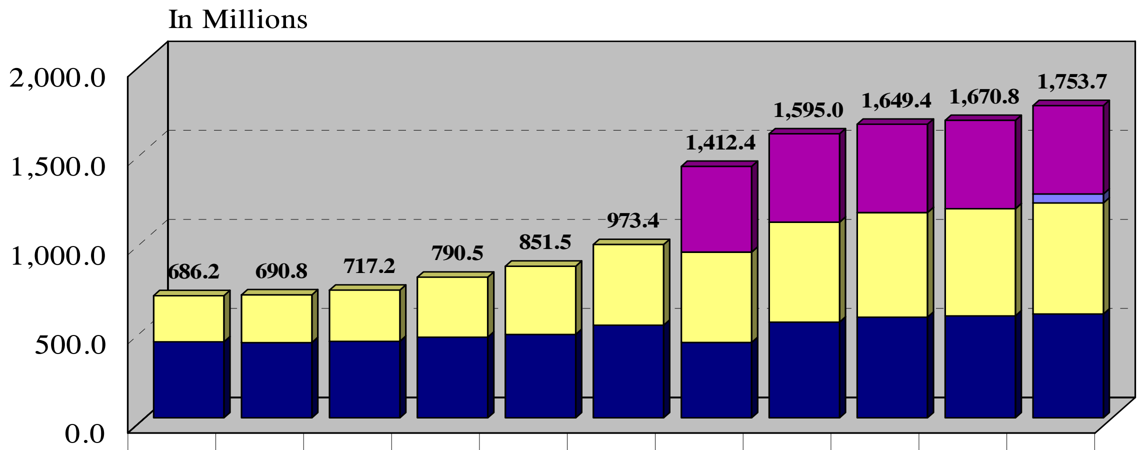
Public Act 93-0839 requires SERS to collect a portion of POB debt service from funds used for employer contributions. SERS receives State pension contributions from various funds, including the GRF. The change in P.A. 93-0839 occurred so that GRF would not have to pay all of the interest on bonds which funded systems that are also supported by other State funds. A total of $117.5 million was collected in FY 2005 for FY 2005 and FY 2004 debt service. FY 2004 amounts were to "repay" the General Revenue Fund for the systems' portion of FY 2004 interest on POBs, even though this interest was capitalized (paid from the bond proceeds). FY 2006 payments from SERS funds for POB debt service equaled $78.3 million. Assuming that payroll will stay relatively the same in FY 2007, an estimated $78.3 million in POB debt service would be paid from these funds.

The Governor's Office of Management and Budget estimates general obligation debt service of $1.671 billion in FY 2007, of which $496.2 million will be for interest on Pension Obligation Bonds. Chart 3 shows general obligation debt service payments broken out by project and Pension Obligation Bond principal and interest.

CHART 3

GENERAL OBLIGATION DEBT SERVICE

Project v. POB principal and interest



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*	2008*
POB Interest							481.0	496.2	496.2	496.2	496.2
POB Principal							0.0	0.0	0.0	0.0	50.0
Project Interest	258.9	267.8	286.7	336.6	382.6	453.2	507.7	560.5	587.8	601.7	623.9
Project Principal	427.3	423.0	430.5	453.9	468.9	520.2	423.7	538.3	565.4	572.9	583.6

Project Principal / Project Interest / POB Principal / POB Interest

* Governor's Office of Management and Budget estimates.

The State does not begin making principal payments on POB bonds until FY 2008, with payments beginning at $50 million and ending at $1.1 billion in FY 2033, while interest payments decrease from early highs of up to $496.2 million down to $56.1 million by FY 2033. The POB debt service schedule is listed on the following page in Table 6.

TABLE 9: PENSION OBLIGATION BONDS DEBT SERVICE SCHEDULE			
FY ending June 30	**Principal**	**Interest**	**Total FY Debt Service**
2004	$0	$481,038,333	$481,038,333
2005	0	496,200,000	496,200,000
2006	0	496,200,000	496,200,000
2007	0	496,200,000	496,200,000
2008	50,000,000	496,200,000	546,200,000
2009	50,000,000	494,950,000	544,950,000
2010	50,000,000	493,550,000	543,550,000
2011	50,000,000	491,900,000	541,900,000
2012	100,000,000	490,125,000	590,125,000
2013	100,000,000	486,375,000	586,375,000
2014	100,000,000	482,525,000	582,525,000
2015	100,000,000	478,575,000	578,575,000
2016	100,000,000	474,525,000	574,525,000
2017	125,000,000	470,175,000	595,175,000
2018	150,000,000	464,737,500	614,737,500
2019	175,000,000	458,212,500	633,212,500
2020	225,000,000	449,550,000	674,550,000
2021	275,000,000	438,412,500	713,412,500
2022	325,000,000	424,800,000	749,800,000
2023	375,000,000	408,712,500	783,712,500
2024	450,000,000	390,150,000	840,150,000
2025	525,000,000	367,200,000	892,200,000
2026	575,000,000	340,425,000	915,425,000
2027	625,000,000	311,100,000	936,100,000
2028	700,000,000	279,225,000	979,225,000
2029	775,000,000	243,525,000	1,018,525,000
2030	875,000,000	204,000,000	1,079,000,000
2031	975,000,000	159,375,000	1,134,375,000
2032	1,050,000,000	109,650,000	1,159,650,000
2033	1,100,000,000	56,100,000	1,156,100,000
TOTAL	**$10,000,000,000**	**$11,933,713,333**	**$21,933,713,333**

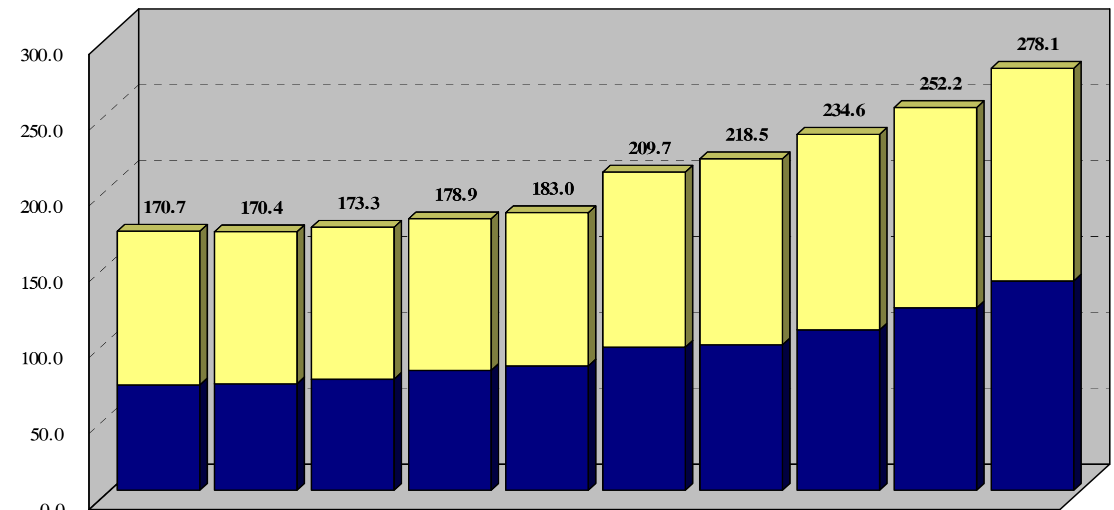
State-Issued Revenue Bonds

State-issued revenue bonds currently outstanding include Build Illinois and Civic Center bonds. Total debt service costs for the remaining bonds outstanding in this category are shown in Chart 4, which indicates that $252 million was paid in principal and interest in FY 2006, which is expected to increase 10.2% to $278 million in FY 2007.

CHART 4

STATE-ISSUED REVENUE DEBT SERVICE

Principal and Interest



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Interest	101.3	100.3	100.1	100.0	101.0	115.5	122.6	128.9	132.0	140.2
Principal	69.4	70.1	73.2	79.0	81.9	94.3	95.9	105.7	120.2	137.9

Principal Interest

* GOMB estimate
Source: Governor's Office of Management and Budget

Build Illinois. These bonds comprise the majority of debt service costs for the State-issued revenue bonds. Total debt service amounts for the Build Illinois program totaled $238.4 million in FY 2006, consisting of $113.4 million in principal and $125.0 million in interest. Debt service for FY 2007 is estimated to be $264.2 million, of which $130.7 million will be principal and $133.5 million will be interest.

Civic Centers. The State refunded $48.6 million of Series 1990A and $0.7 million of Series 1990B Civic Center bonds in FY 2001 to lower debt service costs through the year 2016. Because these bonds were issued using a level debt service repayment structure, annual debt service costs will remain at approximately $13.9 million annually through FY 2016, and then increase to $14.4 million through FY 2020.

P.A. 94-0839 allowed the transfer of the remaining balance in the Illinois Civic Center Bond Fund to the Illinois Civic Center Bond Retirement and Interest Fund. The Illinois Civic Center Bond Fund has not been appropriated since FY2004, and has had no activity since FY2001. The fund's balance of $177.5 thousand can be transferred to finance debt service on the outstanding bonds, ultimately saving GRF. This fund transfer eliminates neither the Illinois Civic Center Bond Fund itself nor the state's authority to issue civic center bonds. [30 ILCS 105/8g(ee)]

Locally-Issued Revenue Bonds

TABLE 10: Locally-Issued Revenue Bond Debt Service History							
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	est. FY 2007
MPEA dedicated	$31,592,075	$31,630,138	$31,591,317	$31,604,374	$31,589,211	$31,576,241	$31,607,366
MPEA expansion	$79,996,185	$83,994,862	$88,985,938	$92,987,983	$95,242,941	$101,991,113	$107,983,162
ISFA	$12,351,050	$18,692,481	$21,744,200	$23,438,478	$24,154,189	$24,516,939	$24,572,746
RTA SCIP I	$39,003,000	$38,572,000	$38,576,000	$38,589,000	$38,667,000	$38,551,000	$38,575,000
RTA SCIP II	$9,231,000	$20,931,000	$34,417,000	$49,400,000	$64,721,000	$75,116,000	$78,130,000
SAA	$216,000	$231,000	$241,000	$0	$0	$0	$0
Collinsville	$1,444,400	$1,634,400	$1,709,400	$1,779,400	$1,864,400	$1,949,400	$0
TOTAL	**$173,833,710**	**$195,685,881**	**$217,264,855**	**$237,799,235**	**$256,238,741**	**$273,700,693**	**$280,868,274**

The MPEA's Dedicated State Tax Revenue bonds get transfers from the Build IL Fund for annual debt service. The McCormick Place Expansion Bonds are paid for from Chicago-related taxes, but there is a back up pledge of State sales tax in the case they are needed. The MPEA did not use this back up in FY 2006 and hopes that it will not need to use it for debt service in FY 2007 or FY 2008. As long as revenues continue to grow, the problem may be avoided. FY 2006 saw an increase in revenues around 10% over the prior fiscal year, and the first half of FY 2007 has shown an increase around 11%-12%.

The State pays debt service on RTA SCIP bonds. There are two issues with the timing of debt service payment on the bonds. First, it takes the State's Executive Branch five months from the beginning of the fiscal year to approve the grant for the annual payment. Additionally, once the SCIP requisition is submitted, it usually takes another month for the payment to be made. In the meantime, the RTA must dip into its reserves to pay the amount and basically wait for the "reimbursement" from the State. For FY 2007, if the payment is received by the first week of December of 2006, the RTA will have paid approximately $81 million of debt service from their reserves while waiting for the State grant. As the last authorized bonds are sold, and if authorization is increased, the payment that the RTA must make while waiting for the State grant will be harder to cover, unless revenues significantly improve.

The Illinois Sports Facilities Authority has reported that they have no issues covering their expected $24.6 million debt service payment in FY 2007.

CAPITAL PLAN

The Capital Plan was passed as a piece of the FY 2007 budget in Public Act 94-0798. Capital projects are paid from several sources, such as bond funds, various revenue funds, and federal funds. Bond funds used for FY 2007 include: Build Illinois, Capital Development, School Construction, Anti-Pollution, Coal Development and Transportation A and B funds. The Governor's Office of Management and Budget was unable to provide a break out of the approved capital plan. The following totals in the FY 2007 table are from the Commission's efforts of analyzing the Act.

TABLE 11: FY 2007 CAPITAL PROGRAM APPROPRIATIONS ($ Millions)			
FUND TYPE	***NEW APPROPRIATIONS***	***REAPPROPRIATIONS***	***TOTAL***
Bond	$192.9	$3,314.2	$3,507.1
State Revenue Funds	$2,803.6	$4,131.8	$6,935.4
Federal Funds	$160.4	$417.1	$577.5
TOTAL	***$3,156.9***	***$7,863.1***	***$11,020.0***
FY 2006CAPITAL PROGRAM APPROPRIATIONS ($ Millions)			
FUND TYPE	***NEW APPROPRIATIONS***	***REAPPROPRIATIONS***	***TOTAL***
Bond	$1,413.0	$2,478.1	$3,891.1
State Revenue Funds	$2,172.4	$3,097.2	$5,269.7
Federal Funds	$175.4	$349.7	$525.1
TOTAL	***$3,760.9***	***$5,925.0***	***$9,685.9***

FY 2007 amounts are CGFA amounts.
FY 2006 figures per the Governor's FY 2007 Capital Plan.
FY 2006 Capital programs were approved in P.A. 94-0015.

Also appropriated in FY 2007 are the costs of administering the sale of bonds, almost $1.4 million from the Capital Development Fund and $113,400 from the School Infrastructure Fund for General Obligation bonds and $425,000 from the Build Illinois Bond Fund.

New Bond Fund appropriations are broken out as follows:

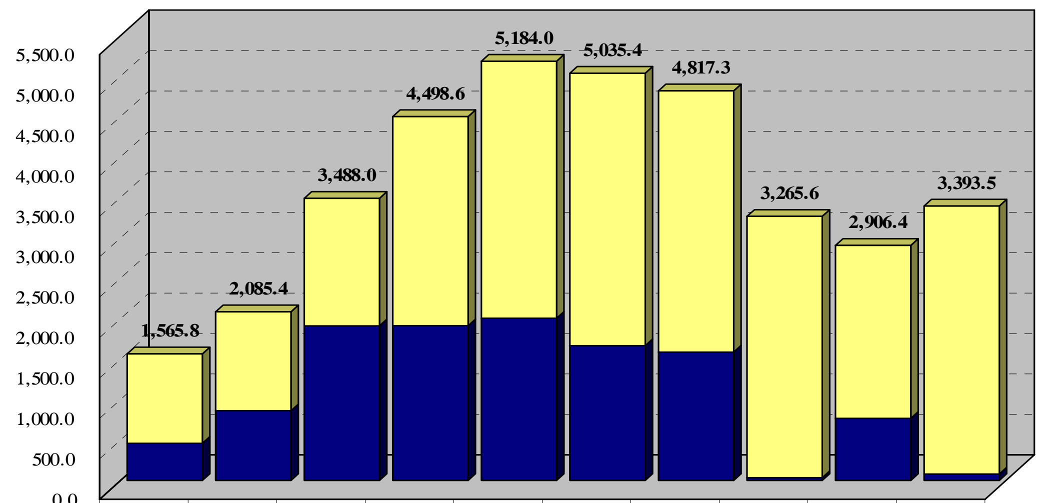
Build Illinois Bond Fund	$113.6 million
Capital Development Fund	$55.1 million
Coal Development Fund	$22.0 million
Transportation B (airports)	$2.2 million

CHART 5

$ Millions

GENERAL OBLIGATIONS APPROPRIATIONS

Fiscal Years 1998-2007



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007*
Reappropriations	1,106.7	1,223.7	1,577.0	2,586.2	3,178.9	3,370.0	3,229.8	3,231.6	2,138.4	3,314.2
New Appropriations	459.1	861.7	1,911.0	1,912.4	2,005.1	1,665.4	1,587.5	34.0	768.0	79.3

New Appropriations Reappropriations

* FY 2007 based on Public Act 94-0798.
Note: FY 2006 figures based on the Governor's Illinois Capital Budget FY 2007.

New G.O. bond fund appropriations will decrease from $768 million in FY 2006 to approximately $79 million in FY 2007, which is the second lowest level in new appropriations in ten years (FY 2005 new appropriations were only $34 million). If there are no increases in authorization, new appropriations will be almost non-existent for FY 2008. The School Construction category has $50 million in available authorization, but only $6.4 million of that is for the $3.05 billion School Infrastructure program. Transportation B and Anti-Pollution have only $20 million and $5 million available, respectively. Transportation A is over-appropriated by $63 million, while Capital Development is over-appropriated by $383 million. The only category with untapped authorization is Coal Development with $488 million available.

CREDIT RATINGS

Illinois' Rating

On May 13, 2003, Moody's lowered the State of Illinois' general obligation rating from Aa2 to Aa3, after the sale of $1.5 billion in G.O. Certificates, the short-term borrowing plan to pay off overdue bills. On May 23, 2003, Fitch lowered Illinois' rating from AA+ to AA. Both agencies explained that in addition to the short-term borrowing plan, a combination of factors led to this change in status, including the increase by $10 billion of principal outstanding for the state's unfunded pension liability. Other factors involved were the second annual decline in State tax collections, an increase in the GAAP deficit recorded in the General Fund, budget uncertainty, and the increase of the State's debt ratios due to the issuance of the Pension Obligation Bonds. [Downgrades affect what is called State tax-supported debt. This includes General Obligation, Build Illinois, Civic Center, and McCormick Place Expansion Project bonds.]

GENERAL OBLIGATION BOND RATINGS				
RATING AGENCIES	JULY 1997	JUNE 1998	JUNE 2000	MAY 2003
Fitch Ratings	AA	AA	AA+	AA
Standard & Poor's	AA	AA	AA	AA
Moody's Investor Service	Aa3	Aa2	Aa2	Aa3

MAXIMUM RATING POSSIBLE
AAA or Aaa

In August of 2005, Standard & Poor's removed Illinois from their negative watch list and affirmed their AA rating as stable. In April 2006, Fitch reaffirmed its AA rating, but put the State on their negative watch list due to concerns over Illinois' unfunded pension liability.

For the G.O. bond sales in June of 2006, Moody's reaffirmed its Aa3 rating and stable outlook "based on broad governmental powers to raise revenues and lower spending, as well as a diversified economy returning to growth in line with national trends…Balanced against these strengths are credit challenges such as narrow reserve and liquidity levels, the use of non-recurring measures to address structural budget gaps, a sizeable accumulated pension fund deficit, and a growing debt burden". Standard & Poor's reaffirmed its stable outlook on the AA rated bonds adding strengths of--ongoing budgetary adjustments, increased combined funds and budget stabilization fund cash reserves, reductions in accounts payable including lapse period spending, approved pension reform, and the ability through legislative action to access substantial amounts of cash for operations that are on deposit in other funds. S&P sees the challenges to the State as being the High GAAP general funds deficit, the large unfunded actuarial accrued liability for its five pensions, and a fairly high debt burden.

S&P gives the State's sales-tax backed Build Illinois bonds an AAA rating with a stable outlook which "reflects both the state's extremely strong legal protections against dilution of coverage by additional debt and strong sales tax revenue growth." Fitch gives Build Illinois bonds an AA rating while Moody's Aa3 is based on "the breadth and long-term growth of the state economy and sales tax base, very high debt service coverage provided by the pledged revenue stream, and the fact that sales-tax revenue in excess of the amount necessary to pay debt service comprises a large and essential component of state general fund revenues."

Debt Comparisons: Illinois v. Other States

Table 12 shows Illinois' ranking in comparison with the top ten states for the most net tax-supported debt per capita as reported in Moody's *2006 State Debt Medians*. In 2004 debt per capita rose across the nation with the national average at $999; and in 2005 the national average rose to $1,060. Illinois was ranked 11th highest in debt per capita for 2002, but moved higher on the charts to the 6th highest state in debt per capita where we have remained from 2003 through 2005.

Moody's foresees that, although revenues in most states have recovered during 2005, there are still pressures on state finances, such as "under-funded pension costs, other post-employment benefit costs, public infrastructure requirements, Medicaid, and state-employee healthcare costs." State bond issuance is slowing with interest rates starting to rise and improved revenues allowing for some pay-as-you-go projects. In 2006 there will still be growth in states' debt, but growth will be slower (Moody's 2006 State Debt Medians).

TABLE 12: NET TAX-SUPPORTED DEBT PER CAPITA
(using net state tax-supported debt as of the end of calendar year 2004 and 2005)

	2004		2005	
RANK	STATE	PER CAPITA DEBT OUTSTANDING	STATE	PER CAPITA DEBT OUTSTANDING
1	Connecticut	$3,614	Massachusetts	$4,128
2	Massachusetts	$3,372	Hawaii	$3,905
3	Hawaii	$3,343	Connecticut	$3,624
4	New Jersey	$2,901	New Jersey	$3,276
5	New York	$2,593	New York	$2,569
6	**Illinois**	**$2,019**	**Illinois**	**$2,026**
7	Delaware	$1,865	Delaware	$1,845
8	Washington	$1,598	Washington	$1,684
9	California	$1,545	California	$1,597
10	Rhode Island	$1,373	Wisconsin	$1,437
Range	$3,614 to $42 (Nebraska)		$4,128 to $27 (Nebraska)	

SOURCE: Moody's 2006 State Debt Medians
This table uses a measure done by Moody's rating agency with calendar year 2005 data.

Table 13 lists the ten states that have the highest net tax supported debt in the U.S. In 2004, the national total was $340 billion, and Illinois was ranked 3rd with $25.7 billion in net tax-supported debt, making up approximately 7.5% of the nation's total. In 2005 Illinois' net tax supported debt increased by approximately $200 million to $25.9 billion and dropped to the 5th highest state with 7.2% of the nation's total. In 2005, the two biggest increases in net-tax supported debt were Massachusetts by $4.8 billion and New Jersey by $4.5 billion.

In 2006 there will be large debt increases for the Gulf Coast states hit by hurricanes in the fall of 2005 --Louisiana, Mississippi, Alabama, and Florida. Even with hurricane relief aid, and proposed special bond exceptions for these states, the amount of debt needed to rebuild destroyed infrastructure, public buildings, and private business will be substantial. Initially all three rating agencies put the debt of these states on their negative watch lists for possible downgrades, but since have reaffirmed their stability.

TABLE 13: 10 HIGHEST STATES IN NET TAX-SUPPORTED DEBT
($ in billions)

	2004 National Total = $340.3			**2005 National Total = $360.3**		
RANK	STATE	DEBT	% OF NATION	STATE	DEBT	% OF NATION
1	California	$55.5	16.3%	California	$57.7	16.0%
2	New York	$49.9	14.7%	New York	$49.5	13.7%
3	**Illinois**	**$25.7**	**7.5%**	New Jersey	$28.6	7.9%
4	New Jersey	$25.2	7.4%	Massachusetts	$26.4	7.3%
5	Massachusetts	$21.6	6.4%	**Illinois**	**$25.9**	**7.2%**
6	Florida	$17.5	5.2%	Florida	$17.4	4.8%
7	Connecticut	$12.7	3.7%	Connecticut	$12.7	3.5%
8	Ohio	$9.9	2.9%	Washington	$10.6	2.9%
9	Washington	$9.9	2.9%	Ohio	$10.5	2.9%
10	Pennsylvania	$9.1	2.7%	Pennsylvania	$9.5	2.6%
Range	$55 billion to $73 million (Nebraska .02%)			$58 billion to $48 million (Nebraska .01%)		

Of the states listed in Table 13, two have seen actual ratings upgrades. California received single level upgrades from S&P and Fitch and two level upgrades from Moody's, while New York was upgraded by Moody's in December of 2005.

CHART 6

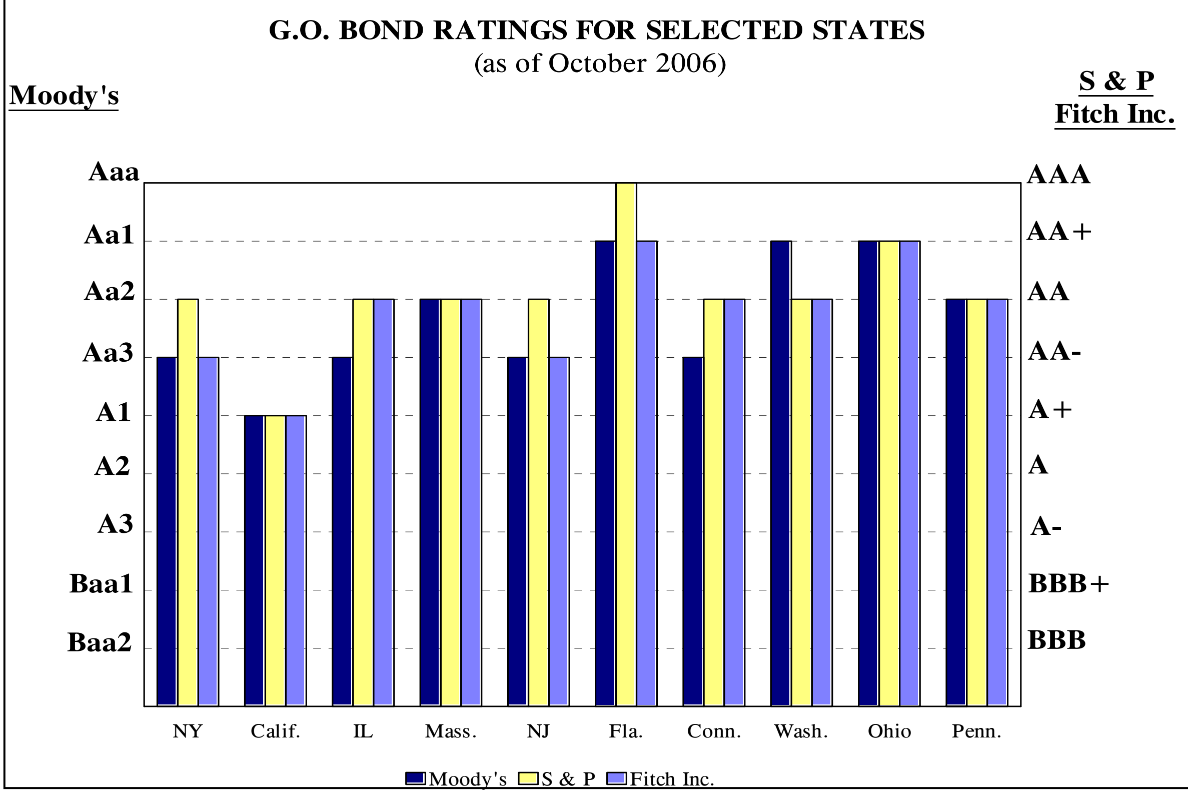
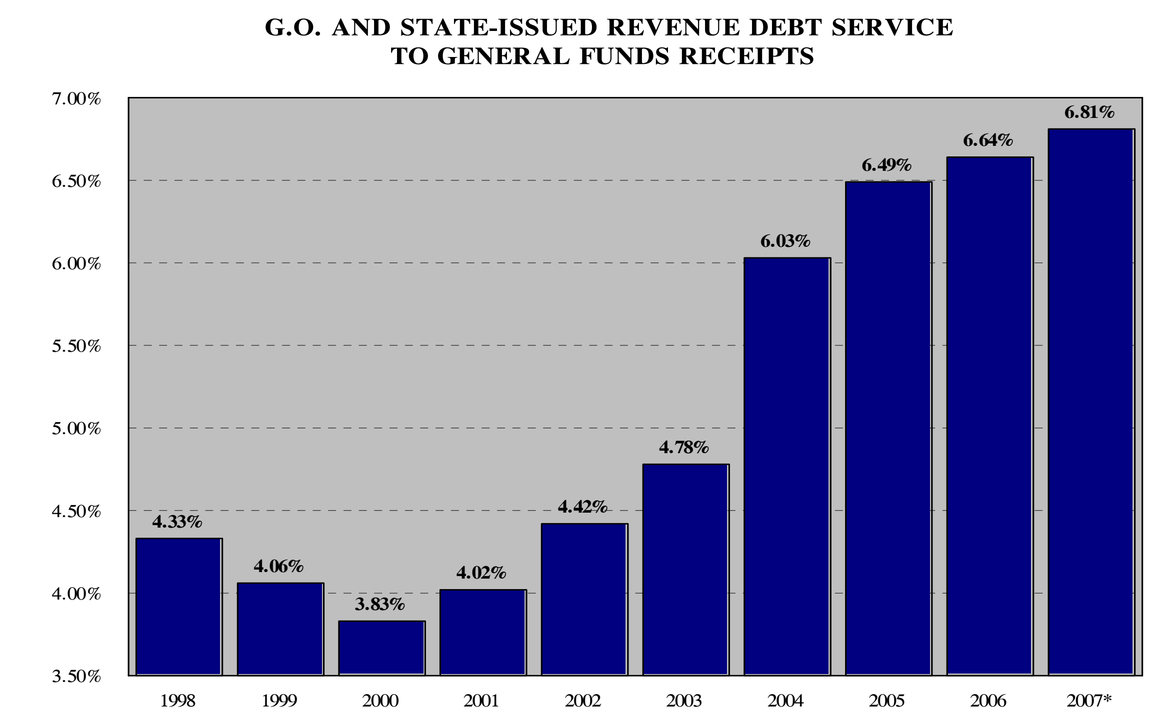


Chart 7 shows a history of general obligation and State-issued revenue debt service as a percentage of general funds receipts.

CHART 7



*CGFA Estimate

SUMMARY OF NON-STATE SUPPORTED BOND DEBT

Non-State-supported debt can be broken down into two categories based on the degree of State obligation: "no obligation" and "moral obligation". No obligation bonds, secured solely by project revenue, have no direct State obligation. These include "User charge" supported debt, which is paid for by charges to the user of the service or the constructed building, road, etc, and is issued by such authorities as the Illinois Student Assistance Commission (ISAC), the Illinois Housing Development Authority, State universities, and the Illinois State Toll Highway Authority. "Conduit debt" is backed by revenues from the project the bonds are sold for or by the local entity benefiting from the project, and is issued by such authorities as the Illinois Development Finance Authority, Illinois Educational Facilities Authority and the Illinois Health Facilities Authority (all three of which are now a part of the Illinois Finance Authority).

"Moral obligation debt" is that which the State pledges to back in case the issuing authority has insufficient funds to pay the debt. Bonding authorities issuing moral obligation debt must first receive approval from the Governor before each issue. In the event of default on moral obligation bonds - although the State is not legally obligated - the Governor must notify the General Assembly of any such shortfall and may include the amount in his budget for possible action by the legislature.

Moral Obligation Defaults

The State has seven authorities which are allowed to issue moral obligation debt with the approval of the Governor. Only four actually have moral obligation debt outstanding (as of June 30, 2006):

Illinois Housing Development Authority	$105.3 million
Southwestern Illinois Development Authority	$ 45.9 million
Illinois Finance Authority/Rural Bond Bank	$100.0 million
Upper Illinois River Valley Development Authority	$ 23.1 million
TOTAL	$274.3 million

There have been five loan payment defaults on moral obligation bonds issued at two of the authorities, one at the Upper Illinois River Valley Development Authority (UIRVDA) and four at the Southwestern Illinois Development Authority (SWIDA). Waste Recovery has received loans from both UIRVDA and SWIDA, with the State paying approximately $2.7 million to cover the debt service payments up to FY 2006 with another $0.7 million for FY 2007. UIRVDA has put into place a four-level due diligence process for moral obligation bond requests to avoid any future defaults.

SWIDA has also had moral obligation defaults caused by the Laclede Steel Company. It is estimated that the State has paid close to $5 million from 1999 through 2001 for debt service since Laclede filed for Chapter 11. Laclede has paid the trustee $3.6 million to cover debt service from December 2001 through February 2006 and also turned over to the State 265,732 shares of stock in the reorganized company. The State has appropriated $1.4 million for FY 2007.

Spectrulite Consortium has also defaulted for the past few years on its loan from SWIDA, and the State has paid over $2 million for their debt service, and has appropriated $0.7 million for FY 2007. FY 2006 was the first year of default for Alton Center Business Park with the State paying $1.5 million in FY 2006 and another $1 million in FY 2007.

Bonded Indebtedness

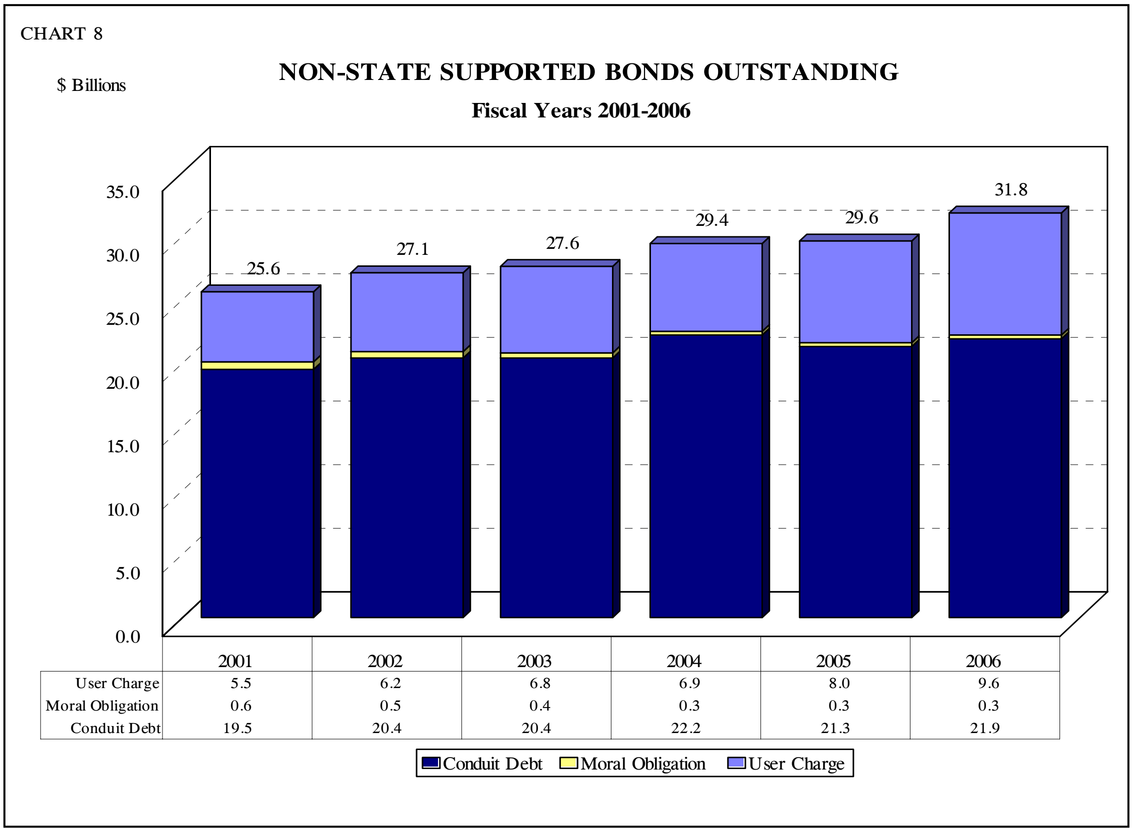


Chart 8 shows the level of outstanding debt for non-state supported bonds as reported by the issuing authorities. Most of the growth in principal outstanding is in the user charge category of debt. The large increases came mainly from the Toll Highway Authorities sale of $1.0 billion of bonds and the sale by ISAC of $600 million in bonds. Although it is difficult to tell by this chart, the principal outstanding of the Illinois Finance Authority (conduit debt) showed little impact from the sale of $1.5 billion of bonds due to the almost $1.3 billion in debt service payments on the principal of outstanding bonds of the IFA's predecessor authorities. Table 14 gives a more detailed breakout of principal outstanding and bond sales by each bonding authority.

TABLE 14: NON-STATE SUPPORTED DEBT BY AUTHORITY			
Authority	Type of Debt	Outstanding Principal FY 06	Bonds Issued in FY 06
IL Finance Authority	conduit	$5,829,712,000	$1,457,108,652
IL Dev Finance Authy	conduit	$5,950,341,000	$0
IL Ed Facilities Authy	conduit	$2,543,597,000	$0
IL Farm Development Authority	conduit	$84,426,000	$6,438,000
IL Health Facilities Authority	conduit	$6,435,463,000	$0
IL Rural Bond Bank (non-moral)	conduit	$14,570,000	$0
QCREDA	conduit	$15,703,000	$21,700,000
RTA (non SCIP)	conduit	$708,250,000	$0
SWIDA (non-moral)	conduit	$228,728,000	$101,697,791
Upper IL RVDA (non-moral)	conduit	$56,695,000	$0
Will-Kankakee Regnl Dev Authy	conduit	$34,730,000	$0
CONDUIT TOTAL		**$21,902,215,000**	**$1,586,944,443**
IL Housing DA (moral)	moral	$105,302,452	$0
IL Rural Bond Bank (moral)	moral	$46,245,000	$0
IL Finance Authority	moral	$53,850,000	$51,505,000
QCREDA	moral	$0	$0
SWIDA (moral)	moral	$45,867,000	$0
Upper IL RVDA (moral)	moral	$23,095,000	$0
MORAL TOTAL		**$274,359,452**	**$51,505,000**
Chicago State University	usercharge	$21,645,000	$0
Eastern IL University	usercharge	$42,900,000	$0
IL Housing DA (non-moral)	usercharge	$1,330,220,000	$74,673,000
IL State University	usercharge	$88,478,000	$39,625,000
ISAC-IDAPP	usercharge	$4,222,515,000	$600,000,000
IL State Toll Highway Authority	usercharge	$2,382,410,000	$1,000,000,000
Northeastern IL University	usercharge	$21,720,000	$0
Northern IL University	usercharge	$113,725,000	$0
Southern IL University	usercharge	$240,445,118	$63,560,000
SURS	usercharge	$0	$0
University of IL	usercharge	$1,062,930,591	$67,305,000
Western IL University	usercharge	$49,338,716	$7,205,000
USERCHARGE TOTAL		**$9,576,327,425**	**$1,852,368,000**
TOTAL OF CONDUIT & USERCHRGE		**$31,478,542,425**	**$3,439,312,443**
TOTAL CONDUIT, USERCHRGE, & MORAL		**$31,752,901,877**	**$3,490,817,443**

The Illinois Student Assistance Commission will be requesting an increase of $3 billion in authorization from the General Assembly, while the Quad Cities Regional Economic Development Authority (QCREDA) is undecided on whether they will ask for an increase in authorization. The Illinois Finance Authority's bonding authority combined the levels of its predecessors equaling $23 billion in outstanding bonds (excluding refunding bonds which may be issued to refund the bonds of the predecessor Authorities). Their authorization level was increased to $25.2 billion effective August of 2006. These bonds are not obligations of the State, but under certain requests to the Governor, some bond issues (up to $500 million) may carry the State's moral obligation pledge. These are the Moral Obligation issues from FY 2004 to date issued by the Illinois Finance Authority:

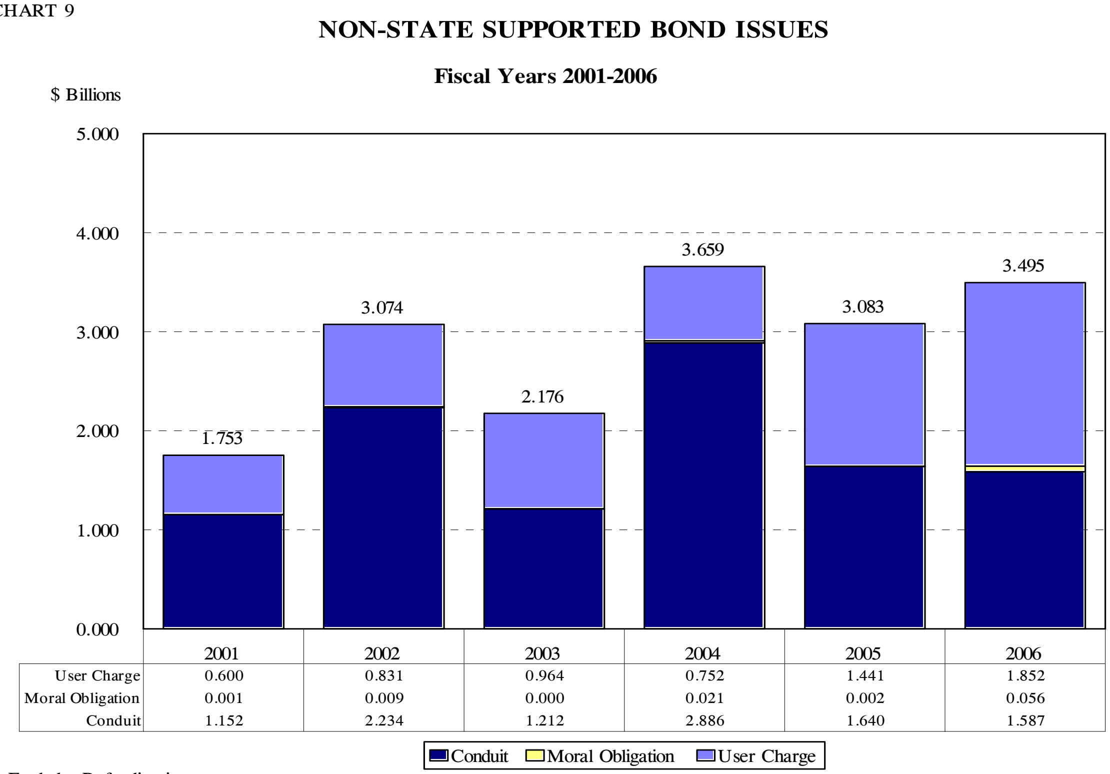
TABLE 15: Schedule of Moral Obligations Issued through Illinois Finance Authority As of September 30, 2006

General Moral Obligation	Amount Outstanding	Bonds Closed
Bond Bank Revenue Bonds, Series 2004A	$ 2,345,000.00	Aug-12-2004
Total Moral Obligations as of 06/30/2005	**$ 2,345,000.00**	
Bond Bank Revenue Bonds, Series 2006A	$ 11,505,000.00	Jan-10-2006
Illinois Medical District Commission, Series 2006A&B	$ 40,000,000.00	Jan-31-2006
Total Moral Obligations as of 06/30/2006	**$ 53,850,000.00**	

Bond Bank Revenue Bonds represent a pool of funds raised for various communities across the State.

The IFA plans to sell $150 million of moral obligation taxable bonds for a clean coal and energy plant in Southern Illinois. The Authority will also issue $350 million of tax-exempt revenue bonds for a solid waste disposal facility to be built adjacent to the clean coal and energy plant to process the waste from that facility.

CHART 9



* Excludes Refunding issues.

Chart 9 shows that after a drop in FY 2003, non-State supported bond issuance increased in FY 2004 by approximately 68%. Bond issuance decreased in FY 2005 by 15.7% and then went back up in FY 2006 by approximately 13.4%. With lower interest rates and lower cash balances many bonding authorities have used refunding and the issuance of Certificates of Participation to help pay for projects.

New Authorities

Since 2004, several new bonding authorities have been created:

Table 16: New Bonding Authorities	Effective Date	Authorization Level	Moral Obligation*
Downstate Illinois Sports Facilities Authority	1/1/2004	$80 million	no
Western Illinois Economic Development Authority	8/6/2004	$250 million	yes
Southeastern Illinois Economic Development Authority	8/20/2004	$250 million	yes
Eastern Illinois Economic Development Authority	7/13/2005	$250 million	no
Central Illinois Economic Development Authority	7/3/2006	$250 million	no
Southern Illinois Economic Development Authority	7/12/2006	$250 million	no

* Statute allows an Authority to issue moral obligation debt, but only with the Governor's approval.

The Comptroller's office confirms that there have been no bond issuances as of yet from these new authorities.

APPENDIX

Payments to SERS from Various Funds for POB Debt Service

Effectively, Public Act 93-0839 requires the State Employees Retirement System to certify a rate of payroll, based on the payroll projections, which will allow SERS to collect debt service for Pension Obligation bonds through agency payrolls. This requires non-GRF funds (including federal funds) to pay part of the debt service. It should be noted that some of the proceeds of the pension funding bonds reduced the unfunded liability of SERS, including some liability that is associated with employees at agencies that are funded by non-GRF and federal funds. Therefore, the Act provides a mechanism for non-GRF and federal funds to pay a share of the debt service on bond proceeds that were used to reduce the SERS unfunded liabilities.

Interest on Pension Obligation bonds is $496.2 million each year from FY 2005 through FY 2007. Due to Public Act 93-0839, SERS expected to collect and pay a total of $136.2 million in FY 2005 for POB debt service. Of this amount, approximately $69.2 million would go for FY 2005 debt service. The remaining $67 million in FY 2005 was to "repay" the General Revenue Fund for FY 2004 interest on POBs, even though this interest was capitalized (paid from the bond proceeds). The table on the following pages shows estimated debt service provided through SERS as a percentage of contribution by fund. These numbers are based on contributions and percentage rates provided by SERS.

According to the Office of the Comptroller, a total of $117.5 million was collected in FY 2005 for FY 2005 and FY 2004 debt service. FY 2006 payments from SERS funds for POB debt service equaled $78.3 million. Assuming that payroll will stay relatively the same in FY 2007, an estimated $78.3 million in POB debt service would be paid from these funds.

Payments to SERS from Various Funds for POB Debt Service			
FUND #	FUND NAME	Debt Service Paid in FY 2005	Debt Service Paid in FY 2006
0001	GRF	$85,915,879.53	$44,001,735.86
0011	Road Fund	$18,607,294.00	$10,125,986.81
0012	Motor Fuel Tax	$700,455.53	$356,609.80
0013	Alcohol & Substance Abuse Block Grant Fund	$68,718.64	$27,934.78
0014	Food & Drug Safety Fund	$3,137.10	$2,706.23
0016	Teacher Certificate Fee Revolving Fund	$9,888.81	$12,217.43
0018	Transportation Regulatory Fund	$167,422.27	$82,598.70
0021	Financial Institution Fund	$77,052.89	$41,634.58
0022	General Professions Dedicated Fund	$83,381.18	$39,602.65
0024	IL Dept. of Agriculture Laboratory Services Fund	$3,304.19	$1,821.21
0026	Live & Learn Fund	$1,508.09	$1,126.94
0036	IL Veterans' Rehabilitation Fund	$45,730.90	$24,782.39
0039	State Boating Act Fund	$161,124.93	$78,990.47
0040	State Parks Fund	$106,873.00	$48,858.09
0041	Wildlife & Fish Fund	$558,100.77	$363,455.84
0042	Salmon Fund	$6,279.70	$3,116.49
0044	Lobbyist Registration Administration Fund	$9,624.72	$3,646.68
0045	Agricultural Premium Fund	$80,386.01	$37,408.28
0047	Fire Prevention Fund	$240,512.14	$129,242.99
0049	Industrial Hygiene Regulatory Fund	$488.47	$140.69
0050	Mental Health Fund	$114,485.59	$32,947.24
0052	Title III Social Security & Employment Service Fund	$3,604,680.67	$1,755,800.60
0054	State Pensions Fund	$106,368.80	$49,687.46
0057	IL State Pharmacy Disciplinary Fund	$26,144.16	$12,404.99
0059	Public Utility Fund	$494,897.41	$247,361.62
0063	Public Health Services Fund	$688,512.06	$367,354.16
0065	US Environmental Protection Fund	$614,166.12	$302,600.59
0067	Radiation Protection Fund	$114,531.46	$57,229.31
0071	Firearm Owners' Notification Fund	$2,584.08	$1,476.46
0072	Underground Storage Tank Fund	$153,984.66	$83,620.40
0074	EPA Special State Project Trust Fund	$1,478.19	$36.36
0077	Mines & Minerals Underground Injection Control Fund	$9,419.74	$2,594.36
0078	Solid Waste Management Fund	$239,865.78	$122,740.10
0081	Vocational Rehabilitation Fund	$1,340,471.03	$637,689.06
0085	IL Gaming Law Enforcement Fund	$49,788.36	$23,364.31
0089	Subtitle D Management Fund	$36,300.79	$20,673.22
0090	Special Federal Grant Project Fund	$11,978.78	$4,243.38
0091	Clear Air Act Permit Fund	$348,848.69	$181,756.96
0093	IL State Medical Disciplinary Fund	$83,364.95	$43,247.54
0094	DCFS Training Fund	$18,896.42	$1,091.98
0117	State Appellate Defender Federal Fund	$7,395.14	$2,878.79
0118	Facility Licensing Fund	$5,568.07	$1,844.49
0126	New Technology Recovery Fund	$3,691.66	$0.00
0129	State Gaming Fund	$186,763.56	$135,482.27
0131	Council on Developmental Disabilities Federal Trust Fund	$20,618.55	$11,807.40
0137	Plugging & Restoration Fund	$7,645.39	$3,292.17
0138	Home Rule Municipal Retailers' Occupation Tax Fund	$5,902.32	$3,243.35
0141	Capital Development Fund	$169,626.01	$95,018.90
0145	Explosives Regulatory Fund	$3,263.29	$1,140.09
0146	Aggregate Operation Regulatory Fund	$6,969.58	$1,786.29
0147	Coal Mining Regulatory Fund	$7,191.21	$2,900.52
0151	Registered CPA Administration &Disciplinary Fund	$3,472.42	$3,652.20
0152	State Crime Laboratory Fund	-----	$354.23
0153	EPA Court Ordered Trust Fund	$790.94	$705.70
0156	Motor Vehicle Theft Prevention Fund	$5,599.29	$2,884.13

FUND #	FUND NAME	Debt Service Paid in FY 2005	Debt Service Paid in FY 2006
0163	Weights and Measures Fund	$39,508.34	$19,714.67
0167	Registered Limited Liability Partnership Fund	$2,373.15	$1,384.98
0175	IL School Asbestos Abatement Fund	$16,214.72	$9,145.89
0177	CHIP Board Payroll Trust Fund	$52,692.80	$26,258.02
0184	Violence Prevention Fund	$18,151.75	$8,772.29
0185	Secretary of State Special License Plate Fund	$17,008.43	$8,887.52
0190	County Option Motor Fuel Tax	$12,499.04	$5,646.03
0191	Indoor Radon Mitigation Fund	-----	$1,331.97
0193	Local Government Health Insurance Reserve Fund	$17,172.58	$10,025.58
0195	IPTIP Administrative Trust Fund	$54,715.30	$33,200.04
0203	Teacher's Health Insurance Security Fund	$22,443.95	$9,354.01
0206	Help Illinois Vote Fund	$887.49	$997.55
0207	Pollution Control Board State Trust Fund	$9,258.72	$4,909.10
0214	Brownfields Redevelopment Fund	$29,412.05	$11,391.66
0215	Capital Development Board Revolving Fund	$129,357.76	$51,253.36
0218	Professions Indirect Cost Fund	$226,370.11	$220,252.79
0220	DCFS Children's Services Fund	$58,877.25	$37,343.98
0224	Asbestos Abatement Fund	$25,293.29	$16,886.85
0238	IL Health Facilities Planning Fund	$20,475.71	$13,127.50
0240	Emergency Public Health Fund	$2,721.11	$1,612.71
0243	Credit Union Fund	$74,507.85	$28,848.03
0244	Savings & Residential Finance Regulatory Fund	$82,721.06	$40,460.61
0258	Nurse Dedicated & Professional Fund	$32,977.78	$14,506.86
0259	Optometric Licensing & Disciplinary Committee Fund	$9,862.45	$4,795.59
0261	Underground Resource Conservation Fund	$10,988.06	$5,926.57
0262	Mandatory Arbitration Fund	$7,967.75	$5,040.89
0270	Water Revolving Fund	$280,020.92	$132,267.61
0272	LaSalle Veterans Home Fund	$33,551.30	$23,829.35
0273	Anna Veterans Home Fund	-----	$33,375.88
0274	Self-Insurers Administration Fund	$7,760.80	$1,340.69
0276	Drunk & Drugged Driving Prevention Fund	$14,518.69	$7,806.01
0281	IL Tax Increment Fund	$7,006.68	$3,567.21
0282	Hazardous Waste Occupational Licensing Fund	$1,717.33	$0.00
0285	Long-Term Care Monitor/Receiver Fund	$5,431.67	$2,319.81
0286	IL Affordable Housing Trust	$1,619.06	$851.41
0288	Community Water Supply Laboratory Fund	$19,672.15	$9,676.67
0292	Securities Investors Education Fund	$3,084.68	$2,080.92
0294	Used Tire Management Fund	$55,268.36	$32,161.75
0295	SOS Interagency Grant Fund	$25,839.53	$12,994.79
0298	Natural Areas Acquisition Fund	$114,161.32	$48,763.15
0299	Open Space Lands Acquisition and Development Fund	$24,542.24	$12,925.70
0301	Working Capital Revolving Fund	$337,971.78	$181,989.16
0303	State Garage Revolving Fund	$333,421.88	$152,257.02
0304	Statistical Services Revolving Fund	$867,381.26	$764,573.22
0308	Paper & Printing Revolving Fund	$6,303.75	$2,339.29
0312	Communications Revolving Fund	$327,947.00	$196,408.65
0314	Facilities Management Revolving Fund	$428,931.54	$263,094.86
0315	Efficiency Initiatives Revolving Fund	$29,346.28	$47,230.72
0317	Professional Services Fund	$186,391.15	$141,745.56
0323	Motor Vehicle Review Board Fund	$6,884.15	$4,854.78
0332	Workers' Compensation Revolving Fund	$45,767.00	$26,948.98
0333	Federal Support Agreement Revolving Fund	$168,230.00	$89,532.86
0336	Environmental Laboratory Certification Fund	$10,772.80	$6,455.99
0340	Public Health Services Revolving Fund	$6,165.84	$3,258.18
0343	Federal National Community Services Grant Fund	$7,287.68	$4,513.27
0344	Care Providers for Persons w/ Develop. Disabilities Fund	$1,637.33	$838.32

FUND #	FUND NAME	Debt Service Paid in FY 2005	Debt Service Paid in FY 2006
0345	Long-Term Care Provider Fund	$25,068.18	$12,129.59
0347	Employment and Training Fund	-----	$66.23
0357	Child Labor Enforcement Fund	$3,605.95	$172.85
0360	Lead Poisoning, Screening, Prevention & Abatement Fund	$25,015.01	$9,887.54
0361	State Appellate Defender Special State Projects Fund	$1,454.59	$0.00
0362	Securities Audit and Enforcement Fund	$126,493.11	$62,490.97
0363	Dept. of Business Service Special Operations Fund	$47,537.29	$35,404.11
0369	Feed Control Fund	$20,277.25	$11,308.97
0370	Tanning Facility Permit Fund	$2,893.55	$2,837.03
0372	Plumbing Licensure & Program Fund	$21,308.16	$13,188.64
0376	State Police Motor Vehicle Theft Prevention Trust Fund	$6,406.18	$3,087.31
0384	Tax Compliance & Administration Fund	$45,626.40	$24,820.42
0386	Appraisal Administration Fund	$11,309.25	$4,925.45
0387	Small Business Environmental Assistance Fund	$6,511.12	$3,335.49
0388	Regulatory Evaluation and Basic Enforcement Fund	$130.86	$0.00
0404	Urban Planning Assistance Fund	$2,328.84	$1,464.69
0408	DHS Special Purpose Trust Fund	$171,458.57	$94,653.55
0410	SBE Federal Department of Agriculture Fund	$31,519.26	$15,852.44
0421	Public Aid Recoveries Trust Fund	$272,041.34	$135,538.33
0422	Alternative Fuels Fund	$5,212.16	$2,727.09
0434	Court of Claims Administration and Grant Fund	$5,509.27	$2,900.87
0438	IL State Fair Fund	$30,235.61	$15,241.47
0440	Agricultural Master Fund	$8,688.20	$4,834.08
0447	GI Education Fund	$15,901.40	$9,588.21
0455	IL State Toll Highway Revenue Fund	$3,514,217.08	$1,832,852.51
0473	Teachers Retirement System Fund	$229,464.12	$119,212.52
0476	Wholesome Meat Fund	$105,964.83	$56,626.83
0477	Judges Retirement System Fund	$16,339.19	$8,616.00
0479	State Employees Retirement System Fund	$157,469.23	$81,776.35
0483	Secretary of State Special Services Fund	$127,888.04	$70,403.22
0488	Criminal Justice Trust Fund	$71,019.38	$39,578.96
0495	Old Age Survivors Insurance Fund	$991,441.81	$496,289.15
0497	Federal Civil Preparedness Administrative Fund	$22,076.24	$11,315.96
0502	Early Intervention Services Revolving Fund	$24,279.93	$14,564.98
0514	State Asset Forfeiture	-----	$246.93
0523	Department of Corrections Reimbursement Fund	$456,446.23	$116,988.21
0524	Health Facility Plan Review Fund	$34,018.70	$12,185.20
0526	Emergency Management Preparedness Fund	$10,639.91	$4,854.87
0529	IL State Board of Investments Fund	$30,998.77	$17,577.68
0534	IL Workers' Compensation Comm Operations Fund	$361,211.41	$192,770.91
0536	LEADS Maintenance	-----	$1,164.52
0537	State Offender DNA Identification System	-----	$626.64
0538	IL Historic Sites Fund	$21,216.75	$7,021.15
0542	Attorney General Court Order & Voluntary Compliance Payment Projects Fund	$50,212.65	$34,830.51
0546	Public Pension Regulation Fund	$18,061.63	$9,465.31
0549	IL Charity Bureau Fund	$20,328.24	$12,606.14
0550	Supplemental Low Income Energy Fund	$19,623.40	$8,890.59
0557	IL Prepaid Tuition Trust Fund	$17,444.53	$10,620.53
0560	SBE Federal Agency Services Fund	$1,055.89	$97.16
0561	SBE Federal Department of Education Fund	$112,292.02	$52,936.58
0562	Pawnbroker Regulation Fund	$2,121.18	$1,101.17
0564	Renewable Energy Resources Trust Fund	$15,147.40	$2,956.87
0566	DCFS Federal Projects Fund	$26,800.74	$12,282.91
0568	School Infrastructure Fund	$16,532.34	$8,315.14
0571	Energy Efficiency Trust Fund	$15,006.23	$3,546.57
0576	Pesticide Control Fund	$47,188.66	$23,466.10
0577	Community College Health Insurance Security Fund	$8,325.18	$5,717.31
0580	Fire Prevention Division Fund	$5,044.88	$1,954.70
0581	Juvenile Accountability Incentive Block Grant Fund	$12,280.14	$5,259.15

FUND #	FUND NAME	Debt Service Paid in FY 2005	Debt Service Paid in FY 2006
0592	DHS Federal Projects Fund	$18,431.77	$13,617.47
0600	Attorney General Whistleblower Fund	$1,639.47	$12,137.48
0607	Special Projects Division Fund	$37,535.40	$16,777.02
0608	Conservation 2000 Fund	$43,633.54	$20,185.09
0612	Wireless Service Emergency Fund	$1,580.44	$717.48
0613	Wireless Carrier Reimbursement Fund	$1,611.78	$652.55
0614	Capital Litigation Fund	$71,152.28	$40,708.24
0618	Services for Older Americans Fund	$67,015.37	$34,788.85
0619	Quincy Veterans Home Fund	$340,138.00	$142,107.11
0622	Motor Vehicle License Plate Fund	$49,328.35	$45,771.61
0632	Horse Racing Fund	$133,075.91	$65,255.55
0635	Death Certificate Surcharge Fund	$9,880.83	$5,139.60
0636	Commerce & Community Affairs Assistance Fund	$22,447.11	$10,671.25
0637	State Police Wireless Service Emergency Fund	$44,576.31	$0.00
0641	Auction Regulation Administration Fund	$3,537.10	$1,614.10
0642	DHS State Projects Fund	$4,006.86	$1,145.63
0646	Alcoholism & Substance Abuse Fund	$8,890.61	$1,908.57
0649	Motor Carrier Safety Inspection Fund	$63,121.21	$29,638.83
0664	Student Loan Operation Fund	$557,671.94	$322,045.00
0668	College Savings Pool Administrative Trust Fund	$7,581.06	$5,038.78
0689	Airport Land Loan Revolving Fund	$14,550.73	$5,228.67
0700	USDA Women, Infants & Children Fund	$103,328.35	$47,065.02
0702	Assisted Living & Shared Housing Regulatory Fund	-----	$655.11
0708	IL Standardbred Breeders Fund	$2,587.88	$0.00
0709	IL Thoroughbred Breeders Fund	$10,718.77	$3,365.72
0711	State Lottery Fund	$350,556.46	$174,657.91
0726	Federal Industrial Services Fund	$24,813.52	$14,176.74
0731	Illinois Clean Water Fund	$142,669.74	$71,911.83
0732	SOS DUI Administration Fund	$14,473.93	$4,821.06
0733	Tobacco Settlement Recovery Fund	$26,887.12	$14,914.53
0737	Energy Administration Fund	$7,378.76	$3,268.05
0745	State's Attorneys Appellate Prosecutor's County Fund	$21,943.73	$11,329.91
0746	Home Inspector Administration Fund	$4,774.31	$868.24
0755	State Employees Deferred Compensation Plan Fund	$24,817.87	$12,734.76
0757	Child Support Administrative Fund	$1,839,633.28	$942,757.29
0759	Secretary of State Police Services Fund	$1,498.31	$593.35
0762	Local Initiative Fund	$18,197.98	$9,271.55
0763	Tourism Promotion Fund	$108,753.30	$48,291.83
0765	Federal Surface Mining Control and Reclamation Fund	$51,262.23	$25,999.57
0773	ISAC Loan Purchase Program Payroll Trust Fund	$294,108.78	$145,852.11
0774	Oil Spill Response Fund	-----	$1,315.10
0776	Presidential Library & Museum Operating Fund	$81,652.91	$71,118.69
0791	National Center for Education Statistics Fund	$270.02	$0.00
0795	Bank & Trust Company Fund	$393,641.73	$169,905.89
0796	Nuclear Safety Emergency Preparedness Fund	$344,767.26	$171,864.52
0798	Rehabilitation Services Elementary and Secondary Education Act Fund	$2,935.66	$1,839.88
0801	Attorney General State Projects & Court Order Distribution Fund	$46,607.99	$27,705.23
0802	Personal Property Tax Replacement Fund	$191,347.74	$99,173.25
0808	Medical Special Purpose Trust Fund	$22,835.63	$10,536.40
0821	Dram Shop Fund	$89,419.20	$45,159.94
0823	IL State Dental Disciplinary Fund	$18,077.09	$8,376.03
0826	Agriculture Federal Projects Fund	$4,847.38	$1,295.83
0828	Hazardous Waste Fund	$118,968.56	$67,849.69
0838	Public Health Federal Projects Fund	$2,241.67	$1,181.74
0844	Continuing Legal Education Trust Fund	$3,595.00	$271.43
0850	Real Estate License Administration Fund	$72,281.55	$34,424.24
0851	Federal Moderate Rehabilitation Housing Fund	$2,837.98	$1,468.73

FUND #	FUND NAME	Debt Service Paid in FY 2005	Debt Service Paid in FY 2006
0855	National Flood Insurance Program Fund	$4,360.08	$2,641.84
0859	Federal Energy Fund	$17,410.31	$14,265.30
0863	Cycle Rider Safety Training Fund	$4,267.58	$2,036.95
0870	Low Income Home Energy Assistance Block Grant Fund	$32,422.15	$19,361.05
0871	Community Services Block Grant Fund	$13,751.58	$7,960.22
0872	Maternal & Child Health Services Block Grant Fund	$69,489.52	$44,101.27
0873	Preventive Health & Health Service Block Grant Fund	$25,648.13	$11,678.56
0875	Community Development/Small Cities Block Grant Fund	$20,282.09	$9,373.02
0876	Community Mental Health Services Block Grant Fund	$20,026.79	$9,945.66
0879	Traffic & Criminal Conviction Surcharge Fund	$152,951.39	$78,840.79
0882	Sheffield February 1982 Agreed Order Fund	$559.77	$1,179.49
0883	Intra-Agency Services Fund	$69,565.90	$34,312.54
0884	DNR Special Projects Fund	$1,156.36	$2,371.50
0886	Criminal Justice Information Systems Trust Fund	$28,279.16	$12,575.83
0888	Design Professionals Administration & Investigation Fund	$15,742.35	$6,488.80
0894	DNR Federal Projects Fund	$8,023.40	$920.39
0900	Petroleum Violation Fund	$24,870.18	$10,736.57
0903	State Surplus Property Revolving Fund	$37,343.90	$20,341.50
0904	IL State Police Federal Projects Fund	$108,965.67	$78,562.69
0905	IL Forestry Development Fund	$15,741.06	$7,701.70
0906	State Police Services Fund	$387,071.77	$194,328.16
0907	Health Insurance Reserve Fund	$104,234.94	$56,321.10
0911	Juvenile Justice Trust Fund	$5,904.69	$2,589.55
0913	Federal Workforce Training Fund	$135,245.22	$77,459.99
0920	Metabolic Screening & Treatment Fund	$62,477.56	$33,908.74
0921	DHS Recoveries Trust	$93,663.99	$49,035.97
0922	Insurance Producer Administration Fund	$238,418.59	$92,455.85
0925	Coal Technology Development Assistance Fund	$30,510.26	$15,863.69
0929	Violent Crime Victims Assistance Fund	$24,903.88	$13,177.08
0938	Hearing Instrument Dispenser Exam. & Disciplinary Fund	$1,411.28	$759.76
0940	Self-Insurers Security Fund	$5,735.93	$3,030.64
0942	Radioactive Waste Facility Develop. & Operation Fund	$10,006.11	$3,901.03
0944	Environmental Protection Permit & Inspection Fund	$247,638.04	$120,572.56
0951	Narcotics Profit Forfeiture Fund	$8,118.63	$3,951.79
0962	Park & Conservation Fund	$209,865.76	$98,783.90
0963	Vehicle Inspection Fund	$182,285.27	$86,065.60
0969	Local Tourism Fund	$7,420.00	$3,607.59
0971	Build Illinois Bond Fund	$4,766.72	$1,911.45
0973	Build Illinois Capital Revolving Loan Fund	$26,493.44	$14,419.83
0975	Large Business Attraction Fund	$5,208.11	$2,601.27
0980	Manteno Veterans Home Fund	$252,761.24	$47,948.18
0982	IL Beach Marina Fund	$24,271.11	$11,891.03
0988	Attorney General Federal Grant Fund	$24,919.66	$15,900.46
0991	Abandoned Mined Lands Reclamation Council Fed Trust	$66,104.46	$29,545.32
0993	Public Infrastructure Construction Loan Fund	$15,133.95	$0.00
0997	Insurance Financial Regulation Fund	$355,121.40	$129,152.07
	TOTAL estimated debt service payments per SERS	**$136,270,896.10**	**$70,650,527.42**
	Actual Payment from SERS to GOBRI per the Comptroller	**$117,516,992.53**	**$78,271,455.90**

BACKGROUND

The Commission on Government Forecasting and Accountability (CGFA), a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

1) Preparation of annual revenue estimates with periodic updates;
2) Analysis of the fiscal impact of revenue bills;
3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
4) Periodic assessment of capital facility plans;
5) Annual estimates of public pension funding requirements and preparation of pension impact notes;
6) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services;
7) Administration of the State Facility Closure Act.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes several reports each year. In addition to a Monthly Briefing, the Commission publishes the "Revenue Estimate and Economic Outlook" which describes and projects economic conditions and their impact on State revenues. The "Bonded Indebtedness Report" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The "Financial Conditions of the Illinois Public Retirement Systems" provides an overview of the funding condition of the State's retirement systems. Also published are an Annual Fiscal Year Budget Summary; Report on the Liabilities of the State Employees' Group Insurance Program; and Report of the Cost and Savings of the State Employees' Early Retirement Incentive Program. The Commission also publishes each year special topic reports that have or could have an impact on the economic well being of Illinois. All reports are available on the Commission's website.

These reports are available from:

Commission on Government Forecasting and Accountability
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

http://www.ilga.gov/commission/cgfa2006/home.aspx