This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 13, 2026

NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: SEE "RATINGS" HEREIN**

Interest on the April 2026A Bonds (as hereinafter defined) shall be includible in gross income of the owners thereof for federal income tax purposes. Subject to compliance by the State of Illinois (the "State") with certain covenants, in the separate opinions of Chapman and Cutler LLP, Chicago, Illinois, and the Hardwick Law Firm, LLC, Chicago, Illinois, as Co-Bond Counsel ("Co-Bond Counsel"), under present law, interest on the April 2026B Bonds (as hereinafter defined) and the April 2026C Bonds (as hereinafter defined) is excludible from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the April 2026B Bonds and the April 2026C Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State income taxes. See "TAX MATTERS" herein for a more complete discussion.

$1,400,000,000*
STATE OF ILLINOIS
General Obligation Bonds,
$200,000,000* Taxable Series of April 2026A
$75,000,000* Series of April 2026B
$1,125,000,000* Series of April 2026C

Dated: Date of Delivery **Due: April 1, as shown on the inside cover**

This Official Statement contains information relating to the State and the State's general obligation bonds, to be issued as General Obligation Bonds, Series of April 2026 in three separate series: General Obligation Bonds, Taxable Series of April 2026A (the "April 2026A Bonds"), General Obligation Bonds, Series of April 2026B (the "April 2026B Bonds"), and General Obligation Bonds, Series of April 2026C (the "April 2026C Bonds" and, together with the April 2026A Bonds and the April 2026B Bonds, the "Bonds"). The Bonds will be issued only as fully registered book-entry bonds in denominations of $5,000 or any integral multiple of that amount. The Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, and held under DTC's global book-entry system. Principal of, premium, if any, and interest on the Bonds will be paid by the State Treasurer of the State, as bond registrar and paying agent. The Bonds will mature on the dates, in the principal amounts, bear interest at the rates per annum and have the yields, prices and CUSIP numbers as shown on the inside cover of this Official Statement. Interest on the Bonds will be payable on April 1 and October 1 of each year, commencing October 1, 2026.

The Bonds are subject to redemption prior to maturity as set forth herein. See "TERMS OF THE BONDS—REDEMPTION" herein.

The Bonds are direct, general obligations of the State, secured by a pledge of its full faith and credit. The Bonds are issued under the General Obligation Bond Act of the State of Illinois, as amended (the "Bond Act"). See "TERMS OF THE BONDS—SECURITY" herein.

The April 2026A Bonds are issued to (i) fund accelerated pension benefit payments pursuant to Section 7.7 of the Bond Act, (ii) finance capital expenditures authorized by the State's capital programs ("Capital Projects"), including the Rebuild Illinois (as defined herein) capital plan and (iii) pay costs of issuance of the April 2026A Bonds. The April 2026B Bonds are issued to (i) provide funds to finance information technology projects under the State's capital programs, including Rebuild Illinois, and (ii) pay costs of issuance of the April 2026B Bonds. The April 2026C Bonds are issued to (i) finance Capital Projects and (ii) pay costs of issuance of the April 2026C Bonds. See "PLAN OF FINANCE" herein.

The Bonds are offered when, as and if issued by the State and received by the Underwriters (as defined herein), subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Co-Bond Counsel, and certain other conditions. Chapman and Cutler LLP, Chicago, Illinois, and the Hardwick Law Firm, LLC, Chicago, Illinois, are also acting as Co-Disclosure Counsel to the State. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, Chicago, Illinois, and Clark Hill PLC, Chicago, Illinois. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about April __, 2026.

Loop Capital Markets **Morgan Stanley**

J. P. Morgan **Mesirow Financial, Inc.** **Stifel**

Huntington Capital Markets **Mischler Financial Group** **North South Capital** **Rice Financial Products Company**

Dated: _____, 2026

* Preliminary, subject to change

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, PRICES AND CUSIP NUMBERS

$200,000,000* General Obligation Bonds, Taxable Series of April 2026A

Due April 1	Principal Amount	Interest Rate	Yield	Price	CUSIP** (452153)
2027	$20,000,000				
2028	20,000,000				
2029	20,000,000				
2030	20,000,000				
2031	20,000,000				
2032	20,000,000				
2033	20,000,000				
2034	20,000,000				
2035	20,000,000				
2036	20,000,000				

$75,000,000* General Obligation Bonds, Series of April 2026B

Due April 1	Principal Amount	Interest Rate	Yield	Price	CUSIP** (452153)
2027	$7,500,000				
2028	7,500,000				
2029	7,500,000				
2030	7,500,000				
2031	7,500,000				
2032	7,500,000				
2033	7,500,000				
2034	7,500,000				
2035	7,500,000				
2036	7,500,000				

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* Preliminary, subject to change.

** CUSIP data herein is provided by the CUSIP Global Services (*"CGS"*). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Bonds and the State does not make any representation with respect to such numbers or undertake any responsibility for their selection, use or accuracy now or at any time in the future. The CUSIP number for a specific maturity may be changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$1,125,000,000* General Obligation Bonds, Series of April 2026C

Due April 1	Principal Amount	Interest Rate	Yield	Price	CUSIP** (452153)
2027	$33,000,000				
2028	33,000,000				
2029	33,000,000				
2030	33,000,000				
2031	33,000,000				
2032	33,000,000				
2033	33,000,000				
2034	33,000,000				
2035	33,000,000				
2036	33,000,000				
2037	53,000,000				
2038	53,000,000				
2039	53,000,000				
2040	53,000,000				
2041	53,000,000				
2042	53,000,000				
2043	53,000,000				
2044	53,000,000				
2045	53,000,000				
2046	53,000,000				
2047	53,000,000				
2048	53,000,000				
2049	53,000,000				
2050	53,000,000				
2051	53,000,000				

* Preliminary, subject to change.

** CUSIP data herein is provided by the CUSIP Global Services (*"CGS"*). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the Bonds and the State does not make any representation with respect to such numbers or undertake any responsibility for their selection, use or accuracy now or at any time in the future. The CUSIP number for a specific maturity may be changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

STATE OF ILLINOIS

**$1,400,000,000*
State of Illinois
General Obligation Bonds,
$200,000,000* Taxable Series of April 2026A
$75,000,000* Series of April 2026B
$1,125,000,000* Series of April 2026C**

JB Pritzker
Governor

Alexis Sturm
Director of the Governor's Office of Management and Budget

Paul Chatalas
Director of Capital Markets

* Preliminary, subject to change.

PREFACE

No dealer, broker, salesperson, or other person has been authorized by the State or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the State. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion set forth herein have been furnished by the State and include information from other sources which the State believes to be reliable. Such information and expressions of opinion are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change since the date thereof.

The Underwriters may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the inside cover page hereof and such public offering prices may be changed from time to time by the Underwriters.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

References in this Official Statement to statutes, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive, and all such references are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purposes.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), this document, as the same may be supplemented or corrected by the State from time-to-time, may be treated as a Preliminary Official Statement with respect to the Bonds described herein and is "deemed final" by the State as of the date hereof (or of the date of any supplement or correction) except for the omission of certain information permitted to be omitted pursuant to such Rule.

FORWARD-LOOKING STATEMENTS

This Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the State and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the State's future financial position including but not limited to changes in general economic conditions, demographic trends and federal programs which may affect the transfer of funds from the federal government to the State. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the State herein.

The State does not undertake any obligation to update or revise publicly any statements contained herein, including forward-looking statements, whether as a result of new information, future events or otherwise.

WEBSITE INDEX

APPENDIX F—WEBSITE INDEX contains a list of the websites referenced in this Official Statement. Except as otherwise provided herein, none of the information on these websites is being incorporated by reference into this Official Statement and the links to such websites are being provided only for the convenience of those reading this Official Statement. The State takes no responsibility for any information contained on such websites unrelated to the statements made in this Official Statement or for revisions to information on such websites occurring after the date of this Official Statement. State employees or officers may from time to time make statements or post information to such websites that are constitutionally protected political speech. Such statements are not intended to constitute communication to the investor community concerning the securities or the financial condition of the State. The State disseminates and discloses certain information, including material updates to the State's bond disclosures, through EMMA (as defined herein). None of the websites listed in APPENDIX F—WEBSITE INDEX is intended to act as a substitute for the disclosure of the information regarding the State posted on EMMA, nor do these websites necessarily include all of the information regarding the State currently disclosed on EMMA. Please review the State's filings on EMMA for current information on the State's disclosures.

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**$1,400,000,000*
State of Illinois
General Obligation Bonds,
$200,000,000* Taxable Series of April 2026A
$75,000,000* Series of April 2026B
$1,125,000,000* Series of April 2026C**

INTRODUCTION

This Introduction contains only a brief summary of certain terms of the Bonds (as hereinafter defined) being offered and a brief description of this Official Statement. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Illinois Constitution of 1970 (the "Illinois Constitution") and laws of the State of Illinois (the "State") and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof.

The purpose of this Official Statement (which includes the cover page and the Appendices) is to set forth certain information concerning the State and the State's $1,400,000,000* General Obligation Bonds, Series of April 2026 issued in three separate series: $200,000,000* General Obligation Bonds, Taxable Series of April 2026A (the "April 2026A Bonds"), $75,000,000* General Obligation Bonds, Series of April 2026B (the "April 2026B Bonds"), and $1,125,000,000* General Obligation Bonds, Series of April 2026C (the "April 2026C Bonds" and, together with the April 2026A Bonds and the April 2026B Bonds, the "Bonds").

The April 2026A Bonds are being issued to (i) fund accelerated pension benefit payments pursuant to Section 7.7 of the General Obligation Bond Act of the State (30 ILCS 330/1 *et seq.*), as amended (the "Bond Act"), (ii) finance capital expenditures authorized by the State's capital programs ("Capital Projects"), including the Rebuild Illinois capital plan ("Rebuild Illinois") and (iii) pay costs of issuance of the April 2026A Bonds. The April 2026B Bonds are being issued to (i) provide funds to finance information technology projects under the State's capital programs, including Rebuild Illinois and (ii) pay costs of issuance of the April 2026B Bonds. The April 2026C Bonds are being issued to (i) finance Capital Projects and (ii) pay costs of issuance of the April 2026C Bonds.

The use of the proceeds of the Bonds is more completely described under "PLAN OF FINANCE" and "APPLICATION OF BOND PROCEEDS" herein.

APPENDIX F—WEBSITE INDEX contains a list of the websites referenced in this Official Statement. Except as otherwise provided herein, none of the information on these websites is being incorporated by reference into this Official Statement and the links to such websites are being provided only for the convenience of those reading this Official Statement.

Purchase and ownership of the Bonds is subject to a variety of risks. Each prospective investor in the Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the investment considerations related to the Bonds described under "INVESTMENT

* Preliminary, subject to change.

CONSIDERATIONS RELATED TO THE BONDS" herein and the investment considerations related to the State set forth in Part V of APPENDIX A to this Official Statement.

This Official Statement contains disclosures which contain "forward-looking statements." Forward-looking statements include all statements that do not relate solely to historical or current fact and can be identified by use of words like "may," "believe," "will," "expect," "project," "estimate," "anticipate," "plan," or "continue." These forward-looking statements are based on the current plans and expectations of the State and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the State's future financial position including but not limited to changes in general economic conditions, demographic trends and federal programs which may affect the transfer of funds from the federal government to the State. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the State herein. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement. The State does not undertake any obligation to update or revise publicly any statements contained herein, including forward-looking statements, whether as a result of new information, future events or otherwise.

TERMS OF THE BONDS

DESCRIPTION OF BONDS

The Bonds will bear interest from their issue date and will mature as shown on the inside cover of this Official Statement. Interest on the Bonds is payable semiannually on April 1 and October 1, beginning on October 1, 2026, at the rates per annum specified on the inside cover of this Official Statement. Payment of the installments of interest will be made to the registered owners of the Bonds as shown on the bond register at the close of business on the record date, which is the 15th day of the calendar month immediately preceding the interest payment date.

Purchases of the Bonds will be made in denominations of $5,000 principal amount or any integral multiple thereof and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Principal of, premium, if any, and interest on the Bonds will be paid by the State Treasurer of the State (the "Treasurer"), as bond registrar and paying agent (the "Bond Registrar"), to DTC or its nominee, which will in turn remit such payment to its participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX D—GLOBAL BOOK-ENTRY SYSTEM.

SECURITY

The Bonds are direct, general obligations of the State issued pursuant to Section 9 of Article IX of the Illinois Constitution ("GO Bonds"), and by law the full faith and credit of the State is pledged for the punctual payment of interest on the Bonds as the interest becomes due and for the punctual payment of the principal thereof at maturity, or any earlier redemption date, and premium, if any. The Bond Act provides that the section of the Bond Act making such pledge is irrepealable until all GO Bonds issued under the Bond Act, including the Bonds, have been paid in full (30 ILCS 330/17).

See "SECTION 1—GENERAL OBLIGATION INDEBTEDNESS—STATE FUNDING OF PAYMENTS FOR GO BONDS" in Part III of APPENDIX A—STATE OF ILLINOIS" herein.

REDEMPTION

Make-Whole Optional Redemption of the April 2026A Bonds

The April 2026A Bonds are subject to redemption prior to maturity at the option of the State, on any "Business Day," as a whole or in part, on a pro-rata basis as described under "*–Redemption Procedure*" below, in such principal amounts as may be designated by the State, at the "Make-Whole Redemption Price," as described below, plus interest accrued thereon, if any, to the date fixed for redemption.

"Business Day" means any day other than a Saturday or Sunday or legal holiday or a day on which banking institutions in the State are authorized by law or executive order to close.

The "Make-Whole Redemption Price" is the greater of (i) 100% of the principal amount of the April 2026A Bonds to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the April 2026A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such April 2026A Bonds are to be redeemed, discounted to the date on which the April 2026A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" defined below, plus _____ basis points.

"Treasury Rate" means, with respect to any redemption date for any particular April 2026A Bonds, the yield to maturity as of such redemption date of the United States Treasury securities (excluding inflation indexed securities) with a constant maturity most nearly equal to the period from the redemption date to the maturity date of such April 2026A Bonds; as compiled and published in the most recent Federal Reserve Statistical Release H.15 that has become publicly available at least two Business Days, but not more than 60 calendar days, prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data; however, if the period from the redemption date to such maturity date is less than one year, then the weekly average yield on actually traded United States Treasury securities with a constant maturity of one year will be used.

Any Make-Whole Redemption Price of April 2026A Bonds to be redeemed will be determined by an independent accounting firm, investment banking firm or municipal advisor retained by the State to calculate such redemption price. The State and the Bond Registrar may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or municipal advisor and will not be liable for such reliance.

Optional Redemption of the April 2026C Bonds

The April 2026C Bonds maturing on or after April 1, 20__, are subject to redemption prior to maturity, at the option of the State on any date on or after April 1, 20__.

The April 2026C Bonds are subject to such redemption in whole or in part, and if in part, from such maturities as shall be selected by the State, less than all of the April 2026C Bonds of a single maturity to be selected as described under "*–Redemption Procedure*" below, in integral multiples of $5,000, at a redemption price equal to 100% of the principal amount of the April 2026C Bonds to be redeemed, plus accrued and unpaid interest on the April 2026C Bonds to be redeemed to the redemption date.

Redemption Procedure

The April 2026A Bonds. The April 2026A Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. While the April 2026A Bonds are registered in book entry-only form, if less than all of the April 2026A Bonds of a maturity are to be redeemed prior to maturity, the selection for redemption of such April 2026A Bonds will be made in accordance with the operational arrangements of DTC or such successor securities depository then in effect.

In the case of any partial pro-rata redemption of any April 2026A Bonds of the same maturity, the Bond Registrar will direct DTC to provide for such redemption on a pro-rata pass through distribution of principal basis in accordance with DTC procedures and operational arrangements then in effect and if DTC procedures and operational arrangements do not allow for such pro-rata redemption, then the Bond Registrar will direct DTC to provide for redemption by lot. See APPENDIX D—GLOBAL BOOK-ENTRY SYSTEM.

If the April 2026A Bonds are not registered in book-entry-only form, any redemption of less than all of the April 2026A Bonds of any maturity will be allocated among the registered owners of such April 2026A Bonds as nearly as practicable in proportion to the principal amounts of the April 2026A Bonds of such maturity owned by each registered owner, subject to the authorized denominations applicable to the April 2026A Bonds. This will be calculated based on the formula: (principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular April 2026A Bonds to be redeemed will be determined by the State, using such method as it deems fair and appropriate.

Notice of any redemption of April 2026A Bonds will be sent by the Bond Registrar by certified or first-class mail not less than 30 nor more than 45 days prior to the date fixed for redemption to the registered owner of each April 2026A Bond (or portion thereof) to be redeemed at the address shown on the registration books of the State maintained by the Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

Failure to give the notice of redemption required above as to any April 2026A Bond, or any defect therein as to any April 2026A Bond, will not affect the validity of the proceedings for the redemption of any other April 2026A Bond. Any notice given as described above shall be conclusively presumed to have been given whether or not actually received by the appropriate addressee. With respect to an optional redemption of any April 2026A Bonds, such notice may, at the option of the State, provide that said redemption is conditioned upon the receipt by the Bond Registrar on or prior to the date fixed for redemption of moneys sufficient to pay the applicable redemption price. If such moneys are not so received by the redemption date, such redemption notice will be of no force and effect, the State will not redeem such April 2026A Bonds, the applicable redemption price will not be due and payable, and the Bond Registrar will give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such April 2026A Bonds will not be redeemed. Unless the notice of redemption is made conditional as described above, on or prior to any redemption date, the Treasurer shall provide for deposit with the Bond Registrar of an amount of money sufficient to pay the redemption price of all the April 2026A Bonds or portions of April 2026A Bonds which are to be redeemed on that date.

When notice of redemption has been given and the redemption price has been deposited with the Bond Registrar as hereinabove provided, the April 2026A Bonds or portions of April 2026A Bonds

so to be redeemed shall on the date fixed for redemption become due and payable at the redemption price therein specified, and from and after such date, provided that funds are on deposit therefor, such April 2026A Bonds or portions of April 2026A Bonds shall cease to bear interest.

The April 2026C Bonds. The April 2026C Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. While the April 2026C Bonds are registered in the Book-Entry Only System and so long as DTC or a successor securities depository is the sole registered owner of the April 2026C Bonds, partial redemptions with respect to the April 2026C Bonds will be selected for redemption, in accordance with DTC procedures, by lot. See APPENDIX D—GLOBAL BOOK-ENTRY SYSTEM.

If the April 2026C Bonds are not registered in book-entry-only form, any redemption of less than all of the April 2026C Bonds of any series and maturity will be allocated among the registered owners of such April 2026C Bonds as nearly as practicable in proportion to the principal amounts of the April 2026C Bonds of such series and maturity owned by each registered owner, subject to the authorized denominations applicable to the April 2026C Bonds. This will be calculated based on the formula: (principal amount of applicable maturity to be redeemed) x (principal amount of applicable maturity owned by owner) / (principal amount of applicable maturity outstanding). The particular April 2026C Bonds to be redeemed will be determined by the State, using such method as it deems fair and appropriate.

Notice of any redemption of April 2026C Bonds will be sent by the Bond Registrar by certified or first-class mail not less than 30 nor more than 45 days prior to the date fixed for redemption to the registered owner of each April 2026C Bond (or portion thereof) to be redeemed at the address shown on the registration books of the State maintained by the Bond Registrar, or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

Failure to give the notice of redemption required above as to any April 2026C Bond, or any defect therein as to any April 2026C Bond, will not affect the validity of the proceedings for the redemption of any other April 2026C Bond. Any notice given as described above shall be conclusively presumed to have been given whether or not actually received by the appropriate addressee. With respect to an optional redemption of any April 2026C Bonds, such notice may, at the option of the State, provide that said redemption is conditioned upon the receipt by the Bond Registrar on or prior to the date fixed for redemption of moneys sufficient to pay the applicable redemption price. If such moneys are not so received by the redemption date, such redemption notice will be of no force and effect, the State will not redeem such April 2026C Bonds, the applicable redemption price will not be due and payable, and the Bond Registrar will give notice, in the same manner in which the notice of redemption was given, that such moneys were not so received and that such April 2026C Bonds will not be redeemed. Unless the notice of redemption is made conditional as described above, on or prior to any redemption date, the Treasurer shall provide for deposit with the Bond Registrar of an amount of money sufficient to pay the redemption price of all the April 2026C Bonds or portions of April 2026C Bonds which are to be redeemed on that date.

When notice of redemption has been given and the redemption price has been deposited with the Bond Registrar as hereinabove provided, the April 2026C Bonds or portions of April 2026C Bonds so to be redeemed shall on the date fixed for redemption become due and payable at the redemption price therein specified, and from and after such date, provided that funds are on deposit therefor, such April 2026C Bonds or portions of April 2026C Bonds shall cease to bear interest.

PLAN OF FINANCE

FUNDING OF ACCELERATED PENSION BENEFIT PAYMENTS

The proceeds of the April 2026A Bonds (other than the portion of the proceeds used for costs of issuance) will be used to finance Capital Projects and to make accelerated pension benefit payments to certain of the State's retirement systems in accordance with the provisions of the Illinois Pension Code (40 ILCS 5/1-101 *et seq.*), as amended (the "Pension Code"). Said amounts will be deposited directly into the State Pension Obligation Acceleration Bond Fund of the State (the "Pension Acceleration Fund"), and the Comptroller of the State (the "Comptroller") and the Treasurer will use the amounts so deposited to make the accelerated pension benefit payments in accordance with the Pension Code. See APPENDIX B hereto for additional information.

FUNDING OF INFORMATION TECHNOLOGY PROJECTS

The proceeds of the April 2026B Bonds (other than the portion of the proceeds used for costs of issuance) will be used to finance the purchase and implementation of information technology, including but not limited to the purchase of hardware and software, as authorized by Section 3 of the Bond Act.

FINANCING OF CAPITAL EXPENDITURES

The proceeds of the April 2026C Bonds (other than the portion of the proceeds used for costs of issuance) will be used to finance Capital Projects. For additional information regarding the Rebuild Illinois capital plan, see Part II of APPENDIX A hereto.

The Bond Act authorizes the State to reallocate unspent proceeds of the Bonds to any of the purposes (other than the portion thereof used to fund accelerated pension benefit payments) and within the amounts authorized by the Bond Act. The State reserves the right to make such reallocations of Bond proceeds for available uses from time to time, *provided, however,* any reallocation of April 2026C Bond proceeds may only occur if such reallocation does not adversely affect the tax-exempt status of the April 2026C Bonds.

APPLICATION OF BOND PROCEEDS

The State estimates that the proceeds of the Bonds will be applied approximately as set forth below:

SOURCES:	APRIL 2026A BONDS	APRIL 2026B BONDS	APRIL 2026C BONDS
Principal Amount Issued			
[Net] Original Issue Premium/(Discount)			
TOTAL SOURCES			
USES:			
Project Costs			
Deposit to Pension Acceleration Fund			
Costs of Issuance*			
TOTAL USES			

* Includes Underwriters' Discount and contingency amount.

INVESTMENT CONSIDERATIONS RELATED TO THE BONDS

Purchase and ownership of the Bonds is subject to a variety of risks. Each prospective investor in the Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the investment considerations described below and in Part V of APPENDIX A hereto which, among other things, could affect the financial condition of the State and therefore result in a repayment risk for investors, and could also affect the liquidity and/or market value of the Bonds after they are issued. The considerations described below and in Part V of APPENDIX A are not all of the investment considerations associated with the purchase and ownership of the Bonds. The inclusion or omission of considerations from this section, and the order in which they are presented, do not necessarily reflect the relative importance of the various investment considerations.

The following investment considerations relate specifically to the Bonds and their terms. For investment considerations related to the State, see Part V of APPENDIX A.

Ratings

The Bonds have been rated by Moody's Ratings ("Moody's"), S&P Global Ratings ("S&P") and Fitch Ratings Inc. ("Fitch"). There is no assurance that such ratings will be maintained for any given period of time or that any rating will not be lowered or withdrawn entirely. Any revision, modification or withdrawal of any such ratings could have a material adverse effect on the availability of a market for the Bonds or the prices at which the Bonds may be resold. See "RATINGS" below.

Delays in Exercising Remedies and Limitations

The rights and remedies of the Bondholders may be limited by and are subject to equitable principles that may affect the enforcement of creditors' rights and liens securing such rights, the police powers of the State and its political subdivisions, the exercise of judicial discretion in appropriate cases and limitations on legal remedies against the State. The opinions of Co-Bond Counsel (as hereinafter defined) to be delivered with respect to the Bonds will be similarly qualified. Because of delays inherent in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in the ability of the Bondholders to pursue remedies may result in delays in payment of the Bonds.

The State is not authorized to file for bankruptcy protection under current federal bankruptcy law. Furthermore, there are federal Constitutional issues which raise doubt about the legality of any legislation of the United States Congress (*"Congress"*) that would purport to permit the State to adjust its debts in a proceeding under federal bankruptcy law.

No Secondary Market

There can be no assurances that a secondary market for the Bonds will be established, maintained or functioning. Accordingly, each purchaser should expect to bear the risk of the investment represented by the Bonds to maturity.

Future Changes in Federal Tax Laws

There are or may be introduced in Congress legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that may carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued

prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations, such as the April 2026B Bonds and the April 2026C Bonds (together the "Tax-Exempt Bonds"), could have an adverse effect on the State's ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the State.

Loss of Tax Exemption

As discussed under "TAX MATTERS" herein, interest on the Tax-Exempt Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Tax-Exempt Bonds were issued, as a result of future acts or omissions of the State in violation of its covenants in the Tax Exemption Certificate and Agreement entered into in connection with the issuance of the Tax-Exempt Bonds or future Congressional actions. Should such an event of taxability occur, the Tax-Exempt Bonds are not subject to acceleration or any special redemption solely as a result of the occurrence of events which would cause taxability and will remain outstanding until maturity.

IRS Bond Examinations

The tax-exempt bond office of the Internal Revenue Service (the *"*Service*"*) is conducting audits of tax-exempt bonds, both compliance checks and full audits, to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit of the State. If an audit is commenced, under current procedures, the Service may treat the State as a taxpayer and the Tax-Exempt Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the State could adversely affect the market value and liquidity of the Tax-Exempt Bonds, regardless of the ultimate outcome.

LITIGATION

There is no litigation pending, or to the knowledge of the State threatened, in any way questioning the title of the State officials to their respective offices or any proceedings of the State incident to the authorization and issuance of the Bonds, or in any way concerning the validity or enforceability of the Bonds, or the manner of payment thereof or the appropriation for the payment thereof.

RATINGS

Moody's has assigned a rating of "A2" (Stable Outlook) to the Bonds, S&P has assigned a rating of "A-" (Stable Outlook) to the Bonds and Fitch has assigned a rating of "A-" (Stable Outlook) to the Bonds. See "INVESTMENT CONSIDERATIONS RELATED TO THE BONDS—Ratings".

These ratings reflect the view of such organizations, and an explanation of the significance of such ratings may be obtained only from the respective rating agency. As part of the State's application for the ratings, certain information and materials, some of which are not contained in this Official Statement, have been supplied to the rating agencies. The ratings are neither a "market" rating nor a recommendation to buy, sell or hold the Bonds and may be subject to revision or withdrawal at any time, and the ratings and the Bonds should be evaluated independently.

The State will provide to the rating agencies appropriate periodic credit information necessary for maintaining ratings on the Bonds. Except as may be required by the Undertaking as defined below under the heading "CONTINUING DISCLOSURE," the State undertakes no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings or to oppose any such revision or withdrawal. If assigned, there is no assurance that any such ratings will be maintained for any given period of time or that they will not be lowered or withdrawn entirely. Any revision or withdrawal of any such ratings could have a material adverse effect on the availability of a market for the Bonds or the prices at which the Bonds may be resold.

UNDERWRITING

The Bonds are being purchased by an underwriting group (the "Underwriters"), with Loop Capital Markets LLC, as representative therefor (the *"Representative"*), pursuant to, and subject to certain conditions set forth in, a Contract of Purchase by and between the Representative, on behalf of the Underwriters, and the State (the "Contract of Purchase") at a purchase price of (i) with respect to the April 2026A Bonds, $_____ (being the principal amount of $_____ less an Underwriters' discount of $_____) (ii) with respect to the April 2026B Bonds, $_____ (being the principal amount of $_____ [plus/minus] [net] original issue [discount] [premium] of $_____, less an Underwriters' discount of $_____) and (iii) with respect to the April 2026C Bonds, $_____ (being the principal amount of $_____ [plus/minus] [net] original issue [discount] [premium] of $_____, less an Underwriters' discount of $_____). The Contract of Purchase provides that the Underwriters will purchase all of the Bonds if any of the Bonds are purchased and that the obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase. The Underwriters have agreed to make a bona fide public offering of the Bonds at not in excess of the public offering prices set forth on the inside cover of this Official Statement.

Morgan Stanley & Co. LLC, one of the Underwriters of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. ("HSI"), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

Huntington Capital Markets, one of the underwriters of the Bonds, has entered into a distribution and fee-sharing agreement with its affiliate The Huntington Investment Company ("HIC") to allow

for the distribution of certain municipal securities offerings to HIC's customers. Pursuant to this agreement, if any of the Bonds are allocated to customers of HIC, Huntington Capital Markets will share a portion of the underwriting compensation attributable to such bonds with HIC. Huntington Capital Markets and HIC are both subsidiaries of Huntington Bancshares Incorporated. In addition, Huntington Capital Markets has entered into a distribution and fee-sharing agreement with Janney Montgomery Scott LLC ("JMS") to allow for the distribution of certain municipal securities offerings to JMS' customers. Pursuant to this agreement, if any of the Bonds are allocated to customers of JMS, Huntington Capital Markets will share a portion of the underwriting compensation attributable to such bonds with JMS.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriters and their respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the State. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the State.

TAX MATTERS

THE APRIL 2026A BONDS

Interest on the April 2026A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the April 2026A Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the April 2026A Bonds should consult their tax advisors with respect to the inclusion of interest on the April 2026A Bonds in gross income for federal income tax purposes and any collateral tax consequences.

THE TAX-EXEMPT BONDS

Federal tax law contains a number of requirements and restrictions which apply to the Tax-Exempt Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The State has covenanted to comply with all requirements that must be satisfied in order for the interest on the Tax-Exempt Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Tax-Exempt Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds.

Subject to the State's compliance with the above-referenced covenants, under present law, in the separate opinions of Co-Bond Counsel to be delivered upon the issuance of the Tax-Exempt Bonds, interest on the Tax-Exempt Bonds is excludible from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Tax-Exempt Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering their opinions, Co-Bond Counsel will rely upon certifications of the State with respect to certain material facts within the State's knowledge. Co-Bond Counsels' opinions represent their legal judgment based upon their review of the law and the facts that they deem relevant to render such opinions and are not guarantees of a result.

Ownership of the Tax-Exempt Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Tax-Exempt Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Tax-Exempt Bonds is the price at which a substantial amount of such maturity of the Tax-Exempt Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Tax-Exempt Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the Tax-Exempt Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Tax-Exempt Bonds (the "OID Bonds") and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the State complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"); and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Illinois Department of Revenue ("IDOR") under Illinois income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Tax-Exempt Bonds who dispose of Tax-Exempt Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Tax-Exempt Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Tax-Exempt Bonds subsequent to the initial public offering should consult their own tax advisors.

If an Tax-Exempt Bond is purchased at any time for a price that is less than the Tax-Exempt Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having

purchased an Tax-Exempt Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when an Tax-Exempt Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Tax-Exempt Bond. Persons purchasing the Tax-Exempt Bonds should consult their own tax advisors regarding the potential implications of market discount with respect to the Tax-Exempt Bonds.

An investor may purchase an Tax-Exempt Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Tax-Exempt Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the Tax-Exempt Bond. Investors who purchase an Tax-Exempt Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Tax-Exempt Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Tax-Exempt Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Co-Bond Counsel express no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Tax-Exempt Bonds. If an audit is commenced, under current procedures the Service may treat the State as a taxpayer and the Tax-Exempt Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Tax-Exempt Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Tax-Exempt Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Tax-Exempt Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Tax-Exempt Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

STATE TAX TREATMENT

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Co-Bond Counsel

express no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

CONTINUING DISCLOSURE

The State will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The proposed form of the Undertaking is included as APPENDIX E—FORM OF CONTINUING DISCLOSURE UNDERTAKING to this Official Statement.

There have been no instances in the previous five years in which the State failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

The State has filed its "Annual Financial Information" within the time periods prescribed in its various continuing disclosure undertakings. During the last five years, the State's Comprehensive Annual Financial Report (renamed the Annual Comprehensive Financial Report beginning with the report for the Fiscal Year ended June 30, 2021) (the "Annual Report") has not been available when the Annual Financial Information has been filed, but, consistent with the State's undertakings, has been filed within 30 days after its availability to GOMB. See "AUDITED FINANCIAL STATEMENTS" herein for additional discussion regarding the availability of recent Annual Reports.

A failure by the State to comply with the Undertaking will not constitute a default under the Bond Sale Order adopted by the Governor and the Director authorizing the issuance of the Bonds, and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. A failure by the State to comply with the Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

On May 14, 2012, the State adopted disclosure policies and procedures. Such policies and procedures were amended on March 15, 2019, to incorporate procedures related to the additional reportable events added by amendments to the Rule, which will be included in the Undertaking executed by the State in connection with the issuance of the Bonds.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the separate approving legal opinions of Chapman and Cutler LLP, Chicago, Illinois ("Chapman"), and the Hardwick Law Firm, Chicago, Illinois ("Hardwick" and, together, "Co-Bond Counsel"), each of which act as Co-Bond Counsel to the State in connection with the issuance of the Bonds. Co-Bond Counsel make no representation as to the suitability of the Bonds for investment by any investor. The opinions of Co-Bond Counsel will accompany the delivery of the Bonds and be in substantially the form included in this Official Statement as APPENDIX C—FORM OF APPROVING OPINION OF CO-BOND COUNSEL. Chapman and Hardwick have also been

retained by the State to serve as Co-Disclosure Counsel to the State with respect to the Bonds. Although as Co-Disclosure Counsel to the State, Chapman and Hardwick have assisted the State with certain disclosure matters, Chapman and Hardwick have not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Bonds and do not guarantee the accuracy, completeness or fairness of such information. The engagement of Chapman and Hardwick as Co-Disclosure Counsel was undertaken solely at the request and for the benefit of the State, to assist it in discharging its responsibilities with respect to this Official Statement, and not for the benefit of any other person (including the Underwriters and any person purchasing Bonds from the Underwriters), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. The fees of Co-Bond Counsel and Co-Disclosure Counsel for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Katten Muchin Rosenman LLP, Chicago, Illinois, and Clark Hill PLC, Chicago, Illinois.

AUDITED FINANCIAL STATEMENTS

The State Auditor General (the "Auditor General") has performed an audit of the basic financial statements that accompany each Annual Report in accordance with generally accepted auditing standards in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. His opinion appears at the beginning of the financial section of each Annual Report. The most recent Annual Report is the State's Annual Comprehensive Report for the Fiscal Year Ended June 30, 2024 (the "Fiscal Year 2024 Annual Report"). The Auditor General has not been requested to update the information contained in the financial statements in the Fiscal Year 2024 Annual Report, which has been filed with the MSRB pursuant to its Electronic Municipal Market Access system and is referred to in "PART II—STATE FINANCIAL INFORMATION" in APPENDIX A—STATE OF ILLINOIS.

A portion of the Traditional Budgetary Financial Report (the "TBFR") not included in this Official Statement was audited by an independent accounting firm in accordance with accounting practices prescribed or permitted by the State Comptroller Act, as amended (15 ILCS 405/1 *et seq.*). Tables II-1, II-3, II-4 and II-6, which appear in Part II of APPENDIX A hereto, are not part of the financial statements in the TBFR that were the subject of such audit.

The Fiscal Year 2023 Annual Report was released in August 2025. The Fiscal Year 2023 Annual Report was delayed in part by additional audit requests and testing related to an estimate of liabilities of the State's Department of Healthcare and Family Services.

The Fiscal Year 2024 Annual Report was released in February 2026.

In 2023, the State began implementing procedures designed to expedite the preparation and release of future Annual Reports, including the creation of the Annual Comprehensive Financial Report Internal Control Unit (the "Unit") within GOMB. The Auditor General is conducting an audit at the Statewide level, rather than at the agency level, beginning with the Annual Report prepared for Fiscal Year 2025. The Unit works with State agencies under the Governor to prepare for and implement internal processes to manage the financial statement audit and provides technical assistance and guidance to agencies on topics such as improving internal controls, enhancing agency audit readiness, and identifying and sharing best practices.

MUNICIPAL ADVISOR

PFM Financial Advisors LLC, Chicago, Illinois, is serving as Municipal Advisor (the "Advisor") to the State in connection with the issuance of the Bonds. The Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. Under the terms of its engagement, the Advisor is not obligated to undertake, and has not undertaken, an independent verification of, nor assumed responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Advisor for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds.

ADDITIONAL INFORMATION

The information contained in this Official Statement is subject to change without notice and no implication may or shall be derived therefrom or from the sale of the Bonds that there has been no change in the affairs of the State or the information contained in this Official Statement since the dates as of which such information is given. Any statements in this Official Statement involving matters of opinion or estimate, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the State and the purchaser of any of the Bonds.

MISCELLANEOUS

The State has authorized the distribution of this Official Statement.

This Official Statement has been duly executed and delivered by the Director on behalf of the State.

STATE OF ILLINOIS

By: _____
Director, Governor's Office of Management and Budget

APPENDIX A

THE STATE OF ILLINOIS

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OFFICIAL STATEMENT OF THE STATE OF ILLINOIS

This Appendix A provides information regarding the State of Illinois (the "State" or "Illinois"). All statements contained in this Appendix A are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Illinois Constitution of 1970 (the "Illinois Constitution") and laws of the State and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions thereof.

This Appendix is divided into five parts as described in this introduction. Part I provides a general overview of the State, describes the organization of the State and provides certain economic information regarding the State. Part II describes the State's budgetary process and provides information regarding the State's recent financial history, including information regarding the State's current budget and year-to-date performance. Part III describes the State's outstanding indebtedness, including both general obligation indebtedness and revenue indebtedness. Part IV contains certain statements regarding litigation against the State and describes the State's collective bargaining agreements. Part V describes certain investment considerations related to the State. For information regarding investment considerations related to the Bonds, see "INVESTMENT CONSIDERATIONS RELATED TO THE BONDS" in the body of this Official Statement. For information regarding the State's Retirement Systems (as hereinafter defined), see APPENDIX B to this Official Statement.

PART I

OVERVIEW OF THE STATE OF ILLINOIS

GENERAL

Illinois is a sovereign state of the United States and is an issuer of debt securities. The State's powers and functions are subject to the Illinois Constitution and to legislation enacted by the Illinois General Assembly (the "General Assembly") and signed into law by the Governor, limited only by federal law and the State's jurisdiction.

According to the 2020 U.S. Census, the State has a population in excess of 12.8 million, or an adjusted population in excess of 13.0 million when taking into account an undercounting of 250,000 residents as estimated by the PES (as hereinafter defined). See "—ECONOMIC DATA RELATED TO THE STATE" herein. The State has a population with per capita personal income that exceeds that of the United States and the "Great Lakes Region" (consisting of the State and the States of Indiana, Michigan, Ohio and Wisconsin). The State has a broad employment base and diverse workforce composition that mirrors the United States as a whole. The State is home to 32 Fortune 500 companies, many of which are located in Chicago, the State's largest city and the largest city in the Midwest. Chicago is also a global financial center, ranking 6th on the September 2025 Global Financial Centres Index published by Z/Yen Partners in collaboration with the China Development Institute. The State is a major transportation and logistics hub, with several interstate highways located in the State, major trucking routes intersecting in the State and all Class 1 transcontinental railroads operating within the State. According to preliminary data from the Federal Aviation Administration (the "FAA"), Chicago O'Hare International Airport was the nation's busiest airport in 2025, maintaining direct flights to national and worldwide destinations, making it a key passenger and freight handling facility. In addition, Chicago Midway International Airport was the nation's 38th busiest airport in 2025 based on preliminary FAA data.

The State's fiscal years end on June 30 of each calendar year (each a "Fiscal Year"). References to each Fiscal Year herein are denoted by the year in which such Fiscal Year ends.

ORGANIZATION

The State is formally organized according to executive, legislative and judicial functions. The Governor is the chief executive of the State and is generally responsible for the administration of the Executive Branch of the State other than the offices of other constitutionally-elected officials. The other constitutionally-elected officials of the Executive Branch include the Lieutenant Governor, the Attorney General, the Secretary of State, the Comptroller and the Treasurer.

The Illinois Constitution provides that all elected officials of the Executive Branch hold office for four-year terms. The State's current elected constitutional officials are: Governor JB Pritzker, Lieutenant Governor Juliana Stratton, Attorney General Kwame Raoul, Secretary of State Alexi Giannoulias, Comptroller Susana Mendoza and Treasurer Michael W. Frerichs. An election for these offices will be held during the general election in November 2026.

The Comptroller is responsible for the maintenance of the State's fiscal accounting records. The Comptroller provides accounting control over the cash on hand in a specific fund or funds for which the Treasurer is accountable, control over the issuance of warrants for payments of agencies' obligations, and control to ensure that State payments do not exceed legal appropriations and

available fund balances. The Treasurer is responsible for ensuring that investment of State funds complies with the Deposit of State Moneys Act (15 ILCS 520/0.01 *et seq.*) (the "Deposit Act") and the Public Funds Investment Act (30 ILCS 235/0.01 *et seq.*).

The legislative power of the State is vested in the General Assembly, which is composed of 59 Senators and 118 members of the House of Representatives. Both the Senate and the House of Representatives meet in annual sessions to enact, amend or repeal laws and appropriation bills. Pursuant to Illinois law, the election of all members of the Senate and all members of the House of Representatives was held on November 5, 2024. Members of the House of Representatives were elected to serve two-year terms, while members of the Senate were elected to serve two-year or four-year terms as set forth in the Illinois Constitution. An election for two-thirds of the members of the Senate and all members of the House of Representatives will be held during the general election on November 3, 2026. The Auditor General, a constitutional officer of the Legislative Branch, is appointed to a term of 10 years. The current Auditor General, Frank J. Mautino, was appointed for a 10-year term effective January 1, 2016. Christopher Meister has been appointed as the Auditor General for a 10-year term, which will begin on May 1, 2026.

The Judicial Branch is composed of the Supreme Court, the Appellate Courts and the Circuit Courts. Pursuant to Illinois law, judicial elections were held on November 5, 2024, and judicial elections and judicial retentions will be on the ballot during the general election on November 3, 2026.

GOMB is responsible for, among other things, (i) assisting the Governor in developing the State's annual operating and capital budgets, (ii) advising the Governor regarding the availability of revenues and the allocation of those resources to agency programs, (iii) managing the State's capital programs and (iv) recommending the issuance of the State's general obligation bonds ("GO Bonds") and the State's dedicated State sales tax revenue bonds, titled "Build Illinois Bonds." In addition, GOMB provides financial and other information regarding the State to securities investors, the Municipal Securities Rulemaking Board ("MSRB") under its Electronic Municipal Market Access ("EMMA") system and other securities information repositories or state information depositories as required by federal securities rules.

GOMB is organized under the Governor's Office of Management and Budget Act (20 ILCS 3005/0.01 *et seq*.) (the "GOMB Act") and is headed by the Director.

ECONOMIC DATA RELATED TO THE STATE

Overview of Illinois Economy. Illinois is a state of diversified economic strength. Based on Federal Reserve Economic Data as of January 1, 2025, the Illinois economy was the fifth largest in the United States. Based on World Bank data, if Illinois were its own country, it would be the 20th largest economy in the world. Measured by per capita personal income, Illinois ranks 3rd among the ten most populous states and 15th among all states. The State's population is more educated than the populations of its regional peers and the United States as a whole, with 39.2% of State residents holding college degrees compared to 34.8% for Midwest region residents and 34.1% for U.S. residents as a whole in 2024 (numbers reflect educational attainment among residents ages 18 and older). Chicago serves as the transportation center of the Midwest and the headquarters of many of the nation's major corporations and financial institutions.

The State's GDP ranks as the 5th largest among states in the United States and exceeds the GDP of many sovereign nations including Switzerland and Poland. The State's gross domestic product ("GDP") was a preliminary $1,216.4 billion in the third quarter of calendar year 2025. This represents an increase of 39.6% from the State's GDP in the third quarter of 2020 ($871.1 billion).

Employment Information. Table I-1 shows the distribution of Illinois non-agricultural employment by industry sector.

TABLE I-1
NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
CALENDAR YEAR 2025
(in Thousands)

Industry Employment Sector	Illinois	% of Total	U.S.	% of Total
Financial Activities	396	6.4%	9,196	5.8%
Manufacturing	572	9.3%	12,633	8.0%
Trade, Transportation and Utilities	1,218	19.8%	28,742	18.1%
Leisure and Hospitality	606	9.8%	16,884	10.7%
Education and Health Services	1,013	16.4%	27,338	17.3%
Mining, Logging, Information and Other Services	351	5.7%	9,473	6.0%
Government	853	13.8%	23,509	14.8%
Professional and Business Services	914	14.8%	22,416	14.1%
Construction	238	3.9%	8,267	5.2%
Total	**6,160**	**100.0%**	**158,457**	**100.0%**

Source: Bureau of Labor Statistics, as of March 9, 2026. Both State and National data are not seasonally adjusted. Illinois' December 2025 numbers are preliminary and subject to change. Table may not add due to rounding.
Note: Figures represent the annual average for each month of the calendar year.

Agricultural Exports. Illinois ranks prominently among states for agricultural activity and exports. Table I-2 summarizes key agricultural production statistics, including rank among all states in 2024.

TABLE I-2
AGRICULTURAL EXPORTS
CALENDAR YEAR 2024
($ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	$168,085	$11,093	6.6%	3
Soybeans	24,470	3,983	16.3%	1
Corn	13,696	2,083	15.2%	2
Feeds and other Feed Grains	11,077	1,447	13.1%	2
Soybean Meal	6,386	1,040	16.3%	1
Grain Products	4,964	558	11.2%	2

Source: U.S. Department of Agriculture, Economic Research Service. As of February 9, 2026.

The State's agricultural activity and exports may be impacted by changes in federal policies, including, particularly, the levy of federal tariffs thereon, which could affect the markets available for the sale of such commodities. The federal government has made certain aid available to those affected by the tariffs. The State makes no prediction as to the overall effect of such policies on the State's agricultural industry.

Per Capita Income. Per capita income in the State is greater than the average in both the United States and the Great Lakes Region. Table I-3 presents per capita income comparisons.

TABLE I-3
PER CAPITA PERSONAL INCOME
CALENDAR YEARS 2020-2024

	2020	2021	2022	2023	2024	2024 Rank
Illinois	$61,579	$66,866	$68,044	$71,761	$74,522	**15**
United States	59,151	64,692	66,298	70,002	73,204	--
Ten Most Populous States:						
California	70,100	77,134	77,196	81,196	86,232	1
New York	70,412	76,360	77,461	81,932	85,552	2
Illinois	**61,579**	**66,866**	**68,044**	**71,761**	**74,522**	**3**
Florida	56,597	62,617	65,429	70,057	73,006	4
Pennsylvania	60,279	64,008	65,078	68,057	70,678	5
Texas	54,822	60,400	63,767	67,503	69,823	6
North Carolina	51,816	57,233	59,092	62,233	65,634	7
Ohio	52,850	57,508	58,236	61,740	64,464	8
Michigan	52,818	57,090	58,012	61,206	63,690	9
Georgia	51,496	56,262	57,396	60,006	63,006	10
Great Lakes Region:						
Illinois	**61,579**	**66,866**	**68,044**	**71,761**	**74,522**	**1**
Wisconsin	55,499	60,699	61,831	64,872	67,755	2
Ohio	52,850	57,508	58,236	61,740	64,464	3
Indiana	51,775	57,374	58,671	61,386	64,077	4
Michigan	52,818	57,090	58,012	61,206	63,690	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis, last updated September 26, 2025.

Information Regarding Unemployment. Table I-4 shows unemployment rate comparisons for the United States, the State and its metropolitan areas.

TABLE I-4
UNEMPLOYMENT RATE (%)
CALENDAR YEARS 2021-2025

	2021	2022	2023	2024	2025[(1)]
United States	5.4	3.7	3.6	4.0	4.3
Illinois	6.1	4.6	4.5	5.0	4.7
Bloomington-Normal MSA	4.5	3.6	3.7	3.9	3.7
Carbondale-Marion-Herrin CSA	5.9	4.6	4.7	4.6	4.3
Champaign-Urbana MSA	4.9	3.9	4.2	4.2	3.9
Chicago-Naperville-Elgin MSA	6.2	4.6	4.4	5.1	4.8
Danville MSA	6.6	5.2	5.9	6.0	5.5
Davenport-Moline-Rock Island MSA	5.2	3.9	4.3	4.6	4.8
Decatur MSA	7.7	5.8	6.1	5.8	5.7
Kankakee MSA	6.7	5.6	5.9	5.7	5.4
Peoria MSA	5.9	4.6	4.9	4.9	4.6
Rockford MSA	8.4	6.1	6.2	5.6	5.2
Springfield MSA	5.7	4.3	4.3	4.3	4.1

Source: U.S. Department of Labor, Bureau of Labor Statistics, and the Federal Reserve Bank of St. Louis, as of March 6, 2026.
Figures represent the annual average unemployment rate for each month of the calendar year. Certain MSAs include parts of neighboring states.
(1) Figures represent the annual average unemployment for each month of 2025 excluding October, which was not reported due to a lapse in federal appropriations. December 2025 MSA data is preliminary, subject to change.

Population. Illinois is the nation's sixth most populous state. Table I-5 provides information on the State's overall population and the population of the large population centers, each as determined by the U.S. Census, throughout the State.

TABLE I-5
POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS
BY CENSUS YEARS

	1990	2000	2010	2020
Illinois	11,430,602	12,419,927	12,830,632	12,812,508
Chicago CMSA (IL Part)	7,410,858	8,273,268	8,586,609	8,730,688
St. Louis MSA (IL Part)	656,987	671,595	703,664	682,761
Peoria MSA	358,552	366,899	416,255	402,391
Rockford MSA	283,719	320,204	349,431	338,798
Champaign-Urbana MSA	202,848	210,275	217,810	222,538
Springfield MSA	189,550	201,437	210,170	208,640

Source: U.S. Bureau of the Census, Population Division.

The U.S. Bureau of the Census released its Post Enumeration Survey on May 19, 2022 (the "PES"). The PES found that the State is one of six states that had its population significantly undercounted by the 2020 U.S. Census. The data in the PES provides that the undercount for the State was equal to 1.97%, equating to approximately 250,000 residents. If such residents had been included in the State's 2020 U.S. Census count, the State's adjusted population would have been 13,062,436, which would represent a population growth from the number of residents included in the 2010 U.S. Census.

Table I-6 provides population information for the State for calendar year 2024 displayed by age group.

TABLE I-6
ILLINOIS POPULATION BY AGE GROUP

	2024	% of Total Population
Under 18 years	2,692,660	21.2%
18 to 24 years	1,168,050	9.2%
25 to 44 years	3,442,067	27.1%
45 to 64 years	3,132,799	24.6%
65 years and over	2,274,582	17.9%
Total	12,710,158	100.0%

Source: U.S. Census Bureau American Community Survey, 1-Year Estimates, 2024.

Fortune 500 Companies in the State. In 2025, 32 companies on the Fortune 500 list had headquarters located in Illinois. Illinois is among the top four states for number of businesses on the Fortune 500 list: California: 58; Texas: 54; New York: 53 and Illinois: 32.

TABLE I-7
ILLINOIS-BASED COMPANIES INCLUDED IN THE FORTUNE 500

Rank 2025	Rank 2024	Company	Revenues (millions USD)	Profits (millions USD)	Assets (millions USD)	Industry Category	Location	Number of Employees
26	28	Walgreens Boots Alliance	$147,658	$(8,636)	$ 81,037	Food and Drug Stores	Deerfield	252,500
36	39	State Farm Insurance Cos.	122,951	5,287	367,414	Insurance: Property and Casualty (Mutual)	Bloomington	67,381
50	43	Archer Daniels Midland	85,530	1,800	53,271	Food Production	Chicago	43,213
66	73	Allstate	64,106	4,667	111,617	Insurance: Property and Casualty (Stock)	Northbrook	55,200
74	83	United Airlines Holdings	57,063	3,149	74,083	Airlines	Chicago	107,300
77	77	AbbVie	56,334	4,278	135,161	Pharmaceuticals	North Chicago	55,000
89	64	Deere	51,716	7,100	107,320	Construction and Farm Machinery	Moline	55,524
107	108	Abbott Laboratories	41,950	13,402	81,414	Medical Products and Equipment	Abbott Park	114,000
122	119	US Foods Holding	37,877	494	13,436	Wholesalers: Food and Grocery	Rosemont	30,000
125	115	Mondelez International	36,441	4,611	68,497	Food Consumer Products	Chicago	90,000
165	162	McDonald's	25,920	8,223	55,182	Food Services	Chicago	150,000
166	156	Kraft Heinz	25,846	2,744	88,287	Food Consumer Products	Chicago	36,000
185	194	Discover[1]	23,634	4,535	147,640	Diversified Financials	Riverwoods	21,000
188	193	Jones Lang LaSalle	23,433	547	16,764	Real Estate	Chicago	112,100
192	187	Exelon	23,028	2,460	107,784	Utilities: Gas and Electric	Chicago	20,014
205	189	CDW	20,999	1,078	14,678	Information Technology Services	Vernon Hills	15,100
219	206	GE HealthCare Technologies	19,672	1,993	33,089	Medical Products and Equipment	Chicago	53,000
243	248	W.W. Grainger	17,168	1,909	8,829	Wholesalers: Diversified	Lake Forest	25,000
268	253	Illinois Tool Works	15,898	3,488	15,067	Industrial Machinery	Glenview	44,000
269	342	Northern Trust	15,876	2,031	155,508	Commercial Banks	Chicago	23,300
288	270	Baxter International	15,149	(649)	25,782	Medical Products and Equipment	Deerfield	38,000
332	272	Kellanova	12,749	1,343	15,628	Food Consumer Products	Chicago	24,000
350	336	Conagra Brands	12,051	347	20,862	Food Consumer Products	Chicago	18,500
366	352	Molson Coors Beverage	11,627	1,122	26,064	Beverages	Chicago	16,800
367	391	Arthur J. Gallagher	11,555	1,463	64,255	Diversified Financials	Rolling Meadows	55,977
375	360	Ulta Beauty	11,296	1,201	6,002	Specialty Retailers: Other	Bolingbrook	39,000
392	395	Motorola Solutions	10,817	1,577	14,595	Network and Other Communications Equipment	Chicago	21,000
429	N/A	Ace Hardware	9,491	315	4,293	Wholesalers: Diversified	Oak Brook	12,500
456	448	Dover	8,424	2,697	12,509	Industrial Machinery	Downers Grove	24,000
457	471	Packaging Corp. of America	8,383	805	8,833	Packaging, Containers	Lake Forest	15,400
463	491	Old Republic International	8,232	853	27,843	Insurance: Property and Casualty (Stock)	Chicago	9,400
498	459	Ingredion	7,430	647	7,444	Food Production	Westchester	11,200

Source: Fortune Magazine.
(1) Capital One acquired Discover in May 2025.

The 2025 list reflects the addition of Ace Hardware, which had not been listed as a Fortune 500 company for the previous two years, and the removal of LKQ, which moved its headquarters from Illinois to Tennessee during 2025.

Recent Economic Development Initiatives and Announcements. In addition to the above listed companies, other major employers have significant operations in Illinois and have announced expansions or workforce reductions throughout the State. Illinois ranked 13th on CNBC's Top States for Business list in 2025, rising 17 spots since 2019 and marking it highest spot on the list. The State was ranked second in corporate expansions or relocations for the fourth year in a row by Site Selection Magazine in 2025. Site Selection also announced that Illinois was number two in projects per capita after experiencing 680 expansion or relocation projects in 2025, an increase

from 664 in 2024. In December 2025, the Governor announced that the State reached $13 billion in incentivized private investment throughout the year, breaking the previous year's record of $12.5 billion. The relocations and expansions represent many sectors and include projects across Illinois, as illustrated below.

Chicago & Surrounding Areas

In July 2024, Governor Pritzker announced that the Illinois Quantum and Microelectronics Park ("IQMP") will be constructed as a campus in South Chicago anchored by PsiQuantum. The park is designed to support the full ecosystem of companies, researchers, suppliers, end users and other partners working to facilitate the development and commercialization of quantum technologies, including the world's first fault-tolerant quantum computer. PsiQuantum has committed to invest over $1 billion and is expected to create 150 permanent new jobs to start, and the IQMP as a whole is expected to host a range of additional professions and companies. This includes not only trained technicians and operators to manage equipment and facilities, but also scientists and engineers researching and developing advanced semiconductor, manufacturing and quantum technology, developing and prototyping equipment, and creating industrial and commercial applications for quantum computing. Other future tenants of the IQMP include IBM and Infleqtion as members of the National Quantum Algorithm Center. The Department of Defense's Defense Advanced Research Projects Agency (DARPA) will invest up to $140 million at the IQMP to establish a program where quantum computing prototypes will be tested to bolster national security.

In July 2024, the clean energy company Invenergy broke ground on its $30 million "Center of Excellence" facility in Bolingbrook.

In January 2025, Governor Pritzker announced that Fortune Brands Innovations had chosen Deerfield as the site of its headquarters, creating at least 400 new jobs in the area with the capacity to grow to 1,000 jobs.

In February 2025, Governor Pritzker announced that Holcim's spin-off, Amrize, would invest $18.6 million in an operational headquarters in Chicago. The building solutions company's investment will create 50 new jobs and retain 62 jobs.

In July 2025, Governor Pritzker announced that Pure Lithium would relocate its headquarters to Chicago, investing $46 million dollars and bringing 50 new jobs to the city.

In August 2025, Governor Pritzker announced that AbbVie would invest $195 million to expand its North Chicago manufacturing facility creating at least 50 new jobs and retaining 75 jobs. In February 2026, Governor Pritzker announced that AbbVie plans to invest an additional $380 million to construct two new pharmaceutical ingredient manufacturing facilities in North Chicago, creating 300 new jobs.

In October 2025, Governor Pritzker announced that NANO Nuclear would invest $12 million and create 50 new jobs in the Chicagoland region.

In February 2026, the Governor announced that DMG MORI plans to expand by investing more than $40.5 million to build an advanced manufacturing and R&D facility in the Chicagoland area, creating 74 new jobs.

Across the State

In January 2024, Wieland announced it will invest $500 million to modernize and upgrade its East Alton facility. The new facility broke ground in March 2025 and will retain 800 jobs throughout the State.

In May 2024, Rivian announced it would invest an additional $1.5 billion into its Normal, Illinois, electric vehicle manufacturing facility and will add 550 jobs to build the company's latest vehicle, the R2.

In November 2024, Wiegel Tool Works announced it would invest $5.5 million to expand and modernize its headquarters to better supply the electric vehicle and renewable energy markets, create new jobs and retain its workforce of more than 100 employees.

In March 2025, the Governor announced that Epic Medical, a medical device manufacturing company, will make a $25 million investment and open its first U.S. facility in Pekin.

In May 2025, the Governor announced that Damera, an electric bus company, would open its first assembly plant in the U.S in the Greater Peoria region, investing $31.5 million and creating 90 new jobs.

In October 2025, Stellantis announced an investment of $613 million to reopen their Belvidere plant, which will lead to 3,300 jobs in Illinois to support the manufacturing of two Jeep models.

In February 2026, Governor Pritzker announced that Tangent Technologies would invest $50 million to expand operations to Montgomery, creating 110 new jobs.

PART II
STATE FINANCIAL INFORMATION

SECTION 1
BASIC INFORMATION REGARDING STATE FINANCES

THE GENERAL FUNDS

The General Funds are the State's primary operating funds (the "General Funds"). The General Funds account for many resources of the general government, except for those accounted for in another fund of the State. Accordingly, a large portion of the State's tax revenues and program support expenses flow through the General Funds.

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

Table II-1 provides historical information regarding receipts, appropriations and warrants issued during the last ten years for the General Funds and the other governmental funds of the State.

* Changes included in Public Act 104-006 effectively eliminated the need for the General Revenue-Common School Special Account Fund; however, the State Budget Law (15 ILCS 20/50 *et seq.*) still includes such fund among the General Funds.

TABLE II-1
10 YEAR HISTORY OF RECEIPTS, APPROPRIATIONS AND WARRANTS
($'s in Millions)
June 30 Fiscal Year End

Fund Group	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
CASH RECEIPTS										
General Funds[1]	$28,752	$27,831	$36,240	$37,091	$36,803	$ 42,881	$ 48,102	$ 47,368	$ 49,768	$ 51,416
Highway Funds	4,410	4,452	4,062	4,136	5,606	6,505	6,513	7,386	8,052	8,802
Special State Funds	23,157	24,233	33,956	29,198	30,830	38,763	44,658	47,541	48,840	48,616
Bond Financed Funds	1,084	1,133	1,302	559	1,597	2,034	1,979	2,129	3,525	1,401
Debt Service Funds[2]	835	2,304	960	2,182	1,215	1,679	2,386	3,091	1,764	3,004
Federal Trust Funds	4,846	4,825	4,581	4,700	4,855	7,440	18,225	10,041	9,419	10,168
Revolving Funds	335	617	409	559	252	509	808	984	1,010	724
State Trust Funds	1,741	1,951	5,037	4,887	5,307	2,626	3,071	6,654	3,626	6,880
TOTAL, CASH RECEIPTS	**$65,160**	**$67,346**	**$86,547**	**$83,312**	**$86,465**	**$102,437**	**$125,742**	**$125,194**	**$126,004**	**$ 131,011**
APPROPRIATIONS										
General Funds[1]	$28,536	$31,783	$36,179	$37,234	$39,113	$ 40,695	$ 43,750	$ 47,721	$ 50,674	$ 52,357
Highway Funds	8,070	7,954	8,507	8,999	16,965	17,590	18,246	17,941	19,011	21,034
Special State Funds	33,550	39,982	36,166	36,216	41,114	47,785	53,710	61,666	61,373	65,746
Bond Financed Funds	4,346	4,955	4,534	7,559	28,130	29,584	28,164	26,866	25,446	27,062
Debt Service Funds[2]	3,536	5,237	3,960	5,850	3,626	6,301	5,814	5,265	4,152	5,478
Federal Trust Funds	8,288	8,752	8,282	8,401	12,239	26,545	31,708	26,323	22,285	20,515
Revolving Funds	927	1,468	938	1,217	1,227	1,231	1,219	1,319	1,446	1,269
State Trust Funds	604	625	605	676	688	1,315	1,882	2,149	2,037	1,999
TOTAL, APPROPRIATIONS	**$87,857**	**$100,756**	**$99,171**	**$106,152**	**$143,102**	**$171,046**	**$184,493**	**$189,250**	**$186,424**	**$ 195,460**
WARRANTS ISSUED										
General Funds[1]	$26,750	$29,421	$35,381	$36,361	$37,363	$ 39,327	$ 42,876	$ 46,641	$ 49,380	$ 51,091
Highway Funds	4,039	3,748	3,813	3,707	4,532	4,905	4,882	5,240	5,828	6,597
Special State Funds	22,356	28,298	29,366	27,276	30,859	35,556	41,035	48,167	46,918	49,540
Bond Financed Funds	777	1,352	531	574	1,319	1,940	1,738	2,203	2,592	2,948
Debt Service Funds[2]	3,536	5,212	3,960	5,760	3,622	6,266	5,679	5,210	4,082	5,418
Federal Trust Funds	4,906	4,787	4,597	4,721	5,117	9,881	13,542	10,852	10,269	8,761
Revolving Funds	546	733	699	705	818	963	994	1,140	1,193	1,099
State Trust Funds	1,248	1,184	5,181	4,389	2,032	2,140	2,134	6,240	2,738	6,101
TOTAL, WARRANTS ISSUED	**$64,158**	**$74,735**	**$83,528**	**$83,493**	**$85,662**	**$100,978**	**$112,880**	**$125,693**	**$123,000**	**$ 131,555**

Source: Illinois Office of the Comptroller; Traditional Budgetary Financial Report, Fiscal Year 2025 (unaudited).

(1) Prior to Fiscal Year 2018, the General Funds included only the General Revenue Fund, the Education Assistance Fund, the Common School Fund, and the General Revenue-Common School Special Account Fund. Tables and budget discussions in this Official Statement for Fiscal Year 2017 and earlier reflect the original definition of General Funds, except where noted.

(2) Includes the GOBRI Fund (as hereinafter defined).

THE ILLINOIS BUDGET PROCESS

Article VIII, Section 2(a) of the Illinois Constitution requires the Governor to prepare and submit to the General Assembly, at a time prescribed by law (generally in February of each year), a State budget for the ensuing Fiscal Year. The proposed budget includes recommended spending levels for state agencies, estimated funds available for appropriation from tax collections and other sources, and state debt and liabilities. GOMB is responsible for estimating revenues and developing budget recommendations that reflect the Governor's programmatic and spending priorities. The Commission on Government Forecasting and Accountability ("COGFA"), by statute, is responsible for estimating revenues for the legislative branch of government. The budgets introduced by the Governor for each Fiscal Year must contain balanced estimated revenues and proposed expenditures for the upcoming Fiscal Year. Article VIII, Section 2(b) requires the General Assembly to make appropriations for all expenditures of public funds by the

State, which appropriations for a Fiscal Year may not exceed funds estimated by the General Assembly to be available during that Fiscal Year.

The budget process begins with the various agencies of the State identifying and estimating the cost of potential spending pressures for the next Fiscal Year, including maintaining or annualizing current program levels, expanding services for existing programs and initiating new programs. During November and December, GOMB conducts a detailed financial and programmatic review of agency budgets. Funding requests typically exceed available resources. GOMB works closely with agencies and the Governor's senior staff to manage budgetary pressures while funding core priorities of the agencies. GOMB develops and presents to the Governor budget options for his final decisions. Narrative statements explaining the budget and complete budget request forms are printed in the "budget book," which is the term used to describe the Governor's compiled budget presentation.

Concurrently with the operations and grants budgeting process, agencies develop a capital budget. The Capital Development Board ("CDB") conducts a technical review and prepares cost estimates for State facility projects for which it will be responsible. Other types of capital projects, such as highway, mass transit and airport facility construction and alternative energy or school facility construction, are reviewed by other State agencies. Once reviewed, proposed capital projects are ranked by category considering need, availability of resources and the Governor's priorities regarding repair and maintenance projects versus new construction.

The Governor presents his recommended budget to a joint session of the General Assembly. By law, the Governor must present his budget to the General Assembly no later than the third Wednesday in February of each year (15 ILCS 20/50-5). The Governor's proposed budget is introduced for formal consideration by the General Assembly through one or more appropriation bills.

Legislative review of the Governor's budget recommendations begins with hearings before House and Senate appropriations committees. Appropriations committees may adopt amendments to change the funding level recommended by the Governor. Once adopted by the committee, an appropriations bill moves to the full House or Senate for debate, any amendment and a vote. When an appropriations bill passes in one chamber, the bill moves to the second chamber, where a similar process takes place. Changes made in either chamber must ultimately be accepted by both the House and the Senate for the bill to pass and be presented to the Governor.

Final approval of the budget usually does not occur until the end of the legislative session. Appropriation bills require an effective date on or before the start of the Fiscal Year to authorize expenditures at the beginning of the Fiscal Year, July 1. The Illinois Constitution requires a simple majority vote of the General Assembly for a bill passed on or before May 31 to take effect immediately. On or after June 1, a three-fifths vote of the General Assembly is required for a bill to take immediate effect.

Once the General Assembly passes the budget through one or more appropriation bills, the Governor must sign the appropriation bills before funds may be spent. Article IV, Section 9(d) of the Illinois Constitution provides that the Governor may reduce or veto any item of appropriations in a bill passed and presented to him by the General Assembly. Portions of a bill not reduced or vetoed become law. Line items that have been vetoed or reduced may be reconsidered by the General Assembly. The General Assembly may return an item to the enacted level by majority vote in both houses in the case of a reduction veto and by a three-fifths vote in the case of a line-

item veto. If additional resources beyond those initially approved in the budget become necessary, a supplemental appropriation bill may be passed any time the General Assembly is in session.

For information regarding the budget of the State for the current Fiscal Year, see "SECTION 2—RECENT FINANCIAL HISTORY" herein.

STATE FINANCIAL REPORTS

Overview. The Comptroller annually prepares two separate financial reports that are audited by the Auditor General: the Annual Report (as hereinafter defined) and the Traditional Budgetary Financial Report ("TBFR"). The Auditor General opines on the financial statements contained in the Annual Report. With respect to the TBFRs issued for Fiscal Years prior to Fiscal Year 2025, the Auditor General opined on the portion of the financial statements contained therein. Beginning with the TBFR for Fiscal Year 2025, the Auditor General no longer opines on any portion of the TBFR.

Annual Report. As the fiscal control officer of the State, the Comptroller issues a report which includes financial statements detailing receipts and expenditures for each Fiscal Year prepared according to generally accepted accounting principles ("GAAP") and containing statements of budgetary fund balances and changes in budgetary fund balances for all fund groups. Through and including the Fiscal Year ended June 30, 2020, this report was referred to as the *"Comprehensive Annual Financial Report*." This report for the Fiscal Year ended June 30, 2021, was titled, and future reports will be titled, *"Annual Comprehensive Financial Report."* This report will be referred to herein as the "Annual Report."

If the Annual Report is not available by December 31 of the year in which any Fiscal Year ends, the Comptroller may, but is not required to, publish a preliminary Annual Comprehensive Financial Report. In February 2026, the Comptroller published an Interim Annual Comprehensive Report for Fiscal Year 2025 pursuant to this authority. A copy of this report is available on the Comptroller's website. See APPENDIX F—WEBSITE INDEX.

Under Section 19.5 of the State Comptroller Act (15 ILCS 405/1 *et seq.*) (the "State Comptroller Act"), the Comptroller is required to publish the Annual Report for each Fiscal Year by December 31 of the year in which such Fiscal Year ends if (i) each State agency provides the financial information required by Section 19.5(a) of the State Comptroller Act by October 31 of such year, (ii) the Lapse Period (as hereinafter defined) is not extended past August 31 for such Fiscal Year, and (iii) the Auditor General has completed an audit of the Annual Report. However, pursuant to Section 25 of the State Finance Act (30 ILCS 105/1 *et seq.*) (the "State Finance Act"), the Lapse Period for certain expenses (which is the time period at the beginning of a Fiscal Year during which the State is allowed, by statute, to pay outstanding bills from a recently ended Fiscal Year) (the "Lapse Period") was permanently extended for certain medical assistance payments past the 60-day Lapse Period granted to most appropriations. This extension makes the publication of audited financial statements by December 31 problematic in years in which bills are paid during the end of the Lapse Period. The State has covenanted in its continuing disclosure undertakings to file the Annual Report within 30 days after its availability to GOMB. See "CONTINUING DISCLOSURE" in the body of this Official Statement and APPENDIX E—FORM OF CONTINUING DISCLOSURE UNDERTAKING. A final copy of the Fiscal Year 2023 Annual Report was made available to GOMB on August 12, 2025, and was uploaded to EMMA on such date. A final copy of the Fiscal Year 2024 Annual Report was made available to GOMB on February 10, 2026, and was uploaded to EMMA on March 5, 2026. The Fiscal Year 2023 Annual

Report and the Fiscal Year 2024 Annual Report are also available on the Comptroller's website. See APPENDIX F—WEBSITE INDEX. See "AUDITED FINANCIAL STATEMENTS" in the body of this Official Statement.

Traditional Budgetary Financial Report. The Comptroller also annually prepares and issues the TBFR using accounting practices prescribed or permitted by the State Comptroller Act that represent the budget basis of accounting. Through Fiscal Year 2024, certain portions of the TBFR were audited, but beginning with the Fiscal Year 2025 TBFR, no portion of the report is audited. Presentation practices in the TBFR are materially different from the GAAP presentation practices used in the Annual Report. Under Section 20 of the State Comptroller Act, the TBFR for each Fiscal Year is to be released by December 31 of each year. A final copy of the Fiscal Year 2025 TBFR can be found on the Comptroller's website. See APPENDIX F—WEBSITE INDEX.

Key differences between the accounting practices used in the TBFR and GAAP utilized in preparing the Annual Report are described in "SECTION 3—GENERAL FUNDS FINANCIAL REPORTS" in this Part II.

Measurement Basis. The basis used in preparing financial information impacts the manner in which revenues and expenditures are recognized in preparing these financial reports. Financial information reported by the State is prepared and reported under one of three measurement bases: (i) the cash basis of accounting; (ii) the budget basis of accounting; or (iii) the GAAP as promulgated by the Government Accounting Standards Board ("GASB") basis of accounting.

The **cash basis** of accounting recognizes revenues when cash funds are received and ordered into the State Treasury by the Comptroller during the Fiscal Year. Disbursements are recognized when vouchers have been approved and released for payment by the Comptroller, again during the Fiscal Year.

The **budget basis** of accounting recognizes revenues using the same approach and timing as the cash basis (with the exception of transfers in when the prior Fiscal Year had carried over transfers due to the General Funds). Expenditures are recognized when the legal liability is incurred, and sufficient appropriation authority exists. Budget basis expenditures also include disbursements made during the two-month Lapse Period (for most appropriations) starting July 1 of the subsequent Fiscal Year. However, the liability must have been incurred during the prior Fiscal Year and sufficient remaining appropriation authority from that Fiscal Year must also exist.

The **GAAP basis** of accounting recognizes revenues that were earned during the Fiscal Year but are actually collected and deposited during the Fiscal Year plus the first 60 days of the subsequent Fiscal Year. GAAP basis expenditures are recognized when the legal liability is incurred during the Fiscal Year, regardless of whether remaining appropriation authority existed from that Fiscal Year and irrespective of the date when the disbursement is made. Of particular note, Medicaid and group health insurance spending are the primary expenditures that may be disbursed when current-year appropriation authority has been exceeded, pursuant to statutory authorization in Section 25 of the State Finance Act that permits the State to pay such liabilities using available appropriations for the subsequent Fiscal Year. Such expenditures paid from subsequent Fiscal Year appropriations are known as Section 25 Liabilities.

Differences Between Accounting Practices in the TBFR and Annual Report. Key differences between the accounting practices used in the TBFR and GAAP utilized in preparing the Annual Report include the following:

Revenue Recognition:

- The TBFR recognizes as revenues those amounts collected and deposited by June 30 of each Fiscal Year.
- The Annual Report recognizes as revenues amounts earned but collected and deposited no later than 60 days after the end of the Fiscal Year.

Expenditure and Liability Recognition:

- The TBFR recognizes as expenditures and liabilities only those amounts that are appropriated for that Fiscal Year, incurred by June 30, and paid no later than December 31 following the end of the Fiscal Year.
- The Annual Report recognizes all expenditures that are incurred and paid by June 30, or that are legal liabilities of that Fiscal Year, even if such amounts exceed the appropriations for that Fiscal Year.
- "Section 25 Liabilities" reflect a portion of the difference in TBFR versus Annual Report expenditures when insufficient appropriations exist for incurred liabilities. Section 25 refers to statutory authorization that permits the Comptroller to pay such liabilities during the subsequent Fiscal Year, as shown in Table II-5—"ACCOUNTS PAYABLE AS OF THE END OF EACH FISCAL YEAR 2021-2025" herein.

Statutory Transfers:

- The TBFR recognizes transfers in and transfers out on a modified accrual accounting basis wherein the transfer is recognized if statutorily required during a Fiscal Year even though the actual transfer may occur during the subsequent Fiscal Year.
- Under GAAP accounting, the Annual Report only recognizes statutory transfers that have been made in cash during the Fiscal Year.

Pension Expenditures:

- The TBFR reflects statutorily required contributions. Amounts shown in Tables II-3 and II-4 herein represent only the General Funds portion (approximately 89% of the total required contribution) as certified by (i) the Teachers' Retirement System of the State of Illinois ("TRS"); (ii) the State Universities Retirement System ("SURS"); (iii) the State Employees' Retirement System of Illinois ("SERS"); (iv) the Judges Retirement System of Illinois ("JRS"); and (v) the General Assembly Retirement System ("GARS") (each a "Retirement System" and collectively, the "Retirement Systems") net of the debt service on the GO Bonds issued by the State in 2003 to fund contributions to the Retirement Systems pursuant to the authorizing statute, net of contributions from other State funds with payroll costs, and net of transfers from the State's Unclaimed Property Trust Fund.
- For additional differences between statutory funding requirements and GAAP and other important disclosures of the pension obligations of the State, see Part IV of this Appendix A.

Scope of General Funds:

- The TBFR and Tables II-3, II-4 and II-8 herein reflect the General Revenue Fund, the Common School Fund, the General Revenue-Common School Special Account Fund

and the Education Assistance Fund for Fiscal Years prior to Fiscal Year 2018, and reflect the General Revenue Fund, the Common School Fund, the General Revenue-Common School Special Account Fund, the Education Assistance Fund, the Commitment to Human Services Fund, the Fund for the Advancement of Education and the Budget Stabilization Fund for Fiscal Year 2018 and subsequent Fiscal Years.

- The Annual Report data in Table II-9 also includes the Budget Stabilization Fund, Medicaid Provider Assessment Program Funds, and certain other funds as more fully described in Note 1 therein.

ECONOMIC AND FISCAL POLICY REPORT: FY 2026–FY 2031

GOMB is required, pursuant to Section 7.3 of the GOMB Act, to prepare annually and submit to the General Assembly an economic and fiscal policy report, which is required to be published by November 15 of each year. This report (the "Economic and Fiscal Policy Report") is intended to provide additional information on the State's economic and fiscal objectives and fiscal policy intentions for the upcoming Fiscal Year and the succeeding four Fiscal Years; the report is not a projection of the financial condition of the State for this period. GOMB also publishes a quarterly unaudited report of revenues, expenditures, and other financing sources of major State funds. These reports are prepared primarily on a modified accrual basis.

The most recent Economic and Fiscal Policy Report was released on October 9, 2025 (the "2025 Economic and Fiscal Policy Report"). The 2025 Economic and Fiscal Policy Report projected deficit budgets for Fiscal Years 2026 through 2031 absent further action. Deficits ranging from $267 million to $5.3 billion were projected through the remainder of the forecast period set forth in the 2025 Economic and Fiscal Policy Report. The Fiscal Year 2025 and future year revenue estimates drew from the S&P Global baseline economic forecast. The State approved balanced budgets for Fiscal Years 2025 and 2026.

On February 6, 2026, the State released an update to the 2025 Economic and Fiscal Policy Report (the "2025 Report Update") outlining the effect of decoupling from federal income tax changes and possible effects of reductions in the federal Temporary Assistance for Needy Families (TANF) program and federal child care funding programs. The 2025 Economic and Fiscal Policy Report and the 2025 Report Update discuss, among other things, (i) the State's decision to decouple from select federal tax provisions included in the federal budget bill with respect to the taxation of large corporations, which reduced an initially estimated $830 million reduction in General Funds revenues in Fiscal Year 2026 to $587 million for such Fiscal Year, (ii) the potential impact of additional administrative and operational requirements imposed on states under new federal mandates related to the Supplemental Nutrition Assistance Program ("SNAP") and Medicaid eligibility, the implementation of which are expected to cost the State in excess of $100 million over the next two Fiscal Years, and (iii) the growing uncertainty around federal support for critical safety net programs, including SNAP and Medicaid. See "RECENT FINANCIAL HISTORY—FEDERAL REVENUES" herein for additional discussion.

The Economic and Fiscal Policy Report and the 2025 Report Update are available on GOMB's website (see APPENDIX F—WEBSITE INDEX).

SECTION 2
RECENT FINANCIAL HISTORY

OVERVIEW

The State experienced financial challenges during much of the most recent decade, exacerbated by the budget impasse of 2015 through 2017 when pieces of the State's annual budgets were not appropriated, during which the State accumulated a significant backlog of unpaid bills. Although the State took actions at the conclusion of the impasse to increase revenues, control budgetary costs, issue the Section 7.6 Bonds (as defined herein) and use reserves to make progress toward reducing both the budgetary deficit and a portion of the State's unpaid bills, the State was unable to fully eliminate payment delays or build reserves in the fiscal years that immediately followed the budget impasse. While the State was in the midst of its attempts to recover from the budget impasse, the arrival of the COVID-19 pandemic (as hereinafter described) reduced State revenues and increased expenditure pressures at the State's safety net and emergency response agencies. During this time, the State issued certain short-term obligations and utilized interfund borrowing authority to ensure the State was able to weather the economic impacts of the pandemic.

The State's financial position has improved significantly in recent years. The State has recovered from the economic uncertainty caused by the COVID-19 pandemic. See "—REVIEW OF FISCAL YEAR 2023 PERFORMANCE" herein. The State also received significant funds from the federal government to aid in pandemic recovery pursuant to the six pieces of legislation enacted by Congress to address the impacts of COVID-19 (collectively, the "Federal COVID Acts"): (i) the Coronavirus Preparedness and Response Supplemental Appropriations Act, enacted March 6, 2020; (ii) the Families First Coronavirus Response Act, enacted March 18, 2020; (iii) the Coronavirus Aid, Relief, and Economic Security Act, enacted March 27, 2020 (the "CARES Act"); (iv) the Paycheck Protection Program and Health Care Enhancement Act, enacted April 24, 2020; (v) the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSA Act"), enacted December 27, 2020; and (vi) the American Rescue Plan Act (the "ARP Act"), enacted March 11, 2021. For additional information regarding the use of the funds received by the State pursuant to the Federal COVID Acts, see "—USE OF FEDERAL COVID ACT FUNDS" herein.

The State has taken advantage of this economic recovery to (i) reduce the backlog of unpaid bills and move to a normal accounts payable process (bills are outstanding for less than 30 days) (see "—BILL PAYMENT HISTORY AND STATUS" herein), (ii) accelerate the repayment of State debt, including, but not limited to, the early repayment of certain short-term obligations issued by the State in the early stages of the COVID-19 pandemic to alleviate projected budget deficits, interfund borrowings and Railsplitter Bonds (see "—RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY" herein), (iii) make additional pension payments above the amounts certified by the retirement systems in an aggregate amount of $700 million across Fiscal Year 2022 and Fiscal Year 2023 (see APPENDIX B—"PENSION AND OTHER POST-EMPLOYMENT BENEFITS" herein), (iv) retire the State's Unemployment Trust Fund liability (see "—UNEMPLOYMENT TRUST FUND" herein) and (v) build a balance in the State's Budget Stabilization Fund of $2.44 billion (as of March 1, 2026), a record funding level for the fund (see "—BUDGET STABILIZATION FUND" herein). The State has received ten credit rating upgrades since June 2021.

Information regarding monthly revenues received by the State is available on the Comptroller's website. See APPENDIX F—WEBSITE INDEX.

The following subsections provide information regarding the State's recent financial performance.

REVIEW OF FISCAL YEAR 2024 PERFORMANCE

The Fiscal Year 2024 budget made investments in pre-kindergarten education, kindergarten-12th grade education, and higher education to support the success of Illinois students and teachers; invested in economic development to grow the State's economy; and provided more resources for public safety and healthcare. The budget included an additional $600 million appropriated to the Illinois State Board of Education, of which $75 million supported an expansion of early childhood education services and $45 million supported a teacher pipeline grant program. The budget increased funding for Monetary Award Program need-based and AIM HIGH merit-based higher education scholarships. In addition, PA 103-0102, signed into law on June 16, 2023, provided rate increases for specific health care and human services providers.

Fiscal Year 2024 Revenues

Total revenues and transfers in from other State funds totaled $52.589 billion in Fiscal Year 2024, an increase of $1.883 billion (3.6%) from the Fiscal Year 2023 base level.

The State's three largest revenue sources (individual income tax, corporate income tax and State sales tax) totaled $41.296 billion, an increase of $1.268 billion (3.2%) from Fiscal Year 2023. The total is net of the deposit of $2.831 billion into the Local Government Distributive Fund, the Downstate Public Transportation Fund, and the Public Transportation Fund and a $570 million sales tax deposit into the Road Fund.

Total other state source revenues totaled $3.968 billion, a $340 million increase from Fiscal Year 2023 levels. Transfers into the General Funds totaled $2.798 billion, a decrease of $450 million (13.9%) from Fiscal Year 2023. This decrease is primarily due to a smaller transfer in from the Income Tax Refund Fund. In Fiscal Year 2023, the Income Tax Refund Fund transferred $1.481 billion into the General Funds, compared to $555 million in Fiscal Year 2024.

Base federal revenues totaled $4.526 billion, an increase of $724 million (19%). This is primarily due to a one-time retroactive draw of federal dollars that occurred in Fiscal Year 2024.

Fiscal Year 2024 Expenditures

Total General Funds pension costs and operating expenditures for Fiscal Year 2024 totaled $49.432 billion, an increase of $2.736 billion (5.9%) from Fiscal Year 2023 levels.

Base statutory transfers out of the General Funds decreased by approximately $504 million to $778 million in Fiscal Year 2024 from the Fiscal Year 2023 total of $1.282 billion.

Debt service transfers for State general obligation bonds totaled $1.517 billion from the General Funds.

Fiscal Year 2024 Results

The General Funds had in Fiscal Year 2024 an increase in the budgetary balance of $872 million after accounting for all Fiscal Year 2024 expenditures, and after the Comptroller's budgetary basis adjustments reflected in the TBFR, with an end of year budgetary basis fund balance of $3.098 billion. In Fiscal Year 2024, $1.243 billion in General Funds appropriations were lapsed. During Fiscal Year 2024, an additional $161 million was reserved in the State's Budget Stabilization Fund (one of the General Funds). See "TABLE III 1—Cash Balances by Fund Category" herein.

REVIEW OF FISCAL YEAR 2025 PERFORMANCE

The Fiscal Year 2025 enacted budget focused on making investments primarily in early childhood education, K-12 education, higher education, human services, economic development, and poverty reduction. Additionally, the Governor signed Public Act 103-0591, which increased the debt authorization in the Bond Act by $2.349 billion, increased the debt authorization in the BI Bond Act (as hereinafter defined) by $1.339 billion and added quantum science and technology to section 4(b) of the BI Bond Act.

Fiscal Year 2025 Revenues

Total revenues and transfers in from other State funds totaled $53.998 billion, an increase of $1.409 billion (2.7%) from the Fiscal Year 2024 level.

The State's three largest revenue sources (individual income tax, corporate income tax and State sales tax revenues) totaled $43.476 billion, an increase of $2.180 billion (5.3%) from Fiscal Year 2024. The total is net of the $698 million sales tax allocation to the Road Fund (tied to sales of motor fuels) and deposits of $2.819 billion into the Local Government Distributive Fund, the Downstate Public Transportation Fund, and the Public Transportation Fund.

Total other state source revenues totaled $4.232 billion, a $264 million increase from Fiscal Year 2024 levels. Transfers into the General Funds totaled $2.510 billion, a decrease of $288 million (10.3%) from Fiscal Year 2024 amounts. This decrease is primarily due to a smaller transfer in from the Income Tax Refund Fund. In Fiscal Year 2024, the Income Tax Refund Fund transferred $555 million into the General Funds, compared to $253 million for Fiscal Year 2025.

Federal revenues totaled $3.780 billion, a decrease of $746 million from Fiscal Year 2024. This decrease is due to a one-time retroactive draw of federal revenue that took place in Fiscal Year 2024.

Fiscal Year 2025 Expenditures

General Funds operating expenditures and pension costs for Fiscal Year 2025 totaled $51.160 billion, an increase of $1.728 billion (3.5%) from Fiscal Year 2024 levels.

Base statutory transfers out of the General Funds increased by approximately $219 million to $997 million in Fiscal Year 2025 from the Fiscal Year 2024 total of $778 million.

Debt service transfers for general obligation bonds totaled $1.762 billion from the General Funds.

Fiscal Year 2025 Results

The General Funds had in Fiscal Year 2025 an increase in the budgetary balance of $3 million after accounting for all Fiscal Year 2025 expenditures, and after the Comptroller's budgetary basis adjustments reflected in the TBFR, and a budgetary basis fund balance of $3.101 billion. In Fiscal Year 2025, $1.197 billion in General Funds appropriations were lapsed. See "TABLE III 1—Cash Balances by Fund Category" herein.

In accordance with State law, an additional $256 million was reserved in the State's Budget Stabilization Fund (one of the General Funds) during Fiscal Year 2025.

FISCAL YEAR 2026 ENACTED BUDGET

The State's General Funds budget for the fiscal year ending June 30, 2026 (the "Fiscal Year 2026 Budget"), focuses on making investments primarily in K-12 education, social services, economic

development and public safety. Additionally, the Governor signed Public Act 104-0008 ("P.A. 104-0008"), which increased the debt authorization in the Bond Act by $875 million and the debt authorization in the BI Bond Act by $740 million. The Fiscal Year 2026 Budget also created the Budget Reserve for Immediate Disbursements and Governmental Emergencies Fund (the "BRIDGE Fund"), which is designed to cover short-term emergencies and revenue shortfalls. The BRIDGE Fund was funded with approximately $98.667 million transferred from other accounts in the State Treasury.

Fiscal Year 2026 Projected Revenues

As of February 2026, total resources available for Fiscal Year 2026 are projected at $55.228 billion, an increase of $1.230 billion over Fiscal Year 2025 totals and an increase over October 2025 projections. This total includes transfers in for payroll cashflow borrowing. These transfers are the repayment portion of short-term payroll backfills to state agencies that are experiencing delays in federal funding or other revenues.

Fiscal Year 2026 base State revenues and transfers in from other State funds to the General Funds are projected to total $55.225 billion, an increase of $1.227 billion from Fiscal Year 2025 results.

The State's three largest revenue sources (individual income tax, corporate income tax and State sales tax revenues) are projected to total $43.827 billion, an increase of $351 million (0.8%) from Fiscal Year 2025 amounts. The projection is net of an estimated $657 million sales tax allocation to the Road Fund (tied to sales of motor fuels) and deposits of $3.138 billion into the Local Government Distributive Fund, the Downstate Public Transportation Fund, and the Public Transportation Fund. The updated forecasts reflect the estimated impact of federal business tax cuts in HR 1 (as hereinafter defined) and subsequent enactment of Public Act 104-0453, which decoupled Illinois from some of the federal business tax changes. See "—ECONOMIC AND FISCAL POLICY REPORT: FY 2026–FY 2031" in this Part II.

Other State source revenues are projected to total $4.276 billion, a $44 million increase from Fiscal Year 2025 levels. Transfers into the General Funds are projected to total $3.108 billion, an increase of $598 million (23.8%) from Fiscal Year 2025 amounts. This increase is due to growth in receipts from Sports Wagering taxes and fees, daily lottery settlements and transfers in from casino taxes.

Federal revenues are projected to total $4.016 billion, an increase of $236 million from Fiscal Year 2025.

Fiscal Year 2026 Enacted Expenditures

General Funds operating expenditures and pension costs are projected to total $52.791 billion, an increase of $1.631 billion (3.1%) from Fiscal Year 2025 levels. This includes General Funds contributions to the State's retirement systems, budgeted at the certified level of $10.536 billion, an increase of $401 million (4.0%) from Fiscal Year 2025 levels and proposed $20 million in supplemental appropriations identified for Fiscal Year 2026.

Base statutory transfers out of the General Funds are projected to decrease by approximately $363 million to $634 million in Fiscal Year 2026. This amount includes a proposed $85 million additional transfer from the General Revenue Fund to pay for current year obligations.

Debt service transfers for the State's general obligation bonds are projected to total $1.726 billion from the General Funds.

The Fiscal Year 2026 Budget fully funds the State's Required Statutory Contributions to the Retirement Systems and transfers $75 million to address potential Social Security wage base concerns related to Tier 2 Employees (as hereinafter defined). See EXHIBIT B—"PENSION AND OTHER POST-EMPLOYMENT BENEFITS—Projection of Contributions and Funded Status" for additional information.

Fiscal Year 2026 Projected Results

The enacted Fiscal Year 2026 Budget is projected to result in an increase in the General Funds budgetary balance of $75 million after adjustment for the proposed Fiscal Year 2026 supplemental appropriations and additional transfer out. The budget basis General Funds surplus at the end of Fiscal Year 2026 is estimated to total $3.176 billion (June 30 General Funds cash balance less lapse period obligations). Under current State law, an estimated additional $161 million will be deposited in the Budget Stabilization Fund during Fiscal Year 2026.

FISCAL YEAR 2027 BUDGET PROPOSAL

Fiscal Year 2027 Proposed Revenues

Fiscal Year 2027 General Funds total revenues and transfers in from other state funds are estimated to total $56.055 billion, an increase of $830 million from the estimated Fiscal Year 2026 level. This total includes approximately $589 million in proposed revenue adjustments and a redirection of sales taxes from the Capital Projects Fund to the General Revenue Fund of approximately $79 million. These proposed revenue adjustments include a social media platform fee (approximately $200 million); a change in tax treatment for casinos (approximately $120 million); and a phase-in of the amount of annual net operating loss deduction (approximately $269 million).

The State's three largest revenue sources - individual income tax, corporate income tax, and state sales tax - are estimated to total $45.060 billion, an increase of $1.234 billion (2.8%) from Fiscal Year 2026 revised estimates. The estimate assumes transfers and deposits of $3.961 billion into the Local Government Distributive Fund, the Downstate Public Transportation Fund, and the Public Transportation Fund for state revenue sharing of income and sales taxes. Effective July 1, 2026, per PA 104-0457, the state portion of sales taxes on motor fuel and gasohol purchases that were previously deposited into the Road Fund will now be shared between the Downstate Public Transportation Fund and the Public Transportation Fund to support mass transportation costs.

Other state source revenues are projected to total $3.963 billion, a $313 million decrease from estimated fiscal year 2026 levels. Transfers into the General Funds are projected to total $2.961 billion, a decrease of $146 million (4.7%) from Fiscal Year 2026 estimates.

Federal revenues are projected to total $4.071 billion, an increase of $55 million.

Fiscal Year 2027 Proposed Expenditures

The Governor's fiscal year 2027 budget proposal focuses on maintaining access to high-quality education, critical social services, comprehensive medical care, and other valuable public services.

Fiscal Year 2027 General Funds proposed operating budget expenditures are estimated to total $53.751 billion, an increase of $960 million (1.8%) from Fiscal Year 2026 levels. This includes contributions to the state retirement systems budgeted at the certified level of $10.729 billion from the General Funds, an increase of $192 million (1.8%) from Fiscal Year 2026 levels.

Statutory transfers out of the General Funds are projected to decrease by approximately $203 million to $431 million in Fiscal Year 2027 from an estimated Fiscal Year 2026 transfers out of $634 million.

Debt service transfers for the State's general obligation bonds are projected to total $1.850 billion from the General Funds.

Total proposed Fiscal Year 2027 expenditures are projected at $56.032 billion, an increase of $984 million (1.8%) above the Fiscal Year 2026 estimated levels prior to the proposed supplemental and transfer amount.

Fiscal Year 2027 Projected Results

The proposed Fiscal Year 2027 budget is expected to result in an increase of $24 million in the General Funds budgetary balance (June 30 cash balance less the General Funds obligations paid in the lapse period). The budget basis General Funds balance at the end of fiscal year 2027 is estimated to total $3.2 billion.

Under current state statute, an estimated additional $176 million will be set aside in the Budget Stabilization Fund during Fiscal Year 2027.

TABLE II-2
STATE OF ILLINOIS GENERAL FUNDS FINANCIAL WALKDOWN
($'s in Millions)

	ACTUAL FY 2024	ACTUAL FY 2025	ESTIMATED FY 2026	PROJECTED FY 2027
GENERAL FUND RESOURCES				
State Sources: Revenues				
Net Individual Income Taxes	$25,605	$28,174	$28,686	$29,632
Net Corporate Income Taxes	5,227	4,728	4,314	4,305
Net Sales Taxes	10,465	10,574	10,827	11,123
Public Utility Taxes	695	717	707	704
All Other Sources	3,273	3,515	3,569	3,259
Total State Sources: Revenues	**$45,265**	**$47,709**	**$48,102**	**$49,023**
State Sources: Transfers In				
Lottery	$ 877	$ 777	$ 815	$ 832
Gaming	158	186	250	370
Adult-Use Cannabis	114	113	117	120
Sports Wagering	0	203	322	344
Social Media Fee	0	0	0	200
Other Transfers	1,649	1,231	1,603	1,095
Total State Sources	**$48,063**	**$50,218**	**$51,210**	**$51,984**
Federal Sources	4,526	3,780	4,016	4,071
TOTAL RESOURCES	**$52,589**	**$53,998**	**$55,225**	**$56,055**
Payroll Cashflow Borrowing[1]	0	**0**	**2**	**0**
TOTAL RESOURCES WITH PAYROLL BORROWING	**$52,589**	**$53,998**	**$55,228**	**$56,055**
EXPENDITURES				
Education	**$12,908**	**$13,509**	**$13,801**	**$15,425**
Early Childhood[2]	0	0	9	2,088
Pre-K-12 Education[2]	10,368	10,893	11,172	10,721
Higher Education	2,540	2,616	2,621	2,616
Economic Development	**427**	**382**	**237**	**146**
Public Safety	**2,553**	**2,515**	**2,712**	**2,914**
Human Services[2]	**10,656**	**11,613**	**12,021**	**11,244**
Healthcare	**10,022**	**9,161**	**9,301**	**8,781**
Environment and Culture	**106**	**133**	**139**	**134**
Government Services	**4,188**	**4,908**	**5,290**	**5,400**
Group Health Insurance	2,019	2,327	2,530	2,799
Chicago Teachers' Pension System	323	354	363	368
Other Government Services	1,847	2,227	2,396	2,233
Unspent Appropriations	**(1,242)**	**(1,197)**	**(1,266)**	**(1,022)**
Total Operating Budget	**$39,619**	**$41,025**	**$42,235**	**$43,022**
EXPENDITURES: PENSIONS				
K-12 Education Pensions	$ 6,043	$ 6,204	$ 6,496	$ 6,594
State Universities' Pensions	1,918	1,998	2,070	2,116
State Employees' Pensions	1,851	1,933	1,971	2,018
Total Pension Costs	**$ 9,813**	**$ 10,135**	**$ 10,536**	**$ 10,729**
EXPENDITURES: TRANSFERS OUT OF GENERAL FUNDS				
Statutory Transfers Out	$ 778	$ 997	$ 549	$ 431
Debt Service	1,517	1,762	1,726	1,850
Transfers to Repay Payroll Borrowing[1]	0	0	2	0
Total Transfers Out	**2,295**	**2,759**	**2,277**	**2,281**
TOTAL EXPENDITURES	**$51,727**	**$53,919**	**$55,048**	**$56,032**
Comptroller Budgetary Basis Adjustment	10	(77)	N/A	N/A
Proposed FY26 Spring Supplemental Appropriations	N/A	N/A	**(20)**	N/A
Proposed Transfer to Fund #611	N/A	N/A	**(85)**	N/A
General Funds Surplus/(Deficit)	**872**	**3**	**75**	**24**
Budget Stabilization Fund Contribution	**(161)**	**(256)**		

Note: Of the total revenues, GOMB estimates that the deposit into the Budget Stabilization Fund, one of the General Funds, will total $161 million in FY26 and $176 million in FY27.

(1) Payroll cashflow borrowing represents payroll backfills for state agencies experiencing delays in federal funding or other revenues as authorized under 30 ILCS 105/13.2. Within 30 days, monies are sent back to the General Revenue Fund as repayment.

(2) Proposed amounts for Early Childhood, as administered by IDEC, include $1.917 billion of appropriations shifted from ISBE, DHS and DCFS, consisting of the following respective approximate amounts: $748 million, $1.150 billion and $19 million.

BILL PAYMENT STATUS AND HISTORY

During Fiscal Years 2016 and 2017, the State accumulated a significant backlog of unpaid bills due to the State's budget impasse during those Fiscal Years. The Comptroller's estimate of the amount of unpaid bills as of November 8, 2017 (the largest amount of unpaid bills the State has had outstanding at any time), was $16.7 billion. The State's large backlog of bills also caused the State to incur interest charges on unpaid bills in accordance with the State Prompt Payment Act (30 ILCS 540/0.01 et seq.) (the "Prompt Payment Act"). The State employed a variety of measures to reduce unpaid bills, including the issuance of the Section 7.6 Bonds (as hereinafter defined) in 2017. The State enacted supplemental Fiscal Year 2022 appropriations in March and April 2022, with the funds directed towards addressing unpaid bills, including $898 million to address unpaid State employee health insurance bills. Budgetary basis surpluses in Fiscal Year 2021, Fiscal Year 2022 and Fiscal Year 2023, reflecting amounts available even after supplemental appropriations were spent, were largely dedicated to reducing unpaid bills as well.

As a result of these measures, the State has made significant strides in paying its bills. The Comptroller's estimate of unpaid bills (at the Comptroller's office and estimated on hold at State agencies) decreased from $16.7 billion on November 8, 2017, to $7.9 billion as of December 31, 2018, to $7.0 billion as of December 31, 2019, to $5.5 billion as of December 31, 2020, to $4.0 billion as of June 30, 2021, $1.52 billion as of June 30, 2022, and $571 million as of June 30, 2023.

The Comptroller's Debt Transparency Report (the "Debt Transparency Report"), published monthly, includes the amount of approved vendor payments and pending transfers to other State funds not yet released by the Comptroller's office and includes estimated bills currently in process at State agencies that have not been sent to the Comptroller's office yet. Currently, the agencies have sufficient appropriations to make these payments, so these amounts reflect a normal review process for accuracy before submission to the Comptroller's office. The below numbers do not include the amounts in review at the agency level.

The Debt Transparency Report reported that as of January 31, 2026, $1.292 billion in vendor payments and transfers to other State Funds were on hold at the Comptroller's office. Of these $1.292 billion on hold at the Comptroller's office, $695 million (approximately 53.8%) constituted transfers owed to other State funds in the State Treasury and were not tied to a vendor payment. As of the date the Debt Transparency Report, these transfers had not been released, possibly due to cash balances in the receiving funds, even though there was sufficient cash available to make the transfers. The Comptroller has the statutory responsibility to direct the release of vouchers and transfers to coordinate the cash management policies of the State.

The Comptroller has retired the term "backlog" and instituted usage of the term "accounts payable" due to the significant paydown of the backlog and given that the number of days payable for General Funds bills at the Comptroller, excluding interfund transfers, has been reduced to less than one month and accounts payable reflect less than a month of State General Funds expenditures. In addition, the State has greatly reduced the interest charges owed under the Prompt Payment Act relating to these unpaid bills.

REBUILD ILLINOIS CAPITAL PLAN

On June 28, 2019, the Governor signed the Rebuild Illinois capital plan ("Rebuild Illinois"), which passed the General Assembly with bipartisan support, into law. Rebuild Illinois, the largest infrastructure investment in the State's history, is a multi-year, $45 billion capital investment plan

for infrastructure and economic development. Key components of the Rebuild Illinois capital plan (found in Public Acts 101-0007, 101-0029, 101-0030, 101-0031, and 101-0032 (collectively, the "Rebuild Illinois Acts")) include appropriation authority, revenues to fund the program, and increased bond authorization. The Rebuild Illinois capital plan utilizes State bonded and pay-as-you-go funding, as well as federal, local and private funds, to support, at the time of enactment, an estimated $33.243 billion in transportation capital projects and nearly $11.6 billion in non-transportation capital projects. In addition to adding $20.846 billion in bonded appropriations, the plan accounts for $10.353 billion in pay-as-you-go funding and $13.606 billion in federal and local matching investments over multiple years. Major components of the plan include $25.307 billion for roads and bridges, including $6.5 billion in bonded funding and $6.596 billion in pay-as-you-go funding; $4.685 billion for mass transit projects; $3.251 billion for other transportation projects including rail, ports and aeronautics; $2.938 billion for higher education; $526 million for Pre-K-12 education projects; $4.357 billion for State facilities, including $4.007 billion for statewide deferred maintenance and new projects; $350 million for improvements to the State Capitol; $1.007 billion for environment and conservation, including $50 million in appropriation authority for Park and Recreation Facilities Construction ("PARC") grants; $1.848 billion for economic and community development; $465 million for healthcare and human services, including $200 million for construction and rehabilitation of affordable housing; and $420 million for statewide broadband deployment. The total share of the Rebuild Illinois capital plan funded by the State is expected to total $31.199 billion, while federal sources are expected to support $10.032 billion, and local or private contributions are expected to include $3.574 billion.

Approximately $19.3 billion in new GO Bond authorization was included in Public Act 101-030, as well as $3.2 billion in new authorization for Build Illinois Bonds. The increased authorizations will support approximately $18.2 billion in new GO Bond funded appropriations and approximately $2.7 billion in new Build Illinois Bond Fund (as hereinafter-defined) appropriations for the Rebuild Illinois capital plan. See "PART III—INDEBTEDNESS OF THE STATE—Revenue Obligations—Build Illinois" herein. The remaining increases in authorization were enacted to make whole any shortfalls between enacted appropriation authority, existing cash resources, and existing bond authorization.

GO Bond authorization increases include: (1) over $8 billion in Capital Development Fund authorization for capital facilities and projects at colleges and universities, open land and recreational spaces, state dams and waterways, health facilities, libraries, and state facilities such as veterans' homes and correctional centers; (2) $59 million in School Construction Fund authorization; (3) $139 million for the Anti-Pollution Fund for purposes such as grants to disadvantaged communities without modern sewage systems and deposits into the Water Revolving Fund; (4) Transportation A Fund authorization increase of nearly $6.5 billion for state highways and bridges; (5) Transportation B Fund authorization increase of $104 million for mass transit facilities; (6) $6.5 million for State roads and bridges for the Transportation D Fund; and (7) $4.5 billion authorization for grade crossings, port facilities, airport facilities, rail facilities, and mass transit facilities to support the newly created Multi-Modal Transportation Bond Fund.

Build Illinois Bond Fund authorization was increased by (1) $1.1 billion for public infrastructure projects; (2) $1.3 billion for economic development projects; (3) $767 million for educational, scientific and technical programs and projects; and (4) $47.7 million for protection, preservation, restoration and conservation of environmental and natural resources.

Capital appropriation authority totaling just over $46.5 billion was enacted by Public Acts 101-007 and 101-029. This includes the nearly $6.4 billion in reappropriations from bond funds that were enacted prior to Fiscal Year 2020, along with $7.6 billion in pay-as-you-go reappropriations supported by current revenues. $11.2 billion in new pay-as-you-go appropriation authority was also enacted. As part of the Fiscal Year 2026 Budget, the Governor signed into law P.A. 104-0008, which added $1.4 billion in new bond authorization to enhance Rebuild Illinois. The Fiscal Year 2026 Budget includes total appropriations for capital programs of $54.596 billion.

Another component of the Rebuild Illinois capital plan was additional revenues to finance both debt service from the issuance of bonds and increased pay-as-you-go investments. Revenues raised to support the Rebuild Illinois capital plan include both transportation and non-transportation related sources. New and additional revenues include (i) an increase to the Motor Fuel Tax ("MFT") from 19 cents per gallon to 38 cents per gallon on July 1, 2019, and which (after increases to 38.7 cents per gallon on July 1, 2020, 39.2 cents per gallon on July 1, 2021, and 42.3 cents per gallon on January 1, 2023), will be increased annually on July 1, beginning with the increase for July 1, 2023, by the Consumer Price Index for All Urban Consumers ("CPI-U") for the 12 months ending in March of the year in which the increase takes place (after the July 1, 2025 increase, such rate is 48.3 cents per gallon), (ii) an increase in vehicle and electric vehicle registration fees, (iii) tiered increases for various other title and registration fees, (iv) a 5 cents per gallon tax increase on special fuels, (v) gaming expansions that include sports wagering and changes to video and casino gaming, (vi) a new tax on parking lots and garages, (vii) a cap on the sales tax exemption value of traded-in vehicles (which was later repealed and replaced with higher taxes on private vehicle sales), (viii) an increase to the cigarette tax; and (ix) legislation to increase compliance for remote online retailers collecting the state sales tax. See "General Funds Revenues" in Section 4 of this Part for additional information regarding these revenue sources.

Revenues from gaming, the parking tax and cigarette taxes are deposited into the Capital Projects Fund to support debt service on a portion of the bonds newly authorized under the Rebuild Illinois Acts primarily for State facilities and environmental purposes under Section 3 and Section 6 of the General Obligation Bond Act of the State (30 ILCS 330/1 *et seq.*), as amended (the "Bond Act"). Revenues from the vehicle license and registration fees and the increase on special fuels are deposited into the Road Fund to support debt service costs on bonds issued under Sections 4(a) and 4(e) of the Bond Act in addition to pay as you go capital costs and other costs of the Road Fund. Additionally, beginning in Fiscal Year 2022, 1% of the 5% State tax on motor fuel purchases was deposited into the Road Fund annually, as opposed to the General Funds. However, PA 104-0457 directs that, beginning July 1, 2026, the 5% State share of the tax on motor fuel purchases will be shared between the Public Transportation Fund and the Downstate Public Transportation Fund. The revenues collected from the 19-cent increase in the MFT are allocated to the Transportation Renewal Fund to be allocated to local road and transit districts and State pay-as-you-go transportation construction projects. Upfront license fees associated with gaming expansion are dedicated to pay-as-you-go Rebuild Illinois projects.

Despite the effects of the COVID-19 pandemic and the response thereto, the State has continued to implement the Rebuild Illinois capital plan. The State spent approximately $37.3 billion on capital projects from the beginning of Fiscal Year 2020 through the end of Calendar Year 2025.

USE OF FEDERAL COVID ACT FUNDS

Under the Federal COVID Acts, funds in the amount of $3.5 billion were allocated from the Coronavirus Relief Fund ("CRF") for the State's "necessary expenditures" in response to COVID-19, approximately $8 billion was allocated for K-12 education, over $1.5 billion was allocated for the Department of Public Health, and $1.8 billion was allocated to childcare. Portions of funding for higher education institutions, certain local governments and mass transit systems were provided directly by the federal government.

The total includes the amounts from the ARP Act that provided the State with approximately $8.1 billion from the federal Coronavirus State Fiscal Recovery Fund ("CSFRF") to be used to mitigate the fiscal effects stemming from the COVID-19 public health emergency. Funds were used for costs incurred by the State to respond to the public health emergency and its negative economic consequences and to maintain critical government services throughout the pandemic.

Many of these programs are either fully expended or, with respect to ARP Act-funded programs, are currently winding down.

As of the end of June 2023, the State had allocated essentially all, and had expended almost all, of its CSFRF funds. To ensure the State fully expended its $8.1 billion ARP Act CSFRF allocation within the allowed timeframe set by the federal government, eligible expenditures consistent with federal reporting guidance were substituted for original appropriations that had not been spent. State funds to honor the original appropriations were authorized in the Fiscal Year 2024 budget to meet those obligations.

Nearly final allocations of the CSFRF monies result in $4.063 billion spent to repay Unemployment Trust Fund advances (approximately half of the State's allocation), $1.847 billion for revenue replacement, $591 million for public health purposes, $65 million for infrastructure, $1.04 billion for negative economic impacts, $332 million for premium pay and approximately $7 million for expenses to administer state and local recovery projects and programs.

FEDERAL REVENUES

The State receives significant federal revenues that support an array of governmental functions and public services. These federal funds are primarily allocated for purposes including, but not limited to, Medicaid and social services, K-12 and higher education, public health initiatives, infrastructure projects, and targeted economic recovery efforts. Federal funds deposited into the General Funds are primarily reimbursements for Medicaid and Medicaid related program expenditures.

For Fiscal Year 2025, federal revenues received by the State for the General Funds totaled approximately $3.78 billion, representing a decrease from the $4.53 billion received in Fiscal Year 2024. The reduction in Fiscal Year 2025 was primarily attributable to the conclusion of pandemic-related federal support and a significant, one-time retroactive draw of certain Medicaid related reimbursements. In Fiscal Year 2025, approximately $35 billion in federal revenues were deposited into the State Treasury in total, of which approximately $21 billion was drawn by the Department of Healthcare and Family Services for Medicaid and Medicaid related program reimbursements.

The Fiscal Year 2026 Budget is based on estimated federal revenues of $4.0 billion for the General Funds, reflecting anticipated adjustments in federal program funding and the State's ongoing efforts to maximize eligible federal reimbursements. Historically, federal revenues have comprised a material portion of the State's General Funds resources, with annual receipts ranging from $3.8 billion to $4.7 billion over the past five fiscal years.

The State's reliance on federal revenues introduces a number of risks and uncertainties. Federal funding levels are subject to annual appropriations by Congress, changes in federal policy, and the expiration of temporary programs. The conclusion of enhanced federal support related to the COVID-19 pandemic, including the phase-out of increased Federal Medical Assistance Percentage (FMAP) rates and the end of the obligation period for ARP Act funds, has resulted in a lower baseline of federal receipts. Additionally, the timing and availability of federal reimbursements can be unpredictable, potentially impacting the State's cash flow and budgetary planning.

Recent federal legislative changes, such as those enacted under House Resolution 1 (Public Law 119-21) ("HR 1") - have introduced further risks through, for example, changes to federal programs such as shifting a greater share of the cost of SNAP to the State beginning October 1, 2026. As a result of HR 1, the State is projected to assume 75% of administrative costs (up from 50%) beginning October 1, 2026, at an estimated impact of approximately $80 million annually. Additionally, HR 1 implements, beginning October 1, 2027, a scaling state match requirement on SNAP benefits, if the State payment error rate is 6% or higher. Based on federal fiscal year 2024 SNAP payment error rates, the State could potentially be in the 15% cost sharing bracket for federal fiscal year 2028. Illinois currently issues benefits totaling approximately $4.7 billion a year, and a 15% cost share could result in an estimated additional annual liability of $705 million for the State. Other changes could lead to reduced program participation or benefits for hundreds of thousands of State residents. HR 1 is also expected to have an impact on the State's Medicaid program, including changes to eligibility provisions and limitations on provider taxes (e.g. hospital and managed care organization taxes) that the State uses to support the Medicaid system in Illinois. However, many of the HR 1 changes to provider tax structures will not take effect for several years and may be subject to subsequent adjustments by Congress. Finally, certain federal tax law changes contained in HR 1 may negatively affect Illinois' and other states' revenues where state laws are tied to federal provisions. See "—ECONOMIC AND FISCAL POLICY REPORT: FY 2026–FY 2031" in this Part II.

In response to these risks, the State has taken proactive measures to enhance fiscal resilience and manage potential volatility in federal revenues. As part of the Fiscal Year 2026 Budget, the State established the BRIDGE Fund. The BRIDGE Fund is designed to provide a dedicated reserve to address short-term emergencies and revenue shortfalls, including those arising from unexpected changes in federal funding. The BRIDGE Fund is capitalized with an initial transfer of approximately $100 million from State accounts outside the General Funds and is intended to serve as a flexible resource to ensure continuity of critical government operations in the event of federal revenue disruptions. This initiative complements the State's broader strategy of maintaining strong cash balances, building the Budget Stabilization Fund, and conservatively forecasting revenues to mitigate fiscal risk and promote long-term financial stability. In addition, the State recently enacted PA 104-0453 to "decouple" from some HR 1 tax law changes that would have negatively impacted State revenues.

The Economic and Fiscal Policy Report and the 2025 Report Update provide additional information and certain projections of the potential impact of federal action, including HR 1, on the State's receipt of federal revenues. Information regarding these projections, as well as the assumptions on which such projections are based, is available in the Economic and Fiscal Policy Report and the 2025 Report Update. See "—ECONOMIC AND FISCAL POLICY REPORT: FY 2026–FY 2031" in this Part II.

UNEMPLOYMENT TRUST FUND

The Social Security Act of 1935, as amended (the "Social Security Act"), established the Unemployment Insurance Program (the "Program") as a joint Federal-state program to provide benefits for workers who are covered by the Program and have lost work through no fault of their own. Benefits potentially available under the Program include: (1) regular benefits, which are financed by the states, (2) extended benefits under the Federal-state extended benefits program, which are financed partly by the states and partly by the Federal government, and (3) special extended benefits, which are financed entirely by the Federal government.

The State administers the payment of benefits under the Program and collects revenues from employers to cover the regular benefits payable under the Unemployment Insurance Act (820 ILCS 405/100 *et seq.*) (the "UI Act") and the State's share of Federal-state extended benefits. The revenues are deposited into a trust fund established in the Treasury of the United States (the "Unemployment Trust Fund"), in an account financed by and specific to the State (the "State UTF Account"). The State's program is administered by the Illinois Department of Employment Security ("IDES").

All benefits paid by IDES are drawn from the State UTF Account. The State UTF Account has from time to time lacked sufficient reserves and revenues to pay all benefits due under the UI Act, in particular during times of high unemployment. When this occurs, the State has relied on advances from the Federal government to pay benefits. Title XII of the Social Security Act authorizes the states to borrow money from the Federal government to pay benefits when the state UTF accounts lack sufficient funds to pay benefits ("Federal Advances"). Federal Advances generally bear interest at a rate equal to the lesser of ten percent or the rate paid by the Federal government on the aggregate balances of all state accounts within the Unemployment Trust Fund for the last calendar quarter of the preceding calendar year.

During the COVID-19 pandemic, the State UTF Account was depleted due to high unemployment rates. This led IDES to borrow from the Federal government to fulfill its mandate to pay benefits as required by law. As of December 31, 2021, approximately $4.5 billion of borrowings by the State from the federal government remained outstanding.

In Public Act 102-0696, the State made supplemental appropriations for Fiscal Year 2022 which allocated $2.7 billion of the State's CSFRF funds for repayment of a portion of the outstanding Federal Advances. In September 2022, the State made a $450 million payment toward the loan balance from the State UTF Fund itself due to a large fund balance, reducing the balance to $1.36 billion.

In December 2022, the Governor signed an Unemployment Insurance Agreement, finalizing a bipartisan plan to pay all outstanding Federal Advances remaining from the COVID-19 pandemic. Fiscal Year 2023 supplemental appropriations to support the agreement were included in Public Act 102-1121, effective January 23, 2023. This agreement saved the State an estimated $20

million in interest costs and preserved hundreds of millions of dollars in future federal tax credits for Illinois employers, without decreasing benefits for employees.

The plan provided a contribution to the State UTF Account comprising a $1.36 billion repayment of remaining Federal Advances borrowed under Title XII of the Social Security Act and $450 million placed into the State UTF Account as an interest-free loan to be used for paying unemployment insurance benefits. As the $450 million loan is repaid over the next ten years, funds will be deposited directly into the Budget Stabilization Fund. The first installment was deposited in July 2024 and the second in June 2025.

BUDGET STABILIZATION FUND

The Budget Stabilization Fund was established in 2001 as a "rainy day" fund for the State to help manage fluctuations in General Funds revenues and expenditures. The Budget Stabilization Fund had a balance between $226 million and $276 million in each Fiscal Year from 2002 through 2016. During the State's budget impasse in Fiscal Years 2016 and 2017, virtually all of the funds on hand in the Budget Stabilization Fund were diverted away from the Budget Stabilization Fund. It was not until the 2022 legislative session that the State began to take action to replenish the Budget Stabilization Fund.

The State's Fiscal Year 2022 Budget and the Fiscal Year 2023 Budget allocated a total of approximately $1.8 billion to replenish and build up the Budget Stabilization Fund from General Revenue Fund transfers to levels not previously achieved. The Fiscal Year 2024 Budget directed permanent revenue streams to the Budget Stabilization Fund consisting of (i) 10% of cannabis revenues received by the State (approximately $25 million annually) and (ii) monthly transfers of $3.75 million from the State's General Revenue Fund to the Budget Stabilization Fund beginning in July 2023 (which were paused for Fiscal Year 2026). The fund also retains its interest earnings, $90.6 million in Fiscal Year 2024 and $96 million in Fiscal Year 2025. As of February 28, 2026, the balance in the Budget Stabilization Fund totaled $2.4 billion. The balance is projected to total $2.5 billion by the end of Fiscal Year 2026 and $2.7 billion by the end of Fiscal Year 2027. The Fiscal Year 2026 Budget Implementation Bill (PA 104-0002) paused the $3.75 million monthly transfer during Fiscal Year 2026. The Governor's proposed Fiscal Year 2027 budget reflects this transfer restarting.

The statutory objective for the balance of the Budget Stabilization Fund is 7.5% of the State's annual General Funds revenues.

CLIMATE AND EQUITABLE JOBS ACT

The Governor signed Public Act 102-0662 (colloquially referred to as the Climate and Equitable Jobs Act) (the "Climate Act") into law on September 15, 2021. Among its many provisions, the Climate Act:

- Provides that it is the policy of the State to move toward 100% clean energy by 2050;
- Puts the State on a path to 40% renewable energy by 2030 and 50% by 2040;
- Requires all coal, gas and oil electric generating plants to reach zero emissions by 2045;
- Makes changes to the Illinois Power Agency Act (20 ILCS 3855/1-1 et seq.) to double the State's investment in renewable energy to more than $350 million annually;

- Provides $694 million over five years to subsidize the Byron, Dresden and Braidwood nuclear power plants;
- Creates the Energy Transition Assistance Fund to support $180 million in State clean energy programs;
- Provides $47 million in annual subsidies to convert coal-fired plants to solar or energy storage facilities starting in 2024;
- Establishes a goal of 1,000,000 electric vehicles in Illinois by 2030;
- Creates an up to $4,000 rebate for Illinois consumers who purchase an electric vehicle;
- Requires the Illinois Environmental Protection Agency to award rebates to help fund up to 80% of the cost of the installation of charging stations.

The programs and subsidies set forth in the Climate Act will be funded by increases in monthly electric bills, with the Governor estimating that increases to Illinois residential energy bills will be $4 to $5 per month over the next five years.

STATE SITE READINESS INITIATIVE

The Fiscal Year 2026 Budget appropriates an additional $500 million for site readiness initiatives designed to prepare idle, surplus properties for economic development and invest in site readiness grants and large-scale business attraction. These initiatives consist of two components: (i) $300 million for the "Surplus to Success" program, led by the Department of Central Management Services, which will prepare idle state-owned properties for private development and (ii) $200 million for existing site readiness programs of the Department of Commerce and Economic Opportunity for new large-scale business attraction efforts. The proposed Fiscal Year 2027 budget recommends an additional $50 million for site readiness initiatives at the Department of Central Management Services. The goals of these programs are to create economic returns, improve property values and reduce the burden on taxpayers by eliminating ongoing security and maintenance costs at disused facilities.

SECTION 3
GENERAL FUNDS FINANCIAL REPORTS

This Section provides various historical financial information related to the State. The primary sources of the information contained in this section are the TBFRs and Annual Reports of the State.

NET POSITION OF GOVERNMENTAL ACTIVITIES

The Fiscal Year 2024 Annual Report provides that, as of June 30, 2024, the State's net position of governmental activities (the "Net Position") was ($159.3) billion, an increase of $10.9 billion from the State's Net Position as of June 30, 2023. The deficit Net Position, which is presented on an accrual basis of accounting, equals the excess of the State's total liabilities and deferred inflows of resources (approximately $253.8 billion as of June 30, 2024) over the State's total assets and deferred outflows of resources (approximately $94.6 billion as of June 30, 2024). The State's total revenues from governmental activities decreased by approximately $1.8 billion in Fiscal Year 2024 compared to Fiscal Year 2023, while the State's governmental activities expenses increased by approximately $3.945 billion in Fiscal Year 2024 compared to Fiscal Year 2023. The excess of governmental activities revenues in excess of expenses (not including transfers) declined from approximately $15.9 billion to approximately $10.0 billion. See the Fiscal Year 2024 Annual Report for additional information.

HISTORY OF GENERAL FUNDS REVENUES AND EXPENDITURES

Tables II-3 and II-4, which are presented on the following pages, describe the General Funds revenues and expenditures of the State for the past five Fiscal Years prepared on a cash or budget basis and are drawn from the Fiscal Year 2025 TBFR. The budget basis reflects the statutory provisions and associated policies for recognition of revenues, expenditures, transfers and outstanding liabilities associated with the passage and adoption of the General Funds budget for each Fiscal Year. As discussed under "MEASUREMENT BASIS" in Section 1 of this Part II, budget basis statements differ materially from those prepared on the basis of GAAP.

Table II-3 lists cash basis revenues which include cash receipts from State sources, statutory transfers in, and federal sources, both receipts and transfers in. Table II-3 also segregates Base Revenues from Total Revenues where the differences include one-time receipts in the form of short-term borrowings as well as cash management transfers for cash flow purposes that are repaid either within the same or subsequent Fiscal Years and reported as expenditures in Table II-4.

Table II-4 lists budget basis expenditures based upon warrants issued by the Comptroller during the Fiscal Year. The expenditures by warrant for each Fiscal Year are reported using three different approaches: (1) by agency that incurred the expenditure, (2) by categorical form of the expenditure, and (3) by functional category of the expenditure, and Table II-4 also reports transfers out. Table II-4 also segregates Base Expenditures from Total Expenditures, reflecting repayment of short-term borrowings and cash management transfers that were receipts in either the same or prior Fiscal Years, as reported in Table II-3.

For an operating statement explaining the changes during Fiscal Year 2025 in both cash balance as well as fund balance, reflecting the cash basis and budget basis, respectively, see Table II-6 herein.

TABLE II-3
GENERAL FUNDS ANALYSIS OF REVENUES
($ in Millions) (Cash Basis)
June 30 Fiscal Year End

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY2025 Increase or Decrease Amount	FY2025 Increase or Decrease Percent	FY2025 Where the Dollar Came From
STATE SOURCES:								
CASH RECEIPTS:								
Income Taxes								
Individual	$22,525	$24,839	$23,750	$25,605	$ 28,174	$ 2,569	10.0%	
Corporate	3,563	5,407	5,828	5,227	4,728	(499)	(9.5)	
Total, Income Taxes	26,088	30,246	29,578	30,832	32,902	2,070	6.7	60.9%
Sales Taxes	9,368	10,234	10,451	10,465	10,574	109	1.0	19.6
Other Sources								
Public Utility Taxes	752	750	751	695	716	21		
Insurance Tax & Fees	480	455	492	486	574	88		
Inheritance Tax (gross)	450	603	503	627	603	(24)		
Cigarette Taxes	281	254	235	204	191	(13)		
Corporate Franchise Tax & Fees	322	216	225	202	197	(5)		
Cook County Intergovernmental Transfer	244	244	244	244	244	0		
Liquor Gallonage Taxes	177	183	181	179	173	(6)		
Investment Income	57	30	407	654	741	87		
Other Taxes, Licenses, Fees & Earnings	339	443	590	677	793	116		
Total, Other Sources	3,102	3,178	3,628	3,968	4,232	264	6.7	7.9
TOTAL, CASH RECEIPTS	$38,558	$43,658	$43,657	$45,265	$ 47,708	$ 2,443	5.4%	88.4%
TRANSFERS IN FROM OTHER STATE FUNDS:								
Lottery Fund	$ 777	$ 820	$ 726	$ 877	$ 777	$ (100)		
Build Illinois Fund	263	368	439	448	472	24		
Capital Projects Fund	20	283	253	288	390	102		
Income Tax Refund Fund	281	242	1,481	655	253	(402)		
Sports Wagering Fund	0	0	0	0	203	203		
State Gaming Fund	0	140	157	158	186	28		
Cannabis Regulation Fund	71	115	111	114	113	(1)		
Warrant Escheat Fund	26	31	28	33	29	(4)		
Violent Crime Witness Protection Program Fund	0	0	0	0	25	25		
McCormick Place Expansion Project Fund	19	21	18	30	22	(8)		
Underground Storage Tank Fund	10	10	10	10	10	0		
Illinois Sports Facilities	0	24	9	8	7	(1)		
State Whistleblower Reward and Protection Fund	6	3	1	6	4	(2)		
Solid Waste Management Fund	5	5	5	5	5	0		
Protest Fund	4	3	0	0	2	2		
Metropolitan Exposition Auditorium & Office Building Fund	32	0	0	0	0	0		
Emergency Borrowing Fund[1]	1,998	0	0	0	0	0		
Grocery Tax Replacement Fund	0	0	0	148	0	(148)		
Treasurer's Investments	400	0	0	0	0	0		
Budget Implementation Acts	0	0	0	0	0	0		
Interfund Borrowing	0	0	0	0	0	0		
All Other Funds	36	27	10	18	12	(6)		
TOTAL, TRANSFERS IN	$ 3,948	$ 2,092	$ 3,248	$ 2,798	$ 2,510	$ (288)	(10.3)%	4.6%
TOTAL, STATE SOURCES	**$42,506**	**$45,750**	**$46,905**	**$ 48,063**	**$50,218**	**$2,155**	**4.5%**	**93.0%**
FEDERAL SOURCES:								
CASH RECEIPTS:								
Department of Healthcare and Family Services	$ 4,041	$ 4,217	$ 3,531	$ 4,330	$ 3,550	$ (780)		
Department of Human Services	277	218	173	167	151	(16)		
All Other Agencies	5	9	7	6	7	1		
TOTAL, CASH RECEIPTS	$ 4,323	$ 4,444	$ 3,711	$ 4,503	$ 3,708	$ (795)		
TRANSFERS IN:								
Federal Trust Funds	$ 421	$ 876	$ 2,518	$ 23	$ 72	$ 49		
TOTAL, FEDERAL SOURCES	**$ 4,744**	**$ 5,320**	**$ 6,229**	**$ 4,526**	**$ 3,780**	**$ (746)**	**(16.5)%**	**7.0%**
TOTAL, REVENUES	**$47,250**	**$51,070**	**$53,134**	**$52,589**	**$53,998**	**$1,409**	**2.7%**	**100.0%**
Treasurer's Investments	400	0	0	0	0	0		
TOTAL, BASE REVENUES	**$46,850**	**$51,070**	**$53,134**	**$52,589**	**$53,998**	**$1,409**	**2.7%**	

Source: Traditional Budgetary Financial Reports of the States for the Fiscal Years Ended June 30, 2021, through June 30, 2025.

Note: Base Revenues equal Total Revenues less the adjustment items listed below "Total, Revenues" above.

(1) Consists of short-term debt issued by the State as part of the State's initial response to the effects of the COVID-19 pandemic.

TABLE II-4
GENERAL FUNDS ANALYSIS OF EXPENDITURES
($ in Millions) (Budget Basis)
June 30 Fiscal Year End

WARRANTS ISSUED:	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY2025 Increase or Decrease Amount	FY2025 Increase or Decrease Percent	FY2025 Where the Dollar Was Spent
BY AGENCY:								
State Board of Education	$ 8,873	$ 9,274	$ 9,756	$10,349	$10,807	$ 458	4.4%	20.1%
Healthcare and Family Services	7,548	7,810	8,476	9,959	9,143	(816)	(8.2)	17.0
Human Services	4,228	4,456	5,407	6,547	7,278	731	11.2	13.5
Teachers Retirement System	5,278	5,838	6,001	6,109	6,318	209	3.4	11.7
Higher Education Agencies:								
Universities Retirement System	1,785	1,888	1,934	1,926	2,007	81	4.2	
Student Assistance Commission	530	781	664	787	823	36	4.6	
University of Illinois	622	650	652	696	710	14	2.0	
Community College Board	244	261	317	367	347	(20)	(5.4)	
Southern Illinois University	194	203	206	221	225	4	1.8	
All Other	372	391	396	435	459	24	5.5	
Total, Higher Education Agencies	3,747	4,174	4,169	4,432	4,571	139	3.1	8.5
All Other Agencies:								
Central Management Services	$ 2,078	$ 2,852	$ 1,906	$ 2,094	$ 2,391	$ 297	14.2%	
State Employees Retirement System	1,705	1,721	1,698	1,775	2,021	246	13.9	
Corrections	1,502	1,523	1,725	1,837	1,893	56	3.0	
Aging	1,055	1,132	1,289	1,437	1,627	190	13.2	
Children and Family Services	999	1,122	1,289	1,393	1,411	18	1.3	
Judicial Agencies	609	629	665	708	771	63	8.9	
State Police	271	288	319	362	408	46	12.7	
Secretary of State	268	273	323	353	376	23	6.5	
Employment Security	108	70	1,855	115	15	(100)	(87.0)	
Other Agencies	1,108	1,752	1,818	1,962	2,130	168	8.6	
Total, All Other Agencies	9,703	11,362	12,887	12,036	13,043	1,007	8.4	24.2
Prior Year Adjustments	(50)	(38)	(55)	(52)	(69)	(17)	N/A	(0.1)
BY CATEGORY:								
Awards and Grants	$ 26,212	$ 28,168	$ 30,203	$32,558	$33,419	$861	2.6%	62.1%
Operations	13,156	14,737	16,482	16,861	17,725	864	5.1	32.9
Permanent Improvements and Highway Construction	8	8	10	12	15	3	25.0	0.0
Refunds	1	1	1	1	1	0	N/A	0.0
Prior Year Adjustments	(50)	(38)	(55)	(52)	(69)	(17)	N/A	(0.1)
BY FUNCTION:								
Education	$18,164	$19,564	$20,235	$21,213	$22,050	$837	3.9%	41.0%
Health and Social Services	14,047	14,786	16,835	19,731	19,933	202	1.0	37.0
General Government	4,390	5,549	4,469	4,793	5,480	687	14.3	10.2
Public Protection and Justice	2,557	2,623	3,008	3,211	3,310	99	3.1	6.1
Employment and Economic Development	152	220	2,036	345	240	(105)	(30.4)	0.4
Environment and Business Regulation	66	171	112	138	146	8	5.8	0.3
Refunds	1	1	1	1	1	0	N/A	0.0
Prior Year Adjustments	(50)	(38)	(55)	(52)	(69)	(17)	N/A	(0.1)
TOTAL, WARRANTS ISSUED	$39,327	$42,876	$46,641	$49,380	$51,091	$1,711	3.5%	94.9%
TRANSFERS OUT	5,200	5,417	4,196	2,295	2,759	464	20.2	5.1
TOTAL, EXPENDITURES	**$44,527**	**$48,293**	**$50,837**	**$51,675**	**$53,850**	**$2,175**	**4.2%**	**100.0%**
Repayment of Interfund Borrowing	127	710	0	0	0	0	N/A	
Treasurer's Investments	800	0	0	0	0	0	N/A	
Repayment of Short-Term Borrowing	1,209	0	0	0	0	0	N/A	
TOTAL, BASE EXPENDITURES	**$42,391**	**$47,583**	**$50,837**	**$51,675**	**$53,850**	**$2,175**	**4.2%**	

Source: Traditional Budgetary Financial Reports of the States for the Fiscal Years Ended June 30, 2021, through June 30, 2025.

Note: Base Expenditures equal Total Expenditures less the adjustment items listed below "Total Expenditures" above.

ACCOUNTS PAYABLE

As described below, Table II-5 includes General Funds Lapse Period Transactions at the end of a Fiscal Year as reported in the TBFR, which represent budget basis accounts payable. On a GAAP basis, and as reported in the Annual Report, the General Funds of the State also carry other liabilities not detailed in Tables II-3, II-4 and II-5. The Lapse Period Transaction amounts (i.e., budget basis accounts payable) do not include Section 25 liabilities that represent incurred legal liabilities primarily for Medicaid and group health insurance that are paid from the appropriations of subsequent Fiscal Years because appropriation authority for those expenditures in the current year has been exhausted, nor does it include amounts for which sufficient current year appropriations were not provided.

Table II-5 includes General Funds Budget Basis Accounts Payable, General Funds Section 25 Liabilities that have accrued during prior Fiscal Years, but that will be paid from future Fiscal Years' appropriations, payable from the General Funds, and Section 25 Liabilities attributed to funds outside of the General Funds.

TABLE II-5
(Budget Basis)
ACCOUNTS PAYABLE
AS OF THE END OF EACH FISCAL YEAR 2021-2025
($'s in Millions)

	END OF FISCAL YEAR				
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 EST
General Funds Budget Basis Accounts Payable[1]					
Net Transfers Payable (June 30)[2]	$ 150	$ 0	$ 0	$ 0	$ 0
Vouchers[3]	3,629	2,200	1,722	1,827	2,389
General Funds Section 25 Liabilities[4]	1,026	304	745[5]	857[5]	890[5]
Total General Funds Accounts Payable	$4,805	$2,504	$2,467	$2,684	$3,279
Section 25 Liabilities - Other State Funds[4]	$ 325	$ 98	$ 444	$ 512	$1,075[6]

Source: Illinois Office of the Comptroller and the Annual Reports for Fiscal Years 2021 through 2024. Fiscal Year 2025 Section 25 liabilities are preliminary and subject to change. Final Section 25 liability amounts will be released with the State's Fiscal Year 2025 Annual Report.

(1) This amount includes General Funds lapse period transactions as reported in the TBFR. Lapse period transactions include warrants issued after June 30 of a Fiscal Year in the lapse period or transfers processed after June 30 of a Fiscal Year.

(2) Net transfers payable as reported in the TBFR unless shown as zero, which indicates that, on a budgetary basis, the amount of transfers due to the General Funds on June 30 exceeded the pending transfers due from the General Funds. Net transfers payable as shown in the TBFR were ($73) million for Fiscal Year 2022, ($96) million for Fiscal Year 2023, ($254) million for Fiscal Year 2024 and ($35) million for Fiscal Year 2025.

(3) Comprised of June 30 vouchers payable and vouchers presented for payment in the Lapse Period from expiring appropriations.

(4) Section 25 Liabilities are incurred in one Fiscal Year and payable from future Fiscal Year appropriations. This amount is the General Funds portion of Section 25 Liabilities. The final Fiscal Year 2025 amount will be available with the publication of the Fiscal Year 2025 Annual Report.

(5) Fiscal Year 2023 includes an approximate $550 million in pending Medicaid managed care pay-for-performance payments that were awaiting determination of performance quality for purposes of issuance by the Department of Healthcare and Family Services. Fiscal Year 2025 is expected to have another year of higher liabilities similar to Fiscal Year 2023 and Fiscal Year 2024 due largely to delays, until after the close of the lapse period, in the receipt or processing of provider bills for costs incurred on or before June 30. Such costs are considered "incurred but not received" at the close of the Fiscal Year and are included in Section 25 liabilities as they may be paid when received from current year appropriations. Fiscal Year 2025 budget appropriated amount is sufficient to pay incurred but not received costs.

(6) Includes an estimated $430 million of hospital provider liability due to late federal approval of the State's hospital assessment program and an estimated $380 million for processing federal reimbursements to school districts for healthcare costs.

Table II-6 reflects an operating statement that explains the changes during Fiscal Year 2025 in both cash balance as well as fund balance, reflecting the cash basis and budget basis, respectively. The left hand column, labeled "Available Balance Concept," reflects the cash basis results. That column details the change in Available Cash Balance at the beginning of the Fiscal Year, concluding with the Available Cash Balance at the end of the Fiscal Year. Total Revenues were detailed in Table II-3, while Expenditures reflect cash disbursed during Fiscal Year 2024, which includes prior year Lapse Period expenditures (detailed in the middle column) as well as expenditures of Fiscal Year 2025.

The right hand column of Table II-6, labeled "Budgetary Balance Concept," reflects the budget basis results and change in budget basis fund balance during Fiscal Year 2025. Total budget basis revenues are the same as cash basis revenues for the Fiscal Year (with the exception of Transfers In when the prior Fiscal Year had carried over transfers due to the General Funds), both reflecting cash receipts during the Fiscal Year. Budget basis expenditures are disbursements for the Fiscal Year appropriations and statutory transfers. Total expenditures are detailed in Table II-4.

Lapse period expenditures are listed in the middle column of Table II-6. Lapse period expenditures are effectively "accounts payable," as these are expenditures processed after June 30th but reflect costs incurred prior to June 30th. The end of this column reflects the basic accounting equation of "cash less accounts payable equals budget basis fund balance." The Lapse Period amount (i.e., budget basis accounts payable) is subtracted from the ending cash balance resulting in a deficit or surplus.

TABLE II-6
GENERAL FUNDS SUMMARY OF TRANSACTIONS
FISCAL YEAR ENDED JUNE 30, 2025
($'s in Millions)

AVAILABLE BALANCE CONCEPT			BUDGETARY BALANCE CONCEPT
	BEGINNING BALANCES		
$ 4,671	**Available Cash Balance on June 30, 2024**		
	Less Lapse Period – Warrants Issued from Fiscal Year 2024 Appropriations and Fiscal Year 2024 Transfers Out:		
	Operations	$ 700	
	Awards and Grants	1,044	
	Permanent Improvements	4	
	Receipt Adjustment (June 30)	0	
	Vouchers Payable (June 30)	79	
	Net Transfers Payable (June 30)	(254)	
	Total	$1,573	
	Fund Balance – Budgetary Basis to begin Fiscal Year 2025		**$ 3,098**
	PLUS REVENUES		
	State Sources:		
	Cash Receipts:		
$32,902	Income Taxes		$ 32,902
10,574	Sales Taxes		10,574
4,232	Other Sources		4,232
2,510	Transfers In		2,365
$50,218	Total, State Sources		$ 50,073
	Federal Sources:		
$ 3,708	Cash Receipts		$ 3,708
72	Transfers In		72
$ 3,780	Total, Federal Sources		$ 3,780
$53,998	**Total, Revenues**		**$ 53,853**
	LESS EXPENDITURES		
From FY 2025 Appropriations and Lapse Period Spending from FY 2024 Appropriations		From Fiscal Year 2025 Appropriations	
$17,712	Operations		$ 17,725
33,373	Awards and Grants		33,419
0	Refunds		1
16	Permanent Improvements		15
(504)	Vouchers Payable Adjustment		0
(69)	Prior Year Adjustments		(69)
$50,528	Total, Warrants Issued		$ 51,091
2,685	Transfers Out		2,759
$53,213	**Total, Expenditures**		**$ 53,850**
	EQUALS ENDING BALANCES		
$ 5,456	**Available Cash Balance on June 30, 2025**		
	Less Lapse Period – Warrants Issued from Fiscal Year 2025 Appropriations and Fiscal Year 2025 Transfers Out:		
	Operations	$ 712	
	Awards and Grants	1,091	
	Permanent Improvements	3	
	Refunds	1	
	Receipt Adjustment (June 30)	0	
	Vouchers Payable (June 30)	583	
	Net Transfers Payable (June 30)	(35)	
	Total	$2,355	
	Fund Balance – Budgetary Basis to begin Fiscal Year 2026		**$3,101**

Source: Traditional Budgetary Financial Report Fiscal Year 2025.

GENERAL FUNDS RECONCILIATION–TABLE II-7

Table II-7, which is presented below, is a General Funds Reconciliation among the cash, budgetary and GAAP bases of accounting for Fiscal Year 2024. See "AUDITED FINANCIAL STATEMENTS" in the body of this Official Statement. The General Funds Reconciliation for Fiscal Year 2025 will be available with the State's Fiscal Year 2025 Annual Report.

TABLE II-7
STATE OF ILLINOIS
GENERAL FUNDS RECONCILIATION – FISCAL YEAR 2024
($'s in Thousands)

	Cash Basis	Adjustments for Budgetary Basis	Budgetary Basis	Adjustments for GAAP	GAAP Basis
Revenues:					
Income Taxes (net)	$30,831,702		$30,831,702	$ 279,494	$31,111,196
Sales Taxes (net)	10,464,789		10,464,789	436,429	10,901,218
Public Utility Taxes (net)	695,636		695,636	45,084	740,720
Federal government (net)	4,503,851		4,503,851	17,171,032	21,674,883
Other (net)	3,271,778		3,271,778	7,049,467	10,321,245
Total revenues	$49,767,756		$49,767,756	$24,981,506	$74,749,262
Expenditures:					
Current:					
Health and Social Services	$19,509,279	$ 168,430	$19,677,709	$21,486,496	$41,164,205
Education	21,186,763	21,222	21,207,985	968,708	22,176,693
General Government	4,810,306	(24,565)	4,785,741	(1,792,966)	2,992,775
Employment and Economic Development	324,656	20,649	345,305	193,506	538,811
Transportation				702,072	702,072
Public Protection and Justice	3,284,307	(86,445)	3,197,862	271,903	3,469,765
Environment and Business Regulation	130,401	5,907	136,308	87,088	223,396
Debt Service:					
Principal				50,235	50,235
Interest				7,183	7,183
Capital Outlays	28,497	(700)	27,797	257,650	285,447
Total expenditures	$49,274,209	$ 104,498	$49,378,707	$22,231,875	$71,610,582
Excess of revenues over expenditures	$ 493,547	$ (104,498)	$ 389,049	$ 2,749,631	$ 3,138,680
Other sources (uses) of financial resources:					
Transfers-in	$ 11,444,912	$ (42,589)	$11,402,323	$(8,785,575)	$ 2,616,748
Transfers-out	(11,119,025)	199,667	(10,919,358)	6,851,613	(4,067,745)
Financing of leases, subscription-based information, technology arrangements and financed purchases				22,439	22,439
Net other sources (uses) of financial resources	$ 325,887	$ 157,078	$ 482,965	$(1,911,523)	$(1,428,558)
Excess of revenues over expenditures and net other sources (uses) of financial resources	$ 819,434	$ 52,580	$ 872,014	$ 838,108	$ 1,710,122
Fund balances (deficit), July 1, 2023	$ 3,851,768	$(1,625,631)	$ 2,226,137	$ 1,048,982	$ 2,509,119
Increase (decrease) for changes in inventories				4,699	4,699
Fund balances (deficit), June 30, 2024	$ 4,671,202	$(1,573,051)	$ 3,098,151	$ 1,891,789	$ 4,223,940

Source: Illinois Office of the Comptroller

Table II-7 reconciles the three measurement bases used by the State: cash basis, budget basis and GAAP basis. As described above, Tables II-3, II-4 and II-6 herein reflect underlying detail

between the cash and budget bases. Table II-7 draws the revenues and expenditures from those tables and incorporates GAAP basis revenues and expenditures drawn from the Fiscal Year 2024 Annual Report.

Two adjustment columns are also incorporated in Table II-7 that detail the amounts necessary to adjust revenues and expenditures from cash basis to budget basis and then from budget basis to GAAP basis amounts. Table II-7 also reports the excess of revenues over expenditures and net other sources (uses) of financial resources (i.e., operating surplus or deficit) for Fiscal Year 2024 for the three bases equaling an approximately $819 million surplus on the cash basis, an approximately $872 million surplus on the budget basis and an approximately $1.710 billion surplus on the GAAP basis. Similarly, an ending cash basis fund balance surplus of approximately $4.671 billion, a budget basis fund balance surplus of approximately $3.098 billion and a GAAP basis fund balance surplus of approximately $4.224 billion, are shown in the bottom line of Table II-7.

While Table II-7 only incorporates select GAAP basis data, the complete Annual Report for Fiscal Year 2024, prepared in accordance with GAAP, has been filed on EMMA and is incorporated in this Official Statement by reference. Such report is also available from the Comptroller's webpage. See APPENDIX F—WEBSITE INDEX. The Annual Report for Fiscal Year 2024 was prepared by the Comptroller and examined and certified by the Auditor General. For Fiscal Year 2024, the Auditor General's opinion was disclaimed and qualified with respect to the opinion unit related to the unemployment compensation trust fund and qualified with respect to the opinion unit related to business-type activities (strictly limited to the conditions related to the unemployment compensation trust fund), and unmodified with respect to the other six opinion units, including the opinion units related to the State's Governmental Activities and the General Funds.

When reviewing Table II-7, the following explanatory notes should be considered in connection with the review of the Annual Report for Fiscal Year 2024 (all amounts are presented in thousands of dollars).

Note 1 – Cash/Budget to GAAP Perspective Difference

On the GAAP basis, the Medicaid Provider Assessment Program Funds, the Income Tax Refund Fund and various other funds are reported as part of the General Fund; whereas, they are not considered part of the General Fund on the budgetary basis or the cash basis.

Note 2 – Cash to Budget Adjustments

The budgetary basis fund balance of $3,098,151 equals the June 30, 2024, cash balance of $4,671,202 less cash lapse period expenditures and transfers-out of $1,573,051. Adjustments from the cash basis of accounting for fiscal year 2024 to the budgetary basis include adding fiscal year 2024 lapse period spending and subtracting fiscal year 2023 lapse period spending. Lapse period expenditures are payments between July 1 – August 31 for services received and for goods "encumbered" (ordered or contracted for) on or before June 30 and received no later than August 31 which are paid from fiscal year 2024 "lapsing accounts." Public Act 102-0291 extended the lapse period to October 31 for fiscal year 2022 and future fiscal years for medical assistance payments of the Department of Healthcare and Family Services. Public Act 96-1501 extended the lapse period to October 31 for fiscal year 2021 and future fiscal years for medical payments of the Department of Veterans' Affairs and medical, childcare, and substance abuse treatment payments

of the Department of Human Services. Lapse period transfers are statutory transfers approved on or prior to June 30, 2024, but not made until after June 30, 2024.

Note 3 – Budget to GAAP Adjustments

A reconciliation of the budgetary basis vs. GAAP is presented in the Notes to Required Supplemental Information in the Annual Comprehensive Financial Report. Significant differences noted in the financial statements include recording accounts receivable, unavailable revenue and accounts payable at year-end. Accounts payable include liabilities which will be paid from future year appropriations (e.g., income tax refunds, Healthcare and Family Services medical reimbursements and payments to local school boards for State Board of Education reimbursement programs).

There were also classification differences between the budgetary basis and GAAP. Interest paid on income tax refunds is reported as general government expenditures for GAAP reporting purposes and as a reduction of revenues in the budgetary presentation. In addition, transfers from the General Revenue Fund to the Common School Fund and from the Common School Special Account to the Common School Fund, which are reported on the budgetary basis, have been eliminated for GAAP reporting purposes.

Tables II-3, II-4, II-5, II-6, II-7 and the State's Annual Report, as well as accompanying footnotes, taken together, should be referenced for a more complete understanding of the financial statements.

SECTION 4
GENERAL FUNDS REVENUES

TAX REVIEW

The State levies taxes or fees on several categories of goods, services and revenues. A complete discussion of the history of such taxes and revenues generated can be found in *The Illinois Tax Handbook for Legislators, 41st Edition April 2025* published by the Commission on Government Forecasting and Accountability Research Unit. (See APPENDIX F—WEBSITE INDEX.) The discussion below is from the Handbook.

The State's revenues are derived from several categories of taxes and fees. Historically, individual income taxes, sales taxes and corporate income taxes provide approximately 89% of total State revenues (not including revenues from the federal government and transfers from other State funds) for the General Funds. The MFT and vehicle registration fees support GO Bonds issued for Road Fund purposes under Section 4(a) and Section 4(e) of the Bond Act and bonds issued under the authorization of Public Act 98-0781 (and GO Bonds issued to refund such GO Bonds).

Individual Income Taxes

The Individual Income Tax ("IIT") is imposed on the taxable income of individuals, trusts and estates. Originally enacted in 1969, the IIT rate has been adjusted a number of times. Prior to the enactment of Public Act 100-0022, the applicable IIT rate was 3.75% from January 1, 2015, through June 30, 2017. Public Act 100-0022 permanently increased the rate to 4.95% for the taxable period beginning July 1, 2017. There is a lengthy list of exemptions that apply to the IIT.

Public Act 102-0700, effective April 19, 2022, included a permanent expansion of the earned income tax credit as a component of the larger tax relief plan enacted as part of the Fiscal Year 2023 Budget. Effective beginning with tax year 2023, the Act increases the State credit from 18 percent to 20 percent of the federal credit and expands the number of taxpayers covered. These changes are estimated to save taxpayers $103.5 million annually. Public Act 103-0592, effective June 7, 2024, created a child tax credit for working families with a child under the age of 12. The tax credit was 20 percent of the taxpayer's state earned income tax credit in 2024 and doubled to 40 percent of the taxpayer's state earned income tax credit in 2025.

Net of funds currently being diverted to the Income Tax Refund Fund (see *"Note 1–Income Tax Refund Fund"* below), IIT is currently distributed as follows:

- 6.47% to the Local Government Distributive Fund.
- 7.3% to the Education Assistance Fund.
- 3.3% to the Fund for the Advancement of Education.
- 3.3% to the Commitment to Human Services Fund.
- 5% of collections from audits to the Tax Compliance and Administration Fund.
- The remainder to the General Revenue Fund.

Corporate Income Tax

The Corporate Income Tax ("CIT") is imposed on the taxable income of corporations, associations, joint-stock companies and cooperatives. Corporations are also subject to a supplemental income

tax for local governments referred to as the Personal Property Tax Replacement Tax (see *"Note 2–Personal Property Tax Replacement Taxes"* discussion below). Originally enacted in 1969, the CIT rate has been changed a number of times. Prior to the enactment of Public Act 100-0022, the applicable CIT rate was 5.25%. Public Act 100-0022 permanently increased the rate to 7.00% for the period beginning July 1, 2017. As with the IIT, various exemptions and deductions apply to the CIT.

Net of the amounts currently diverted to the Income Tax Refund Fund (see discussion under *"Note 1–Income Tax Refund Fund"* below), the CIT is distributed as follows:

- 6.85% to the Local Government Distributive Fund beginning August 1, 2017, (reduced by 10% for Fiscal Year 2018 and by 5% for Fiscal Year 2019 and Fiscal Year 2020).
- 7.3% to the Education Assistance Fund.
- 5% of collections from audits to the Tax Compliance and Administration Fund.
- The remainder to the General Revenue Fund.

A small portion of the corporate income tax that is imposed on certain estates and trusts is directed to the Fund for the Advancement of Education and the Commitment to Human Services Fund.

Sales Tax

The Sales Tax ("ST") is made up of two matching pairs of taxes, the Retailers' Occupation Tax and Use Tax and the Service Occupation Tax and Service Use Tax.

The Retailers' Occupation Tax is imposed on gross receipts of retailers from sales of certain tangible personal property in Illinois. The Use Tax is imposed on persons who use tangible personal property in Illinois. The Service Occupation Tax and Service Use Tax are similar to the Retailers' Occupation and Use Taxes but apply to tangible property received incidental to buying a service. In addition to these taxes applying to Illinois' retailers, out-of-state sellers whose gross receipts from sales in Illinois are $10,000 or more, or retailers with 200 or more separate transactions in Illinois, are required to register with the Illinois Department of Revenue ("IDOR") and collect and remit state use tax. This change followed the U.S. Supreme Court's June 2018 ruling in *South Dakota v. Wayfair, Inc.* (*"Wayfair"*), which upheld a South Dakota statute that imposed tax collection obligations on remote retailers that met specific selling thresholds but had no physical presence in the state. Since making this change in 2018, the State has further expanded imposition of such taxes to include marketplace facilitators that meet the thresholds set forth in *Wayfair*. This change, which impacted online platforms like eBay, Etsy and Amazon, clarified the responsibility of these marketplace facilitators to collect and remit State Use Tax on any sales made by third parties into Illinois via their platform. Effective January 1, 2021, marketplace facilitators received the added responsibility of remitting both state and local retailers' occupation taxes on transactions made over their platforms. The collection of these taxes is administered by the IDOR (35 ILCS 105/1 *et seq.* (use tax); 120/1 *et seq.* (retailers' occupation tax); 110/1 *et seq.* (service use tax); and 115/1 *et seq.* (service occupation tax)).

Sales are currently taxed at a rate of 6.25% of the purchase price of applicable goods. The State keeps the part equal to 5% of the purchase price (the "State Share of Sales Tax") and pays the remaining 1.25% to local governments. The State Share of Sales Tax is distributed as follows:

- 5.55% to the Build Illinois Fund primarily for Build Illinois bond debt service.

- A portion pursuant to statutory formula of the State Share of Sales Tax is deposited into the Public Transportation Fund from sales in the counties of Cook, DuPage, Kane, Lake, McHenry and Will, reduced by 10% for Fiscal Year 2018 and by 5% for Fiscal Year 2019, Fiscal Year 2020 and Fiscal Year 2021.
- 3/32 of the State Share of Sales Tax collected in certain downstate counties to the Downstate Public Transportation Fund, reduced by 10% for Fiscal Year 2018 and by 5% for Fiscal Year 2019, Fiscal Year 2020 and Fiscal Year 2021.
- Beginning in Fiscal Year 2022, an increasing portion of the State Share of Sales Tax on motor fuel purchases has been deposited into the Road Fund. Effective July 1, 2026, the State Share of Sales Tax on motor fuel purchases will be deposited into the Public Transportation Fund and Downstate Public Transportation Fund.
- Less than 1% goes to Other State Funds.
- The remainder to the General Funds.

Motor Fuel Taxes

MFT are imposed on gasoline and special fuels, including diesel fuel. Prior to July 1, 2019, the rate imposed on gasoline was $0.19/gallon, and the rate on special fuels was $0.215/gallon. Public Act 101-0032 increased the rate for gasoline to $0.38/gallon, which rate (after increases to 38.7 cents per gallon on July 1, 2020, 39.2 cents per gallon on July 1, 2021, and 42.3 cents per gallon on January 1, 2023) will be increased annually, beginning July 1, 2023, by the CPI-U for the 12 months ending in March of the year in which the increase takes place (after the July 1, 2025 increase, such rate is 48.3 cents per gallon). Public Act 101-0032 permanently increased the rate for special fuels to an amount equal to the rate charged for gasoline, plus $0.075/gallon (initially, $0.455/gallon). Additional amounts are levied for underground storage tanks and other environmental impact fees; these additional levies are deposited into the Underground Storage Tank Fund. On an annual basis, $30 million of MFT revenues are deposited into the Vehicle Inspection Fund for use by the Illinois Environmental Protection Agency. MFT are distributed as follows:

- $0.025/gallon on special fuels to the State Construction Account Fund, with the remainder deposited to the Road Fund.
- Amounts generated by the increase in the tax on gasoline (all amounts over $0.19/gallon) will be transferred to the State's Transportation Renewal Fund.
    A. 80% of the moneys in the Transportation Renewal Fund will be used for highway maintenance, highway construction, bridge repair, congestion relief and construction of aviation facilities (60% of which will be awarded by the Illinois Department of Transportation ("IDOT") after deposit or transfer into the State Construction Account and 40% of which will be distributed to local municipalities, counties and road districts).
    B. 20% of the moneys in the Transportation Renewal Fund will be allocated to local transportation districts, including the Regional Transportation Authority, for projects.
- $47 million for Grade Crossing Protection Fund and the State Boating Act Fund.

- Sufficient amounts for administrative costs of the IDOR and the IDOT.
- Of the remainder:

    A. 45.6% to the State Construction Account Fund (37%) and the Road Fund (63%).

    B. 54.4% to municipalities by population (49.10%), Cook County (16.74%), Other Counties (18.27%) and townships/road districts (15.89%).

Public Act 102-0700, effective April 19, 2022, made two one-time changes to the MFT rate calculation and distribution of revenues as a component of the larger tax relief plan enacted as part of the Fiscal Year 2023 Budget. First, the Act removed the scheduled July 1, 2022, increase to the MFT rate and added a scheduled increase on January 1, 2023, effectively delaying the calculated increase by 6 months, as described in the preceding paragraph. Second, Public Act 102-0700 redirects to the Transportation Renewal Fund for Fiscal Year 2023 only the 1.1 cents in MFT and environmental impact fees that normally are deposited into the Underground Storage Tank Fund to the Transportation Renewal Fund to help replace the reduced revenues.

Motor Vehicle Fees: Revenue from motor vehicle fees is derived primarily from vehicle registrations, with fees from operators and chauffeurs' licenses and vehicle titles representing a smaller portion of the total. Approximately 51% of these fees are paid into the Road Fund, 31% to the State Construction Account Fund, 14% to the Capital Projects Fund, and the rest to other funds of the State. Beginning with 2021 registrations, Public Act 101-0032 permanently increased motor vehicle registration fees from $101 annually to $151 annually, with large truck and trailer registration fees going as high as $3,191 for an 80,000-pound truck. In addition, beginning on January 1, 2020, electric vehicles registration fees were brought in line with regular registration fees, plus an additional $100 per year in lieu of the payment of MFT, which funds, aside from a $1 deposit into the Secretary of State Special Services Fund, will be deposited into the Road Fund. This change increased the electric vehicle registration fee amount to $251.

Note 1: Income Tax Refund Fund

The Income Tax Refund Fund is funded by a portion of both the CIT (17.5% of gross CIT receipts for Fiscal Year 2018; 15.5% of gross CIT receipts for Fiscal Year 2019; 14.25% of gross receipts for Fiscal Year 2020; 14.0% of gross receipts for Fiscal Year 2021; 15.0% of gross receipts for Fiscal Year 2022; 14.5% of gross receipts for Fiscal Year 2023; 14% for Fiscal Year 2024, Fiscal Year 2025 and Fiscal Year 2026) and IIT (9.8% of gross IIT receipts for Fiscal Year 2018; 9.7% of gross IIT receipts for Fiscal Year 2019; 9.5% of gross receipts for Fiscal Year 2020; 9.0% of gross receipts for Fiscal Year 2021; 9.25% of gross receipts for Fiscal Year 2022 and Fiscal Year 2023; 9.15% of gross receipts for Fiscal Year 2024, Fiscal Year 2025 and Fiscal Year 2026) to fund tax refunds due to tax filers. The rates are set by formula, but the formula can and has frequently been overridden by the General Assembly to set the rates at a particular value. Priority of payment has been to pay IIT refunds first, followed by CIT refunds. If funds are left over in the Income Tax Refund Fund, they are returned to the General Revenue Fund. This resulted in moneys being returned to the General Revenue Fund in Fiscal Year 2018 in the amount of $1.4 million, $327 million in Fiscal Year 2019, $617 million in Fiscal Year 2020, $281 million in Fiscal Year 2021, $242 million in Fiscal Year 2022, $1.481 billion in Fiscal Year 2023, $555 million in Fiscal Year 2024, $253 million in Fiscal Year 2025 and $700 million in Fiscal Year 2026. If insufficient funds are available in the Income Tax Refund Fund, refunds are held until sufficient funds become

available, which may be in a subsequent Fiscal Year. The Income Tax Refund Fund had a balance of approximately $790 million as of June 30, 2025. As of July 25, 2025, there was no backlog of CIT or IIT refunds. Part of the Income Tax Refund Fund is also used to "true up" payments due to local governments under the Personal Property Tax Replacement Tax ("PPRT"). Should insufficient funds be available in the Income Tax Refund Fund to pay these "true up" payments, they must be paid, by statute, from deposits into the Income Tax Refund Fund in the first quarter of the subsequent Fiscal Year.

Note 2: Personal Property Tax Replacement Taxes

The Illinois Constitution abolished all *ad valorem* personal property taxes. In 1979, the General Assembly replaced these taxes on businesses with the PPRT that is earmarked to local governments to replace the *ad valorem* tax. The tax for corporations is 2.5% of federal taxable income. The tax for partnerships, trusts and "S" corporations is 1.5% of federal taxable income. The PPRT is distributed to local governments based on their relative share of the personal property tax collections in 1976 (Cook County) and 1977 (other 101 counties).

Taxing districts in Cook County receive 51.65% of the PPRT, with the balance of 48.35% going to taxing districts in the other 101 counties. Within each distribution, an allocation factor is used to disburse the monies. The Cook County allocation factor is distributed to a taxing district on the basis of each district's share of the personal property tax collections for the 1976 tax year. The other 101 counties allocation factor is distributed on the basis of the districts share of the personal property tax collections for the 1977 tax year. Allocation factors may change if taxing districts merge, when two or more consolidate, or if a portion is disconnected and annexed to another taxing district.

RECENT HISTORY OF GENERAL FUNDS REVENUES

The following tables II-8 and II-9 provide historical information on State cash receipts and disbursements in the State's General Funds and Road Fund.

TABLE II-8
CASH RECEIPTS AND DISBURSEMENT – GENERAL FUNDS
FISCAL YEARS 2021-2025
($'s in Millions)
June 30 Fiscal Year End

	FY2021	FY2022	FY2023	FY2024	FY2025
Available Balance, Beginning	**$ 531**	**$ 975**	**$ 2,063**	**$ 3,852**	**$4,671**
Cash Receipts					
State Revenues					
Income Tax	$ 26,088	$ 30,246	$ 29,578	$ 30,832	$32,902
Sales Tax	9,368	10,234	10,451	10,465	10,574
Public Utility Tax	752	750	751	695	716
Cigarette Tax	281	254	235	204	191
Inheritance Tax	450	603	503	627	603
Liquor Gallonage Tax	177	184	181	179	173
Insurance Tax & Fees	480	455	492	486	574
Corporate Franchise Tax	322	216	225	202	197
Investment Income	57	30	407	654	741
Intergovernmental Transfers	244	244	244	244	244
Other	339	443	590	677	793
Total, State Revenues	$ 38,558	$ 43,658	$ 43,657	$ 45,265	$47,708
Federal Revenues					
Medicaid & Social Services	4,744	4,583	3,802	4,526	3,715
Transfers In					
From Other State Funds[1]	$ 1,550	$ 2,092	$ 3,248	$ 2,798	$2,510
Total Revenues	**$ 44,852**	**$ 50,333**	**$ 50,707**	**$ 52,589**	**$53,933**
Interfund Borrowing	0	0	0	0	$0
Treasurer's Investments	400	0	0	0	0
Short-Term Borrowing/CURE Borrowing	1,998	0	0	0	0
ARP Act Reimbursement	0	737	1,064	0	65
State CURE	0	0	1,363	0	0
Total Cash Receipts[2]	**$ 47,250**	**$ 51,070**	**$ 53,134**	**$ 52,589**	**$53,998**
Cash Disbursements					
Expenditures for Appropriations					
Operations	12,726	15,035	16,389	17,747	$18,770
Awards and Grants	26,270	28,401	30,010	31,602	32,309
Permanent Improvements	8	7	9	3	10
Refunds	1	1	1	1	12
Vouchers Payable Adjustment	2,199	896	764	(27)	(504)
Prior Year Adjustments	(50)	(37)	(55)	(52)	(69)
Transfers Out					
Debt Service Funds[3]	1,529	1,230	1,149	1,517	1,762
Other State Funds[1]	969	2,463	3,077	979	922
Repayment of Interfund Borrowing	140	932	0	0	0
Repayment of Treasurer's Investments	805	0	0	0	0
Repayment of Short-Term Borrowing	2,209	1,052	0	0	0
Total Cash Disbursements	**$ 46,806**	**$ 49,982**	**$ 51,345**	**$ 51,770**	**$53,212**
Cash Balance, Ending	**$ 975**	**$ 2,063**	**$ 3,852**	**$ 4,671**	**$ 5,456**

Source: Based on information from the Illinois Office of the Comptroller. May not add due to rounding.
(1) Excludes transfers to and from the Budget Stabilization Fund.
(2) See "State Indebtedness Information" herein for additional information.
(3) Includes debt service on the 2003 Pension Bonds, as hereinafter defined.

TABLE II-9
CASH RECEIPTS AND DISBURSEMENTS – ROAD FUND
FISCAL YEARS 2021-2025
($'s in Millions)
June 30 Fiscal Year End

	FY2021	FY2022	FY2023	FY2024	FY2025
Available Balance, Beginning	**$ 520**	**$ 1,261**	**$ 1,448**	**$ 2,178**	**$ 3,290**
Cash Receipts					
State Revenues					
Motor Vehicle & Operations	887	867	830	864	854
Certificates of Title, Licenses, Fees & Registrations	696	636	625	639	645
Property Sales (City & County)	100	108	129	88	94
Sales Tax on Motor Fuels[1]	0	132	484	570	399
Miscellaneous	149	143	197	282	698
Total, State Revenues	$ 1,833	$ 1,886	$ 2,265	$ 2,442	$ 2,691
Federal Revenues	1,812	1,691	1,982	2,244	2,589
Transfers In					
Motor Fuel Fund	332	355	349	346	343
Other Funds	505	0	0	0	0
Prior Year Refunds	2	1	22	1	1
Total Cash Receipts	**$ 4,484**	**$ 3,933**	**$ 4,618**	**$ 5,033**	**$ 5,625**
Cash Disbursements					
Expenditures for Appropriations	2,608	2,975	3,086	3,111	4,128
Transfers Out					
Debt Service Funds[2]	431	470	510	509	579
Other State Funds	704	301	291	302	460
Total Cash Disbursements	**$ 3,742**	**$ 3,746**	**$ 3,887**	**$ 3,922**	**$ 5,167**
Cash Balance, Ending	**$ 1,261**	**$ 1,448**	**$ 2,178**	**$ 3,290**	**$ 3,747**

Source: Illinois Office of the Comptroller. May not add due to rounding.

(1) Over a phase-in period beginning July 1, 2021, the Road Fund received increased percentages of net revenue realized from sales taxes imposed on motor fuel and gasohol as outlined in Public Act 101-0032. Public Act 104-006 maintained the split of State sales tax on motor fuel purchases deposited into the General Funds and a portion of the Road Fund for an extra year and extended the phase-in period from July 1, 2025, to July 1, 2026. PA 104-0457 ends the deposit into the Road Fund of a portion of the sales tax on motor fuels and, effective July 1, 2026, directs such deposits to the Public Transportation Fund and the Downstate Public Transportation Fund.

(2) Reflects debt service on GO Bonds.

PART III
INDEBTEDNESS OF THE STATE

This part of this Appendix describes the State's general obligation and revenue debt, as well as certain debt of other units of government for which the State may be responsible. Section 1 describes the State's ability to incur general obligation debt and describes the State's outstanding general obligation debt. Section 2 describes the State's outstanding revenue bonds. Section 3 describes the various authority indebtedness and moral obligation indebtedness which may impact the State.

SECTION 1

GENERAL OBLIGATION INDEBTEDNESS

CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO BORROWING

Constitutional Provisions Relating to Long-Term Borrowing

Article IX, Section 9(a) of the Illinois Constitution defines the term "State debt" as "bonds or other evidences of indebtedness which are secured by the full faith and credit of the State or are required to be repaid, directly or indirectly, from tax revenue and which are incurred by the State, any department, authority, public corporation or quasi-public corporation of the State, any State college or university, or any other public agency created by the State, but not by units of local government, or school districts."

Article IX, Section 9(b) of the Illinois Constitution provides that "State debt for specific purposes may be incurred or the payment of State or other debt guaranteed in such amounts as may be provided either in a law passed by the vote of three-fifths of the members elected to each house of the General Assembly or in a law approved by a majority of the electors voting on the question at the next general election following passage." Both the Bond Act and the CURE Borrowing Act were enacted pursuant to Section 9(b).

Constitutional and Statutory Provisions Relating to Short-Term Borrowing

Article IX, Sections 9(c) and 9(d) of the Illinois Constitution, pursuant to which the Short Term Borrowing Act, as amended (30 ILCS 340/0.01 *et seq.*) (the "Short Term Borrowing Act"), was enacted, permits State debt to be incurred in anticipation of revenues to be collected in a Fiscal Year in an amount not exceeding 5% of the State's appropriations for that Fiscal Year. Such debt shall be retired from the revenues realized in that Fiscal Year. Additionally, State debt may be incurred under Section 1.1 of the Short Term Borrowing Act in an amount not exceeding 15% of the State's appropriations for a Fiscal Year to meet deficits caused by emergencies or failures of revenue. Such debt must be repaid within one year of the date it is incurred.

Constitutional and Statutory Provisions Relating to Refundings

Article IX, Section 9(e) of the Illinois Constitution provides the constitutional authority to refund State debt by providing that "State debt may be incurred by law to refund outstanding State debt if the refunding debt matures within the term of the outstanding State debt." Section 16 of the Bond Act imposes certain restrictions on the issuance of GO Bonds for refunding purposes. These restrictions currently include a requirement that the net present value of debt service savings to be achieved by the issuance of the refunding GO Bonds is 3% or more of the principal amount of the refunded GO Bonds or the principal amount of the refunding GO Bonds to be issued.

From time-to-time, the Bond Act has imposed additional restrictions on the issuance of GO Bonds for refunding purposes in addition to the restrictions imposed by the Illinois Constitution. Certain additional statutory restrictions no longer apply to GO Bonds issued for refunding purposes after July 1, 2023, following an amendment to the Bond Act removing such restrictions. Among the restrictions which are no longer applicable to the issuance of GO Bonds for refunding purposes is the requirement that the maturities of the refunding GO Bonds not extend beyond the maturities of the GO Bonds they refund, so that for each fiscal year in the maturity schedule of a particular issue of refunding GO Bonds, the total amount of refunding principal maturing and redemption amounts due in that fiscal year and all prior fiscal years in that schedule be greater than or equal to the total amount of refunded principal and redemption amounts that had been due over that year and all prior fiscal years prior to the refunding. The restriction described in the previous sentence was removed from the Bond Act by Public Act 103-007, effective July 1, 2023.

Constitutional Provision Relating to Impairment of Contracts

Article I, Section 16 of the Illinois Constitution provides that no law impairing the obligation of contracts shall be passed by the General Assembly. This "non-impairment" clause prohibits action by the General Assembly that would, under contract law, impair the obligations of a contract between the State and its bondholders.

AUTHORITY FOR ISSUANCE OF GO BONDS

The Bond Act, which has been approved by the requisite three-fifths vote of each house of the General Assembly, authorizes the issuance of multiple capital and special purpose GO Bonds in the aggregate amount of $81,914,839,969, excluding GO Bonds issued for refunding purposes. The State's authorization to issue GO Bonds was substantially increased during Fiscal Year 2019 as a result of the enactment of the State's Rebuild Illinois capital plan. See SECTION 2—RECENT FINANCIAL HISTORY—REBUILD ILLINOIS CAPITAL PLAN" in Part II.

The Bond Act further authorizes the issuance of GO Bonds in the amount of up to $4,839,025,000, at any time and from time to time outstanding, for the purpose of refunding any outstanding GO Bonds.

Public Act 100-0023 ("P.A. 100-23") amended the Bond Act to add Section 7.6, which authorized the additional issuance of GO Bonds in the amount of up to $6,000,000,000 (the "Initial Section 7.6 Bonds"), the proceeds of which were to be used for the purpose of paying vouchers incurred by the State prior to July 1, 2017. The Initial Section 7.6 Bonds in the aggregate principal amount of $6,000,000,000 were issued on November 8, 2017, and the proceeds were spent to pay vouchers. Public Act 101-0030 amended Section 7.6 to authorize the issuance of additional GO Bonds (the "Additional Section 7.6 Bonds" and together with the Initial Section 7.6 Bonds, the "Section 7.6 Bonds") in the amount of $1,200,000,000 for the purpose of paying vouchers incurred by the State and accruing interest payable by the State prior to the date on which the Additional Section 7.6 Bonds are issued. None of the Additional Section 7.6 Bonds have been issued at this time. See "FUTURE FINANCINGS" in this Part III.

Public Act 100-0587 ("P.A. 100-587") amended the Bond Act to add Section 7.7, which authorized the additional issuance of GO Bonds in the amount of $1,000,000,000 (the "Section 7.7 Bonds"), the proceeds of which are to be used to make accelerated pension benefit payments with respect to certain of the Retirement Systems. Public Act 102-0718 ("P.A. 102-718") authorized the State to issue additional Section 7.7 Bonds in an aggregate principal amount of $1,000,000,000. All of

the Section 7.7 Bonds authorized by P.A. 100-587 and P.A. 102-718 were issued by September 2025. Public Act 104-0008, enacted in conjunction with the Fiscal Year 2026 Budget, increased the State's authorization to issue an additional $200 million of Section 7.7 Bonds. The April 2026A Bonds are expected to be issued in part as Section 7.7 Bonds and will be the first Section 7.7 Bonds issued under the authority provided by Public Act 104-0008.

The respective amounts of GO Bonds authorized and outstanding are set forth in Table III-3– *"General Obligation Bond Authorization*."

The Bond Act places certain restrictions on the issuance of GO Bonds, including a requirement that GO Bonds may not be issued if, in the next State Fiscal Year after the issuance of such GO Bonds, the amount of debt service on all then-outstanding GO Bonds (other than GO Bonds issued to pay pension obligations in 2010 and 2011, the Initial Section 7.6 Bonds and Section 7.7 Bonds) exceeds 7% of the aggregate of the appropriations for the General Funds, the State Construction Fund Account and Road Fund for the Fiscal Year immediately prior to the Fiscal Year of the issuance, provided, however, that such requirement may be waived with the written consent of the Comptroller and the Treasurer.

AUTHORITY FOR ISSUANCE OF CURE BORROWING ACT OBLIGATIONS

The CURE Borrowing Act authorizes the State to borrow money from the Federal Reserve's Municipal Liquidity Facility ("MLF") or other Federal Reserve Bank program and issue bonds, notes or other obligations (collectively "CURE Borrowing Act Obligations") of the State in a principal amount not to exceed $5,000,000,000. CURE Borrowing Act Obligations are general obligations of the State. The proceeds of CURE Borrowing Act Obligations must be used to (i) meet failures of revenue resulting from the COVID-19 outbreak and to support the emergency response thereto, (ii) provide funds for payment or reimbursement of new or increased costs of State government resulting from the COVID-19 outbreak and the emergency response thereto, (iii) provide funds to respond to any other disaster or emergency or failure of revenues or the costs of essential government services, (iv) provide funds for deposit into the Healthcare Provider Relief Fund for payment of costs payable from such fund, and (v) provide funds for payment or reimbursement of costs payable from the Health Insurance Reserve Fund.

The State issued $2,000,000,000 of CURE Borrowing Act Obligations in December 2020 (the "2020 CURE Borrowing Act Notes") pursuant to this authority. The State prepaid all of these amounts during Fiscal Years 2021 and 2022.

The State does not anticipate issuing any additional CURE Borrowing Act Obligations. Further, the CURE Borrowing Act provides that CURE Borrowing Act Obligations may only be issued to evidence the borrowing of money by the State from the MLF or other Federal Reserve Bank programs. The MLF's authorization to lend money expired on December 31, 2020, and no other Federal Reserve Bank program currently exists to lend money to the State in the manner contemplated by the CURE Borrowing Act.

AUTHORITY FOR ISSUANCE OF SHORT-TERM DEBT

The State is permitted to issue short-term certificates pursuant to the Illinois Constitution and the Short Term Borrowing Act ("Short-Term Debt"). Short-Term Debt issued pursuant to the Short Term Borrowing Act is a general obligation of the State. The Short Term Borrowing Act constitutes an appropriation of any money in the State Treasury of an amount sufficient to pay the principal and interest on short-term certificates issued pursuant to the Short Term Borrowing Act.

The State did not issue any Short-Term Debt during Fiscal Year 2022, Fiscal Year 2023, Fiscal Year 2024, or Fiscal Year 2025 and does not anticipate issuing any Short-Term Debt during Fiscal Year 2026.

STATE FUNDING OF PAYMENTS FOR GO BONDS

The provisions of the Bond Act described below are irrepealable until all GO Bonds issued under the Bond Act are paid in full as to both principal and interest.

To provide for the manner of repayment of the Bonds, the Bond Act requires the Governor to include an appropriation in each annual State Budget of moneys in such amount as will be necessary and sufficient, for the period covered by such Budget, to pay the interest, as it becomes payable, on all outstanding GO Bonds issued under the Bond Act and to pay and discharge the principal and premium, if any, of GO Bonds falling due during such period. The Bond Act also creates the General Obligation Bond Retirement and Interest Fund (the "GOBRI Fund"), which is a separate fund in the State Treasury to be used for such repayment.

In addition to GO Bonds, debt service payments on Short-Term Debt and CURE Borrowing Act Obligations are also made from the GOBRI Fund. Amounts in the GOBRI Fund for the payment of Short-Term Debt and CURE Borrowing Act Obligations are held in subaccounts of the GOBRI Fund separate and apart from the amounts on hand to pay debt service on GO Bonds. Holders of Short-Term Debt or CURE Borrowing Act Obligations do not have a claim on the amounts held in the GOBRI Fund for the payment of GO Bonds.

The Bond Act requires the General Assembly to make appropriations annually to pay the principal of, interest on and premium, if any, on outstanding GO Bonds issued under the Bond Act from the GOBRI Fund. If for any reason the General Assembly fails to make appropriations sufficient to pay the principal of, interest on and premium, if any, on the GO Bonds when due, or if for any reason there are insufficient funds in the General Revenue Fund, or with respect to GO Bonds issued under Sections 4(a) and 4(e) of the Bond Act or bonds issued under the authorization of Public Act 98-781 for highway and surface transportation purposes (or GO Bonds issued to refund GO Bonds issued for such purposes) in the Road Fund, to make transfers to the GOBRI Fund as required by the Bond Act, the Bond Act constitutes an irrevocable and continuing appropriation of all amounts necessary for that purpose, and the irrevocable and continuing authority for and direction to the Treasurer and the Comptroller to make the necessary transfers, as directed by the Governor, out of and disbursements from the revenues and funds of the State.

The following tables reflect the cash available to make payments on GO Bonds. Table III-1 reflects the cash available (subject to certain restrictions as to use) from time to time in various State funds to support debt service on GO Bonds. See Table III-4 herein for debt service on the outstanding GO Bonds.

TABLE III-1
CASH BALANCES BY FUND CATEGORY
($'s in Millions)

AS OF END OF FISCAL YEARS 2021–2025

FUND CATEGORY[1]	FY2021	FY2022	FY2023	FY2024	FY2025
General Funds					
General Funds (excluding Budget Stabilization Fund)	$ 969	$ 1,312	$ 1,912	$ 2,570	$ 3,099
Budget Stabilization Fund	6	752	1,940	2,101	2,357
Total	$ 975	$ 2,064	$ 3,852	$ 4,671	$ 5,456
Highway Funds[2]	$ 2,568	$ 3,389	$ 4,763	$ 6,268	$ 7,411
Special State Funds	4,699	10,275[3]	9,078	10,133	10,453
Bond Financed Funds	1,684	2,073	2,425	3,393	1,816
Debt Service Funds[4]	1,893	1,869	1,935	2,226	2,600
Revolving Funds	116	247	180	194	92
State Trust Funds	3,447	4,383	4,854	4,840	5,356
June 30th amounts (End of Fiscal Year)	**$15,381**	**$24,300**	**$27,088**	**$31,726**	**$33,184**

Source: Illinois Office of the Comptroller and GOMB.
Note: Totals may not add due to rounding. Increase in cash balance in some cases may be temporary and partly due to the timing of expenditures.
(1) Does not include Federal Trust Funds.
(2) Highway Funds are limited by the Illinois Constitution and State statute to support construction and maintenance of transportation and the debt service on certain GO Bonds issued for transportation projects.
(3) Increase from Fiscal Year 2021 to Fiscal Year 2022 was due in part to timing of expenditures during calendar year 2022 and an Income Tax Refund Fund balance greater than usual ($2.6 billion) due to (i) the State setting aside funds for rebates related to the one-time tax relief appropriation approved by the General Assembly in Public Act 102-0700 and (ii) the State's estimate for income tax refunds for Fiscal Year 2022 being greater than actual income tax refunds required.
(4) Includes the GOBRI Fund.

The State imposes various taxes and fees to pay its General Funds obligations, including, without limitation, principal and interest on its GO Bonds. See SECTION 4—GENERAL FUND REVENUES— TAX REVIEW" in this Part II.

The State has never failed to pay any debt service payment on its GO Bonds when due. The State did not enact a full General Funds Budget for Fiscal Years 2016 and 2017; nevertheless, the Treasurer continued to pay all GO Bond debt service payments required by the Bond Act.

Upon delivery of the Bonds, the Bond Act requires the Comptroller to compute and certify to the Treasurer the total amount of principal of, interest on and premium, if any, on the Bonds that will be payable in order to retire such Bonds and the amount of principal of, interest on and premium, if any, on the Bonds that will be payable on each payment date during the then current and each succeeding Fiscal Year.

On or before the last day of each month, the Bond Act requires the Treasurer and Comptroller to transfer from the General Revenue Fund to the GOBRI Fund an amount sufficient to pay the aggregate of the principal of, interest on and premium, if any, on GO Bonds issued under the Bond Act payable by their terms on the next payment date, divided by the number of full calendar months between the date of such GO Bonds and the first such payment date, and thereafter, divided by the number of months between each succeeding payment date after the first payment date. The following statutory transfers to the GOBRI Fund will also be made in amounts determined using the same formula, as follows: (i) pursuant to the Bond Act, transfers from the Road Fund to the GOBRI Fund for GO Bonds issued under Sections 4(a) and 4(e) of the Bond Act or bonds issued

under the authorization of Public Act 98-781 (or GO Bonds issued to refund such GO Bonds); (ii) pursuant to the State Finance Act and the Bond Act, transfers from the School Infrastructure Fund and the General Revenue Fund to the GOBRI Fund for GO Bonds issued for the construction of school improvements under the School Construction Law of the State as authorized by Section 5(e) of the Bond Act for school improvement projects (or GO Bonds issued to refund such GO Bonds); and (iii) pursuant to the State Finance Act and the Bond Act, transfers from the Capital Projects Fund and the General Revenue Fund to the GOBRI Fund for GO Bonds issued pursuant to the bonding authorization under the 2009 capital program (or GO Bonds issued to refund such GO Bonds) and certain non-transportation bonds authorized as part of the Rebuild Illinois capital plan.

These transfers are not required if the amount in the GOBRI Fund is already sufficient as described above, and if the Governor or his authorized representative notifies the Treasurer and Comptroller of such fact in writing. Moneys deposited into the GOBRI Fund to provide for the payment of Short-Term Debt and CURE Borrowing Act Obligations are excluded from any calculation used in determining the ability of the State to suspend transfers to the GOBRI Fund for the payment of the GO Bonds.

The Bond Act provides that if the State fails to pay the principal of, interest on, or premium, if any, on any of the GO Bonds as the same become due, the holder of the GO Bonds on which such a payment default exists may institute a civil action to compel payment in the Supreme Court of Illinois (the "Illinois Supreme Court") as a court of original jurisdiction.

The cash balance in the GOBRI Fund on March 1, 2026, was approximately $1.657 billion.

The following Table III-2 shows a history of debt service transfers to the GOBRI Fund from the various funds described above during Fiscal Year 2021 through Fiscal Year 2025.

TABLE III-2
GENERAL OBLIGATION BONDS
TRANSFERS TO THE GOBRI FUND FOR PAYMENT OF DEBT SERVICE
FISCAL YEARS 2021-2025
($'s in Millions)

FUND	FY2021	FY2022	FY2023	FY2024	FY2025
General Revenue Fund					
GO Bonds	$1,529	$1,230	$1,149	$1,517	$1,762
Short-Term Borrowing	2,209	1,052	0	0	0
Road Fund[(1)]	431	470	510	509	579
School Infrastructure Fund[(1)]	385	281	156	215	193
Capital Projects Fund[(1)]	783	1,468	1,269	1,063	993
State CURE Fund[(2)]	26	0	0	0	0
TOTAL	**$5,364**	**$4,500**	**$3,085**	**$3,305**	**$3,526**

Source: GOMB. Office of the Comptroller.

Note: Totals may not add due to rounding.

(1) Each of the Road Fund, the School Infrastructure Fund ("SIF") and the Capital Projects Fund ("CPF") all pay a portion of the debt service on the State's GO Bonds. Under the State Finance Act, SIF and CPF supplement General Revenue Fund transfers. Pursuant to Section 15 of the Bond Act, monies are not required to be transferred if amounts in the GOBRI Fund are sufficient. Therefore, in years in which one or more of these funds is able to pay a greater portion of such debt service, the transfers from the General Revenue Fund can be reduced.

(2) The State CURE Fund held the State's CRF allocation. One of the allowable uses of money in this fund was payment of interest costs on cash flow borrowings, such as the CURE Borrowing Act Obligations.

OUTSTANDING GO BONDS

The tables in this section provide information regarding the State's GO Bonds authorized and issued pursuant to the Bond Act. Short-Term Debt and CURE Borrowing Act Obligations, though general obligations of the State, are not issued pursuant to the Bond Act and are not included in the tables set forth in this section. Table III-3 shows the statutory general obligation bond authorization, Table III-4 shows the maturity schedule for all outstanding GO Bonds, and Table III-5 provides certain information with respect to all outstanding GO Bonds. Except as noted in such tables, the amount of outstanding GO Bonds shown in Tables III-4 and III-5 has not been reduced by the remaining amounts otherwise available in the GOBRI Fund. All of the State's outstanding GO Bonds are fixed rate obligations.

TABLE III-3
GENERAL OBLIGATION BOND AUTHORIZATION
(As of March 1, 2026)

Authorization Category	Amount Authorized[1]	Amount Issued[2]	Authorized Unissued	Amount Outstanding[3]
Multi-purpose	$54,702,491,669	$37,582,386,351	$17,120,105,318	$12,599,675,560
Special-purpose[4]	250,000,000	246,095,000	3,905,000	0
Refunding Bonds[5]	4,839,025,000	13,498,104,239	1,527,820,000	3,311,205,000
Subtotal	**$59,791,516,669**	**$51,326,585,590**	**$18,651,830,318**	**$15,910,880,560**
Pension Bonds	17,562,348,300	17,166,000,000	396,348,300	6,675,000,000
Section 7.7 Bonds	2,200,000,000	2,000,000,000	200,000,000	1,512,084,440
Section 7.6 Bonds	7,200,000,000	6,000,000,000	1,200,000,000	2,000,000,000
Total	**$86,753,864,969**	**$76,492,585,590**	**$20,448,178,618**	**$26,097,965,000**
Currently Authorized Less Refunding Bonds[6]	$81,914,839,969	$62,994,481,351		

Source: GOMB and the Office of the Comptroller.
(1) Authorizations as set forth in the Bond Act. This table does not include authorizations related to CURE Borrowing Act Obligations.
(2) Reflects principal amount issued.
(3) All amounts reflect principal amount outstanding as of March 1, 2026.
(4) Special-purpose authorization was to issue bonds to fund Medicaid expenses. This authorization existed only in Fiscal Year 2010.
(5) The State is authorized to issue and have outstanding $4,839,025,000 of GO Refunding Bonds. The authorized unissued amount of refunding bonds is the difference between the amount authorized and the amount of principal on refunding bonds outstanding as of March 1, 2026.
(6) Section 2 of the Bond Act states that the aggregate authorized amount of the general obligation bonds (excluding authorization for refunding bonds) is $81,789,839,969. The difference is attributable to expired authorization for Tobacco bonds (30 ILCS 330/7.5).

TABLE III-4
MATURITY SCHEDULE – GENERAL OBLIGATION BONDS[1]
(As of March 1, 2026)

Fiscal Year June 30	The Bonds		General Obligation Capital Improvement and Refunding Bonds		Section 7.7 Pension Acceleration Bonds		Section 7.6 November 2017 ABCD Bonds		General Obligation Pension Bonds		Total Combined Total Debt Service
	Principal	Interest	Total Principal	Total Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026			$ 1,091,360,888	$ 805,815,197	$ 162,194,112	$ 75,147,272	$ 500,000,000	$111,537,500	$ 575,000,000	$ 340,425,000	$ 3,661,479,969
2027			1,034,402,168	790,713,766	179,437,832	70,679,969	500,000,000	87,018,750	625,000,000	311,100,000	3,598,352,485
2028			1,044,942,168	734,970,509	149,437,832	61,608,696	500,000,000	62,500,000	700,000,000	279,225,000	3,532,684,205
2029			1,029,047,168	679,393,001	146,437,832	54,044,774	500,000,000	37,500,000	775,000,000	243,525,000	3,464,947,775
2030			1,006,982,168	625,017,634	113,567,832	48,033,641	500,000,000	12,500,000	875,000,000	204,000,000	3,385,101,275
2031			973,412,168	573,660,958	102,607,832	42,528,892	-	-	975,000,000	159,375,000	2,826,584,850
2032			907,212,168	523,339,323	97,607,832	37,408,867	-	-	1,050,000,000	109,650,000	2,725,218,190
2033			892,822,168	476,127,750	92,607,832	32,507,430	-	-	1,100,000,000	56,100,000	2,650,165,180
2034			924,102,168	428,380,772	82,602,832	27,821,498	-	-	-	-	1,462,907,270
2035			862,752,168	381,712,051	72,602,832	23,658,259	-	-	-	-	1,340,725,310
2036			788,787,168	336,257,214	59,102,832	20,359,886	-	-	-	-	1,204,507,100
2037			740,950,888	297,612,108	40,459,112	17,823,642	-	-	-	-	1,096,845,750
2038			701,250,888	262,450,514	40,459,112	15,730,736	-	-	-	-	1,019,891,250
2039			624,110,888	230,511,129	40,459,112	13,674,871	-	-	-	-	908,756,000
2040			538,140,888	200,850,493	40,459,112	11,606,507	-	-	-	-	791,057,000
2041			538,140,888	175,025,708	40,459,112	9,552,542	-	-	-	-	763,178,250
2042			496,940,888	149,281,522	40,459,112	7,535,478	-	-	-	-	694,217,000
2043			465,120,888	125,463,178	33,079,112	5,594,322	-	-	-	-	629,257,500
2044			420,920,888	102,923,133	33,079,112	3,759,367	-	-	-	-	560,682,500
2045			420,920,888	81,785,089	21,079,112	1,919,911	-	-	-	-	525,705,000
2046			367,920,888	61,194,544	12,079,112	800,456	-	-	-	-	441,995,000
2047			311,000,000	43,753,750	5,000,000	275,000	-	-	-	-	360,028,750
2048			279,000,000	27,626,250	-	-	-	-	-	-	306,626,250
2049			203,000,000	14,473,750	-	-	-	-	-	-	217,473,750
2050			71,000,000	5,591,250	-	-					76,591,250
2051			71,000,000	1,863,750	-	-	-	-	-	-	72,863,750
Total			$16,805,241,448	$8,135,794,343	$1,605,278,552	$582,072,016	$2,500,000,000	$311,056,250	$6,675,000,000	$1,703,400,000	$38,317,842,609

Source: GOMB.
Note: Interest on Build America Bonds is shown gross of the 35% Federal subsidy.
Note: Table may not add due to rounding.
(1) Includes all debt service paid or payable during Fiscal Year 2026.

TABLE III-5
OUTSTANDING GENERAL OBLIGATION BONDS
(As of March 1, 2026) [1]

Original Par[2]	Principal Currently Outstanding	Bonds	Series	Dated Date
$ 240,000,000	$ 240,000,000	General Obligation Bonds	Series of September 2025A (Taxable)	September 11, 2025
1,535,000,000	1,535,000,000	General Obligation Bonds	Series of September 2025BCDEF	September 11, 2025
150,000,000	135,000,000	General Obligation Bonds	Series of October 2024A (Taxable)	October 16, 2024
450,000,000	440,000,000	General Obligation Bonds	Series of October 2024BC	October 16, 2024
1,087,800,000	918,980,000	General Obligation Refunding Bonds	Series of October 2024	October 16, 2024
250,000,000	215,000,000	General Obligation Bonds	Series of May 2024A (Taxable)	May 21, 2024
1,550,000,000	1,513,000,000	General Obligation Bonds	Series of May 2024B	May 21, 2024
175,000,000	105,000,000	General Obligation Bonds	Series of December 2023A (Taxable)	December 19, 2023
700,000,000	700,000,000	General Obligation Bonds	Series of December 2023BC	December 19, 2023
200,000,000	104,000,000	General Obligation Bonds	Series of May 2023A (Taxable)	May 10, 2023
1,150,000,000	1,120,000,000	General Obligation Bonds	Series of May 2023BC	May 10, 2023
1,161,210,000	968,710,000	General Obligation Refunding Bonds	Series of May 2023D	May 10, 2023
175,000,000	91,000,000	General Obligation Bonds	Series of October 2022A (Taxable)	October 13, 2022
525,000,000	525,000,000	General Obligation Bonds	Series of October 2022BC	October 13, 2022
925,000,000	777,000,000	General Obligation Bonds	Series of June 2022A	June 2, 2022
713,375,000	327,435,000	General Obligation Refunding Bonds	Series of June 2022B	June 2, 2022
400,000,000	320,000,000	General Obligation Bonds	Series of December 2021AB	December 15, 2021
1,000,000,000	705,000,000	General Obligation Bonds	Series of March 2021AB	March 24, 2021
257,960,000	27,805,000	General Obligation Refunding Bonds	Series of March 2021C	March 24, 2021
725,000,000	600,000,000	General Obligation Bonds	Series of October 2020BCD	October 27, 2020
800,000,000	640,000,000	General Obligation Bonds	Series of May 2020	May 18, 2020
750,000,000	570,000,000	General Obligation Bonds	Series of November 2019ABC	November 21, 2019
300,000,000	228,000,000	General Obligation Bonds	Series April 2019A (Taxable)	April 9, 2019
140,280,000	48,210,000	General Obligation Refunding Bonds	Series April 2019B	April 9, 2019
965,770,000	518,525,000	General Obligation Refunding Bonds	Series of September 2018AB	September 5, 2018
500,000,000	339,000,000	General Obligation Bonds	Series of May 2018AB	May 9, 2018
750,000,000	464,400,000	General Obligation Bonds	Series of December 2017AB	December 13, 2017
6,000,000,000	2,000,000,000	General Obligation Bonds	Series of November 2017CD	November 8, 2017
480,000,000	307,200,000	General Obligation Bonds	Series November 2016	November 17, 2016
1,303,145,000	501,540,000	General Obligation Refunding Bonds	Series October 2016	November 2, 2016
550,000,000	352,000,000	General Obligation Bonds	Series June 2016	June 29, 2016
480,000,000	288,000,000	General Obligation Bonds	Series January 2016	January 26, 2016
350,000,000	182,000,000	General Obligation Bonds	Series December 2013 (Taxable)	December 19, 2013
350,000,000	182,000,000	General Obligation Bonds	Series B of April 2013 (Taxable)	April 10, 2013
275,000,000	121,000,000	General Obligation Bonds	Series B of January 2012 (Taxable)	January 20, 2012
900,000,000	360,000,000	General Obligation Bonds	Series 2010-5 (BABs)	July 21, 2010
300,000,000	120,000,000	General Obligation Bonds	Series 2010-4 (BABs)	July 1, 2010
700,000,000	280,000,000	General Obligation Bonds	Series 2010-3 (BABs)	April 26, 2010
300,000,000	108,000,000	General Obligation Bonds	Series 2010-2 (BABs)	April 26, 2010
56,000,000	20,160,000	General Obligation Bonds	Series March 2010 (Taxable)	April 26, 2010
1,000,000,000	360,000,000	General Obligation Bonds	Series 2010-1 (BABs)	February 4, 2010
325,000,000	52,000,000	General Obligation Bonds	Series January 2006	January 18, 2006
10,000,000,000	6,675,000,000	General Obligation Bonds	Series June 2003 (Pension)	June 12, 2003
375,000,000	13,000,000	General Obligation Bonds	Series November 2001	November 1, 2001
	$26,097,965,000			

Source: GOMB.
(1) This table summarizes the State's GO Bonds outstanding as of March 1, 2026.
(2) Amounts are the original par value as of date of issue.

MEASURES OF GENERAL OBLIGATION DEBT

The following tables III-6, III-7 and III-8 show various measures of the relative burden of the State's general obligation debt and debt service.

TABLE III-6
RATIO OF GENERAL OBLIGATION DEBT SERVICE
TO TOTAL GENERAL AND ROAD FUND APPROPRIATIONS
FISCAL YEARS 2021-2025
June 30 Fiscal Year End

Fiscal Year	Total Appropriations[1] ($ In Millions)	Capital Improvement and Refunding Bonds Debt Service % of Appropriations	Pension Bonds Debt Service % of Appropriations	Section 7.6 Bonds Debt Service % of Appropriations	Section 7.7 Bonds Debt Service % of Appropriations
2021	49,904	3.41%	1.43%	1.48%	0.10%
2022	53,625	3.31%	1.40%	1.33%	0.14%
2023	57,736	3.14%	1.36%	1.19%	0.17%
2024	61,955	2.91%	1.36%	1.07%	0.30%
2025	66,059	2.84%	1.35%	0.96%	0.35%

Source: Illinois Office of the Comptroller and the Governor's Office of Management and Budget.

(1) Appropriations include the Road Fund and the General Funds.

TABLE III-7
RATIO OF GENERAL OBLIGATION DEBT OUTSTANDING TO ILLINOIS PERSONAL INCOME
FISCAL YEARS 2021-2025
June 30 Fiscal Year End

Fiscal Year	Illinois Personal Income[(1)] ($ In Billions)	Capital Improvement and Refunding Bonds % of Personal Income	Pension Bonds % of Personal Income	Section 7.6 Bonds % of Personal Income	Section 7.7 Bonds % of Personal Income
2021	826.4	1.7%	1.0%	0.5%	0.1%
2022	842.9	1.7%	1.0%	0.5%	0.1%
2023	884.1	1.7%	0.9%	0.4%	0.1%
2024	928.8	1.7%	0.8%	0.3%	0.2%
2025	967.0	1.6%	0.7%	0.3%	0.1%

Source: Bureau of Economic Analysis and Governor's Office of Management and Budget.

(1) Personal income data as of January 23, 2026. Personal income data reflects an average of four quarters of U.S. Census Bureau data for all years. Debt outstanding represents the principal amount of debt outstanding as of June 30 of each Fiscal Year.

TABLE III-8
GENERAL OBLIGATION DEBT PER CAPITA – ILLINOIS
FISCAL YEARS 2021-2025
June 30 Fiscal Year End[(1)]

	FY2021	FY2022	FY2023	FY2024	FY2025
Population (in Thousands)	12,750	12,661	12,633	12,677	12,718
Capital Improvement and Refunding Bonds ($)	1,106	1,113	1,159	1,256	1,196
Pension Bonds ($)	655	634	606	568	525
Section 7.6 Bonds ($)	353	316	277	237	197
Section 7.7 Bonds ($)	55	74	98	114	112

Source: Bureau of Economic Analysis, U.S. Census Bureau and Governor's Office of Management and Budget.

(1) Data as of January 23, 2026. Population data reflects an average of four quarters of U.S. Census Bureau data. Debt outstanding represents the principal amount of debt outstanding on June 30 of each Fiscal Year.

INVESTMENT OF FUNDS

The Treasurer may, with the Governor's approval, invest and reinvest any money in the GOBRI Fund which is not needed for current expenditures due or about to become due from such Fund in securities constituting direct obligations of the United States Government, or obligations the principal of and interest on which are guaranteed by the United States Government, or certificates of deposit of any state or national bank or savings and loan association. For amounts not insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or their lawful successors as security, the Treasurer is required to accept securities constituting direct obligations of the United States Government, or obligations the principal of and interest on which are guaranteed by the United States Government. Earnings received from such investments are paid into the GOBRI Fund.

Within certain parameters, the Treasurer is permitted to invest up to $2 billion of the money in the State treasury, including proceeds from the issuance of GO Bonds, with the Office of the Comptroller in order to enable the Comptroller to pay outstanding vouchers. Public Act 104-002 further amended the Deposit Act to expand, during Fiscal Year 2026 only, the funds in the State treasury into which the Treasurer may make such investments. All of the Fiscal Year 2019, Fiscal Year 2020, and Fiscal Year 2021 investments have been repaid. No funds were borrowed in Fiscal Years 2022 through 2025 and no funds have been borrowed to date in Fiscal Year 2026. The Deposit Act prohibits the use of money deposited in the GOBRI Fund for this type of investment.

FUTURE FINANCINGS

As described above under SECTION 2—"RECENT FINANCIAL HISTORY—REBUILD ILLINOIS CAPITAL PLAN" of Part II hereof, the Rebuild Illinois capital plan appropriated approximately $20.8 billion in additional GO Bond and Build Illinois Bond financed projects (with the authorizations for the issuance of such bonds being established in Public Act 101-030). Since the passage of Public Act 101-030, the State has issued approximately $14.1 billion in aggregate principal amount of GO Bonds and Build Illinois Bonds to finance capital projects. At the time the Rebuild Illinois capital plan was approved, the State expected that the bonds to be sold to finance such capital plan would be sold during the period of six to ten years from the passage of Public Act 101-030. The State still expects that these bonds will be issued during this timeframe, but the specific timing of such issuances will depend on the cash flow needs of the projects to be financed therewith.

The State also periodically reviews its existing debt and has authorization to enter into refunding transactions from time to time as dictated by economic conditions.

SECTION 2

REVENUE OBLIGATIONS

STATE REVENUE BONDS

Revenue bonds are either those obligations for which the State or an authority of the State dedicates a specific revenue source for debt service or those obligations under which the State is committed to retire debt issued by certain authorities or municipalities created and organized pursuant to law and operating within the State. The State's commitment is based upon various Illinois statutes and upon contractual arrangements with the issuers. At present, the only State revenue bonds outstanding or authorized to be issued by the State are its Build Illinois Bonds. Table III-9 identifies the current level of State revenue bonds indebtedness.

BUILD ILLINOIS

The Build Illinois program funds initiatives in business development, infrastructure construction and replacement, education, and environmental protection. The Build Illinois Bonds are dedicated State sales tax revenue bonds. After an increase in authorization as part of the Rebuild Illinois capital plan, the current Build Illinois Bond authorization is $12,098,881,000 of which $8,106,838,191 has been issued. The Build Illinois Bond Act, as amended (30 ILCS 425/1 *et seq.*) (the "BI Bond Act") contains restrictions on the issuance of Build Illinois Bonds similar to those contained in the Bond Act and described under SECTION 1—"GENERAL OBLIGATION INDEBTEDNESS—AUTHORITY FOR ISSUANCE OF GO BONDS" of this Part III.

Build Illinois Bonds are direct, limited obligations of the State payable solely from and secured by an irrevocable, first priority pledge of and lien on moneys on deposit in the Build Illinois Bond Retirement and Interest Fund, a separate fund in the State Treasury. Such moneys are derived primarily from the State's share of sales tax receipts and certain tax revenues and other moneys transferred from the Capital Projects Fund, to the extent available. Build Illinois Bonds are not general obligations of the State and are not secured by a pledge of the full faith and credit of the State. The holders of Build Illinois Bonds may not require the levy or imposition of any taxes or the application of other State revenue or funds to the payment of the bonds, except for the specified sales tax revenues pledged to the bonds.

Debt service with respect to the State's Build Illinois Bonds continues to be paid in a timely manner.

TABLE III-9
MATURITY SCHEDULE – STATE REVENUE BONDS[1]
(As of March 1, 2026)

	Build Illinois Bonds		
Fiscal Year	Principal	Interest	Total Debt Service
2026	$ 267,725,000	$ 148,581,936	$ 416,306,936
2027	247,120,000	143,144,585	390,264,585
2028	234,620,000	131,954,434	366,574,434
2029	226,620,000	121,416,130	348,036,130
2030	216,515,000	111,237,211	327,752,211
2031	208,495,000	101,586,712	310,081,712
2032	199,860,000	92,530,498	292,390,498
2033	189,780,000	83,921,419	273,701,419
2034	180,075,000	75,910,275	255,985,275
2035	168,560,000	68,266,616	236,826,616
2036	159,560,000	60,483,408	220,043,408
2037	150,850,000	53,139,200	203,989,200
2038	141,350,000	46,050,810	187,400,810
2039	134,600,000	39,300,970	173,900,970
2040	127,600,000	32,831,980	160,431,980
2041	122,600,000	26,701,740	149,301,740
2042	113,600,000	20,816,000	134,416,000
2043	108,600,000	15,183,000	123,783,000
2044	102,000,000	9,800,000	111,800,000
2045	94,000,000	4,700,000	98,700,000
Total	$3,394,130,000	$1,387,556,924	$4,781,686,924

[1] Includes all debt service paid or payable during Fiscal Year 2026.

Note: Columns may not add due to rounding.

SECTION 3

AUTHORITY OBLIGATIONS AND MORAL OBLIGATIONS

STATE AUTHORITY REVENUE BONDS

A description of revenue bond programs of State authorities follows. Table III-10 identifies the current level of indebtedness for these State authority bonds.

METROPOLITAN PIER AND EXPOSITION AUTHORITY—EXPANSION PROJECT BONDS

The Metropolitan Pier and Exposition Authority ("MPEA") is authorized to issue McCormick Place Expansion Project Bonds ("Expansion Project Bonds"). MPEA's bond authorization is $2.85 billion of which MPEA has issued $2,849,996,774. Debt issued by MPEA is an obligation of MPEA and is not backed by the full faith and credit of the State. These bonds are secured by locally imposed taxes including hotel/motel, restaurant, car rental and airport departure taxes and, to the extent such taxes are insufficient, are further secured by State sales tax revenues up to maximum annual amounts, subject to appropriation. Transfers of State sales tax revenues are subject to the prior claim for payments into the Build Illinois Bond Fund. Public Act 96-0898 provided additional financial support from the State for debt service on Expansion Project Bonds in an amount up to $31.7 million annually until 2035, subject to appropriation by the State.

Public Act 101-0636 expanded MPEA's ability to use the proceeds of its bonds for any corporate purpose of MPEA during Fiscal Years 2021 and 2022. MPEA issued bonds in September 2020, July 2021, March 2022, December 2022, October 2023, August 2024 and September 2024 which restructured certain outstanding obligations of MPEA and provided funds for corporate purposes, with both aspects of such borrowings designed to provide additional short-term financial flexibility for MPEA.

ILLINOIS SPORTS FACILITIES AUTHORITY

The Illinois Sports Facilities Authority ("ISFA") is authorized to finance sports facilities within the City of Chicago. Debt issued by ISFA is an obligation of ISFA and is not backed by the full faith and credit of the State. ISFA has four issues of outstanding revenue bonds, totaling approximately $397.7 million in principal amount as of March 1, 2026, which are payable, subject to appropriation, from (i) a $10 million subsidy derived equally from State hotel tax revenues and amounts allocable to the City of Chicago under the State Revenue Sharing Act (30 ILCS 115/0.1 *et seq*.) (the "State Revenue Sharing Act") and (ii) an advance of certain State hotel tax revenues which is required to be repaid annually by receipts derived from a 2.0% hotel tax imposed by ISFA within the City of Chicago. In the event the ISFA tax is insufficient to repay the advance of State hotel tax revenues, the deficiency will be paid from additional amounts otherwise payable to the City of Chicago under the State Revenue Sharing Act. The State expects that all amounts advanced as described in clause (ii) above will be repaid to the State.

RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY

In December 2010, the Railsplitter Tobacco Settlement Authority ("Railsplitter") issued revenue bonds in the amount of $1.5 billion. After funding Railsplitter's various business purposes, including the funding of a debt service reserve fund, the State received $1.35 billion in exchange for selling to Railsplitter its rights to substantially all of the payments under the Master Settlement Agreement ("MSA") between various states, including the State, and various cigarette manufacturers (the Original Participating Manufacturers or "OPM"). In December 2017,

Railsplitter issued approximately $671 million in revenue bonds to refund a portion of the 2010 revenue bond issuance.

The MSA calls for the OPMs to make annual payments which are allocated among the various participating states. These funds had been used by the State primarily to fund Medicaid programs. Railsplitter purchased substantially all of the State's rights to the MSA payments but, by the terms of the purchase, may keep only the amount of funds required each year for debt service, costs of operations and enforcement of the MSA by the State Attorney General. Any excess amounts ("Excess MSA Payments") must be transferred to the State. The revenue bonds issued by Railsplitter are secured only by the MSA payments and the State is not obligated in any way to pay principal and interest on these bonds. Such payments are not subject to appropriation. However, as a result of the Railsplitter bond financing, other revenues are being used to fund those portions of the Medicaid programs previously funded by the MSA payments now retained by Railsplitter. These revenues include amounts in the General Revenue Fund. In addition, Railsplitter has a priority claim on Illinois' share of the MSA payments. If those amounts should decline in future years, the State's share of any Excess MSA Payments will be correspondingly reduced.

In March 2022, a settlement was finalized with tobacco companies that resolved disputes concerning the Nonparticipating Manufacturer Adjustment under the MSA for the years 2004 through 2028. Tobacco companies claimed they were authorized to reduce their annual payments to the State and other states as a result of cigarette sales by other tobacco companies that do not participate in the MSA. In 2013 and 2021, two arbitration panels composed of former federal judges found that the State was not subject to this payment reduction for the years 2003 and 2004, respectively. The settlement initially required the release of approximately $548 million previously withheld from the State's annual payments by tobacco companies participating in the MSA. On April 15, 2022, and April 18, 2022, the amounts due under the settlement in 2022 were released (the "Released Funds") together with the annual disbursements under the MSA for 2022.

The Fiscal Year 2024 Budget appropriated the Released Funds to GOMB to effectuate the defeasance of the remaining $449 million of outstanding Railsplitter revenue bonds. These appropriated funds, along with funds held under the trust indenture pursuant to which the Railsplitter revenue bonds were issued, were deposited into an escrow account on September 12, 2023, for the purpose of defeasing all outstanding Railsplitter revenue bonds. The State estimates that the Railsplitter defeasance will save taxpayers up to $50 million in debt service savings and interest earnings.

Funds from the MSA will continue to be deposited with Railsplitter until the Railsplitter revenue bonds are called for redemption prior to maturity on June 1, 2026, though the holders of Railsplitter revenue bonds do not have any right to be paid from such funds. Railsplitter will retain certain of these funds to pay certain costs of the Railsplitter and the Attorney General, and the balance of such funds will be deposited in the State treasury.

After redemption of the Railsplitter revenue bonds on June 1, 2026, funds from the MSA will be deposited directly into the State treasury.

TABLE III-10
MATURITY SCHEDULE – STATE AUTHORITY REVENUE BONDS
(As of March 1, 2026)[1]

Fiscal Year	MPEA Expansion Project		Illinois Sports Facilities Authority		Total State Authority Revenue Bonds		
	Principal	Interest[2]	Principal	Interest[2]	Total Principal	Total Interest	Total Debt Service
2026	$ 47,164,373	$ 197,826,232	$15,537,481	$ 48,398,357	$ 62,701,853	$ 246,224,589	$ 308,926,442
2027	95,588,848	183,580,270	48,410,000	19,563,088	143,998,848	203,143,357	347,142,205
2028	106,717,687	181,305,892	50,350,000	17,142,588	157,067,687	198,448,480	355,516,167
2029	143,455,321	177,528,300	52,870,000	14,625,088	196,325,321	192,153,387	388,478,708
2030	10,081,635	331,380,640	66,575,000	11,981,588	76,656,635	343,362,228	420,018,863
2031	16,040,954	337,238,946	77,925,000	8,586,750	93,965,954	345,825,696	439,791,650
2032	12,465,997	340,804,906	86,000,000	4,506,550	98,465,997	345,311,456	443,777,453
2033	11,803,844	341,479,933	0	0	11,803,844	341,479,933	353,283,778
2034	11,227,732	342,042,546	0	0	11,227,732	342,042,546	353,270,278
2035	10,772,216	342,507,686	0	0	10,772,216	342,507,686	353,279,903
2036	28,983,955	353,117,905	0	0	28,983,955	353,117,905	382,101,860
2037	27,967,727	354,133,421	0	0	27,967,727	354,133,421	382,101,148
2038	27,032,670	355,060,010	0	0	27,032,670	355,060,010	382,092,680
2039	26,124,429	355,975,565	0	0	26,124,429	355,975,565	382,099,994
2040	25,602,412	356,775,818	0	0	25,602,412	356,775,818	382,378,230
2041	37,644,647	344,733,961	0	0	37,644,647	344,733,961	382,378,608
2042	256,470,181	125,911,299	0	0	256,470,181	125,911,299	382,381,480
2043	71,062,297	311,319,409	0	0	71,062,297	311,319,409	382,381,706
2044	70,159,758	312,221,182	0	0	70,159,758	312,221,182	382,380,940
2045	69,716,831	312,665,277	0	0	69,716,831	312,665,277	382,382,108
2046	69,453,031	312,926,470	0	0	69,453,031	312,926,470	382,379,501
2047	118,987,355	263,391,273	0	0	118,987,355	263,391,273	382,378,628
2048	317,223,248	65,158,246	0	0	317,223,248	65,158,246	382,381,494
2049	329,709,595	52,671,364	0	0	329,709,595	52,671,364	382,380,959
2050	303,831,264	78,548,860	0	0	303,831,264	78,548,860	382,380,124
2051	75,318,854	307,061,018	0	0	75,318,854	307,061,018	382,379,872
2052	209,293,118	173,088,721	0	0	209,293,118	173,088,721	382,381,840
2053	153,962,138	192,805,136	0	0	153,962,138	192,805,136	346,767,273
2054	68,697,913	278,545,595	0	0	68,697,913	278,545,595	347,243,507
2055	66,383,107	280,861,473	0	0	66,383,107	280,861,473	347,244,580
2056	69,562,467	277,678,237	0	0	69,562,467	277,678,237	347,240,703
2057	165,361,670	181,886,955	0	0	165,361,670	181,886,955	347,248,625
Total	$3,053,867,271	$8,422,232,545	$397,667,481	$124,804,007	$3,451,534,751	$8,547,036,552	$11,998,571,303

Note: Columns may not add due to rounding.
(1) Includes all debt service paid or payable during Fiscal Year 2026.
(2) Interest for MPEA Expansion Project Bonds and ISFA Bonds includes accreted principal amount on capital appreciation bonds and is net of capitalized interest.

MORAL OBLIGATION BONDS AND OTHER MORAL OBLIGATION COMMITMENTS

Currently, three entities in the State may issue moral obligation bonds: (i) the Illinois Finance Authority (the "IFA"), (ii) the Illinois Housing Development Authority, and (iii) the Southwestern Illinois Development Authority ("SWIDA"). The moral obligation pledge generally provides that in the event the authority issuing moral obligation bonds determines that revenue available to such authority will be insufficient for the payment of principal and interest on such bonds during the next State fiscal period, such authority shall certify to the Governor the amount required to pay such principal and interest and any amounts withdrawn from bond reserve funds to pay principal and interest on moral obligation bonds. The Governor must then submit the amounts so certified to the General Assembly. However, the recommendations of the Governor for State appropriations are a matter of executive discretion. Thus, although the Governor is required to submit the certified amounts to the General Assembly, the moral obligation pledge does not constitute a legally enforceable obligation of the Governor to recommend a State appropriation. Moreover, the General Assembly is not statutorily required to make an appropriation for the amount so certified by the authority, nor must the Governor sign any such appropriation bill if passed by the General Assembly.

Debt evidenced by moral obligation bonds is not debt of the State and is not secured by any State funds.

As of June 30, 2025, debt evidenced by moral obligation bonds was outstanding in the amount of $96,266, consisting solely of SWIDA bonds.

From time to time, the State has received notices from certain entities which have issued moral obligation bonds that insufficient monies are available for the payment of principal and interest on one or more series of moral obligation bonds or that amounts withdrawn from bond reserve funds to pay principal and interest on moral obligation bonds have not been replenished.

The State does not have a legal obligation to pay any such amounts and cannot predict whether appropriations for such amounts will continue to be enacted. No assurance can be given that the State will not receive future requests for State appropriations or that such requests will not be for material amounts. Further, no assurance can be given that an appropriation would be enacted with respect to such future request.

College Illinois!, the State's Prepaid Tuition Program ("College Illinois"), is operated by the Illinois Student Assistance Commission ("ISAC"). College Illinois is supported by a moral obligation commitment of the State. As of its June 30, 2025, valuation, the actuarial assets of the College Illinois program exceeded its actuarial liabilities by approximately $57.5 million, an improvement from the College Illinois June 30, 2024, valuation. The primary causes for the decrease in the unfunded liability from June 30, 2021, to June 30, 2024, were a $230 million supplemental appropriation from the General Revenue Fund in Fiscal Year 2022 (enacted on March 25, 2022, in Public Act 102-0696), additional appropriations from the General Funds for Fiscal Years 2021 and 2022, in the amounts of $30 million and $20 million respectively.

No additional prepaid tuition contracts have been sold since Fiscal Year 2016, and the program remains closed to new enrollments. Based on the June 30, 2025, actuarial valuation, the actuary for College Illinois estimates that, regardless of whether additional prepaid tuition contracts are sold under the College Illinois program, the program will not require additional funds from the State to support its obligations. Additional funds may be required to support the program in the

future if actuarial assumptions, such as those related to investment return and tuition and fee growth, are not realized. For additional information, see ISAC's College Illinois website in APPENDIX F—WEBSITE INDEX.

AGRICULTURAL LOAN GUARANTEE PROGRAM

The IFA is authorized to issue up to $385 million in guarantees for loans by financial institutions to agriculture and agribusiness borrowers. The IFA currently maintains two reserve funds from which lump-sum payments may be made in the event of a default on any of these loans. As of December 31, 2025, the available balances in the reserve funds held by the IFA totaled $11.8 million.

These reserve funds are backed by a continuing appropriation of the State's General Funds. As of December 31, 2025, the maximum outstanding IFA loan guarantees were approximately $1.0 million. Up to 85% of these Loan Programs is guaranteed by the State. To date, there has not been a required transfer from the State's General Funds for default lump-sum payments under these loan programs.

PART IV

LITIGATION AND COLLECTIVE BARGAINING

LITIGATION

There is no litigation pending, or to the knowledge of the State threatened, in any way questioning the title of the State officials to their respective offices or any proceedings of the State incident to the authorization and issuance of the Bonds, or in any way concerning the validity or enforceability of the Bonds, or the manner of payment thereof or the appropriation for the payment thereof.

The following describes currently pending litigation unrelated to the Bonds:

Illinois Youth Center Litigation. The State is a respondent in 48 cases in the Illinois Court of Claims with over 1,100 claimants who seek damages related to alleged sexual abuse while they were teenagers in custody at various State youth centers throughout the State from at least 1992 to 2023. Similar cases have been filed in the Circuit Court of Cook County and the Illinois Court of Claims alleging sexual assaults when the claimants were detained at the Cook County Juvenile Temporary Detention Center during a similar period of time. The Cook County Juvenile Temporary Detention Center operates under the administrative control of the Chief Judge of the Circuit Court of Cook County. The claimants generally allege an environment of systemic abuse through negligence and lack of training and supervision.

The State is vigorously defending these cases. Section 8 of the Court of Claims Act (705 ILCS 505/8) limits awards in cases sounding in tort to $2,000,000 plus an annual adjustment equal to the increase, if any, in the Consumer Price Index for All Urban Consumers. For calendar year 2026, the cap is $2,629,104.52.

The State makes no representations regarding the merits of currently pending cases, and notes that additional, similar cases could be filed in the future.

COLLECTIVE BARGAINING AGREEMENTS

As of December 31, 2025, approximately 91% of the State's 55,554 employees under the Governor were covered by collective bargaining agreements. A collective bargaining agreement with the American Federation of State, County and Municipal Employees ("AFSCME"), which is effective through June 30, 2027, and covers approximately 39,421 State employees, was signed in September 2023. In addition, the State's other 25 additional collective bargaining agreements have been ratified.

PART V

INVESTMENT CONSIDERATIONS RELATED TO THE STATE

Purchase and ownership of the Bonds is subject to a variety of risks. Each prospective investor in the Bonds is encouraged to read this Official Statement in its entirety. Particular attention should be given to the investment considerations described below which, among other things, could affect the financial condition of the State and therefore result in a repayment risk for investors, and could also affect the liquidity and/or market value of the Bonds after they are issued. The considerations described below are not all of the investment considerations associated with the purchase and ownership of the Bonds. The inclusion or omission of considerations from this section, and the order in which they are presented, do not necessarily reflect the relative importance of the various investment considerations.

The following investment considerations relate specifically to the State. For investment considerations related to the Bonds, see "INVESTMENT CONSIDERATIONS RELATED TO THE BONDS" in the body of this Official Statement.

Underfunding of the State's Retirement Systems

The funding levels for the State's Retirement Systems are among the lowest in the nation with respect to state pension plans. The State's contributions to the Retirement Systems, while in conformity with State law, have been less than the contributions necessary to fully fund the Retirement Systems as calculated by the actuaries for the Retirement Systems. The unfunded actuarial accrued liability of the State's Retirement Systems (the amount by which the aggregate actuarial accrued liability exceeds the aggregate value of its assets) at the end of Fiscal Year 2025 totaled approximately $143.3 billion on a fair value basis and approximately $144.5 billion on an actuarial basis, resulting in funded ratios (the ratio of the value of assets to the actuarial accrued liability, expressed as a percentage) that equaled 47.9% on a fair value basis and 47.4% on an actuarial basis.

The State is required to make contributions to the Retirement Systems pursuant to the Pension Code at the level percentage of payroll necessary to reach a Funded Rate of 90% by the end of Fiscal Year 2045. As such, the State's contribution to the Retirement Systems is projected to increase in future years. Such increased pension contributions may require the State to reduce other expenditures, adjust revenue collections or approve a combination of revenue adjustments and reductions in other expenditures. See APPENDIX B—PENSION AND OTHER POST-EMPLOYMENT BENEFITS—"SOURCE INFORMATION," "ACTUARIAL ASSUMPTIONS," "HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS," "FUNDED STATUS" and "PROJECTION OF CONTRIBUTIONS AND FUNDED STATUS."

Impact of Current and Future Health Care Reform Efforts Unpredictable

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "ACA"), provides for federal funding to states that choose to expand Medicaid. Under the ACA, the federal government paid 95% of the costs of such Medicaid expansion for calendar year 2017, 94% for calendar year 2018, 93% for calendar year 2019 and 90% for calendar year 2020 and subsequent years. The State participates in expanded Medicaid under the ACA pursuant to legislation enacted by the General Assembly in 2013 (the "Medicaid Expansion Legislation").

During Fiscal Years 2023, 2024, and 2025, the State received approximately $7.3 billion, $7.4 billion, and $7.1 billion, respectively, from the federal government as reimbursement for ACA Medicaid expansion costs, across all agencies and all funds. While the majority of these costs are paid through the Department of Healthcare and Family Services ("HFS"), the State's Medicaid agency, ACA-eligible Medicaid clients also drive costs in other State agencies, most notably the Department of Human Services.

The ACA has continually faced legal and legislative challenges, including repeated repeal efforts, since its enactment. To date, no repeal bills have passed both chambers of Congress. Additionally, though the United States Supreme Court reaffirmed the constitutionality of the ACA, new litigation remains a possibility. If the provisions of the ACA providing for federal funding of Medicaid expansion are repealed or the ACA is invalidated, the State would either need to provide additional funds to cover the costs of the Medicaid expansion previously funded by the federal government or discontinue the provision of the expanded Medicaid benefits. Further, under the Medicaid Expansion Legislation, if the amount of funds provided by the federal government with respect to the Medicaid expansion declines below 90% of the cost of the Medicaid expansion, the State would no longer participate in the Medicaid expansion under existing statutes. The State makes no prediction as to the likelihood of (i) the passage of any repeal bills or other health care reform bills, or the contents thereof, or (ii) a decision by the U.S. Supreme Court to invalidate the ACA.

Changes in Economic and Demographic Conditions

The Fiscal Year 2026 Budget is based on expectations and assumptions of the State that are subject to a number of known and unknown risks and uncertainties, many of which are beyond the State's control. These include, among others, general economic conditions, demographic trends, natural disasters, pandemic, the effects of climate change (including, but not limited to, flooding, blizzards, drought and lakefront erosion), terrorism, U.S. trade policy and reductions in or elimination of federal programs which may adversely affect the transfer of funds from the federal government to the State. In addition, U.S. trade policy may have an effect on the manufacturing and agricultural segments of the State's economy. Accordingly, the expectations and assumptions of the State upon which the Fiscal Year 2026 Budget is based may not be realized and the State's financial condition could be materially adversely affected.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the State. Despite the implementation of network security measures by the State, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the State does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the State's operations and financial health. Further, as cybersecurity threats continue to evolve, the State may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

On April 29, 2021, Illinois Attorney General Kwame Raoul announced that, in accordance with State statute, the Office of the Attorney General (the "Office") was notifying the public of a ransomware attack that had compromised the Office's network. While the extent of the information compromised was under review, the Office launched a toll-free hotline and provided additional information to the public via its website. The Office also launched an immediate investigation and maintained close contact with federal law enforcement and external technology experts to determine which network components were compromised. Following the ransomware attack, the Office continued regular operations to the extent possible while efforts to rebuild the network were underway.

On May 5, 2021, Attorney General Raoul testified at an Illinois House committee hearing regarding the ransomware attack and indicated that since the attack, the Office had implemented new safeguards and multiple layers of security, application-level security and monitoring, network authentication requirements and additional firewalls. In addition, the Office has implemented continuous vulnerability scanning and intrusion detection and response protocols for the Office's network. As of the date hereof, the Office's network is active and the Office continues regular operations, but can make no assurance that similar forms of cyber threats or ransomware attacks will not occur in the future.

On June 28, 2023, the Illinois Department of Innovation & Technology ("DoIT") notified the public in accordance with State statute that State information technology systems were impacted by a May 31, 2023, coordinated attack on large multinational businesses and governments resulting from a security breach in the MOVEit managed file transfer software. DoIT announced that hackers obtained personal information of individuals during the breach but were removed from the State's infrastructure within hours. In response, DoIT notified the Office of the Attorney General and the three credit reporting agencies of the attack and cooperated with federal and State authorities in their investigation of the breach. DoIT offered credit monitoring services for 12 months to all impacted individuals. As of the date hereof, State information technology systems are active and have been secured against the MOVEit security breach, but the State can make no assurance that similar forms of cyber attacks will not occur in the future.

In 2024, two State offices experienced cybersecurity incidents affecting Illinois systems and residents. In April, the Illinois Department of Human Services ("DHS") suffered a phishing attack that allowed unauthorized access to files containing Social Security numbers of 4,701 residents and three employees, as well as public assistance account information for over 1.1 million individuals. That same month, the Illinois Secretary of State's office reported a phishing attack that compromised two employee email accounts, potentially exposing sensitive data such as Social Security numbers and driver's license details of as many as 50,000 individuals. State agencies and offices swiftly responded to these incidents by securing affected systems, notifying impacted individuals, and offering resources such as credit monitoring. These breaches underscore continued vulnerabilities in data management, employee awareness, and third-party oversight. The State has since strengthened security measures to prevent similar breaches, but the risk of future cyber threats remains.

On January 2, 2026, DHS notified the public that a privacy setting was inadvertently misconfigured on a mapping website, causing some data in six data sets of nearly 700,000 DHS program recipients to be publicly viewable over a four-year period. None of the data sets included social security numbers, financial information, driver's license numbers, biometric data, clinical information, or personal data such as dates of birth or mothers' maiden names, but they did contain

addresses, case numbers, and some demographic data. Two maps included customers' names. Upon discovering the data exposure, DHS immediately adjusted the privacy setting and provided employee training

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APPENDIX B

PENSION AND OTHER POST EMPLOYMENT BENEFITS

GENERAL

The State of Illinois (the "State") provides funding for the Retirement Systems, which provide benefits upon retirement, death or disability to employees and beneficiaries. The Retirement Systems are, in order from largest to smallest membership: (i) the Teachers' Retirement System of the State of Illinois ("TRS"); (ii) the State Universities Retirement System ("SURS"); (iii) the State Employees' Retirement System of Illinois ("SERS"); (iv) the Judges Retirement System of Illinois ("JRS"); and (v) the General Assembly Retirement System ("GARS") (each a "Retirement System" and collectively, the "Retirement Systems").

To fund the benefits to be paid by a defined-benefit pension plan, both employees and employers make contributions to the plan's assets. Generally, employees contribute a fixed percentage of their annual salary, and employers contribute the additional amounts necessary, when combined with the projected investment earnings on plan assets, to pay the benefits under and the expenses of the pension plan. The necessary employer contributions to the Retirement Systems are calculated and recommended annually by an independent actuary based on State law requirements and certified by the Board of each Retirement System. See "—DETERMINATION OF EMPLOYER CONTRIBUTIONS." Information regarding the benefits provided by each Retirement System is available at the website for such system. See APPENDIX F—"WEBSITE INDEX."

For SERS, the State provides the majority of employer contributions for State employees combined with contributions from trust, federal and certain State grant funds. For GARS and JRS, the State provides the sole employer contribution to the Retirement Systems. For TRS, the State's contributions are combined with contributions from federal funds and the individual school districts (which employ the majority of TRS members), special districts and State agencies employing TRS members. For SURS, State contributions, combined with trust and federal funds and contributions from employers for employees paid from certain State grants and non-State funds, serve as the employer contribution.

Section 5 of Article XIII of the Illinois Constitution provides that "[m]embership in any pension or retirement system of the State, any unit of local government or school district, or any agency or instrumentality thereof, shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired" (the "Pension Protection Clause"). The benefits available under the Retirement Systems accrue throughout the time a member is employed by an employer participating in one of the Retirement Systems. Although the benefits accrue during employment, certain age and service requirements must be achieved for retirement annuities, survivor annuities or death benefits to be paid to the employee or the employee's survivors and beneficiaries, if any, respectively.

State contributions to the Retirement Systems are made following appropriation by the General Assembly. The Board of each Retirement System is required, on or before November 1 of each year, to submit a proposed certification to the State Actuary of the amount necessary to pay the Required Annual Statutory Contribution (as defined below) for inclusion in the Governor's budget for the following Fiscal Year. On or before November 1 of each year, the Retirement Systems are required to prepare preliminary actuarial valuation reports. By January 1 of each year, the State

Actuary is required to issue a report on such preliminary actuarial valuation reports, providing a review of the actuarial assumptions used in the proposed certification by the Retirement Systems and recommending any changes for consideration. See "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS—*State Actuary's Fiscal Year 2025 Report.*" The Board of each Retirement System must consider all recommendations of the State Actuary prior to providing a final certification to the State of the Required Annual Statutory Contribution on or before January 15 of each year.

This Official Statement incorporates information from the Actuarial Valuations, annual comprehensive financial reports ("ACFRs") and GASB 67/68 Statements for the Retirement Systems. These reports are available on the websites of the Retirement Systems. See APPENDIX F—WEBSITE INDEX.

In the event that the General Assembly fails to appropriate the amount certified by the Retirement Systems, the Pension Code (40 ILCS 5/1-101 *et seq*.) and the State Pension Funds Continuing Appropriation Act (40 ILCS 15/0.1 *et seq.*) require payments to be made by the Comptroller and the Treasurer to the Retirement Systems in amounts sufficient to meet the requirements of the Statutory Funding Plan (as defined herein). See "—DETERMINATION OF EMPLOYER CONTRIBUTIONS—*The Actuarial Valuation*" below. Despite the continuing appropriation, the possibility still exists that the Retirement Systems will not receive the required contribution when due if the funds available in the State's General Funds are insufficient to make such payments. If such funds are not available, the State could fail to meet its payment obligation or be forced to make such payment from another source. In each of the past several years, the State has prioritized timely release of these payments.

With the exception of a portion of payments that are made to SERS with each payroll voucher, the Retirement Systems submit monthly payment requests to the Comptroller. The amount of the monthly payment requests is typically determined at the beginning of each Fiscal Year by agreement between the Comptroller and the Retirement Systems, calculated by dividing the applicable appropriation by 12. The Comptroller is not required to make monthly payments upon receipt of such requests, which allows the Comptroller to maintain flexibility to manage the various State payment requests. Beginning on July 1, 2024, legislative changes allow the Comptroller to pay such 1/12 amounts in advance ("Advance Payments"), which affords the State the ability to more advantageously manage its cash flow. Since enactment, the Comptroller reports making a total of $1.736 billion in Advance Payments to the Retirement Systems through March 1, 2026.

During Fiscal Years 2016 through 2020, some delays in the monthly payments occurred as the State recovered from the budgetary impasse, but all annual payments were paid in full by the end of the respective "lapse period" for such fiscal years. In Fiscal Years 2021 and 2022, some delays in monthly payments occurred, but the State paid the full appropriated amounts by the end of the respective Fiscal Year. There were no such delays for Fiscal Year 2023, Fiscal Year 2024 or Fiscal Year 2025.

If the full amount of Required Annual Statutory Contributions (as defined herein) is not paid in a timely manner, the Retirement Systems may be required to sell more assets than planned to pay benefits as they become due. Asset sales would reduce the amount of assets invested by the Retirement Systems and, as such, reduce the amount of investment income earned by the Retirement Systems in the future. For a description of the instances in which the Retirement Systems have been funded at less than the Actuarially Required Contribution (as defined herein)

level, and the effect of a sale of the Retirement Systems' assets to pay benefits, see "—HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS" in this Appendix.

SOURCE INFORMATION

With regard to the following, except "Excluded Information" defined below, the information contained in this APPENDIX B relies on materials produced by the Retirement Systems, their independent accountants and their independent actuaries (the "Source Information"). The information in this APPENDIX B is presented on the basis of the Source Information. The State has not independently verified the Source Information and makes no representations nor expresses any opinion as to the accuracy of the Source Information. "Excluded Information" means information contained under the following sub-captions below: "—2010 LEGISLATION MODIFYING PENSION STRUCTURE," "—2013 LEGISLATION MODIFYING PENSION STRUCTURE," "—2017 LEGISLATION MODIFYING PENSION STRUCTURE," "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS," "—SEC ORDER," and "—PENSION DISCLOSURE POLICIES AND PROCEDURES."

Furthermore, where tables in this disclosure present aggregate information regarding the Retirement Systems, specifically in Tables B-5 through B-15, such combined information results solely from the arithmetic calculation of numbers compiled from the Source Information.

The State is obligated to make contributions to the Retirement Systems as set forth in the Pension Code. See "—DETERMINATION OF EMPLOYER CONTRIBUTIONS" herein. In addition, the Retirement Systems' members make contributions to the Retirement Systems from their salaries. For more information on the amount of contributions made by the State and Retirement System members in each of Fiscal Years 2021 through 2025, see Tables B-6 through B-10.

BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS

As described above, the State provides funding for the five Retirement Systems. The following is a description of each Retirement System. Membership information and member contribution information for each Retirement System is presented at the end of this section in Table B-1.

The Teachers' Retirement System, TRS, is a cost-sharing, multiple-employer, public employee defined-benefit pension plan that provides coverage to teachers employed by public school districts in the State (excluding teachers employed by Chicago Public Schools). TRS is governed by a 15-member Board of Trustees, consisting of the State Superintendent of Education, seven trustees appointed by the Governor with the advice and consent of the Senate, five trustees elected by contributing TRS members, and two trustees elected by TRS annuitants. All trustees except for the State Superintendent of Education serve four-year staggered terms.

Although most of TRS's covered employees are not employees of the State, approximately 99% of the employer funding for TRS is paid by the State. TRS receives contributions from 850 local school districts, 136 special districts and 9 other State agencies. To date, the contributions made by individual school districts, special districts and State agencies have been minimal. However, Public Act 100-023 ("Public Act 100-23") requires certain additional contributions by such school districts upon implementation of Tier 3 (as defined herein). See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

The State Universities Retirement System, SURS, is a cost-sharing, multiple-employer, public employee defined-benefit pension plan that also has a defined contribution plan and a deferred compensation option. The defined contribution plan is described in greater detail below. SURS

provides coverage to faculty and staff of all of the public State universities, community colleges and related agencies. SURS is governed by an 11-member Board of Trustees, consisting of the Chairperson of the Illinois Board of Higher Education, four trustees appointed by the Governor with the advice and consent of the Senate, four contributing trustees elected by contributing SURS members and two annuitant trustees elected by SURS annuitants. All trustees except for the Chairperson of the Illinois Board of Higher Education serve six-year staggered terms, unless they were appointed to fill an unexpired term.

SURS draws contributions from employees of nine universities, 39 community college districts and 13 other related agencies. Public Act 100-23 requires the universities, community colleges and other affiliated agencies participating in SURS to contribute to SURS upon the implementation of Tier 3. See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

SURS also provides a public employee defined contribution plan, termed the "Retirement Savings Plan" (formerly referred to as the "Self-Managed Plan") (the "RSP") through which the employee and the employer contribute specified amounts to the pension plan. These contributions, plus the investment earnings on the money in each employee's account, represent the employee's benefits under the plan. As opposed to defined-benefit plans which provide a predetermined, guaranteed level of benefits to the employee, the benefit in a defined contribution plan is not predetermined. The benefit is based on the individual account balance (consisting of contributions and investment returns thereon) available at retirement or termination. Members contribute 8.0% of their gross earnings and the State makes contributions equal to 7.6% of the members' payroll, which serves as the employer contributions to the plan. Up to 1.0% of this amount is used to fund disability benefits awarded to defined contribution plan members.

The State Employees' Retirement System, SERS, is a single-employer, public employee defined-benefit pension plan. SERS provides benefits for most State employees not eligible for another State-sponsored retirement plan, as well as for certain employees appointed by the Governor and requiring confirmation by the Senate that elect to become members of SERS. SERS is governed by a 13-member Board of Trustees, consisting of the Comptroller, six trustees appointed by the Governor with the advice and consent of the Senate, four trustees elected by the SERS members, and two trustees elected by the SERS retirees. All trustees except for the Comptroller serve five-year staggered terms.

Certain members of SERS are eligible for federal Social Security benefits. As of June 30, 2025, of 67,723 active employees, approximately 2,600 are not coordinated with Social Security. All other active employees are coordinated with Social Security.

The Judges' Retirement System, JRS, is a single-employer, public employee defined-benefit pension plan that covers judges, associate judges and, under certain conditions, the administrative director of the State courts. Participation by judges is mandatory unless a judge makes an election not to participate within 30 days of receipt of notice of the option not to participate. JRS is governed by a five-person Board of Trustees, consisting of the Treasurer, the Chief Justice of the Supreme Court, and three participating judges who are appointed by the Supreme Court. The three participating judges serve three-year terms.

The General Assembly Retirement System, GARS, is a single-employer, public employee defined-benefit pension plan that covers members of the General Assembly, State Constitutional Officers and, under certain circumstances, the Clerk and Assistant Clerk of the House and the Secretary and Assistant Secretary of the Senate. GARS is governed by a seven-member Board of

Trustees, consisting of three members of the Senate appointed by the President of the Senate; three members of the House of Representatives appointed by the Speaker of the House; and one person elected from the member annuitants under rules prescribed by the Board of Trustees. All appointed trustees serve two-year terms while the elected trustee serves a four-year term.

With the exception of certain SERS members, as discussed above, and a small number of SURS members, members of the Retirement Systems do not participate in Social Security through their employment with an employer participating in a Retirement System.

As of June 30, 2025, the membership in each of the Retirement Systems and the required membership contributions as a percentage of member salary were as follows:

TABLE B-1 MEMBERSHIP AND MEMBER CONTRIBUTIONS

Retirement System	Active Members	Inactive/ Entitled to Benefits	Retirees and Beneficiaries	Total	Member Contribution[1]
TRS	174,157	154,395	134,395	462,947	9.0%
SURS[3]	63,788	92,738	73,937	230,463	8.0% - 9.5%[2]
SERS	67,723	37,954	79,176	184,853	4.0% - 12.5%[4]
JRS	961	26	1,400	2,387	8.5% or 11%[5]
GARS	132	60	427	619	9.5% or 11.5%[6]
Total	306,761	285,173	289,335	881,269	

Source: Actuarial Valuations of the Retirement Systems as of June 30, 2025, except, with respect to TRS, the ACFR as of June 30, 2025.

(1) Represents the percentage of salary a member is required to contribute annually to the respective Retirement System under the Pension Code. Certain school districts provide for member contributions on behalf of their employees.

(2) Most members contribute a total of 8.0% of pensionable pay. Police officers and firefighters contribute a total of 9.5% of pensionable pay.

(3) Does not include members of the RSP. The RSP is a defined contribution plan and therefore does not carry any unfunded liability. As of June 30, 2025, there were 14,163 active RSP members.

(4) Members covered by Social Security contribute 4% of their salary if ineligible for an alternative benefits formula and 8.5% of salary if eligible for such a formula. Members not covered by Social Security contribute 8% of their salary if ineligible for an alternative benefits formula and 12.5% of salary if eligible for such a formula.

(5) Members contribute 11.0% of their salaries, consisting of a retirement annuity (7.5%), an automatic annuity increase (1.0%) and a survivor's annuity (2.5%). Certain members may elect not to participate in the survivor's annuity and therefore contribute 8.5% of salary.

(6) Members contribute 11.5% of their salaries, consisting of a retirement annuity (8.5%), an automatic annuity increase (1.0%) and a survivor's annuity (2.0%). Certain members may elect not to participate in the survivor's annuity and therefore contribute 9.5% of salary.

State law regulates the Retirement Systems' investments. The respective Boards of Trustees of TRS and SURS manage the investments of such Retirement Systems. The Illinois State Board of Investment manages the investments of SERS, JRS and GARS. Additional information on each Retirement System's investments and investment management may be found on such Retirement System's website provided in APPENDIX F—"WEBSITE INDEX."

DETERMINATION OF EMPLOYER CONTRIBUTIONS

Actuaries and the Actuarial Process

Under the Pension Code, the required employer contributions to the Retirement Systems are calculated and recommended by independent actuaries on an annual basis. Each Retirement System's actuary produces a report, certified by the board of such Retirement System, called the "Actuarial Valuation," in which the actuary reports in part on the Retirement System's assets, liabilities, and Required Annual Statutory Contribution for the following fiscal year. The Actuarial

Valuation also includes financial reporting information prepared pursuant to applicable GASB pronouncements.

The Pension Code requires each Retirement System to produce an Actuarial Valuation for each fiscal year. Each Retirement System hires an actuary independent of the State to prepare its Actuarial Valuation. The Actuarial Valuations are publicly available and may be obtained from the respective Retirement Systems. See "—SOURCE INFORMATION."

The Required Annual Statutory Contribution is computed in accordance with the Pension Code and, more specifically, the Statutory Funding Plan, as hereinafter defined. The Statutory Funding Plan did not conform to the financial reporting standards promulgated by the Governmental Accounting Standards Board ("GASB") previously in effect (such standards to be hereinafter described and defined as the Prior GASB Standards). The Prior GASB Standards required calculation of an "Actuarially Required Contribution"[1] which, as a result of the Statutory Funding Plan, differed from the Required Annual Statutory Contribution. The differences between the requirements of the Prior GASB Standards and the State's statutory requirements are discussed in "—DETERMINATION OF EMPLOYER CONTRIBUTION–*Statutory Funding Plan Not in Accordance with Prior GASB Standards.*"

The Actuarial Valuation

The primary purpose of the Actuarial Valuation is to determine the amount the State must contribute to each Retirement System in a given fiscal year to satisfy its current and future obligations to pay benefits to eligible members of the Retirement Systems as provided in the Pension Code (the "Required Annual Statutory Contribution"). Each Actuarial Valuation must be accompanied by a statement from an actuarial firm that, to the best of its knowledge, the Actuarial Valuation is complete and accurate and has been prepared in accordance with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

To determine the Required Annual Statutory Contribution, the actuary calculates both the "Actuarial Accrued Liability" and the "Actuarial Value of Assets." To calculate the Actuarial Accrued Liability, the actuary uses a variety of demographic data about the Retirement System's membership (such as employee age, salary and service credits), the benefit provisions of the Retirement System, and various assumptions (such as estimated salary increases, interest rates, employee turnover, retirement, mortality and disability rates) to estimate future benefit payments, which are then discounted using an assumed investment rate of return to determine the present value of future benefits (the "PV of Future Benefits"). The PV of Future Benefits is an estimate of the value of the benefits to all members as of the date of the Actuarial Valuation, and includes benefits not yet earned, but assumed to be earned, by members of the Retirement System. Beginning with Fiscal Year 2018, any changes in the State's contributions to the Retirement Systems caused by a change in actuarial assumptions are recognized in contributions over a five-year period. See "—ACTUARIAL ASSUMPTIONS" below. Using an actuarial cost method, the

[1] The Prior GASB Standards refers to this concept as the Annual Required Contribution. In this Official Statement, this concept is referred to as the Actuarially Required Contribution and differs from the State's statutorily defined concept of the Required Annual Statutory Contribution. The Actuarially Required Contribution, under the Prior GASB Standards is the amount required to pay the employer's normal cost plus the cost to amortize the plan's UAAL over a period of no more than 30 years. The method of determining the State's Required Annual Statutory Contribution is put forth in the applicable statutes of the Illinois Pension Code (40 ILCS 5/1-101 *et seq.*) for each State Retirement System.

actuary allocates the PV of Future Benefits to past, current and future service for each member of the Retirement System. The portion of the PV of Future Benefits allocated to past service is referred to as the Actuarial Accrued Liability and the portion of the PV of Future Benefits allocated to current service is referred to as the "Normal Cost." The Actuarial Value of Assets reflects the value of the investments and other assets held by the Retirement System. Various methods exist for calculating the Actuarial Value of Assets. For a discussion of these methods and assumptions used to calculate the Actuarial Accrued Liability and the Actuarial Value of Assets of the Retirement Systems, see "—ACTUARIAL METHODS" and "—ACTUARIAL ASSUMPTIONS" below.

Any shortfall between the Actuarial Value of Assets and the Actuarial Accrued Liability is referred to as the "Unfunded Actuarial Accrued Liability" or "UAAL." The UAAL represents the portion of the Actuarial Accrued Liability that is not matched by current plan assets. In addition, the actuary will compute the "Funded Ratio," which is the result obtained by dividing the Actuarial Value of Assets by the Actuarial Accrued Liability. The Funded Ratio and the UAAL are used to measure the financial health of a pension plan. An increasing UAAL or a decreasing Funded Ratio from year to year may signal a deterioration in the financial health of a pension plan because it indicates the incurrence of additional liability without a corresponding increase in assets necessary to pay those additional liabilities. Conversely, a decreasing UAAL or an increasing Funded Ratio may indicate an improvement in the financial health of a pension plan because such a change reflects a closing gap between the liabilities accrued by the pension plan and the assets necessary to pay those liabilities when they become due. A 100% Funded Ratio means existing actuarial assets are sufficient to pay the present value of projected benefits earned as of the valuation date.

The actuaries use the Actuarial Accrued Liability, the Actuarial Value of Assets and the UAAL to compute the Required Annual Statutory Contribution for each Retirement System in accordance with the Pension Code. The Pension Code sets forth the manner of calculating the Required Annual Statutory Contribution under the Statutory Funding Plan. The Statutory Funding Plan requires the State to contribute annually an amount equal to a level percent of payroll necessary to allow each Retirement System to achieve a 90% Funded Ratio by Fiscal Year 2045, subject to any revisions necessitated by actuarial gains or losses, or actuarial assumptions.

In addition, beginning with the fiscal year ended June 30, 2014, the Actuarial Valuation includes the financial reporting information required by the Current GASB Standards, as defined and described in the succeeding section hereof.

GASB Financial Reporting Standards

GASB promulgates standards for financial reporting with respect to financial statements prepared by public pension systems and governments sponsoring such pension systems. Although the Retirement Systems' actuaries utilize these standards in preparing certain aspects of the Actuarial Valuation, such standards do not impact the calculation of the State's contribution to the Retirement Systems which is determined pursuant to the Statutory Funding Plan.

At present, several GASB standards apply to preparing financial reports with respect to defined benefit pension plans, specifically: GASB Statement No. 67 (Financial Reporting for Pension Plans) ("GASB 67") which replaced GASB Statement No. 25 (Financial Reporting for Defined Benefit Pension Plans) ("GASB 25"), and GASB Statement No. 68 (Accounting and Financial Reporting for Pensions) ("GASB 68" and, together with GASB 67, the "Current GASB Standards") which replaced GASB Statement No. 27 (Accounting for Pensions by State and Local Government Employers) ("GASB 27" and, together with GASB 25, the "Prior GASB Standards"),

beginning with the fiscal year ended June 30, 2015. GASB 25 and GASB 67 establish standards for financial reporting by pension plans and GASB 27 and GASB 68 establish standards for financial reporting by the governments sponsoring such pension plans. GASB 67 and GASB 68, were approved by GASB on June 25, 2012. GASB 67 is applicable to fiscal years beginning after June 15, 2013. GASB 68 is applicable to fiscal years beginning after June 15, 2014. The Current GASB Standards have subsequently been modified by GASB Statement No. 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) and GASB Statement No. 73 (Accounting and Financial Reporting for Pensions and Related Assets).

The system of financial reporting established by the Prior GASB Standards measured the funding of pension plans through the calculation of the Actuarially Required Contribution and a comparison of the contributions actually made by an employer during a given period to such Actuarially Required Contribution for such period. The calculation of the Actuarially Required Contribution pursuant to the Prior GASB Standards differs in several ways from the calculation of contributions under the Statutory Funding Plan. The differences between the Statutory Funding Plan and the Prior GASB Standards are described in "*—Statutory Funding Plan Not in Accordance with Prior GASB Standards*" below.

Unlike the Prior GASB Standards, the Current GASB Standards do not establish approaches to funding pension plans. Instead, the Current GASB Standards provide standards solely for financial reporting and accounting related to pension plans. The Current GASB Standards require that the Net Pension Liability (as described below) be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer. In addition, the Current GASB Standards require an expense (the "Pension Expense") to be recognized on the income statement. The recognition of the Net Pension Liability and the Pension Expense do not measure the manner in which a pension plan is funded. As such, the Current GASB Standards do not conflict with the manner of funding established in the Statutory Funding Plan.

However, certain of the actuarial assumptions and actuarial methods required by the Current GASB Standards differ from those used by the Retirement Systems in preparing their Actuarial Valuations. For example, the Current GASB Standards require the Retirement Systems to value their assets at the fair market value of such assets on the valuation date, whereas the Pension Code requires the Retirement Systems to use the Asset Smoothing Method (as defined herein) to value their assets for purposes of determining the State's contribution. See "ACTUARIAL METHODS—*Actuarial Value of Assets*" herein. In addition, the Current GASB Standards require use of the EAN Method (as defined herein) to calculate the liability of each Retirement System, whereas the Pension Code requires the Retirement Systems to use the PUC Method (as defined herein) for such calculations. See "ACTUARIAL METHODS—*Actuarial Accrued Liability*" herein. Finally, the calculated Discount Rate (as hereinafter defined) used to discount the liabilities of each Retirement System under the Current GASB Standards may differ from assumed investment rate of return assumptions separately established by the boards of each of the Retirement Systems. See "ACTUARIAL ASSUMPTIONS—*Assumed Investment Rate of Return*" herein.

Statutory Funding Plan Not in Accordance with Prior GASB Standards

The method of amortizing the UAAL used by the Statutory Funding Plan does not conform with the provisions of the Prior GASB Standards, particularly GASB 25. The provisions of the

Statutory Funding Plan differ from those generally accepted accounting principles formerly required by GASB 25 in two significant respects.

First, the goal of the Statutory Funding Plan is to amortize the portion of the UAAL necessary for the Retirement Systems' Funded Ratio to reach 90% over a 50-year closed period, commencing in Fiscal Year 1996 and ending in Fiscal Year 2045, whereas GASB 25 allowed amortization of the entire UAAL over a 30-year open or closed amortization period. Second, the Statutory Funding Plan allowed the State to contribute less than the level percent of payroll necessary to reach the desired funding level for the first 15 years of the Statutory Funding Plan (the "ramp-up" period discussed below, which ended at the conclusion of Fiscal Year 2010). In contrast, GASB 25 did not permit a ramp-up to full contributions.

A closed amortization period means that the UAAL is amortized over a fixed number of years such that the UAAL will decrease to a legally defined target (which, for the State, is a 90% Funded Ratio in accordance with the Statutory Funding Plan) upon the passage of the amount of time established as the amortization period (which, for the State, is the number of years between the current period and 2045 in accordance with the Statutory Funding Plan), provided required payments are made. For example, under the Statutory Funding Plan, a 30-year amortization period was used to calculate the Required Annual Statutory Contribution for Fiscal Year 2016, while a 29-year amortization period was used to calculate the Required Annual Statutory Contribution for Fiscal Year 2017. Conversely, an open amortization period has no term limit and is therefore recalculated over the full period (generally 30 years) each time a valuation is performed. Assuming that the time periods are the same at the beginning of an amortization, amortizing through use of a closed period will have the effect of decreasing the UAAL at a greater rate than an open amortization period and, in the case of the State, will allow the State to reach its funding target by Fiscal Year 2045, provided that all required contributions are made. The actual results of both an open or closed amortization schedule will be impacted by any changes in actuarial assumptions and/or the performance of the asset portfolio.

These differences between GASB 25 and the Statutory Funding Plan account for the variation between the Required Annual Statutory Contribution and the Actuarially Required Contribution. See "—FUNDED STATUS" below. As a result, the Required Annual Statutory Contribution determined by the Retirement Systems' actuaries, while in conformity with State law, historically was less than the contribution that would otherwise have been determined in accordance with GASB 25 (the "Actuarially Required Contribution"). The Actuarially Required Contribution calculated pursuant to the Prior GASB Standards consisted of three components: (1) the Normal Cost, (2) an amortized portion of the UAAL sufficient to eliminate the UAAL over a period of time (as described in "—ACTUARIAL METHODS–*Actuarial Accrued Liability*"), and (3) one year's interest, calculated at the Assumed Actuarial Rate, on the unfunded pension liability. As discussed above, the Statutory Funding Plan requires the determination of the Required Annual Statutory Contribution by calculation of a level percent of payroll necessary to reach a 90% Funded Ratio by Fiscal Year 2045 and does not require elimination of the entire UAAL.

ACTUARIAL METHODS

The Retirement Systems use the following actuarial methods to calculate the Actuarial Value of Assets and the Actuarial Accrued Liability.

Actuarial Value of Assets

Prior to Fiscal Year 2009, the State valued assets at fair value, recognizing all investment gains and losses as they occurred. The Actuarial Value of Assets is a measure of the value of the assets available in the pension plan to pay benefits. Beginning with Fiscal Year 2009, the State recognizes actuarial investment gains and losses on such assets equally over a five-year period when determining the Actuarial Value of Assets. This method of valuation is called the "Asset Smoothing Method." Under the Asset Smoothing Method, the State will recognize in the current year 20% of the investment gain or loss incurred in each of the previous five years. State law provides for application of the Asset Smoothing Method prospectively, beginning with Fiscal Year 2009. The Asset Smoothing Method, which is an approved method for determining the Actuarial Value of Assets under the Prior GASB Standards but is not an approved method under the Current GASB Standards (which require calculation of the Actuarial Value of Assets at fair market value), is intended to mitigate against extreme fluctuations in the Actuarial Value of Assets, the UAAL, the Funded Ratio, and the Required Annual Statutory Contribution that may otherwise occur as a result of market volatility. Because asset smoothing recognizes each year's gains and losses over a five-year period, the current Actuarial Value of Assets does not reflect the fair value of such assets at the time of measurement. As a result, the Actuarial Value of Assets as determined under the Asset Smoothing Method most likely will differ from the value of such assets pursuant to a valuation method that immediately recognizes investment gains and losses annually.

Actuarial Accrued Liability

As described above, the actuary for a Retirement System uses an actuarial cost method in calculating the Actuarial Accrued Liability and the Normal Cost. While actuarial cost methods differ, all are based on the concept that the funding of benefits should occur as benefits are earned by active members of a Retirement System. Different actuarial cost methods will produce different contribution patterns, but such actuarial cost methods will not change the actual cost of the benefits.

The Pension Code requires that the Actuarial Accrued Liability of the Retirement Systems be calculated pursuant to the projected unit credit actuarial cost method (the "PUC Method"), which was an approved actuarial cost method under the Prior GASB Standards. The Prior GASB Standards also authorized the use of the entry age normal actuarial cost method (the "EAN Method") instead of the PUC Method. The EAN Method is the actuarial cost method required by the Current GASB Standards.

The PUC Method allocates the PV of Future Benefits based on the service credits of each member of a Retirement System. In contrast, under the EAN Method, the Normal Cost rate for each member is developed as the level percent of payroll that, if applied to the member's pay each year and contributed over the member's expected career, would fully fund the member's PV of Future Benefits. The EAN Method is designed to produce a Normal Cost that is stable in amounts that increase at the same rate as the employer's payroll, whereas the PUC Method results in a Normal Cost that tends to increase at a greater rate than the employer's payroll.

Considered independently of other factors, use of the EAN Method results in higher contribution rates associated with the earlier years of employment for active employees, when compared to the PUC Method. This allows a Retirement System to accumulate greater investment returns throughout the careers of such employees and results in lower aggregate employer contributions in the long-term. In contrast, use of the PUC Method tends to result in lower contribution rates in

the earlier years of employment for active employees and, therefore, a slower accumulation of assets and rising, rather than level, contribution rates when compared to the EAN Method. Such differences between the PUC Method and the EAN Method result from the fact that the PUC Method allocates a higher portion of retirement costs closer to retirement, while the EAN Method spreads those costs evenly as a percentage of pay over the member's period of employment.

ACTUARIAL ASSUMPTIONS

General

The Actuarial Valuations of the Retirement Systems use a variety of assumptions to calculate the Actuarial Accrued Liability and the Actuarial Value of Assets. Although several of the assumptions are the same across all of the Retirement Systems, each Retirement System determines, within actuarial standards, the assumptions to be used in its Actuarial Valuation. The specific assumptions used by a Retirement System can have a substantial impact on the UAAL, the Net Pension Liability, the Funded Ratio and the State's required contribution to the Retirement System. No assurance can be given that any of the assumptions underlying the Actuarial Valuations will reflect the actual results experienced by the Retirement Systems. Variances between the assumptions and actual results will cause an increase or decrease in the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL, the Funded Ratio or the Actuarially Required Contribution. Certain of these assumptions are summarized in Table B-2. For additional information on these assumptions, please see each Retirement System's Actuarial Valuation.

TABLE B-2 - CERTAIN ACTUARIAL ASSUMPTIONS USED BY THE RETIREMENT SYSTEMS

	TRS	SURS	SERS	GARS	JRS
Actuarial Cost Method[1]	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Investment Rate of Return	7.00%	6.50%	6.75%	6.50%	6.50%
Assumed Inflation Rate[2]	2.50%	2.40%	2.40%	2.40%	2.40%
Post-Retirement Increase (Tier 1)[3]	3.00%[4]	3.00%[4]	3.00%[4]	3.00%	3.00%
Projected Salary Increases	Various[5]	3.15% to 15.00%[6]	Various[7]	2.65%[8]	2.60%[8]

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2025.

(1) Under the projected unit credit actuarial cost method, the actuarial liability is the actuarial present value of that portion of a participant's projected benefit that is attributable to service to date on the basis of future compensation projected to retirement. The Normal Cost represents the actuarial present value of the participant's projected benefit that is attributable to service in the current year, also based on future compensation projected to retirement.

(2) Represents the portion of the investment rate of return assumption attributed to inflation. The difference between the investment rate of return assumption and the assumed inflation rate for each Retirement System represents the real rate of return. The assumed inflation rate component of the investment rate of return is separate from the salary inflation assumptions described in footnotes 5, 6, 7 and 8 to this Table B-2.

(3) All values are compounded.

(4) For members who have accepted a buyout under the AAI Buyout Program (as defined herein), the increase is 1.50%, not compounded, and delayed until the later of age 67 or one year after retirement.

(5) Compensation is assumed to increase between 4.00% and 8.50% based on years of service. Of these increases, 2.50% represents inflation adjustments and 0.75% represents real wage growth.

(6) Each member's compensation is assumed to increase by 3.15% each year, 2.40% reflecting salary inflation and 0.75% reflecting standard of living increases. The rate is increased for members with less than 34 years of service to reflect merit, longevity and promotion increases.

(7) Assumed rates of increase vary by age and include an inflation component of 2.40% and 0.50% for productivity increases.

(8) Consists of an inflation component of 2.40% and a productivity/merit/promotion component of 0.20% for JRS and 0.25% for GARS.

The Pension Code requires each of the Retirement Systems to conduct an actuarial experience review every three years. GARS, JRS and SERS last conducted an actuarial experience review for the period from July 1, 2021, through June 30, 2024, which was implemented for the Actuarial Valuation for Fiscal Year 2025. Their next experience review for the period July 1, 2024, through June 30, 2027, will be prepared in calendar year 2028. TRS conducted an experience review for the period July 1, 2020, through June 30, 2023, in preparation of the Actuarial Valuation for the Fiscal Year ended June 30, 2024. The most recent SURS experience study was based on the three-year period ended June 30, 2023, and was reflected in the Actuarial Valuation for the fiscal year ended June 30, 2024. The purpose of the experience review is to determine the reasonableness of the actuarial assumptions regarding mortality, retirement, disability, employment, turnover, interest and earnable compensation of the members and beneficiaries of the Retirement Systems. Pursuant to Public Act 97-694, the State Actuary is required to review and deliver a report to the Boards regarding the reasonableness of the actuarial assumptions contained in the Actuarial Valuations of the Retirement Systems. Based upon the results of this review, the board of the applicable Retirement System may revise such actuarial assumptions as it deems appropriate. The most recent report of the State Actuary, with respect to the fiscal year ended June 30, 2025, is discussed under "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS—*State Actuary's Fiscal Year 2025 Report.*"

Public Act 100-23 provides that, beginning in Fiscal Year 2018, changes to the amount of the State's contributions to the Retirement Systems caused by a change in the actuarial assumptions of a Retirement System will be recognized over a period of five years. This requirement applies retroactively to any changes in actuarial assumptions made since the Actuarial Valuation for the Fiscal Year ended June 30, 2012, for the Fiscal Year 2014 State contribution, and prospectively for any changes in assumptions made beginning with the Fiscal Year 2016 Actuarial Valuation

(for the Fiscal Year 2018 State contribution to the Retirement Systems). See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

Assumed Investment Rate of Return

The Actuarial Valuations assume an investment rate of return on the assets in each Retirement System. For the Fiscal Year ending June 30, 2009, each Retirement System assumed an investment rate of return of either 8.00% or 8.50%. Each Retirement System has since reduced its respective investment rate of return. The current investment rate of return assumption for each Retirement System is set forth in Table B-2. According to a June 2025 National Association of State Retirement Administrators report on public pension plan assumptions, the national median assumed rate of return for public pension plans is 7.0%. The State's weighted-average investment rate of return assumption has decreased from 8.49% for the fiscal year ended June 30, 2001, to 6.85% for Fiscal Year 2025 based on the latest available valuation reports for the Retirement Systems. The reductions previously approved by the Retirement Systems have the effect of increasing the UAAL and the Required Annual Statutory Contribution as the Retirement Systems assume that plan assets will produce less income to pay projected benefits. Due to the volatility of the marketplace, however, the actual rate of return earned by the Retirement Systems on their assets may be higher or lower than the assumed rate. See Table B-3 for the rates of return on the Retirement Systems' assets for the last ten fiscal years. Changes in the Retirement Systems' assets as a result of market performance will lead to an increase or decrease in the UAAL and the Funded Ratio. As a result of the State's adoption of the Asset Smoothing Method, however, only a portion of these increases or decreases will be recognized in the current year, with the remaining actuarial gain or loss spread over the remaining four years. See "—ACTUARIAL METHODS–Actuarial Value of Assets" above.

The assumed investment rates of return utilized by the Retirement Systems complied with the requirements of the Prior GASB Standards. The Current GASB Standards similarly employ a rate, referred to in such statements as the "Discount Rate," which is used to discount the projected benefit payments to current participants to be made by the Retirement Systems to their actuarial present values. The Discount Rate may be a blended rate comprised of (1) a long-term expected rate of return on a Retirement System's investments (to the extent that such assets are projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the Current GASB Standards. Therefore, in certain cases in which the assets of a Retirement System are not expected to be sufficient to pay the projected benefits of such Retirement System, the Discount Rate calculated pursuant to the Current GASB Standards may be lower than the investment rate of return established by the Retirement System when reporting pursuant to the Prior GASB Standards, which will have the effect of increasing the Net Pension Liability of such Retirement System relative to the Net Pension Liability of such Retirement System calculated under the rate determined pursuant to the Prior GASB Standards. See "—NET PENSION LIABILITY" herein for information regarding the sensitivity of the Net Pension Liability to changes in the Discount Rate.

TABLE B-3 - INVESTMENT RATES OF RETURN, FISCAL YEARS 2016-2025

Fiscal Year	TRS		SURS		SERS		GARS		JRS	
	Assumed	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*
2016	7.00%	0.0%	7.25%	0.2%	7.00%	(0.8%)	6.75%	(0.8%)	6.75%	(0.8%)
2017	7.00%	12.6%	7.25%	12.2%	7.00%	12.3%	6.75%	12.3%	6.75%	12.3%
2018	7.00%	8.5%	6.75%	8.2%	7.00%	7.6%	6.75%	7.6%	6.75%	7.6%
2019	7.00%	5.2%	6.75%	6.0%	6.75%	7.1%	6.50%	7.1%	6.50%	7.1%
2020	7.00%	0.6%	6.75%	2.6%	6.75%	4.6%	6.50%	4.6%	6.50%	4.6%
2021	7.00%	25.5%	6.50%	23.8%	6.75%	24.9%	6.50%	24.9%	6.50%	24.9%
2022	7.00%	(1.2%)	6.50%	(1.4%)	6.75%	(6.4%)	6.50%	(6.4%)	6.50%	(6.4%)
2023	7.00%	7.2%	6.50%	5.3%	6.75%	6.2%	6.50%	6.2%	6.50%	6.2%
2024	7.00%	8.8%	6.50%	8.3%	6.75%	9.3%	6.50%	9.3%	6.50%	9.3%
2025	7.00%	9.7%	6.50%	6.4%	6.75%	9.7%	6.50%	9.7%	6.50%	9.7%
5-Yr. Avg. Geometric Return		9.7%		8.2%		8.3%		8.3%		8.3%
10-Yr Avg. Geometric Return		7.4%		7.0%		7.2%		7.2%		7.2%

Source: ACFRs of the Retirement Systems for fiscal years ended June 30, 2016, through June 30, 2025.

HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS

Under the Pension Code, the State is required to make the Required Annual Statutory Contribution in each fiscal year.

The General Assembly and Governor enacted Public Act 88-593 on August 22, 1994 (the "Pension Funding Act"). The Pension Funding Act created a 50-year schedule of State contributions to the Retirement Systems designed to achieve a 90% Funded Ratio by the end of Fiscal Year 2045 (the "Statutory Funding Plan"). In each fiscal year beyond Fiscal Year 2045, the Pension Funding Act requires that the State annually contribute the amount necessary to maintain the Funded Ratio at 90% for each Retirement System.

The Statutory Funding Plan consists of two parts: (i) a ramp-up period of increasing State contributions as a percentage of payroll in each of the Fiscal Years 1996 to 2010, and (ii) a period of contributions equal to the level percent of payroll necessary to cause the assets of the Retirement Systems to equal 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. The level percent of payroll is revised and adjusted each year based on modifications to the actuarial assumptions and changes in the Actuarial Value of Assets. During the ramp-up period, the Statutory Funding Plan required that the percentage of payroll contributed by the State increase by an equal amount in each year such that, by Fiscal Year 2010, the contribution percentage of payroll was equal to the same percentage of payroll required to be contributed for years 2011 through 2045.

The State made the Required Annual Statutory Contribution for each of Fiscal Years 1996 through 2002. These contributions were not sufficient to cover the full Normal Cost and interest, determined pursuant to the Prior GASB Standards, for such fiscal years. As a result, the UAAL continued to grow during the ramp-up period. See "—DETERMINATION OF EMPLOYER

CONTRIBUTIONS–*Actuaries and the Actuarial Process*" and "—DETERMINATION OF EMPLOYER CONTRIBUTION–*Statutory Funding Plan Not in Accordance with Prior GASB Standards*" above.

On June 12, 2003, the State issued $10 billion of general obligation pension funding bonds (the "2003 Pension Bonds") pursuant to authority granted by the General Assembly in Public Act 93-002 (the "2003 Pension Bond Act"). The net proceeds of the 2003 Pension Bonds were used to (i) reimburse the State's General Revenue Fund for $300 million of the Required Annual Statutory Contribution made for Fiscal Year 2003, (ii) provide funding to the State's General Revenue Fund for the full Fiscal Year 2004 Required Annual Statutory Contribution in the amount of $1.86 billion and (iii) fund a portion of the UAAL in the amount of $7.3 billion in Fiscal Year 2004. As a result, the State funded approximately 25% of its Fiscal Year 2003 Required Annual Statutory Contribution and all of its Fiscal Year 2004 Required Annual Statutory Contribution from the proceeds of the 2003 Pension Bonds and not from the General Revenue Fund. The 2003 Pension Bond Act also provided that, beginning in Fiscal Year 2005, the State's Required Annual Statutory Contributions in each fiscal year during which the 2003 Pension Bonds are outstanding may not exceed the Required Annual Statutory Contribution for each Retirement System that would have been required if the System had not received any payments from the proceeds of the 2003 Pension Bonds less the portion of the State's total debt service payments on the 2003 Pension Bonds allocated to such Retirement System based on the total moneys distributed to such Retirement System from the proceeds of the 2003 Pension Bonds (the "2003 Pension Bond Limitation"). See Table B-4 below for a schedule of the remaining annual debt service payments on the 2003 Pension Bonds. Prior to Fiscal Year 2020, the debt service payments on the 2003 Pension Bonds increased gradually year-over-year. Since Fiscal Year 2010, the debt service payments on the 2003 Pension Bonds ranged from $543.6 million in Fiscal Year 2010 to $892.2 million in Fiscal Year 2025.

The $7.3 billion contribution from the proceeds of the 2003 Pension Bonds directly reduced the UAAL, and, therefore, reduced future contributions from the levels that would have been required if the bond proceeds had not been used as additional contributions. The reduction of future Required Annual Statutory Contributions by the debt service payments on the 2003 Pension Bonds had the effect of increasing the UAAL, however, because the State does not make the full contribution originally required by the Statutory Funding Plan as a result of this reduction. At the time of the issuance of the 2003 Pension Bonds, the State assumed that the investment returns made on the 2003 Pension Bond proceeds used to reduce the UAAL would be greater than the debt service on the 2003 Pension Bonds, creating a net decrease in the UAAL in each year. The total interest cost percentage of the 2003 Pension Bond proceeds at the date of issuance was 5.05%. Therefore, in any year that actual investment returns, measured in dollars, exceed debt service payments on the 2003 Pension Bonds for such year, the UAAL is reduced from what the UAAL would have been in the absence of the issuance of the 2003 Pension Bonds. Conversely, in those fiscal years in which actual investment returns, measured in dollars, are less than debt service payments on the 2003 Pension Bonds, the UAAL is increased from what the UAAL would have been in the absence of the issuance of the 2003 Pension Bonds. The Retirement Systems' investment rates of return for Fiscal Years 2016 through 2025 are set forth in Table B-3. The State's future debt service requirements with respect to the 2003 Pension Bonds are set forth in Table B-4. No assurance can be given that future investment trends or legislation affecting the Statutory Funding Plan will not occur, causing further change in the UAAL.

TABLE B-4 - DEBT SERVICE ON 2003 PENSION BONDS [1]

FISCAL YEAR	DEBT SERVICE DUE ON 2003 PENSION BONDS
2026	$ 915.4
2027	936.1
2028	979.2
2029	1,018.5
2030	1,079.0
2031	1,134.4
2032	1,159.7
2033	1,156.1

(1) In millions of dollars.

In Fiscal Year 2005, the State made the Required Annual Statutory Contribution, which included a reduction by an amount equal to the debt service due on the 2003 Pension Bonds in that year. The UAAL increased in 2005 despite the State making the full Required Annual Statutory Contribution because the Required Annual Statutory Contribution was less than the Normal Cost plus interest.

State contributions to the Retirement Systems for Fiscal Years 2006 and 2007 were governed by the provisions of Public Act 94-004 ("PA 94-4"). PA 94-4 modified the Statutory Funding Plan to specify reduced Required Annual Statutory Contributions for these two fiscal years. These reduced contributions were also lower than the Actuarially Required Contributions for such fiscal years. Under the provisions of the Statutory Funding Plan as originally constituted in the Pension Funding Act, the State would have been required to contribute $2.12 billion in Fiscal Year 2006 and $2.51 billion in Fiscal Year 2007. PA 94-4 reduced these contributions to $0.94 billion and $1.37 billion, respectively, which represented reductions of 55.7% and 45.3%, respectively. The contribution reductions required by PA 94-4 had the dual effect of increasing the UAAL and delaying payment of the deferred portion of the contribution to a future fiscal year.

The State made the full Required Annual Statutory Contributions for Fiscal Years 2008 and 2009 subject to the 2003 Pension Bond Limitation. The UAAL increased despite the State making the Required Annual Statutory Contributions under the Statutory Funding Plan because actual investment returns were below rate of return assumptions and the annual contributions were below the Normal Cost plus interest.

With respect to the State's contribution to the Retirement Systems for Fiscal Year 2010, pursuant to authorization under Public Act 96-043 (the "2010 Pension Bond Act"), the State issued $3.47 billion of general obligation pension funding bonds (the "2010 Pension Bonds") to fund a portion of the Fiscal Year 2010 Required Annual Statutory Contribution. With respect to the State's contribution to the Retirement Systems for Fiscal Year 2011, the State issued $3.7 billion in general obligation pension funding bonds (the "2011 Pension Bonds"), pursuant to the authorization under PA 96-1497 (the "2011 Pension Bond Act"), to fund a portion of the Required Annual Statutory Contribution for Fiscal Year 2011. Neither the 2010 Pension Bond Act nor the 2011 Pension Bond Act contain provisions having an effect similar to that of the 2003 Pension

Bond Limitation. In Fiscal Years 2010 and 2011, the UAAL increased even though the State made the Required Annual Statutory Contributions because such contributions were lower than the Normal Cost plus interest.

The State made all required payments to the Retirement Systems during Fiscal Years 2012 through 2025, although certain portions of the required payments were not made monthly or were made during the two month "lapse period" which starts on July 1 of the following Fiscal Year. The State made all required Fiscal Year 2022 payments to the Retirement Systems, including an additional supplemental contribution of $300 million, by the end of Fiscal Year 2022 and made all of the appropriated payments by the end of Fiscal Year 2023, including supplemental contributions totaling $400 million. For Fiscal Year 2023, the final required contribution to SERS was determined to exceed the relevant appropriation by $98.6 million, which amount was paid to SERS pursuant to the State's continuing appropriation authority in October 2023. For Fiscal Year 2024, the final required contribution to SERS was determined to exceed the relevant appropriation by $263.4 million, which amount was paid to SERS pursuant to the State's continuing appropriation authority in November 2024. For Fiscal Year 2025, the final required contribution to SERS was determined to exceed the relevant appropriation by $303.3 million, which amount was also paid to SERS pursuant to the State's continuing appropriation authority in November 2025. Also, in Fiscal Year 2025, the Comptroller exercised new statutory provisions that allowed for the pre-payment of required contributions within the fiscal year for all Retirement Systems. Since enactment, the Comptroller reports making Advance Payments to the Retirement Systems in the amount of $1.728 billion through March 1, 2026.

Despite the State making all such required payments during the time period described in the preceding paragraph, the UAAL of the Retirement Systems increased overall during this period as a result of a variety of factors including contributions being lower than Normal Cost plus interest, investment returns being lower than the assumed investment rate of return, and changes in actuarial assumptions.

The Retirement Systems have sold assets from time to time to pay benefits as a result of a deficit between the contributions actually received by the Retirement Systems and their annual expenditures, including benefit payments, and as a means of managing cash flow delays. Failure by the State to make its payments to the Retirement Systems on a timely basis can exacerbate the pace at which the Retirement Systems may be required to sell assets to meet benefit payment requirements. If such assets are not replaced, the Actuarial Value of Assets will decrease and the UAAL and future Required Annual Statutory Contributions will increase because the Retirement Systems will no longer have those assets, or the investment earnings on those assets, to pay benefits in the future.

Pursuant to the Statutory Funding Plan, commencing with Fiscal Year 2011, the State is required to make contributions to the Retirement Systems at the level percentage of payroll necessary to increase the Funded Ratio to 90% by the end of Fiscal Year 2045. The State's ability to make the required contributions under the Statutory Funding Plan is subject to the State having the funds necessary to make the contributions required under the plan. The availability of such funds will require funded appropriations and the availability of sufficient revenues to the Retirement Systems by the State or the issuance of additional pension obligation bonds. No assurances can be given that the State will have the revenues necessary to fund the Retirement Systems from continuing operations, that payments from revenues will be made to the Retirement Systems or that such bonds will be issued. If the State does not contribute the Required Annual Statutory Contribution

in any fiscal year, the Funded Ratio will decrease and it is unlikely that the State will be able to achieve a 90% Funded Ratio by the end of Fiscal Year 2045. No assurance can be given that the State will not, through legislative action, subsequently modify the amount to be contributed in any given year.

Public Act 102-0696 authorized an additional payment to the Retirement Systems in the amount of $300 million during Fiscal Year 2022. In Fiscal Year 2023, $400 million was appropriated to the State's Pension Stabilization Fund to reduce the UAALs of the Retirement Systems. GOMB estimates that these additional payments will save the State's taxpayers $2.4 billion in future payments to the Retirement Systems. Of these $400 million of appropriations, $200 million was appropriated in the Fiscal Year 2023 Budget and was paid to the Retirement Systems on the first day of Fiscal Year 2023 to maximize the projected effect of such payment on the Retirement System's UAALs. The second additional $200 million contribution was authorized along with the enactment of the Fiscal Year 2024 Budget and was paid by the State late in Fiscal Year 2023. The Retirement Systems received this supplemental contribution in Fiscal Year 2024. In Fiscal Year 2024, the State contributed the full Required Annual Statutory Contributions without any additional contributions. The Fiscal Year 2025 Budget provided, and the enacted Fiscal Year 2026 Budget provides, for the State to contribute the full Required Annual Statutory Contributions during Fiscal Years 2025 and 2026 without any additional contributions, except that the Fiscal Year 2026 Budget sets aside an additional $75 million to assist, if necessary, in coordinating the Tier 2 pensionable earnings cap with social security. See "PROJECTION OF FUNDED STATUS" herein for additional information.

The Governor's proposed Fiscal Year 2027 Budget includes a proposal to amend the Statutory Funding Plan by increasing the target Funded Ratio from 90% to 100% and to extend the Statutory Funding Plan to the end of Fiscal Year 2048. If enacted, the proposal would include an increase to the State's contributions to the Retirement Systems under the Statutory Funding Plan once the 2003 Pension Bonds have been retired. The State makes no prediction as to whether the Governor's proposal will be approved by the General Assembly as part of the Fiscal Year 2027 Budget.

Table B-5 shows the State's Annually Determined Contribution ("ADC") along with the percentage of those contributions actually made in each of 2016 through 2025.

The ADC is calculated for each Retirement System by its Board on a basis such Board determines, which basis is described in the respective Actuarial Basis for such Retirement System. Prior to Fiscal Year 2016 (Fiscal Year 2017 for TRS), the Retirement Systems used the Actuarially Required Contribution as the ADC. Beginning with Fiscal Year 2016 (Fiscal Year 2017 for TRS), the Actuarial Valuations of the Retirement Systems included an ADC which amortizes the UAAL of the respective Retirement System over a fixed period of time as opposed to the open 30-year amortization period used to calculate the Actuarially Required Contribution. For the fiscal year ended June 30, 2025, the remaining amortization periods of the unfunded liability that existed at the time such fixed periods were determined (with the original amortization period provided in parentheses) used in calculating the ADCs of the individual Retirement Systems were as follows: TRS: 12 years (20 years); SURS: 19 (30 years); SERS: 14 years (25 years); JRS: 14 years (25 years); and GARS: 9 years (20 years). Future gains and losses will be amortized over subsequent original amortization periods.

As described in "—Determination of Employer Contributions" herein, the Pension Code amortizes the unfunded liability of the Retirement Systems to 90% funding over the period ending in 2045. Because certain of the Retirement Systems amortize the unfunded liability over a shorter period of time, and because the Retirement Systems amortize the unfunded liability to 100% as opposed to 90%, the ADC for each Retirement System exceeds the amount of the State's Statutory Required Contribution to the Retirement Systems. In particular, given the size of the unfunded liability of TRS and its short remaining amortization period (relative to the amortization period used in calculating the State's Statutory Required Contribution to TRS, the State's actual contribution to TRS for Fiscal Year 2025 constituted 60.72% of the ADC. The percentage of the State's contribution to the ADC for the other four Retirement Systems ranged from approximately 77% to approximately 85% for Fiscal Year 2025.

TABLE B-5 - HISTORY OF STATE CONTRIBUTIONS [1]

Fiscal Year	Amount Contributed[2]	ADC	Percentage Contributed
2016	$ 7,354.4	$ 8,551.8	86.0%
2017	7,587.7	10,422.9	72.8%[3]
2018	7,788.8	11,882.3	65.5%
2019	8,546.3	12,850.5	66.5%
2020	9,140.7	13,409.3	68.2%
2021	9,773.2	14,028.1	69.7%
2022[4]	10,852.8	14,666.6	74.0%
2023[4]	10,989.9	14,955.7	73.5%
2024[4]	11,322.2	15,786.0	71.7%
2025	11,582.0	16,719.7	69.3%

Source: Annual Comprehensive Financial Reports of the Retirement Systems for the fiscal years ended June 30, 2016, through June 30, 2025.

(1) In millions of dollars.
(2) Includes all State funds. TRS also includes local employers and federal funds that count towards the Actuarially Required Contribution (ARC). With respect to SURS, includes employer contributions made by the State universities.
(3) The State's percentage contributed declined in Fiscal Year 2017 primarily as a result of TRS establishing a 20-year closed amortization period in calculating its ADC. This amortization period, which is shorter than that used in calculating the Required Annual Statutory Contribution, causes the ADC for TRS to substantially exceed the Required Annual Statutory Contribution which the State is authorized to pay under the Pension Code, and, as such, the difference between the ADC and the actual State contribution to TRS increased.
(4) Includes additional one-time contributions above the State's statutory requirements from the supplemental pension contributions.

FUNDED STATUS

Based on Actuarial Valuations of the Retirement Systems for Fiscal Year 2025, the Retirement Systems had an aggregate UAAL of approximately $143.3 billion on a fair value basis and approximately $144.5 billion on an actuarial basis (calculated pursuant to the Asset Smoothing Method), resulting in respective Funded Ratios estimated of 47.9% and 47.4%.

The following tables summarize the financial condition of the Retirement Systems for Fiscal Years 2021 through 2025.

TABLE B-6

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2025[1]

($'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets[2]	$25,302,244	$71,424,714	$24,340,174	$89,973	$1,398,392	$122,555,497
Income						
Member Contributions	$ 344,050	$ 1,224,699	$ 348,523	$ 1,587	$ 15,958	$ 1,934,817
State and Employer Contributions	3,019,913	6,327,150	2,183,331	26,210	148,937	11,705,541
Investment Income	2,379,777	6,902,120	1,607,903	8,325	117,438	11,015,563
Total	$ 5,743,740	$14,453,970	$4,139,756	$ 36,122	$ 282,333	$ 24,655,921
Expenditures						
Benefits and Refunds	$ 3,404,730	$ 8,569,786	$3,270,630	$ 28,377	$ 210,472	$ 15,483,995
Administration	21,224	45,566	26,708	344	989	94,831
Total	$ 3,425,954	$ 8,615,352	$3,297,338	$ 28,721	$ 211,461	$ 15,578,826
Ending Net Assets (Fair value)	$27,620,030	$77,263,332	$25,182,593	$ 97,373	$1,469,263	$131,632,591
Actuarial Value of Assets	27,381,011	76,053,650	25,413,629	96,196	1,460,430	130,404,916
Actuarial Accrued Liabilities	58,352,282	159,123,545	53,931,923	363,249	3,176,878	274,947,877
UAAL (Fair Value)	30,732,252	81,860,213	28,749,330	265,876	1,707,615	143,315,286
UAAL (Actuarial Value)[3]	30,971,271	83,069,895	28,518,294	267,053	1,716,448	144,542,961
Funded Ratio (Fair Value)	47.3%	48.6%	46.7%	26.8%	46.2%	47.9%
Funded Ratio (Actuarial Value)[3]	46.9%	47.8%	47.1%	26.5%	46.0%	47.4%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2025. Table may not add due to rounding. Certain information was provided by the Retirement System.

(1) The RSP, which is presented in table B-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information that is not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.

(2) Reflects valuation of assets on a fair value basis as of June 30, 2024.

(3) The actuarial value is determined by application of the Asset Smoothing Method as discussed in "Actuarial Methods - Actuarial Value of Assets."

TABLE B-7

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2024[1]

($'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets[2]	$ 23,352,678	$66,504,717	$23,193,248	$83,220	$1,322,327	$114,456,191
Income						
Member Contributions	$ 323,158	$1,168,677	$335,419	$1,505	$ 15,560	$1,844,319
State and Employer Contributions	2,840,015	6,290,817	2,149,498	26,474	147,838	11,454,642
Investment Income	2,180,632	5,757,907	1,846,119	7,587	122,599	9,914,844
Total	$ 5,343,806	$13,217,401	$4,331,036	$35,566	$285,997	$23,213,805
Expenditures						
Benefits and Refunds	$ 3,279,351	$8,260,384	$3,160,148	$28,153	$203,637	$14,931,673
Administration	20,318	37,020	23,961	341	1,017	82,657
Total	$ 3,299,668	$8,297,404	$3,184,109	$28,494	$204,654	$15,014,330
Ending Net Assets (Fair value)	$ 25,396,815	$71,424,802	$24,340,174	$90,292	$1,403,670	$122,655,754
Actuarial Value of Assets	25,528,761	70,687,607	24,312,597	90,679	1,404,905	122,024,549
Actuarial Accrued Liabilities	55,696,891	154,325,159	52,825,365	366,308	3,101,451	266,315,174
UAAL (Fair Value)	30,300,076	82,900,357	28,485,190	276,016	1,697,781	143,659,420
UAAL (Actuarial Value)[3]	30,168,130	83,637,552	28,512,768	275,630	1,696,546	144,290,625
Funded Ratio (Fair Value)	45.6%	46.3%	46.1%	24.7%	45.3%	46.1%
Funded Ratio (Actuarial Value)[3]	45.8%	45.8%	46.0%	24.8%	45.3%	45.8%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2024. Table may not add due to rounding. Certain information was provided by the Retirement System.

(1) The RSP, which is presented in table B-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information that is not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.

(2) Reflects valuation of assets on a fair value basis as of June 30, 2023.

(3) The actuarial value is determined by application of the Asset Smoothing Method as discussed in "Actuarial Methods - Actuarial Value of Assets."

TABLE B-8

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2023[1]

($'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets[2]	$22,224,503	$ 62,833,626	$22,523,553	$77,078	$1,277,764	$108,936,525
Income						
Member Contributions	$ 297,411	$ 1,109,498	$ 299,585	$ 1,304	$ 15,007	$ 1,722,805
State and Employer Contributions	2,666,685	6,133,906	2,138,712	28,081	147,430	11,114,814
Investment Income	1,398,587	4,427,043	1,329,722	4,795	79,833	7,239,979
Total	$ 4,362,683	$ 11,670,477	$ 3,768,018	$34,181	$ 242,269	$ 20,077,598
Expenditures						
Benefits and Refunds	$ 3,153,281	$ 7,967,330	$ 3,074,609	$ 27,483	$ 193,060	$ 14,415,763
Administration	18,517	32,026	23,715	346	1,075	75,679
Total	$ 3,171,798	$ 7,999,356	$ 3,098,324	$ 27,829	$ 194,136	$ 14,491,442
Ending Net Assets (Fair value)	$23,415,388	$ 66,504,717	$23,193,248	$ 83,430	$1,325,898	$114,522,680
Actuarial Value of Assets	24,072,129	66,502,287	23,381,241	85,838	1,357,082	115,398,577
Actuarial Accrued Liabilities	53,908,519	148,398,296	51,050,783	365,694	3,041,421	256,764,712
UAAL (Fair Value)	30,493,131	81,893,579	27,857,535	282,264	1,715,523	142,242,031
UAAL (Actuarial Value)[3]	29,836,390	81,896,009	27,669,542	279,856	1,684,338	141,366,136
Funded Ratio (Fair Value)	43.4%	44.8%	45.4%	22.8%	43.6%	44.6%
Funded Ratio (Actuarial Value)[3]	44.7%	44.8%	45.8%	23.5%	44.6%	44.9%

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2023. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The RSP, which is presented in tables B-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information that is not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.
(2) Reflects valuation of assets on a fair value basis as of June 30, 2022.
(3) The actuarial value is determined by the methods as discussed in "ACTUARIAL METHODS - Actuarial Value of Assets."

TABLE B-9

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2022[1]

($'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets[2]	$23,883,339	$ 64,212,505	$23,768,313	$ 79,809	$1,380,438	$113,324,403
Income						
Member Contributions	$ 288,830	$ 1,072,639	$ 289,071	$ 1,179	$ 14,574	$ 1,666,293
State and Employer Contributions	2,665,685	5,987,676	2,136,059	28,500	155,993	10,973,914
Investment Income	(1,528,469)	(743,042)	(685,633)	(4,930)	(88,098)	(3,050,172)
Total	$ 1,426,046	$ 6,317,273	$ 1,739,497	$2 4,750	$ 82,469	$ 9,590,036
Expenditures						
Benefits and Refunds	$ 3,018,343	$ 7,669,576	$ 2,962,103	$ 26,934	$ 1 81,227	$ 13,858,183
Administration	18,186	26,576	22,584	387	1,124	68,856
Total	$ 3,036,529	$ 7,696,152	$ 2,984,687	$ 27,321	$ 182,351	$ 13,927,039
Ending Net Assets (Fair value)	$22,272,856	$ 62,833,626	$22,523,123	$ 77,239	$1,280,556	$108,987,401
Actuarial Value of Assets	22,892,723	62,910,402	22,554,752	79,721	1,309,800	109,747,398
Actuarial Accrued Liabilities	52,049,732	143,523,731	49,869,932	363,153	2,955,628	248,762,177
UAAL (Fair Value)	29,776,876	80,690,105	27,346,809	285,915	1,675,072	139,774,776
UAAL (Actuarial Value)[3]	29,157,009	80,613,329	27,315,180	283,433	1,645,828	139,014,779
Funded Ratio (Fair Value)	42.8%	43.8%	45.2%	21.3%	43.3%	43.8%
Funded Ratio (Actuarial Value)[3]	44.0%	43.8%	45.2%	22.0%	44.3%	44.1%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2022. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The RSP, which is presented in tables B-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information that is not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.

(2) Reflects valuation of assets on a fair value basis as of June 30, 2021.

(3) The actuarial value is determined by the methods as discussed in "ACTUARIAL METHODS - Actuarial Value of Assets."

TABLE B-10

FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS

FISCAL YEAR 2021

($'S IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total
Beginning Net Assets[2]	$19,197,272	$ 52,316,478	$19,617,016	$ 63,012	$1,112,885	$ 92,306,663
Income						
Member Contributions	$ 280,584	$ 1,023,532	$ 288,476	$ 1,238	$ 14,600	$ 1,608,430
State and Employer Contributions	2,478,210	5,238,242	1,978,743	27,299	148,625	9,871,119
Investment Income	4,756,150	13,046,154	4,762,970	14,630	275,453	22,855,356
Total	$ 7,514,944	$ 19,307,928	$ 7,030,189	$ 43,167	$ 438,678	$ 34,334,906
Expenditures						
Benefits and Refunds	$ 2,870,651	$ 7,388,143	$ 2,859,503	$ 26,219	$ 173,495	$ 13,318,010
Administration	16,577	23,758	19,389	331	1,013	61,068
Total	$ 2,887,228	$ 7,411,901	$ 2,878,892	$ 26,549	$ 174,508	$ 13,379,079
Ending Net Assets (Fair value)	$23,824,988	$ 64,212,505	$23,768,313	$ 79,629	$1,377,055	$113,262,490
Actuarial Value of Assets	21,323,631	58,979,923	21,484,799	72,183	1,227,406	103,087,942
Actuarial Accrued Liabilities	51,828,480	138,914,275	48,898,480	373,724	2,920,600	242,935,559
UAAL (Fair Value)	28,003,493	74,701,770	25,130,167	294,095	1,543,545	129,673,069
UAAL (Actuarial Value)[3]	30,504,850	79,934,352	27,413,681	301,541	1,693,194	139,847,617
Funded Ratio (Fair Value)	46.0%	46.2%	48.6%	21.3%	47.2%	46.6%
Funded Ratio (Actuarial Value)[3]	41.1%	42.5%	43.9%	19.3%	42.0%	42.4%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2021. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The RSP, which is presented in tables B-10 herein, is no longer available due to the adoption of GASB Statements No. 84 and 97. The implementation requires that SURS exclude financial information that is not under its direct control. The RSP is a defined contribution and, by definition, is fully funded and does not carry unfunded liability.

(2) Reflects valuation of assets on a fair value basis as of June 30, 2020.

(3) The actuarial value is determined by the methods as discussed in "ACTUARIAL METHODS - Actuarial Value of Assets."

Table B-11 presents information regarding the aggregate funding progress of the Retirement Systems for Fiscal Years 2016 through 2025.

TABLE B-11 - SCHEDULE OF FUNDING PROGRESS[1]
FAIR VALUE OF ASSETS AND ACTUARIAL VALUE OF ASSETS
($'S IN MILLIONS)

BASED ON FAIR VALUE OF ASSETS

FY	Fair Value of Assets[2]	Actuarial Accrued Liability	UAAL	Funded Ratio	Payroll	UAAL as a % of Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	([b-a]/c)
2016	78,184	207,798	129,794	37.6%	17,798	729.3%
2017	85,387	214,479	129,092	39.8%	17,813	724.7%
2018	89,823	223,301	133,478	40.2%	18,021	740.7%
2019	92,605	229,800	137,195	40.3%	18,726	732.6%
2020	92,307	236,548	144,242	39.0%	19,161	752.8%
2021	113,262	242,936	129,673	46.6%	19,629	660.6%
2022	108,987	248,762	139,775	43.8%	20,252	690.2%
2023	114,523	256,765	142,242	44.6%	21,400	664.7%
2024	122,656	266,315	143,659	46.1%	22,727	632.1%
2025	131,632	274,948	143,315	47.9%	24,071	595.4%

BASED ON ACTUARIAL VALUE OF ASSETS

FY	Actuarial Value of Assets[3]	Actuarial Accrued Liability	UAAL	Funded Ratio	Payroll	UAAL as a % of Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	([b-a]/c)
2016	81,478	207,978	126,500	39.2%	17,798	710.7%
2017	85,619	214,479	128,860	39.9%	17,813	723.4%
2018	89,627	223,301	133,674	40.1%	18,021	741.8%
2019	92,611	229,800	137,189	40.3%	18,726	732.6%
2020	95,557	236,548	140,991	40.4%	19,161	735.8%
2021	103,088	242,936	139,848	42.4%	19,629	712.5%
2022	109,747	248,762	139,015	44.1%	20,252	686.4%
2023	115,399	256,765	141,366	44.9%	21,400	660.6%
2024	122,025	266,315	144,291	45.8%	22,727	634.9%
2025	130,405	274,948	144,542	47.4%	24,071	600.5%

Source: Annual Comprehensive Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2016, through June 30, 2025.

(1) The RSP is not included in the totals. The RSP is a defined contribution plan and, by definition, is fully funded and does not carry unfunded liability. See "BACKGROUND INFORMATION REGARDING THE RETIREMENT SYSTEMS."

(2) Measures assets at fair value.

(3) The actuarial value of assets is determined in accordance with the Asset Smoothing Method. See discussion of Asset Smoothing Method in "ACTUARIAL METHODS–Actuarial Value of Assets."

NET PENSION LIABILITY

GASB 67 calls for the calculation and disclosure of the "Net Pension Liability," which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the Current GASB Standards (referred to in such statements as the "Total Pension Liability") and the value of the pension plan's assets (referred to as the "Fiduciary Net Position"), calculated at fair market value.

The concept of the Net Pension Liability is similar to the concept of the UAAL. However, because the Fiduciary Net Position is calculated at fair market value, and because of the differences in the manner of calculating the Total Pension Liability as compared to the Actuarial Accrued Liability under the Prior GASB Standards, the Retirement Systems' UAAL and Net Pension Liability most likely will differ on each measurement date.

Table B-12A presents the Net Pension Liability of each Retirement System as of June 30 of the years 2019 through 2025. Table B-12B provides information regarding the impact of potential changes to the Discount Rate on the Net Pension Liability for fiscal year ended June 30, 2025. For additional discussion regarding the rates of return and the Discount Rate as employed by the actuaries of the Retirement Systems, see "ACTUARIAL ASSUMPTIONS—Assumed Investment Rate of Return" above.

TABLE B-12A - NET PENSION LIABILITY [1]

	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a Percentage of Total Pension Liability
			TRS	
2019	$134,371	$53,263	$81,108	39.6%
2020	138,532	52,316	86,215	37.8%
2021	142,224	64,213	78,011	45.1%
2022	146,674	62,834	83,840	42.8%
2023	151,485	66,505	84,981	43.9%
2024	157,290	71,425	85,866	45.4%
2025	162,015	77,263	84,752	47.7%
			SURS	
2019	$48,437	$19,717	$28,720	40.7%
2020	50,237	19,617	30,620	39.1%
2021	52,297	23,768	29,529	45.5%
2022	51,601	22,523	29,078	43.7%
2023	52,638	23,193	29,445	44.1%
2024	54,571	24,340	30,231	44.6%
2025	55,372	25,183	30,189	45.5%
			SERS	
2019	$51,886	$18,492	$33,394	35.6%
2020	54,065	19,197	34,868	35.5%
2021	56,984	23,883	33,101	41.9%
2022	54,561	22,225	32,336	40.7%
2023	56,454	23,334	33,120	41.3%
2024	58,376	25,303	33,073	43.3%
2025	60,250	27,368	32,882	45.4%
			JRS	
2019	$2,850	$1,073	$1,777	37.7%
2020	2,936	1,113	1,823	37.9%
2021	3,052	1,380	1,671	45.2%
2022	3,014	1,278	1,736	42.4%
2023	3,098	1,321	1,777	42.6%
2024	3,157	1,398	1,759	44.3%
2025	3,216	1,470	1,746	45.7%
			GARS	
2019	$382	$60	$322	15.7%
2020	382	63	319	16.5%
2021	382	80	305	20.8%
2022	369	77	292	20.9%
2023	371	83	288	22.4%
2024	372	90	282	24.2%
2025	369	97	272	26.3%
			TOTAL	
2019	$237,926	$92,605	$145,321	38.9%
2020	246,152	92,306	153,845	37.5%
2021	254,939	113,324	142,617	44.5%
2022	256,219	108,937	147,282	42.5%
2023	264,046	114,436	149,611	43.3%
2024	273,767	122,556	151,211	44.8%
2025	281,222	131,381	149,841	46.7%

Source: Actuarial Valuations and the GASB 67/68 Statements, of the Retirement Systems for the fiscal years ended June 30, 2019 through June 30, 2025. Certain information was provided by the Retirement Systems.

(1) In millions. Rows and columns may not sum due to rounding.

TABLE B-12B - SENSITIVITY OF NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE [1]

	FISCAL YEAR 2025		
	1% DECREASE	CURRENT	1% INCREASE
TRS			
Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability	$105,432	$84,752	$67,591
SURS			
Discount Rate	5.44%	6.44%	7.44%
Net Pension Liability	$36,371	$30,189	$24,781
SERS			
Discount Rate	5.69%	6.69%	7.69%
Net Pension Liability	$40,187	$32,612	$26,332
GARS			
Discount Rate	5.46%	6.46%	7.46%
Net Pension Liability	$309	$271	$239
JRS			
Discount Rate	5.45%	6.45%	7.45%
Net Pension Liability	$2,067	$1,746	$1,470

Source: The Actuarial Valuations for TRS and, with respect to SURS, SERS GARS, and JRS, the GASB 67/68 Statements for the fiscal year ended June 30, 2025.

(1) In millions.

COMPONENTS OF CHANGE IN UNFUNDED LIABILITY

A variety of factors impact the Retirement Systems' UAAL. Unexpected increases in member salary and benefits, a lower return on investment than that assumed by the Retirement Systems and employer contributions less than the Actuarially Required Contribution will, each taken independently of other legislative or market effects, cause an increase in the UAAL. Conversely, unexpected decreases in member salary and benefits, a higher return on investment than assumed, an increase in employee contributions and employer contributions in excess of the Actuarially Required Contribution, each taken independently of other legislative or market effects, will decrease the UAAL. In addition, changes in actuarial assumptions and certain other factors may also impact the UAAL. Table B-13 provides information regarding the sources of the change in the UAAL for the Retirement Systems from Fiscal Years 2016 through 2025. The UAAL on an actuarial basis increased from approximately $112.9 billion at the end of Fiscal Year 2015 to approximately $144.5 billion at the end of Fiscal Year 2025, an increase of approximately $31 billion. No assurances can be given that the State will make the appropriations necessary to meet any deficiencies incurred by the Retirement Systems.

TABLE B-13 - COMPONENTS OF CHANGE IN UNFUNDED LIABILITY[1]

Fiscal Year	Salary Increases/ (Decreases)	Investment Returns (Higher)/Lower Than Assumed[2]	Employer Contributions (Higher)/Lower than Normal Cost Plus Interest[3]	Benefit Increases	Changes In Actuarial Assumptions	Other Factors[4]	Total Change in Unfunded Liability From Previous Year
2016	$ (957.9)	$ 701.8	$ 2,730.4	$0.0	$9,669.0	$1,471.4	$13,614.7
2017	(598.9)	(701.7)	3,195.2	0.0	0.0	465.0	2,359.6
2018	(342.1)	(500.4)	3,189.1	0.0	864.4	1,603.0	4,814.0
2019	(162.4)	997.3	2,719.9	0.0	(259.7)	219.7	3,514.8
2020	17.1	1,374.4	2,226.6	0.0	0.0	182.9	3,801.0
2021	290.8	(2,924.3)	1,838.4	0.0	(179.6)	(169.0)	(1,143.7)
2022	152.3	(771.7)	610.2	0.0	(510.8)	(312.9)	(832.9)
2023	1,074.5	145.0	411.5	0.0	0.0	720.4	2,351.4
2024	1,149.8	(505.2)	241.4	0.0	1,880.8	157.8	2,924.5
2025	1,067.5	(2,033.3)	273.7	0.0	980.2	(532.5)	(244.5)
Total	$1,690.7	$(4,218.1)	$17,436.4	$0.0	$12,444.3	$3,805.8	$31,158.9

Source: Actuarial Valuations of the Retirement Systems for fiscal years 2016 through 2025.

(1) Dollars in millions. Table may not add due to rounding.

(2) Investment returns based on Asset Smoothing Method.

(3) To determine whether employer contributions represent an increase or decrease in UAAL, such contributions are measured against contributions based on the Normal Cost plus interest. If employer contributions exceed Normal Cost plus interest, the UAAL will decrease. If employer contributions are less than Normal Cost plus interest, the UAAL will increase.

(4) Other factors include, but are not limited to, higher or lower incidences of retirement, disability, in-service mortality, retiree mortality or terminations than assumed.

PROJECTION OF CONTRIBUTIONS AND FUNDED STATUS

Table B-14 provides a projection of the State's Required Annual Statutory Contribution and Table B-15 provides a projection of the Actuarial Value of Assets, the Actuarial Accrued Liability, the UAAL and the Funded Ratio throughout the life of the Statutory Funding Plan. The projections were derived from the Actuarial Valuations of the Retirement Systems for the Fiscal Year ended June 30, 2025. These projections are forward-looking statements regarding future events and are based on the actuarial assumptions contained in the Statutory Funding Plan and assumptions made regarding such future events, including the assumption that all projected contributions to the Retirement Systems are made as required. No assurance can be given that the assumptions underlying these projections will reflect actual experience of the Retirement Systems. In the event that the Retirement Systems' experience is different from these assumptions, no assurance can be given that such experience will not cause material changes to the data presented in this table.

Changes to the statutory structure of certain benefits could also impact the State's Required Annual Statutory Contribution, the UAAL, or the Funded Ratio of the Statutory Funding Plan. From time to time, legislation has been proposed to address changes to Tier 2 benefits and legislative hearings have been conducted related to those matters. The Commission on Government Forecasting and Accountability ("COGFA") procured and published two analyses by an independent actuary of the potential impact of changes to TRS, SERS, and SURS benefits for Tier 2 Employees in relation to member final annual salary, cost of living adjustments, normal retirement age, the Social Security Act, the Federal Insurance Contributions Act ("FICA") and FICA's safe harbor provisions concerning Social Security replacement plans, based on legislation that had been recently introduced in the General Assembly. To date, the State has not adjusted the Tier 2 benefits related to safe harbor issues. The Fiscal Year 2026 Budget set aside $75 million through a deposit into the newly created Tier 2 Social Security Wage Base Reserve Fund based on the projected first year costs of coordinating the Tier 2 pensionable earnings cap with the social security wage base. The independent actuary's analyses are available on COGFA's website listed in APPENDIX F—WEBSITE INDEX. The State makes no representations nor expresses any opinion on the actuary's analyses or any proposed legislation the provisions of which may never be enacted.

TABLE B-14 - PROJECTED REQUIRED ANNUAL STATUTORY CONTRIBUTIONS TO THE RETIREMENT SYSTEMS [1]

Fiscal Year	Projected Required Annual Statutory Contributions[1]
2025	$11,140
2030	12,591
2035	14,932
2040	16,639
2045	18,685

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2025.

(1) Dollars in millions. Excludes, with respect to TRS and SURS, contributions from trust funds and federal funds and, with respect to TRS, minimum retirement allowances.

TABLE B-15- PROJECTION OF FUTURE RETIREMENT SYSTEMS FUNDING STATUS [1]

Fiscal Year	Actuarial Value of Assets[2] (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Actuarial Liabilities (UAAL) (b-a)	Funded Ratio (a/b)
2025	$129,721	$274,252	$144,531	47.3%
2030	160,461	303,922	143,460	52.8%
2035	197,546	327,462	129,915	60.3%
2040	246,187	342,024	95,838	72.0%
2045	313,888	348,762	34,875	90.0%

Source: Actuarial Valuations of the Retirement Systems for the fiscal year ended June 30, 2025.

(1) Dollars in millions.

(2) Measured in accordance with the Asset Smoothing Method. See discussion of the Asset Smoothing Method under "ACTUARIAL METHODS—Actuarial Value of Assets."

2010 LEGISLATION MODIFYING PENSION STRUCTURE

The State has not provided significant benefit enhancements for Retirement System members since 2003.

Public Act 96-889 ("PA 96-889"), enacted into law on April 14, 2010, provided for significant reforms to the Retirement Systems, most notably by establishing a "two-tier" pension system expected to reduce pension payments for employees who become members of the Retirement Systems on or after January 1, 2011 ("Tier 2 Employees"), as compared to those provided to State employees who commenced employment prior to January 1, 2011 ("Tier 1 Employees"). PA 96-889 did not impact persons that first became members or participants prior to its effective date of January 1, 2011. An additional tier of employees, hereinafter defined as Tier 3 Employees, was authorized by Public Act 100-23. See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

Taken independently of other legislative or market effects, the reduced benefits afforded new hires by PA 96-889 are expected to reduce the growth in the Actuarial Accrued Liability, the UAAL and the Required Annual Statutory Contribution. In calculating the Actuarial Accrued Liability, the actuaries make assumptions about future benefit levels. As a greater percentage of the State's workforce is covered by PA 96-889, the value of future benefits is expected to decrease and the Actuarial Accrued Liability is expected to decrease. Consequently, the UAAL is expected to decrease and the Funded Ratio to increase. As the growth in the UAAL slows, the Required Annual Statutory Contribution is expected to decline as the amount of UAAL to be amortized decreases.

Because the actuarial calculations look to the future to determine the amount of assets and liabilities that will accumulate over time, the reduction in future benefits under PA 96-889 caused an immediate reduction in the State's required contribution to the Retirement System for Fiscal Year 2011 under the current Statutory Funding Plan after recertification pursuant to Public Act 96-1497. In the long-term, this decrease in future benefits is expected to reduce the sum of contributions required to reach the applicable statutorily required target Funded Ratio because the State's liability for benefits is expected to decrease as a greater number of employees earn lower benefits, assuming a relatively static pool of employees. In the short-term, however, these decreased contributions are expected to have the effect of increasing the UAAL because the majority of employees earning benefits in the short-term will earn those benefits under the provisions of the former plan. Therefore, although the cost of benefits will not change dramatically until a large portion of employees are covered by the new benefits, in the short-term the amount of the Required Annual Statutory Contribution will decrease, increasing the UAAL and decreasing the Funded Ratio. The number of active Tier 2 Employees exceeded the number of active Tier 1 Employees by 20,269 members at the end of Fiscal Year 2025.

2013 LEGISLATION MODIFYING PENSION STRUCTURE

PA 98-599 was signed into law on December 5, 2013, and provided for changes to funding levels, automatic annual increases, retirement ages and employee contributions for TRS, SERS, SURS and GARS. PA 98-599 was scheduled to take effect on June 1, 2014. However, PA 98-599 was declared unconstitutional and void in its entirety by the Illinois Supreme Court on May 8, 2015. The State did not file an appeal to the U.S. Supreme Court with respect to the Illinois Supreme Court's determination regarding the constitutionality of PA 98-599.

2017 LEGISLATION MODIFYING PENSION STRUCTURE

Public Act 100-23, which became effective on July 6, 2017, included several reforms to the Retirement Systems. Specifically, Public Act 100-23: (i) established a new benefit plan for Tier 3 Employees (as hereinafter defined), (ii) shifted certain pension costs to local employers participating in a Retirement System, and (iii) smoothed changes in the State's contributions to the Retirement Systems resulting from changes in actuarial assumptions by the Retirement Systems.

Creation and Current Status of Tier 3. With respect to TRS, SURS and SERS, Public Act 100-23 creates an additional tier ("Tier 3") of benefits and related contributions. Employees ("Tier 3 Employees") will join Tier 3 either by (1) being a new employee who elects to receive Tier 3 benefits or (2) being an existing Tier 2 employee who elects to receive Tier 3 benefits. Employees may join Tier 3 once their respective Retirement System implements the plan. The Tier 3 plan was not implemented in Fiscal Years 2018 through 2025. The Retirement Systems believe that legislative changes to resolve conflicts between Public Act 100-23 and the Internal Revenue Code

are necessary to implement the provisions of Public Act 100-23. Such legislation has not been enacted as of the date hereof, and the Retirement Systems expect that the Tier 3 plan will not be implemented until such legislation is enacted.

If the Tier 3 plan is ultimately implemented, it will offer a combination of a defined benefit and defined contribution plan. The defined benefit portion of Tier 3 includes the following provisions:

- A pensionable salary cap indexed to the social security wage base (currently $184,500);
- A cost-of-living adjustment equal to ½ of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not compounded;
- A normal retirement age indexed to social security (currently age 67);
- A final average salary equal to the average salary over the last ten years of an employee's service with the retirement annuity calculated by multiplying each year of service by the final average salary multiplied by 1.25%.

Once implemented, local employers and employees will assume the normal cost for the defined benefit costs for Tier 3 Employees. Employees will contribute the lesser of the Normal Cost or 6.2% of salary for the defined benefit portion. Employers of employees who elect to participate in Tier 3 are to contribute (i) with respect to TRS and SURS employers only, the employer normal cost, plus an amount necessary to reduce the UAAL over a 30-year open amortization period, and (ii) beginning in Fiscal Year 2021, an additional 2% of the total payroll of each employee participating in Tier 3. In addition, employers of employees who elect to participate in Tier 2 in lieu of Tier 3 are to contribute (i) with respect to SURS employers only, the employer normal cost, plus an amount necessary to reduce the UAAL over a 30-year open amortization period, and (ii) beginning in Fiscal Year 2021, an additional 2% of the total payroll of each employee participating in Tier 2 in lieu of Tier 3.

In addition to the defined benefit, Tier 3 Employees will have a defined contribution plan. The defined contribution will consist of funds invested in an individual account for each employee. Employees must contribute a minimum of 4% of salary to the defined contribution portion of the Tier 3 plan. Employers must contribute no less than 2%, but no more than 6% of salary for each employee with at least one year of service with that employer.

Tier 3 does not apply to employees participating in GARS or JRS, and only applies to State employees not participating in the federal social security program, with the exception of a small number of SURS employees who will participate in social security in addition to Tier 3.

Public Act 100-23 does not provide for immediate enactment of the Tier 3 plan, though it states that the respective Boards of Trustees of the Retirement Systems should implement the Tier 3 plan as soon as possible. Prior to implementation, each Retirement System must create and establish the Tier 3 plan, and such plan must be approved by the Internal Revenue Service. On and after the respective date of implementation for each Retirement System, all new participants in such Retirement System will be Tier 3 Employees. Employees hired after the implementation of the combination Tier 3 plan will have the option to irrevocably elect to receive Tier 2 benefits and, with respect to SURS, the Self-Managed Plan (recently renamed the "Retirement Savings Plan"). In addition, Tier 2 Employees hired prior to the implementation of the Tier 3 plan will be provided the opportunity to irrevocably elect to become Tier 3 Employees under Public Act 100-23.

The State makes no prediction as to the impact such reform will have on the Retirement Systems or the State's contributions to TRS, SURS and SERS going forward.

Shift of Certain Pension Costs to Local Employers. With respect to TRS and SURS, Public Act 100-23 provides that the individual school districts, universities and community colleges whose employees participate in such Retirement Systems will assume certain costs of benefits upon implementation of the Tier 3 plan. On and after the Tier 3 implementation, local employers will assume the normal costs and future unfunded liabilities for Tier 3 Employees and Tier 2 Employees who elect to become Tier 3 Employees. Beginning in Fiscal Year 2021, such employers will also be responsible for paying to the applicable Retirement System 2% of the total payroll of each employee participating in Tier 3, as well as each employee participating in Tier 2 in lieu of Tier 3.

In addition, Public Act 100-23 requires individual school districts, universities and community colleges to assume the Normal Cost of benefits with respect to all employees whose salaries exceed the Governor's salary to the extent such employee's salary exceeds the Governor's salary.

Smoothing of State Contributions. Public Act 100-23 provides that, beginning in Fiscal Year 2018, the State's contributions to the Retirement Systems will be calculated such that any changes in the State's contributions to any Retirement System caused by a change in the actuarial assumptions employed by such Retirement System in preparing its Actuarial Valuation will be recognized equally over a five-year period ("Contribution Smoothing"). Furthermore, Public Act 100-23 provides that Contribution Smoothing will be retroactively applied to changes in actuarial assumptions which first applied to State contributions during Fiscal Years 2014 through 2017.

The reforms in Public Act 100-23 are expected to reduce the State's UAAL over time. The State's UAAL, as modified by the provisions of Public Act 100-23, has not been recalculated by the Retirement Systems and, as such, the State is unable to provide any information regarding revisions to the UAAL as a result of Public Act 100-23, if any.

ACCELERATED PENSION BENEFIT PAYMENT PROGRAM AND OTHER PROVISIONS UNDER PUBLIC ACT 100-587

Public Act 100-587, which became effective on June 4, 2018 ("P.A. 100-587"), establishes two programs pursuant to which eligible members of the Retirement Systems may forego certain benefits to which they are entitled under the Pension Code in exchange for a payment from the State. The first program, which is available to Tier 1 and Tier 2 members of the TRS, SURS and SERS meeting certain eligibility requirements set forth in P.A. 100-587, provides that an eligible member may forfeit rights to future benefit payments in exchange for an accelerated pension benefit payment equal to 60% of the present value of the pension benefit to which the member is entitled (the "Pension Buyout Program"). The second program, which is available only to Tier 1 members of TRS, SURS and SERS meeting certain eligibility requirements set forth in P.A. 100-587, provides that an eligible member may forfeit the 3%, compounded automatic annual increase ("AAI") in exchange for (i) a delayed 1.5% non-compounded AAI and an accelerated pension benefit payment from the State equal to 70% of the difference in the present value of such AAIs (the "AAI Reduction Program" and, together with the Pension Buyout Program, the "Programs"). P.A. 102-718, which became effective on May 5, 2022, extended the Programs and provided additional authorization to the State to borrow to fund the Programs.

Each of the Programs has separate eligibility rules. To be eligible for the Pension Buyout Program, a member must (i) have terminated service, (ii) have accrued sufficient service credit to be eligible

to receive a retirement annuity under the applicable article of the Pension Code, and (iii) have not received any retirement annuity under the applicable article of the Pension Code. To be eligible for the AAI Reduction Program, a member must (i) submit an application for a retirement annuity under the applicable article of the Pension Code, (ii) meet the age and service requirements for receiving a retirement annuity under the applicable article of the Pension Code and (iii) not have received any retirement annuity under the applicable article of the Pension Code. In addition, eligible members may participate in only one of the Programs.

With respect to the Pension Buyout Program, eligible members may make the election to participate in such program until June 30, 2026. Such election may be made only after such member has requested a determination by the applicable Retirement System of the amount of the accelerated pension benefit payment offered pursuant to the Pension Buyout Program.

With respect to the AAI Reduction Program, P.A. 100-587 directs each of the applicable Retirement Systems to implement the AAI Reduction Program. Upon the request of an eligible member, the applicable Retirement System will calculate the accelerated pension benefit payment and will offer such payment to the eligible member. Eligible members will then have the opportunity to irrevocably elect to participate in the AAI Reduction Program until June 30, 2024. Such election must be made prior to the eligible member receiving the first payment of a retirement annuity otherwise payable under the applicable article of the Pension Code. Public Act 101-0010 (enacted June 5, 2019) extended the end date of the Programs from June 30, 2021 to June 30, 2024, and P.A. 102-718 extended the Programs' end date from June 30, 2024 to June 30, 2026. The Governor has recommended an extension of the Programs to June 30, 2028.

P.A. 100-587 provides that, upon receipt by a Retirement System of an election by an eligible member to participate in either of the Programs, such Retirement System will submit a voucher to the Comptroller for payment of the applicable accelerated pension benefit payment. To finance the costs of the Programs, P.A. 100-587 authorizes the issuance of the Section 7.7 Bonds (as defined in the Official Statement) in the amount of $1,000,000,000 and establishes the State Pension Obligation Acceleration Bond Fund (the "Acceleration Fund"). The proceeds of the Section 7.7 Bonds will be deposited into the Acceleration Fund and be used to make the accelerated pension benefit payments as described in this Section. The bond proceeds deposited into the Acceleration Fund constitute the only authorized source of funding for accelerated pension benefit payments, therefore requiring the State to issue Section 7.7 Bonds for the Programs to be operational. P.A. 102-718 increased the State's authorization to issue Section 7.7 Bonds to $2,000,000,000. The State issued the final Section 7.7 Bonds authorized by P.A. 100-587 and P.A. 102-718 in September 2025. Public Act 104-0008, enacted in conjunction with the Fiscal Year 2026 Budget, increased the State's authorization to issue an additional $200 million of Section 7.7 Bonds effective January 1, 2026. A portion of the April 2026A Bonds are being issued pursuant to the authorization of Public Act 104-0008.

The State expects that the Programs will, taken independently of other factors, cause a reduction in the UAAL of the applicable Retirement Systems. The State projects that the Programs have reduced the Actuarial Accrued Liabilities of such Retirement Systems by an estimated $2.9 billion. Any reduction in the UAAL is dependent on the implementation of, participation by members in and funding of the Programs.

Status of the Programs. SERS began offering accelerated pension benefits pursuant to its AAI Reduction Program to applicants for retirement in December 2018 and began offering the Pension

Buyout Program to eligible inactive vested members in April 2019. As of March 4, 2026, SERS has processed payments totaling $733.9 million for accelerated pension benefits: $691.9 million for 5,352 retirees participating in the AAI Reduction Program and $42.0 million for 207 eligible inactive vested members in the Pension Buyout Program. As of March 4, 2026, the participation rate for the AAI Reduction Program is 28.4% and the average payout is $129,300; the participation rate for the Pension Buyout Program is less than 1% and the average payout is $202,900.18. SERS typically administers approximately 3,000 retirements annually.

TRS opened its AAI Reduction Program in January 2019 and its Pension Buyout Program in September 2019. As of February 27, 2026, TRS has expended bond proceeds totaling $1,128.7 million for accelerated pension benefits: $930.2 million for 6,360 retirees participating in the AAI Reduction Program and $369.4 million for 2,841 eligible inactive vested members in the Pension Buyout Program. Additional accelerated pension benefit transactions have been processed for payment from bond proceeds. As of February 27, 2026, the participation rate for the AAI Reduction Program is 21.1% and the average payout is $146,253; the participation rate for the Pension Buyout Program is 13.2% and the average payout is $130,026.

SURS began implementing both the AAI Reduction and the Pension Buyout Program on June 10, 2019. As of January 31, 2026, SURS has expended bond proceeds totaling $59.1 million for accelerated pension benefits: $26.8 million for 276 retirees participating in the AAI Reduction Program and $32.3 million for 158 eligible inactive vested members in the Pension Buyout Program. As of January 31, 2026, the participation rate for the AAI Reduction Program was approximately 1.6%, and the average payment was $97,127; the participation rate for the Pension Buyout Program is less than 1% and the average payment was $204,599. SURS has approximately 12,000 inactive vested members and 11,000 Tier 1 members who are retirement eligible. SURS typically administers approximately 2,500 retirements annually.

In addition to this program, members of the SURS portable plan (the "Portable Plan") have the option to take a lump sum refund (the "Portable Lump Sum") pursuant to which they would receive a one-time payment of employee contributions, matching employer contributions, and full interest at the effective rate in exchange for forfeiting all accrued rights and benefits in SURS. The Portable Lump Sum may exceed the buyout amounts offered under other programs. Since 2019, SURS has issued nearly $267 million in Portable Lump Sum refunds to 1,822 SURS members.

RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS

State Actuary's Fiscal Year 2025 Report

By January 1 of each year, the State Actuary is required to issue a preliminary report providing a review of the actuarial assumptions used by the Retirement Systems in preparing their proposed certification of the amount necessary to pay the Required Annual Statutory Contribution. The position of State Actuary is within the Office of the Auditor General and responsible for reviewing actuarial practices, assumptions, and valuations of the actuaries of the Retirement Systems. The State Actuary's Fiscal Year 2025 report on the actuarial assumptions and valuations of the Retirement Systems is available on the State Auditor General's website. See APPENDIX F—WEBSITE INDEX. The assumptions contained in the 2025 Actuarial Valuation reports of the Retirement Systems were determined to be generally reasonable by the State Actuary, and the State Actuary did not recommend any changes to these assumptions. However, recommendations were made, among other things, to include certain additional disclosures in future valuations, and for changes to the formula for funding the Retirement Systems set forth in the Pension Code to

fully fund future plan benefit accruals. The Board of each Retirement System must consider all recommendations of the State Actuary; however, no assurance can be given that any recommendations will be adopted. The responses of each System to the recommendations of the State Actuary are contained in Appendix C of the aforementioned report.

Reports of the Commission on Government Forecasting and Accountability

COGFA prepared a report dated August 2025, on the financial condition of the Retirement Systems as of June 30, 2024 (the "COGFA Report"). COGFA is a bipartisan legislative commission whose purpose is to provide the General Assembly with information relevant to the State economy, taxes, and other sources of revenue and debt obligations of the State. Among COGFA's list of specific responsibilities is to make an annual estimate of public pension funding requirements and to prepare pension impact notes. Furthermore, COGFA 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 the same may affect the State. As a result of these responsibilities, COGFA issues several reports on an annual basis, including the COGFA Report, which provides an overview of the financial condition of the Retirement Systems. The COGFA Report provides significant information on the funded status of the Retirement Systems, historical and projected information with respect to each of the Retirement Systems and an exhaustive history of pension legislation. COGFA does not make findings in the COGFA Report. The COGFA Report is available from COGFA's website listed in APPENDIX F – WEBSITE INDEX. The State makes no representations nor expresses any opinion on the COGFA Report.

SEC ORDER

The State was originally contacted in September 2010 by the Securities and Exchange Commission (the "SEC") regarding a non-public inquiry into communications by the State relating to the financial effects of Public Act 96-889 on Illinois public pensions, including communications relating to the potential savings or reductions in contributions by the State to the Illinois public pensions. The SEC inquiry ultimately turned to disclosures relating to the Statutory Funding Plan.

On March 11, 2013, the SEC instituted administrative proceedings and imposed a cease-and-desist order (the "Order"). The Order is available from the SEC. In its Order, the SEC found that, between 2005 and March 2009, the State acted negligently and (i) misled bond investors by omitting to disclose information about the adequacy of the Statutory Funding Plan and the risks created by the State's structural underfunding of its pension obligations, (ii) misled bond investors about the effect of changes to the Statutory Funding Plan, including the State's failure to make the full pension contributions in 2006 and 2007 and (iii) omitted material information which rendered certain statements misleading to bond investors regarding the State's ability to fund its pension obligations or the impact of the State's pension obligations on the State's financial condition. In agreeing to the Order, the State did not admit or deny the SEC's findings in the Order. Under the terms of the Order, the State was not required to pay any civil fines or penalties, and the SEC noted that it considered the State's cooperation during the inquiry as well as the remedial measures instituted by the State to ensure compliance with its disclosure obligations under the federal securities laws, as described in the Order.

Prior to the SEC inquiry and in response to statements made by the SEC in an enforcement action against the State of New Jersey (SEC Rel. No. 9135, August 18, 2010), the State engaged outside counsel to assist the State in reviewing the enforcement action against New Jersey, to update

certain of the information contained in this Appendix and to draft the disclosure policies and procedures set forth in the following subsection. The State has continued to engage Disclosure Counsel to assist the State in updating the information contained in this Appendix and to implement the disclosure policies and procedures set forth in the following subsection.

PENSION DISCLOSURE POLICIES AND PROCEDURES

The State has reviewed, evaluated, and enhanced its pension disclosure process by instituting formal, written policies and procedures. The State's written policies and procedures, among other things, established a committee within the GOMB consisting of GOMB employees (the "Disclosure Committee") to oversee the pension disclosure process. The GOMB Director of Capital Markets serves as chairperson of the Disclosure Committee, and the General Counsel of the GOMB serves as an ex-officio member. The Disclosure Committee has primary responsibility for drafting, editing and updating the State's pension disclosure. Prior to release of the pension disclosure in an official statement or at the time of an update as mandated in the policies and procedures, the pension disclosure is submitted to the Retirement Systems, COGFA, the Office of the Comptroller and the Office of the Attorney General for their review and comment.

In addition, the State has implemented an annual mandatory training program for the Disclosure Committee and the other GOMB employees involved in the disclosure process. The training is intended to ensure compliance with the State's disclosure obligations under the federal securities laws.

OTHER POST-EMPLOYMENT BENEFITS

PLAN DESCRIPTION

The State contributes to three separate programs to provide other post-employment benefits ("OPEB") to State employees and locally-employed teachers: (i) the State Employees Group Insurance Program ("SEGIP"), (ii) the Teachers' Retirement Insurance Program ("TRIP") and (iii) the College Insurance Program ("CIP" and, together with SEGIP and TRIP, the "OPEB Programs").

SEGIP is established pursuant to the State Employees Group Insurance Act of 1971 ("Group Insurance Act"), as amended, and authorizes the State to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all State and State university component unit employees become eligible for SEGIP benefits if they become annuitants of one of the State sponsored pension plans. The Department of Central Management Services ("CMS") administers these benefits for annuitants with the assistance of the Retirement Systems. The portions of the Group Insurance Act related to OPEB established SEGIP with a special funding situation for employees of the State's component unit universities.

The TRIP program provides OPEB to certain members covered under the TRS pension, and the CIP provides OPEB to retired employees and their dependents of State community college districts, excluding Chicago.

The State is the primary funder of SEGIP. The TRIP and CIP programs are jointly funded by the State, local employers and active employees and retirees. For Fiscal Year 2025, the State was allocated 57.6% of TRIP OPEB liability as a non-employer contributing entity and 50.0% of CIP OPEB liability.

As of June 30, 2024, 239,243 employees were covered by the SEGIP OPEB Program, consisting of (i) 110,763 active employees, (ii) 25,098 inactive employees entitled to but not yet receiving benefit payments and (iii) 103,382 inactive employees or beneficiaries currently receiving benefit payments.

FUNDING POLICY AND ANNUAL OPEB COST

The State contributes toward the cost of an annuitant's coverage under the basic program of group health, dental, and vision benefits. The amount the State contributes is determined from negotiations with the collective bargaining units within the various Retirement Systems. Therefore, the benefits provided and contribution amounts are subject to periodic changes.

The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide current benefits to retirees.

The State's Annual OPEB Cost was calculated prior to Fiscal Year 2018 pursuant to GASB Statement No. 45 ("GASB 45"). GASB 45 funding requirements differ significantly from the pay-as-you-go funding method used by the State to make contributions to the plan. Therefore, the actual contributions made by the State to the plan differed from the Actuarially Required Contribution and the Annual OPEB Cost. The State's Annual OPEB Cost for the prior year and related information is included in Table B-16. This table relates only to the State's SEGIP liability. Information with respect to the SEGIP liability under GASB Statement No. 75 is available in the Actuarial Valuation of SEGIP as of June 30, 2023. See APPENDIX F—WEBSITE INDEX herein.

TABLE B-16
TOTAL SEGIP OPEB LIABILITY
OBLIGATION FISCAL YEAR 2024
($ IN THOUSANDS)

Service Cost	$ 773,257
Interest on the total OPEB liability	778,865
Difference between expected and actual experience	1,103,581
Changes of Assumptions	1,162,139
Benefit Payments	(833,893)
Net Change in OPEB liability	$ 2,983,949
Net OPEB Obligations at June 30, 2023	$ 17,222,645
Net OPEB Obligations at June 30, 2024	$ 20,206,594

Source: SEGIP 2023 Actuarial Valuation, which includes some 2024 data.

The State adopted GASB Statement No. 75 ("GASB 75") beginning with the Fiscal Year ending June 30, 2018. GASB 75 reforms the manner in which OPEB is accounted for and presented in the financial statements of an employer, such as the State. The adoption of GASB 75 resulted in significant changes to the presentation of the State's OPEB liability in the Fiscal Year 2018 Annual Report, including changes to the amount recognized by the State as a liability with respect to OPEB.

The total Fiscal Year 2024 State OPEB liability pursuant to GASB Statement No. 75, for the three OPEB Programs as of June 30, 2024, was a combined $25.095 billion, a $3.422 billion increase (15.79% increase) from June 30, 2023, and a decrease of approximately $33.6 billion (57%) from the total of $58.660 billion for the three OPEB Programs as of June 30, 2020. The Fiscal Year 2024 OPEB Program liabilities will be reported in the Fiscal Year 2025 Annual Report.

The total State OPEB liability of the three OPEB Programs as of June 30, 2024, were as follows: (i) SEGIP - $20.207 billion (including liability amounts allocated to component units of the State), (ii) TRIP - $4.556 billion, and (iii) CIP – $0.333 billion. The total State OPEB liability of the three OPEB Programs as of June 30, 2023, were as follows: (i) SEGIP - $17.223 billion (including liability amounts allocated to component units of the State), (ii) TRIP - $4.097 billion, and (iii) CIP – $0.353 billion.

The total State OPEB liability of the three OPEB Programs (including liability amounts allocated to component units of the State), has decreased since June 30, 2019. The total State OPEB liability of the three OPEB Programs as of June 30, 2019, were as follows: (i) SEGIP - $43.889 billion (including liability amounts allocated to component units of the State), (ii) TRIP - $15.920 billion, and (iii) CIP – $0.994 billion.

The State's contributions to the three plans for Fiscal Year 2024 were as follows: (i) for SEGIP, $2.634 billion (including contribution amounts from component units of the State), (ii) for TRIP, $114.959 million, and (iii) for CIP, $7.950 million.

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APPENDIX C

FORM OF APPROVING OPINION OF CO-BOND COUNSEL

[LETTERHEAD OF RESPECTIVE CO-BOND COUNSEL]

[TO BE DATED CLOSING DATE]

State of Illinois

We hereby certify that we have examined a certified copy of the proceedings (the "Proceedings") of the Governor of the State of Illinois (the "State") and the Director of the Governor's Office of Management and Budget of the State authorizing the issue by the State of its fully registered $_____ General Obligation Bonds, Series of April 2026, dated the date hereof, in three separate series: Taxable Series of April 2026A in the principal amount of $_____ (the *"April 2026A Bonds"*), Series of April 2026B in the principal amount of $_____ (the *"April 2026B Bonds"*), and Series of April 2026C in the principal amount of $_____ (the *"April 2026C Bonds"* and, together with the April 2026A Bonds and the April 2026B Bonds, the *"Bonds"*). The Bonds mature on April 1 of the years, in the amounts and bear interest as follows:

APRIL 2026A BONDS

YEAR OF MATURITY (APRIL 1)	PRINCIPAL AMOUNT	RATE OF INTEREST

APRIL 2026B BONDS

YEAR OF MATURITY (APRIL 1)	PRINCIPAL AMOUNT	RATE OF INTEREST

APRIL 2026C BONDS

YEAR OF MATURITY (APRIL 1)	PRINCIPAL AMOUNT	RATE OF INTEREST

The April 2026A Bonds are subject to make-whole optional redemption in accordance with the provisions of the Bond Sale Order of the State, dated March __, 2026, as supplemented by the Sale Confirmation Certificate of the Governor and the Director, dated _____, 2026, authorizing the issuance and sale of the Bonds.

The April 2026C Bonds maturing on or after April 1, 20__, are subject to redemption prior to maturity at the option of the State in whole, or in part in integral multiples of $5,000, from such maturities as may be selected by the State, on April 1, 20__, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

We are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State now in force.

We further certify that we have examined the forms of Bond prescribed for said issues and find the same in due form of law, and in our opinion said issues, to the amount named, are valid and legally binding upon the State, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion, and constitute a direct, general obligation of the State, for the prompt payment of which, both principal and interest as the same become due, the full faith and credit of the State have been validly pledged.

Interest on the April 2026A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the April 2026A Bonds may result in other federal

income tax consequences to certain taxpayers. Holders of the April 2026A Bonds should consult their tax advisors with respect to the inclusion of interest on the April 2026A Bonds in gross income for federal income tax purposes and any collateral tax consequences.

It is our opinion that, subject to the State's compliance with certain covenants, under present law, interest on the April 2026B Bonds and the April 2026C Bonds (together, the "Tax-Exempt Bonds") is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest on the Tax-Exempt Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such State covenants could cause interest on the Tax-Exempt Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Tax-Exempt Bonds. Ownership of the Tax-Exempt Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Tax-Exempt Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the State with respect to certain material facts within the State's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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APPENDIX D

GLOBAL BOOK-ENTRY SYSTEM

The Bonds will be available only in book-entry form. DTC will act as the initial securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One or more fully-registered bond certificates will be issued for each series of the Bonds of each maturity, in the aggregate principal amount thereof, and will be deposited with DTC.

The State, the Bond Registrar and the Underwriters cannot and do not give any assurances that DTC, direct participants or indirect participants of DTC, will distribute to the beneficial owners of the Bonds (1) payments of principal of or interest or redemption premium on the Bonds, (2) confirmations of their ownership interests in the Bonds or (3) other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Bonds, or that they will do so on a timely basis, or that DTC, direct participants or indirect participants of DTC, will serve and act in the manner described in this Official Statement.

Neither the State nor the Bond Registrar will have any responsibility or obligations to DTC, direct participants or the indirect participants of DTC, or the beneficial owners with respect to (1) the accuracy of any records maintained by DTC or any direct participants or indirect participants of DTC; (2) the payment by DTC or any direct participants or indirect participants of DTC of any amount due to any beneficial owner in respect of the principal amount of or interest or redemption premium on the Bonds; (3) the delivery by DTC or any direct participants or indirect participants of DTC of any notice to any beneficial owner that is required or permitted to be given to owners under the terms of the Bond Sale Order; (4) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (5) any consent given or other action taken by DTC as Owner of the Bonds.

Portions of the information below concerning DTC, and DTC's book-entry system are based on information furnished by DTC to the State. No representation is made herein by the State, the Bond Registrar, or the Underwriters as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse, changes in such information subsequent to the date of this official statement.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade

settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the State or Bond Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the State or the Bond Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the State believes to be reliable, but neither of the State nor the Bond Registrar takes any responsibility for the accuracy thereof.

All capitalized terms used in this Appendix D and not defined shall have the meanings ascribed to such terms in the body of the Official Statement.

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APPENDIX E

FORM OF CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (this "Agreement") is executed and delivered by the State of Illinois (the "State"), in connection with the issuance of $_____ General Obligation Bonds, Series of April 2026, dated the date hereof, in three separate series: General Obligation Bonds, Taxable Series of April 2026A in the principal amount of $_____ (the *"April 2026A Bonds"*), General Obligation Bonds, Series of April 2026B in the principal amount of $_____ (the *"April 2026B Bonds"*), and General Obligation Bonds, Series of April 2026C in the principal amount of $_____ (the *"April 2026C Bonds"* and, together with the April 2026A Bonds and the April 2026B Bonds, the *"Bonds"*), dated the date hereof. The Bonds are being issued pursuant to a Bond Sale Order approved by the Governor and the Director of the Governor's Office of Management and Budget of the State, dated _____, 2026 (the "Bond Order").

In consideration of the issuance of the Bonds by the State and the purchase of such Bonds by the beneficial owners thereof, the State covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the State as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The State represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means the financial information and operating data described in *Exhibit I*.

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the Annual Comprehensive Financial Report of the State ("Annual Report") as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the State and which has filed with the State a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Obligation of the State means (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii), *provided,* that such term does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement, dated _____, 2026, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

Undertaking means the obligations of the State pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The State will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the State will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to "material" in *Exhibit II*

refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Bond Order.

6. CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION. The State shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the State to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the State to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Bond Order, and the sole remedy under this Agreement in the event of any failure of the State to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the State by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the State, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the State (such as Co-Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the State shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the State shall be terminated hereunder if the State shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Bond Order. The State shall give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The State may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the State chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the State shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the State, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. RECORDKEEPING. The State shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

13. ASSIGNMENT. The State shall not transfer its obligations under the Bond Order unless the transferee agrees to assume all obligations of the State under this Agreement or to execute an Undertaking under the Rule.

14. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

STATE OF ILLINOIS

Signed By:_____
Director, Governor's Office of
Management and Budget
Name: Alexis Sturm
Address: 555 West Monroe Street, Suite 1500 S
Chicago, Illinois 60661

Date: _____, 2026

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND
AUDITED FINANCIAL STATEMENTS

Annual Financial Information: financial information and operating data including information of the type contained in the Official Statement as follows: (i) in APPENDIX A—State of Illinois, Tables II-1, II-3, II-4, II-6, II-7, III-1 (fiscal year end table only), III-2, III-3, III-4, III-6, and (ii) in APPENDIX B—PENSION AND OTHER POST-EMPLOYMENT BENEFITS, Tables B-5 and B-6.

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in an Official Statement, the Official Statement must be available on EMMA; the Official Statement need not be available from the Commission. The State shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 330 days after the last day of the State's fiscal year (currently June 30).

Audited Financial Statements are created and published by the Office of the Illinois Comptroller in the form of the State's Annual Report. Once available to the Governor's Office of Management and Budget, the Annual Report will be submitted to EMMA within 30 days. The Annual Report will be prepared in conformity with generally accepted accounting principles applicable to state governments as prescribed by the Governmental Accounting Standards Board.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the State will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the State*
13. The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the State, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

EXHIBIT III
CUSIP NUMBERS

APRIL 2026A BONDS

YEAR OF MATURITY (APRIL 1)	CUSIP NUMBER (452153)

APRIL 2026B BONDS

YEAR OF MATURITY (APRIL 1)	CUSIP NUMBER (452153)

APRIL 2026C BONDS

YEAR OF MATURITY (APRIL 1)	CUSIP NUMBER (452153)

APPENDIX F
WEBSITE INDEX

Organization or Department	Website Address	Description of Website
State of Illinois	http://www.illinois.gov/	Lead portal for all State information
GOMB	https://budget.illinois.gov/ https://budget.illinois.gov/policy-reports.html	Lead portal for the Governor's Budget Book, operating budgets, economic and fiscal reports and five year projections and quarterly reports
State of Illinois Capital Markets	http://www2.illinois.gov/sites/capitalmarkets/Pages/default.aspx	Lead portal to the State of Illinois Capital Markets
General Assembly	https://ilga.gov/agencies/JCAR/AdminCode	Link to Illinois General Assembly's Administrative Code database - CMS State Employees Group Insurance Program Retiree Premium Contributions
Comptroller	http://www.illinoiscomptroller.gov/	Lead portal for all Comptroller based information
Comptroller	https://illinoiscomptroller.gov/financial-data/find-a-report/comprehensive-reporting/comprehensive-annual-financial-report-Annual Report/	Link to Annual Report Library
Comptroller	https://illinoiscomptroller.gov/financial-reports-data/find-a-report/budgetary-reporting/traditional-budgetary-financial-report/	Link to the Traditional Budgetary Financial Report
Comptroller	https://office.illinoiscomptroller.gov/MonthlySummary/	Link to information regarding monthly revenues
General Assembly	http://www.ilga.gov/	Lead portal to the Illinois General Assembly
Auditor General	http://www.auditor.illinois.gov/	Lead portal to the Auditor General
College Illinois	https://www.collegeillinois.org/financials	Link to the College Illinois actuarial reports
Illinois Department of Revenue	https://www2.illinois.gov/rev/Pages/default.aspx	Lead portal to the Department of Revenue
Retirement Systems:		
TRS	http://trsil.org/	Lead portal to Teachers' Retirement System
SURS	http://www.surs.org/	Lead portal to State Universities Retirement System
SERS	http://www2.illinois.gov/sites/SRS/SERS/Pages/default.aspx	Lead portal to State Employees' Retirement System
JRS	http://www2.illinois.gov/sites/SRS/JRS/Pages/default.aspx	Lead portal to Judges' Retirement System
GARS	http://www2.illinois.gov/sites/SRS/GARS/Pages/default.aspx	Lead portal to General Assembly Retirement System
COGFA	http://cgfa.ilga.gov/ https://cgfa.ilga.gov/Upload/SEGIP_GASB75_2024_FINAL.pdf	Lead portal to COGFA, contains its report on the financial condition of the Retirement Systems SEGIP June 30, 2023 Actuarial Valuation
Illinois State Board of Investment	http://www.isbinvestment.com	Lead portal to the Illinois State Board of Investment
Illinois Department of Central Management Services	https://cms.illinois.gov/	Lead portal to the Illinois Department of Central Management Services
State Actuary Report	http://www.auditor.illinois.gov/Other-Public-Documents/State-Actuary-Reports.asp	Link to the Auditor General's State Actuary Reports
Electronic Municipal Market Access	http://emma.msrb.org/	Lead portal to MSRB's EMMA

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STATE OF ILLINOIS • GENERAL OBLIGATION BONDS, TAXABLE SERIES OF APRIL 2026A, SERIES OF APRIL 2026B AND SERIES OF APRIL 2026C

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com