PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2020

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

Interest on the May 2020A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Subject to compliance by the State with certain covenants, in the separate opinions of Chapman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, under present law, interest on the May 2020B Bonds is excludable 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 Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion.

$1,000,000,000*
STATE OF ILLINOIS
General Obligation Bonds, Series of May 2020
$300,000,000* Taxable Series of May 2020A
$700,000,000* Tax-Exempt Series of May 2020B

Dated: Date of Delivery **Due: As shown on the inside cover**

This Official Statement contains information relating to the State of Illinois (the "State") and the State's general obligation bonds, to be issued as General Obligation Bonds, Series of May 2020, in two separate series: General Obligation Bonds, Taxable Series of May 2020A (the "May 2020A Bonds"), and General Obligation Bonds, Tax-Exempt Series of May 2020B (the "May 2020B Bonds" and, together with the May 2020A 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. The Bonds will mature on the dates, in the principal amounts, bear interest at the rates per annum and have the prices, yields and CUSIP numbers as shown on the inside cover of this Official Statement. Interest on the Bonds will be payable on May 1 and November 1 of each year, commencing November 1, 2020.

The Bonds are subject to redemption prior to maturity as set forth 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"). The Bonds are issued to (i) fund accelerated pension benefit payments pursuant to Section 7.7 of the Bond Act, (ii) provide funds to finance capital projects under the State's capital program and (iii) pay costs of issuance of the Bonds.

The purchase of the Bonds involves certain risks. For information regarding certain of these risks, see "CERTAIN INVESTMENT CONSIDERATIONS" herein.

The Bonds are offered when, as and if issued by the State and received by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, and to the approval of legality by Chapman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, and certain other conditions. Chapman and Cutler LLP, Chicago, Illinois, is also acting as Disclosure Counsel to the State. Certain legal matters will be passed upon for the Underwriters by their counsel, Mayer Brown LLP. It is expected that beneficial interests in the Bonds will be available for delivery through the facilities of DTC on or about May __, 2020.

BofA Securities

Goldman Sachs & Co. LLC **Loop Capital Markets** **Ramirez & Co., Inc.**

RBC Capital Markets

Academy Securities Estrada Hinojosa Huntington Capital Markets

Melvin Securities, LLC Stern Brothers

Dated: ______________, 2020

* Preliminary, subject to change.

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

$300,000,000* General Obligation Bonds, Taxable Series of May 2020A

Due May 1	Principal Amount	Interest Rate	Yield	Price	CUSIP**
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

* Preliminary, subject to change.

** CUSIP is a registered trademark of American Bankers Association. CUSIP data in this Official Statement are provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Financial, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the May 2020A Bonds and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity may be changed after the issuance of the May 2020A 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 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 May 2020A Bonds

$700,000,000* General Obligation Bonds, Tax-Exempt Series of May 2020B

Due May 1	Principal Amount	Interest Rate	Yield	Price	CUSIP**
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					

* Preliminary, subject to change.

** CUSIP is a registered trademark of American Bankers Association. CUSIP data in this Official Statement are provided by CUSIP Global Services LLC, managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw-Hill Financial, Inc. The CUSIP numbers listed are being provided solely for the convenience of the bondholders only at the time of issuance of the May 2020A Bonds and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity may be changed after the issuance of the May 2020A 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 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 May 2020A Bonds

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STATE OF ILLINOIS

**$1,000,000,000*
State of Illinois
General Obligation Bonds,
Series of May 2020
$300,000,000* Taxable Series of May 2020A
$700,000,000* Tax-Exempt Series of May 2020B**

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 of Illinois 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.

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.

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. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

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.

SUMMARY OF TERMS OF THE BONDS

This Summary is subject in all respects to more complete information contained in the Official Statement and its Appendices, to which this Summary is attached. The offering of the Bonds to any person is made only by means of the Official Statement, which should be reviewed carefully in its entirety. Capitalized terms not defined in this Summary are defined in the Official Statement.

The Issue	$1,000,000,000* State of Illinois General Obligation Bonds, Series of May 2020 issued in two separate series: $300,000,000* General Obligation Bonds, Taxable Series of May 2020A (the "May 2020A Bonds"), and $700,000,000* General Obligation Bonds, Tax-Exempt Series of May 2020B (the "May 2020B Bonds" and, together with the May 2020A Bonds, the "Bonds"). The Bonds will be dated the date of delivery, with delivery anticipated on or about May __, 2020. The Bonds mature on May 1 in each of the years set forth on the inside cover of this Official Statement.
The Issuer	State of Illinois (the "State").
Interest	Payable semi-annually on May 1 and November 1 of each year, commencing November 1, 2020. 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 15th day of the calendar month immediately preceding the interest payment date.
Form of Bonds; Denominations; Book-Entry System	The Bonds will be issued as fully registered book-entry bonds in denominations of $5,000 or any integral multiple of that amount. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be held under DTC's global book-entry system. See APPENDIX C—GLOBAL BOOK-ENTRY SYSTEM.
Bond Registrar/Paying Agent	The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois.

* Preliminary, subject to change.

Use of Proceeds	The 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 of Illinois, as amended (the "Bond Act"), (ii) provide funds to finance capital projects under the State's capital program and (iii) pay costs of issuance of the Bonds. See "THE OFFERING—APPLICATION OF BOND PROCEEDS."
Optional Redemption at Par	The May 2020A Bonds maturing on or after May 1, 20__,* are subject to redemption prior to maturity, at the option of the State on any date on or after May 1, 20__.* The May 2020B Bonds maturing on or after May 1, 20__,* are subject to redemption prior to maturity, at the option of the State on any date on or after May 1, 20__.* The Bonds are subject to redemption in whole, or in part in integral multiples of $5,000, and if in part from such series and maturities as shall be selected by the State, less than all of the Bonds of a single series and maturity to be selected as described herein at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed, plus accrued interest to the date of redemption. See "THE OFFERING—REDEMPTION."
Make-Whole Optional Redemption*	The May 2020A Bonds are subject to make-whole optional redemption on any date at the price described herein. See "THE OFFERING—REDEMPTION—*Make-Whole Redemption*."
Mandatory Sinking Fund Redemption	The May 2020__ Bonds maturing on May 1, 20___, are subject to mandatory sinking fund redemption prior to maturity, at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date of redemption, as provided in this Official Statement. See "THE OFFERING—REDEMPTION–*Mandatory Redemption*."

* Preliminary, subject to change. The May 2020A Bonds may be subject to optional redemption at par, to make-whole optional redemption, or both.

Security for the Bonds; Provisions for Payment Are Irrepealable

The Bonds are direct, general obligations of the State and, pursuant to Section 9(a) of Article IX of the Illinois Constitution of 1970 and the Bond Act, the full faith and credit of the State is pledged for the punctual payment of interest on all bonds issued under the Bond Act, including the Bonds, as it comes due and for the punctual payment of the principal of all bonds issued under the Bond Act, including the Bonds, at maturity, or on any earlier redemption date, and redemption premium, if any. These provisions are irrepealable until all bonds issued under the Bond Act, including the Bonds, are paid in full as to both principal and interest. See "SECURITY."

The Bond Act creates a separate fund in the State Treasury called the "General Obligation Bond Retirement and Interest Fund" (the "GOBRI Fund") to be used for repayment of all bonds issued under the Bond Act. On or before the last day of each month, the Bond Act requires the Illinois State Treasurer (the "Treasurer") and the Illinois State Comptroller (the "Comptroller") to transfer from the General Revenue Fund to the GOBRI Fund an amount sufficient to pay the aggregate amount of principal of, interest on and redemption premium, if any, on all bonds issued under the Bond Act payable on the next payment date, divided by the number of full calendar months between the date of such 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. With respect to bonds issued under Section 4(a) and Section 4(e) of the Bond Act or bonds issued under the authorization of Public Act 98-781 (or bonds issued to refund such bonds), the Treasurer and the Comptroller are required to make such transfers from the Road Fund. Historical fund transfers to the GOBRI Fund are further detailed under "SECURITY—STATE FUNDING PAYMENTS."

See "GENERAL OBLIGATION INDEBTEDNESS — OUTSTANDING GENERAL OBLIGATION BONDS" for a description of the general obligation bonds authorized, previously issued and outstanding under the Bond Act and prior bond acts.

Irrevocable and Continuing Appropriation

The Bond Act requires the Governor of the State (the "Governor") to include in each annual State Budget an appropriation of moneys in an 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 bonds issued under the Bond Act and to pay and discharge the principal and redemption premium, if any, of bonds falling due during such period.

The Bond Act requires the Illinois General Assembly to make appropriations annually to pay the principal of, interest on and redemption premium, if any, on outstanding bonds issued under the Bond Act from the GOBRI Fund.

The Bond Act itself constitutes an irrevocable and continuing appropriation of all amounts necessary to pay the principal of, interest on and redemption premium, if any, on outstanding bonds issued under the Bond Act, 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. See "SECURITY."

Tax Treatment of Interest

In the separate opinions of Chapman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois, Co-Bond Counsel, to be delivered upon the issuance of the Bonds, under present law, (i) interest on the May 2020A Bonds is includible in gross income of the owners thereof for federal income tax purposes and (ii) interest on the May 2020B Bonds is excludable 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 Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" for a more complete discussion.

Ratings

Moody's Investors Service, Inc. has assigned a rating of "Baa3" (Negative Outlook) to the Bonds, S&P Global Ratings has assigned a rating of "BBB-" (Negative Outlook) to the Bonds and Fitch Ratings Inc. has assigned a rating of "BBB-" (Negative Outlook) to the Bonds. See "RATINGS."

Miscellaneous

Additional information regarding the Bonds and this Official Statement is available by contacting the Governor's Office of Management and Budget, 100 West Randolph Street, Suite 15-100, Chicago, Illinois 60601; telephone: (312) 814-0023.

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$300,000,000* Taxable Series of May 2020A
$700,000,000* Tax-Exempt Series of May 2020B

INTRODUCTION

This Introduction contains only a brief summary of certain terms of the Bonds 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 $1,000,000,000* General Obligation Bonds, Series of May 2020 issued in two separate series: $300,000,000* General Obligation Bonds, Taxable Series of May 2020A (the "May 2020A Bonds"), and $700,000,000* General Obligation Bonds, Tax-Exempt Series of May 2020B (the "May 2020B Bonds" and, together with the May 2020A Bonds, the "Bonds").

The 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 of Illinois (30 ILCS 330/1 et seq.), as amended (the "Bond Act"), (ii) finance capital projects under the State's capital program and (iii) pay costs associated with the issuance of the Bonds. The Bonds are issued pursuant to the provisions of the Bond Act. The use of the proceeds of the Bonds is more completely described under "THE OFFERING—APPLICATION OF BOND PROCEEDS."

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 laws adopted by the Illinois General Assembly (the "General Assembly"), limited only by federal law and the State's jurisdiction. See "STATE OF ILLINOIS."

Illinois is a state of diversified economic strengths. The State has a population of over 12 million, 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 36 Fortune 500 companies, many of which are located in Chicago, the State's largest city and the largest city in the Midwest. The State is a major transportation hub, with several interstate highways located in the State and with major trucking routes intersecting in the State. The State is also the only state in which all seven Class 1 transcontinental railroads operate. According to the Federal Aviation Administration (the "FAA"), as of December 20, 2019, O'Hare International Airport was the nation's third busiest airport, maintaining direct flights to

* Preliminary, subject to change.

national and worldwide destinations, making it a key passenger and freight handling facility. In addition, Chicago Midway International Airport is the nation's 27th busiest airport based on such FAA data. See "STATE OF ILLINOIS," "STATE FINANCIAL INFORMATION" and APPENDIX A—CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS for additional information regarding the State.

SECURITY

The Bonds are direct, general obligations of the State ("GO Bonds"), and, pursuant to the Bond Act, the full faith and credit of the State is pledged for the punctual payment of interest on all GO Bonds issued under the Bond Act, including the Bonds, as it comes due and for the punctual payment of the principal thereof at maturity, or any earlier redemption date, and premium, if any. These provisions of the Bond Act are irrepealable until all GO Bonds issued under the Bond Act are paid in full as to both principal and interest. See "SECURITY—STATE FUNDING PAYMENTS."

Debt service payments on all outstanding GO Bonds and on Short-Term Debt (as defined herein) are made from a separate fund in the State Treasury called the "General Obligation Bond Retirement and Interest Fund" (the "GOBRI Fund"). For additional information, see "SECURITY–STATE FUNDING PAYMENTS." Amounts in the GOBRI Fund for the payment of Short-Term Debt are held in a subaccount of the GOBRI Fund separate and apart from the amounts on hand to pay debt service on GO Bonds. Holders of Short-Term Debt do not have claim on the amounts held in the GOBRI Fund for the payment of GO Bonds.

TAX TREATMENT OF INTEREST

In the separate opinions of Chapman and Cutler LLP, Chicago, Illinois, and Charity & Associates, P.C., Chicago, Illinois (collectively, both firms are referred to herein as "Co-Bond Counsel"), to be delivered upon the issuance of the Bonds, under present law, (i) interest on the May 2020A Bonds is includible in gross income of the owners thereof for federal income tax purposes and (ii) interest on the May 2020B Bonds is excludable 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 Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" for a more complete discussion.

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.

AUTHORITY FOR ISSUANCE

GO Bonds of the State may be authorized by a vote of three-fifths of the members of each house of the General Assembly or by a majority of the voters at a general election. See "STATE OF ILLINOIS—CONSTITUTIONAL PROVISIONS–*Constitutional Provisions Relating to Long-Term Borrowing*." 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 $78,256,839,969, excluding GO refunding bonds. 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 (as hereinafter defined) capital plan. See "STATE FINANCIAL INFORMATION—REBUILD ILLINOIS CAPITAL PLAN" herein.

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 100-23 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 (collectively, 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 as described under "STATE FINANCIAL INFORMATION—REVIEW OF FISCAL YEAR 2018" herein. Public Act 101-30 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 more than 90 days 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 "GENERAL OBLIGATION INDEBTEDNESS—FUTURE FINANCINGS" herein.

Public Act 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 State's retirement systems. Section 7.7 Bonds in the aggregate principal amount of $300,000,000 were issued on April 9, 2019. A portion of the Bonds in the principal amount of $300,000,000* are being issued as Section 7.7 Bonds pursuant to the State's authorization under said Section 7.7. See APPENDIX E—PENSION AND OTHER POST EMPLOYMENT BENEFITS for additional information.

The respective amounts of GO Bonds outstanding and GO refunding bonds outstanding are set forth in Table 7. See "GENERAL OBLIGATION INDEBTEDNESS—OUTSTANDING GENERAL OBLIGATION BONDS–*Table 7–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 General Funds of the State under the State Budget Law (15 ILCS 20/50-40) (the "State Budget Law"), as described under "STATE FINANCIAL INFORMATION—FINANCIAL RESULTS: FY 2014-FY 2019" herein, the State Construction Fund Account and Road Fund appropriations 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 Illinois State Comptroller (the "Comptroller") and the Illinois State Treasurer (the "Treasurer").

The State is also permitted to issue short-term certificates pursuant to the Illinois Constitution and the Short Term Borrowing Act ("Short-Term Debt"). See "STATE OF ILLINOIS—CONSTITUTIONAL PROVISIONS–*Constitutional Provisions Relating to Short-Term Borrowing*," and "GENERAL OBLIGATION INDEBTEDNESS—SHORT-TERM DEBT". The State expects to issue, pursuant to a separate disclosure document from this Official Statement, Short-Term Debt

* Preliminary, subject to change.

in an aggregate principal amount not to exceed $1,200,000,000* concurrently with the issuance of the Bonds. See "GENERAL OBLIGATION INDEBTEDNESS—FUTURE FINANCINGS" herein.

THE OFFERING

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 May 1 and November 1 of each year, beginning on November 1, 2020, 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 The Bank of New York Mellon Trust Company, National Association, Chicago, Illinois, as bond registrar and paying agent (the "Bond Registrar"), to DTC or its nominee, which will in turn remit such payment to its participants ("DTC Participants") for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX C—GLOBAL BOOK-ENTRY SYSTEM.

REDEMPTION

Optional Redemption at Par**

The May 2020A Bonds maturing on or after May 1, 20__,* are subject to redemption prior to maturity, at the option of the State on any date on or after May 1, 20__.* The May 2020B Bonds maturing on or after May 1, 20__,* are subject to redemption prior to maturity, at the option of the State, on any date on or after May 1, 20__.*

The Bonds are subject to such redemption in whole or in part, and if in part, from such series and maturities as shall be selected by the State, less than all of the Bonds of a single series and 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 Bonds to be redeemed, plus accrued and unpaid interest on the Bonds to be redeemed to the redemption date.

Make-Whole Optional Redemption* **

The May 2020A Bonds will be subject to redemption on any date prior to their stated maturity date at the option of the State, in whole or in part, and if in part from such maturities as shall be selected by the State, less than all of the May 2020A Bonds of a single series and maturity to be selected as described under "*–Redemption Procedure*" below, at any time, at a redemption price equal to the greater of (i) 100% of the principal amount of the May 2020A Bonds to be redeemed; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the May 2020A Bonds to be redeemed (exclusive of interest accrued to the date fixed for redemption)

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* Preliminary, subject to change.
** The May 2020A Bonds may be subject to optional redemption at par, to make-whole optional redemption, or both.

discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30- day months) at the Treasury Rate plus __ basis points, plus accrued and unpaid interest on the May 2020A Bonds being redeemed to the date fixed for redemption.

"Treasury Rate" means, with respect to any redemption date for a particular May 2020A Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as complied and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days, but not more than 45 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the maturity date of the May 2020A Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Sinking Fund Redemption

The May 2020__ Bonds maturing on May 1, 20__ (the "Term Bonds") are subject to mandatory sinking fund redemption in part and selected as described under "*Redemption Procedure*" below, on May 1 of the years and at a redemption price of par plus accrued interest to the date of redemption in the respective principal amounts shown for such years in the table below.

TERM BOND

YEAR	PRINCIPAL AMOUNT TO BE REDEEMED
20__	
20__	
20__ (stated maturity)	

The mandatory sinking fund payments are required to be made in each designated year prior to maturity of the Term Bonds in amounts sufficient to redeem the principal amount of such May 2020__ Bonds shown for such years in the above table.

The State may provide for the purchase of all or a portion of the Term Bonds that are subject to mandatory redemption, from its lawfully available funds, on or prior to the 60th day preceding any date of mandatory redemption, at a price not in excess of the principal amount of the Term Bonds to be so purchased on such mandatory redemption date. Any Term Bond so purchased will be cancelled and credited against the mandatory sinking fund payments due on such mandatory redemption date.

Whenever any Term Bond is redeemed prior to maturity, the principal amount of such Term Bond so redeemed or cancelled shall be credited against the unsatisfied balance of future sinking fund installments and final maturity amount established with respect to such Term Bond in such order as shall be directed by the Governor of the State (the "Governor") or by the Director (as defined herein).

Redemption Procedure

The Bonds will be redeemed only in the principal amount of $5,000 and integral multiples thereof. While the 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 Bonds, partial redemptions with respect to the (i) May 2020A Bonds will be treated by DTC as a "pro rata pass-through distribution of principal" in accordance with DTC procedures, and (ii) the May 2020B Bonds will be selected for redemption, in accordance with DTC procedures, by lot. It is the State's intent that redemption allocations with respect to the May 2020A Bonds made by DTC, the DTC Participants or such other intermediaries that may exist between the State and the beneficial owners be made on a pro rata pass through distribution of principal basis. However, the State can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among beneficial owners on such a proportional basis. If the DTC operational arrangements do not allow for the redemption of May 2020A Bonds on a pro rata pass-through distribution of principal basis, then the May 2020A Bonds will be selected for redemption, in accordance with DTC procedures, by lot. See APPENDIX C—GLOBAL BOOK-ENTRY SYSTEM.

If the Bonds are not registered in book-entry-only form, any redemption of less than all of the Bonds of any maturity will be allocated among the registered owners of such Bonds as nearly as practicable in proportion to the principal amounts of the Bonds of such maturity owned by each registered owner, subject to the authorized denominations applicable to the 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 Bonds to be redeemed will be determined by the State, using such method as it deems fair and appropriate.

Notice of any redemption of Bonds will be sent by certified or first-class mail not less than 30 nor more than 60 days prior to the date fixed for redemption to the registered owner of each 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 Bond, or any defect therein as to any Bond, will not affect the validity of the proceedings for the redemption of any other 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 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 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 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 of the State shall provide for deposit with the Bond Registrar of an amount of money sufficient to pay the redemption price of all the Bonds or portions of 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 Bonds or portions of 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 Bonds or portions of Bonds shall cease to bear interest.

PLAN OF FINANCE

The net proceeds of the sale of the Bonds will be used to (i) make accelerated pension benefit payments to certain of the State's retirement systems in accordance with the provisions of the Illinois Pension Code, as amended (the "Pension Code"), (ii) provide funds to finance capital expenditures authorized by the State's previous capital programs and the Rebuild Illinois capital plan and (iii) pay costs of issuance of the Bonds. The portion of the proceeds of the Bonds used to fund such benefit payments will be deposited directly into the State Pension Obligation Acceleration Bond Fund of the State, and 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 E—PENSION AND OTHER POST-EMPLOYMENT BENEFITS" for additional information.

The Bond Act authorizes the State to reallocate unspent proceeds of the Bonds to any of the purposes (other than refunding) 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, so long as such reallocations do not adversely affect the tax-exempt status of the May 2020B Bonds.

APPLICATION OF BOND PROCEEDS

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

MAY 2020A BONDS

SOURCES:	AMOUNTS
Principal Amount Issued	$
TOTAL SOURCES	$
USES:	
Payment of Pension Acceleration Benefits	$
Project Costs	
Underwriters' Discount	
Costs of Issuance	
TOTAL USES	$

MAY 2020B BONDS

SOURCES:	AMOUNTS
Principal Amount Issued	$
[Net] Original Issue Premium [Discount]	
TOTAL SOURCES	$
USES:	
Payment of Pension Acceleration Benefits	$
Project Costs	
Underwriters' Discount	
Costs of Issuance	
TOTAL USES	$

SECURITY

DIRECT, GENERAL OBLIGATIONS

The Bonds, together with all other GO Bonds, are direct, general obligations of the State, 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.

Table 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. Table 1A reflects cash balances in the various State funds as of the end of the third fiscal quarter in each of the last five Fiscal Years, including the current Fiscal Year. See Table 8 under "GENERAL OBLIGATION INDEBTEDNESS—OUTSTANDING GENERAL OBLIGATION BONDS" for debt service on the outstanding GO Bonds.

TABLE 1
CASH BALANCES BY FUND CATEGORY
AS OF END OF FISCAL YEARS 2015–2019
($ in millions)

FUND CATEGORY[1]	FY2015	FY2016[5]	FY2017	FY2018	FY2019
General Funds[2]	$ 621	$ 246	$ 1,077	$ 125	$ 466
Highway Funds[3]	1,423	1,684	1,796	1,391	1,228
Special State Funds	2,845	4,068	3,257	3,530	4,259
Bond Financed Funds	552	799	541	1,372	1,330
Debt Service Funds[4]	1,232	1,346	1,411	1,752	1,518
Revolving Funds	94	175	224	103	62
State Trust Funds	2,316	3,037	3,261	3,525	3,113
June 30th amounts (End of Fiscal Year)	**$9,084**	**$11,355**	**$11,567**	**$11,797**	**$11,975**

Source: Illinois Office of the Comptroller and the Governor's Office of Management and Budget ("GOMB").
Note: Totals may not add due to rounding.
1 Does not include Federal Trust Funds.
2 June 30, 2017 cash balances show a significant increase in General Funds from the beginning of Fiscal Year 2017 due to the late enactment of Fiscal Year 2018 Higher Education appropriations for the Education Assistance Fund. In June 2017, there was over $562 million in the Education Assistance Fund, significantly higher than the $24 million held in the account in June 2016.
3 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.
4 Includes the GOBRI Fund.
5 June 30, 2016 cash balances show an increase from the end of Fiscal Year 2015 due in part to the late enactment of Fiscal Year 2016 appropriations for many State funds. Cash balances in these categories totaled $9.849 billion as of August 31, 2016.

TABLE 1A
CASH BALANCES BY FUND CATEGORY
AS OF END OF THIRD QUARTER FISCAL YEARS 2016–2020
($ in millions)

FUND CATEGORY[1]	FY2016	FY2017	FY2018	FY2019	FY2020
General Funds	$510	$433	$414	$154	$594
Highway Funds[2]	1,342	1,605	1,380	690	1,147
Special State Funds	3,783	3,495	3,249	3,961	3,710
Bond Financed Funds	474	803	1,020	1,204	1,373
Debt Service Funds[3]	898	929	1,343	1,231	1,443
Revolving Funds	142	238	112	44	42
State Trust Funds	2,603	2,990	3,267	3,125	3,085
March 31 amounts (End of 3rd Quarter)	**$9,751**	**$10,493**	**$10,784**	**$10,409**	**$11,394**

Source: Illinois Office of the Comptroller and the GOMB.
Note: Totals may not add due to rounding.
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 Includes the General Obligation Bond Retirement and Interest 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 APPENDIX A—CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS—"PART IV–Tax Review."

STATE FUNDING PAYMENTS

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 GOBRI Fund, which is a separate fund in the State Treasury to be used for such repayment.

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 Section 4(a) and Section 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 State has never failed to pay any debt service payment on its GO Bonds when due. As described in "STATE FINANCIAL INFORMATION," 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 Section 4(a) and Section 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 of moneys 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 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 as a court of original jurisdiction.

The cash balance in the GOBRI Fund on April 1, 2020 was approximately $1.211 billion.

The following Table 2 shows a history of debt service transfers to the GOBRI Fund from the various funds described above during Fiscal Year 2015 through Fiscal Year 2019.

TABLE 2
GENERAL OBLIGATION BONDS
TRANSFERS TO THE GOBRI FUND FOR PAYMENT OF DEBT SERVICE
FISCAL YEARS 2015-2019
($ in millions)

FUND	FY2015	FY2016	FY2017	FY2018	FY2019
General Revenue Fund					
Capital Bonds	$ 592	$ 557	$ 626	$ 797	$ 670
Pension Bonds	1,501	1,423	1,609	1,576	1,243
Section 7.6 Bonds	0	0	0	523	782
Section 7.7 Bonds	0	0	0	0	7
Road Fund	347	334	305	349	339
School Infrastructure Fund	193	212	115	172	107
Capital Projects Fund	388	533	477	286	431
TOTAL	**$ 3,021**	**$ 3,057**	**$ 3,133**	**$ 3,706**	**$ 3,579**

Source: GOMB. Office of the Comptroller.

Note: This table replaces the General Obligation Debt Service Payment table in previous Disclosures and provides more detailed information on actual transfers from various Funds into the General Obligation Bond Retirement and Interest Fund for the payment of debt service.

CERTAIN INVESTMENT CONSIDERATIONS

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.*

Budget Deficit

The budget for Fiscal Year 2020 (the "Fiscal Year 2020 Budget") as enacted did not provide for a budget deficit. However, the economic impact of the Novel Coronavirus 2019 ("COVID-19") pandemic and the related delay in the final income tax payment deadline from April 15, 2020, to July 15, 2020, will impact the State's actual Fiscal Year 2020 results by reducing estimated revenue collections and potentially increasing expenditures. The budget for Fiscal Year 2021 (the "Fiscal Year 2021 Budget") has not yet been enacted. Prior to the outbreak of COVID-19, the Governor released his proposed Fiscal Year 2021 General Funds Budget. However, the State expects that the Fiscal Year 2021 Budget, which is currently being developed by the State and which the State expects will be approved prior to the end of Fiscal Year 2020, will differ substantially from the Governor's proposed Fiscal Year 2021 General Funds Budget as a result of the COVID-19 pandemic. See "STATE FINANCIAL INFORMATION—FISCAL YEAR 2021 PROPOSED BUDGET" herein for a discussion of the State's budget process with respect to the Fiscal Year 2021 budget.

Prior to the outbreak of the COVID-19 pandemic, the State projected that, without changes to the trajectory of the State's finances, assuming baseline revenue growth under existing law without reflecting anticipated new revenues from adult use cannabis or from the Income Tax Proposal (as defined herein), and assuming no significant new spending reforms or controls, the State would have structural deficits in the General Funds Budget in future Fiscal Years beginning with Fiscal Year 2021. See "STATE FINANCIAL INFORMATION-ECONOMIC AND FISCAL POLICY REPORT: FY 2020-FY 2025." The Income Tax Amendment (as defined herein), which will be considered by the voters of the State at the general election to be held on November 3, 2020, has been proposed to provide substantial additional revenues to the State that would potentially assist with reductions in any structural budget deficits. See "STATE FINANCIAL INFORMATION—FISCAL YEAR 2020 BUDGET—Income Tax Proposal" herein. If the Income Tax Amendment is not enacted and the Income Tax Proposal is not implemented, the State would need to reduce expenditures, adjust revenue collections or approve a combination of revenue adjustments and reductions in expenditures. The State provides no assurances as to whether the Income Tax Amendment will be enacted or, if enacted, whether the Income Tax Proposal will be implemented or subsequently amended, nor does the State provide any assurances as to how, when or in what form any structural deficit, might be addressed.

Impact of COVID-19

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, has had an adverse impact on global financial markets and economies, including financial markets and economic conditions in the United States. The impact of the COVID-19 pandemic on the U.S. economy is expected to be broad based and to negatively impact national, state and local economies.

The Governor has declared all counties in the State as disaster areas because of the spread of COVID-19 and, on March 13, 2020, President Trump declared a national state of emergency.

The Governor has also signed various executive orders to prevent the further spread of COVID-19. Certain of these executive orders have (i) required all Illinoisans (with certain exceptions) to stay in their homes, (ii) ceased operations for all non-essential businesses in the State, (iii) closed all bars and restaurants to dine-in customers, and (iv) prohibited all public and private gatherings of 10 people or more. The Governor has announced that such restrictions will be extended through May 30, 2020. In addition, the Governor, by executive order, closed all public and private schools serving pre-kindergarten through 12th grade students through the end of the 2019-2020 school year.

On April 27, 2020, a Circuit Court judge in Clay County, Illinois, granted a motion filed by Darren Bailey, a State Representative from Xenia, Illinois, for a Temporary Restraining Order ("TRO") in his personal lawsuit against the Governor. In general, Bailey alleged that the Governor overstepped his authority in connection with Executive Order 2020-10, issued on March 20, 2020, and Executive Order 2020-18, issued on April 1, 2020. These executive orders required all individuals living within the State to stay at home or at their place of residence, with certain exceptions described in the orders. The TRO enjoins the Governor, or anyone delegated by him, from enforcing or issuing any executive order that requires Darren Bailey to isolate and quarantine in his home. The TRO is in effect until a date to be agreed upon by both parties, not to exceed 30 days, for additional proceedings. The Governor has appealed the decision and is seeking immediate review by the Illinois Appellate Court and the Illinois Supreme Court.

The effects of COVID-19 and the actions taken to halt the spread thereof have had, and are expected to continue to have, a significant negative impact on the State's economy. During the period from March 1, 2020, through April 18, 2020, in excess of 755,000 unemployment claims were filed in the State. Furthermore, to mitigate the impact of COVID-19 on State residents and businesses, the State has delayed the due dates of certain tax payments to the State. The State delayed the due date of personal and corporate income tax filings from April 15, 2020 to July 15, 2020. In addition, eating and drinking establishments that incurred less than $75,000 in sales tax liability during the previous year will not be charged penalties or interest on payments of sales tax due in March, April or May, provided that such are made in four monthly installments beginning on May 20, 2020. These delays in tax filings and resultant tax payments will delay the receipt of significant State revenues originally expected to be received during the final quarter of Fiscal Year 2020 to Fiscal Year 2021.

In addition to these delays in revenue, the COVID-19 pandemic has caused, and is expected to continue to cause, severe economic disruptions for individuals and businesses in the State. The COVID-19 pandemic has (i) substantially reduced economic activity, which in turn reduces the amount of taxable transactions from which the State derives its revenues, (ii) triggered significant declines in the prices for securities, which will reduce the income on which State income taxes are applied and is likely to impact the funded status of the State's retirement funds (due to a reduction in the value of the assets on hand in the plan and investment returns lower than assumed), and (iii) strained the liquidity of businesses, many of which in turn have been forced to close, temporarily or permanently, or reduce their workforces. In addition, the COVID-19 pandemic is expected to adversely affect investment and hiring decisions for companies doing business in the State, which will further negatively impact the State's revenues. Furthermore, the State has incurred costs as a result of the response to the COVID-19 pandemic. Many of these costs are reimbursable under federal government programs. See "STATE FINANCIAL INFORMATION—FISCAL YEAR 2020 BUDGET—*Fiscal Year 2020 Expenditures and Reimbursements Related to COVID-19*" herein.

The State is not yet able to assess the severity of the economic impact of the COVID-19 pandemic. The State has developed initial revenue estimates for the remainder of Fiscal Year 2020 and Fiscal Year 2021, which are discussed in greater detail under "STATE FINANCIAL INFORMATION" herein. The State expects state source base revenues for the remainder of Fiscal Year 2020 to be approximately $2.7 billion less than projected in February 2020, and Fiscal Year 2021 state source base revenues to be approximately $4.6 billion less than previously projected in February 2020. This estimate includes approximately $1.2 billion in revenues to be raised from the Income Tax Proposal, which has not yet been adopted. See "STATE FINANCIAL INFORMATION—FISCAL YEAR 2020 BUDGET—Income Tax Proposal" herein. In addition, the State expects to borrow approximately $1,200,000,000* in a Short-Term Debt transaction concurrently with the issuance of the Bonds, which amount must be repaid within one year of the date of the issuance thereof. Any such Short-Term Debt will be offered pursuant to a disclosure document separate from this Official Statement. Though the proceeds of the Short-Term Debt will provide liquidity to the State and reduce the impact of the forecasted reduction of the above noted state source revenues, the repayment of such borrowing will further reduce revenues available to fund other State expenditures during Fiscal Year 2021. Due to the unprecedented and ongoing nature of the COVID-19 pandemic, these amounts represent the State's best estimates at this time, but such estimates are preliminary and subject to change. The State will continue to develop economic forecasts and revenue estimates as circumstances change and additional information becomes available. The State provides no assurances that actual results will not vary, and perhaps vary widely, from the estimated results described herein.

Bill Payment Delays

The absence of fully enacted General Funds Budgets for Fiscal Year 2016 and Fiscal Year 2017 contributed to a significant backlog of unpaid bills. The Comptroller's estimate of the amount of unpaid bills as of February 29, 2020 was approximately $7.3 billion. The backlog of bills held by the Comptroller and the State agencies may increase if unbalanced budgets are enacted in the future or other measures are not taken to pay down the backlog.

Severe Underfunding of the State's Retirement Systems

The State's retirement systems are severely underfunded. 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 2019 totaled approximately $137 billion on both a fair value basis and an actuarial basis, resulting in funded ratios (the ratio of the value of assets to the actuarial

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* Preliminary, subject to change.

accrued liability, expressed as a percentage) that equaled 40.3%. 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 E—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."

Furthermore, as described under "—IMPACT OF COVID-19" herein, the COVID-19 pandemic and the response thereto have had severe negative economic impacts. These economic impacts most likely have, when considered independently of other factors, reduced the value of the assets held by the State's retirement systems and, in turn, negatively impacted the funded status of the retirement systems. Such a reduction in the value of the assets will, when considered independently of other factors, increase the State's required contributions to the retirement systems in future years in accordance with the Pension Code. The State makes no prediction as to the degree of the impact of COVID-19 on the value of the assets of the retirement systems or the effect thereof on the State's future contributions to the retirement systems. See APPENDIX E—PENSION AND OTHER POST EMPLOYMENT BENEFITS herein.

Impact of Current and Future Health Care Reform Efforts Unpredictable; Future of Affordable Care Act Uncertain

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 will pay 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"). With respect to liability for the Fiscal Years ended June 30, 2018, and June 30, 2019, the State received approximately $2.6 billion in each year from the federal government for the base costs of its Medicaid expansion.

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. However, the U.S. Supreme Court will consider, during its 2020-2021 term, litigation filed by the Attorneys General of 18 states challenging the constitutionality of the ACA. 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.

Ratings

The Bonds have been rated by Moody's Investors Service, Inc. ("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."

Delays in Exercising Remedies

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 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 that would purport to permit the State to adjust its debts in a proceeding under federal bankruptcy law.

Changes in Economic and Demographic Conditions

The Fiscal Year 2020 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. See APPENDIX A—CERTAIN INFORMATION REGARDING THE STATE—"PART III: ECONOMIC DATA" herein. Accordingly, the expectations and assumptions of the State upon which the Fiscal Year 2020 Budget are based may not be realized and the State's financial condition could be further materially adversely affected. See "STATE FINANCIAL INFORMATION—FISCAL YEAR 2020 BUDGET."

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. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this Official Statement.

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.

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.

Future Changes in Federal Tax Laws

There are or may be pending in the Congress of the United States legislative proposals relating to the federal tax treatment of interest on the May 2020B Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the May 2020B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to May 2020B Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the May 2020B 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 May 2020B Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the May 2020B 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 May 2020B Bonds or future Congressional actions. Should such an event of taxability occur, the May 2020B Bonds are not subject to 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, with increasing frequency 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. If an audit is commenced, under current procedures the Service may treat the State as a taxpayer and the May 2020B 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 May 2020B Bonds, regardless of the ultimate outcome.

STATE OF ILLINOIS

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 Auditor General, Frank J. Mautino, is a constitutional officer appointed for a term of 10 years, effective January 1, 2016, and was confirmed by a three-fifths vote of both houses of the General Assembly.

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 Jesse White, Comptroller Susana Mendoza and Treasurer Michael W. Frerichs. An election for these offices was held on November 6, 2018.

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' expenditures and control to ensure that State payments do not exceed legal appropriations and available fund balances. The Treasurer is also responsible for ensuring that investment of State funds complies with the Deposit of State Moneys Act (15 ILCS 520) (the "Deposit Act") and the Public Funds Investment Act (30 ILCS 235).

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 to adopt appropriation bills. Pursuant to Illinois law, the election of two-thirds of the members of the Senate and all members of the House of Representatives was held on November 6, 2018. 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 one-third of the members of the Senate and all of the members of the House of Representatives will be held at the general election on November 3, 2020.

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 6, 2018.

CONSTITUTIONAL PROVISIONS

Constitutional Provisions Relating to Revenues and Expenditures

Article VIII, Section 2 of the Illinois Constitution requires the Governor to prepare and submit to the General Assembly, at a time prescribed by law (generally, the third Wednesday in February), a State budget for the ensuing fiscal year. Proposed expenditures may not exceed funds estimated to be available for the fiscal year as shown in the budget. Article VIII, Section 2 also 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.

Article IV, Section 9 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. An item vetoed is returned to the house in which it originated and may become law upon approval of three-fifths of the members of each house. An item reduced in amount may be restored to the original amount upon approval of a majority of the members elected to each house.

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".

The Bond Act was enacted pursuant to Article IX, Section 9(b) of the Illinois Constitution, which 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.

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 340/1 *et seq.*) (the "Short Term Borrowing Act"), was enacted, permit 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 failures of revenue (a "STBA Section 1.1 Borrowing"). Such debt must be repaid within one year of the date it is incurred. The Short Term Borrowing Act requires that the purchaser of any Short-Term Debt be determined pursuant to sealed bid.

Constitutional Provision 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.

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 would prohibit action by the General Assembly that would, under contract law, impair the obligations of a contract between the State and its bondholders.

GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

GOMB is organized under the Governor's Office of Management and Budget Act (20 ILCS 3005/1 *et seq*.). GOMB is headed by a Director (the "Director") appointed by the Governor. GOMB assists the Governor in developing the State's annual operating and capital budgets, as called for in statute (20 ILCS 3005/2.1 and 20 ILCS 3005/2.5). Pursuant to Article VIII, Section 2(b) of the Illinois Constitution, these budgets are introduced by the Governor for each fiscal year and must contain estimated revenues and recommended appropriations for the upcoming fiscal year that are balanced.

In addition to assisting the Governor in developing and managing the State's annual operating and capital budgets, 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. See "CONTINUING DISCLOSURE" and APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING.

STATE FINANCIAL INFORMATION

SOURCES

The tables in this section, "STATE FINANCIAL INFORMATION," present pertinent financial information about the State. Data is for the State's fiscal years, unless otherwise noted, each of which runs from July 1 through June 30 (each a "Fiscal Year"). Financial information contained in this section is drawn from the records and reports of the Comptroller and documents prepared by GOMB.

MEASUREMENT BASES

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; and (iii) the GAAP (Generally Accepted Accounting Principles as promulgated by the Government Accounting Standards Board) basis of accounting. The basis used in preparing financial information impacts the manner in which revenues and expenditures are recognized in preparing these financial reports. The bases used by the State are described in APPENDIX G—ACCOUNTING PRACTICES USED IN STATE FINANCIAL INFORMATION.

FINANCIAL REPORTS

The Comptroller annually prepares two separate financial reports that are audited by the Illinois Auditor General, who also opines on the financial statements, or, with respect to the TBFR (as hereinafter defined), a portion of the financial statements, contained in those reports.

As the fiscal control officer of the State, the Comptroller issues a *Comprehensive Annual Financial Report* ("CAFR"), which includes financial statements detailing receipts and expenditures for each year. The CAFR is prepared according to GAAP and contains statements of budgetary fund balances and changes in budgetary fund balances for all fund groups.

Under Section 19.5 of the State Comptroller Act, the Comptroller must publish the CAFR for each fiscal year by December 31 of each year or may publish unaudited financial statements and a written explanation to State leadership explaining the reasons for the delay beginning with the CAFR for Fiscal Year 2012. However, pursuant to 2012 amendments to Section 25 of 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, was permanently extended for certain medical assistance payments past the 60-day lapse period granted to most appropriations. This extension makes the publication of unaudited financial statements by December 31 problematic in years in which bills are paid during the end of such lapse period. The State has covenanted in its continuing disclosure undertakings to file the CAFR within 30 days after its availability to GOMB. See "CONTINUING DISCLOSURE" and APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING. A final copy of the Fiscal Year 2018 CAFR was available to GOMB, and was uploaded to EMMA, on August 29, 2019. The State expects that the CAFR for the fiscal year ended June 30, 2019, will be released on or about April 30, 2020. The State will supplement their Preliminary Official Statement to the extent necessary following the release of the Fiscal Year 2019 CAFR. The CAFR for such fiscal year will be uploaded to EMMA after it is available to GOMB. In January 2020, the Comptroller published an Interim Comprehensive Annual Financial Report (the "Interim CAFR") which provides certain preliminary financial information regarding the State's financial performance for the fiscal year ended June 30, 2019. The State has filed the Interim CAFR with EMMA.

The Comptroller also annually prepares and issues the *Traditional Budgetary Financial Report* ("TBFR") using accounting practices prescribed or permitted by the State Comptroller Act (15 ILCS 405) that represent the budget basis of accounting. Only portions of the TBFR have been audited. Presentation practices in the TBFR are materially different from the GAAP presentation practices used in the CAFR. A final copy of the Fiscal Year 2019 TBFR can be found on the Comptroller's website. Under Section 20 of the State Comptroller Act, the TBFR for each fiscal year is to be released by December 31 of each year. See APPENDIX F—WEBSITE INDEX.

Key differences between the accounting practices used in the TBFR and GAAP utilized in preparing the Fiscal Year CAFR are described in APPENDIX G—ACCOUNTING PRACTICES USED IN STATE FINANCIAL INFORMATION.

NET POSITION OF GOVERNMENTAL ACTIVITIES

The State's CAFR provides that, as of June 30, 2018, the State had a deficit net position of governmental activities (the "Net Position") of approximately $189.1 billion, an improvement of

Net Position of approximately $6.2 billion from the State's Net Position as of June 30, 2017. 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 $254.3 billion as of June 30, 2018) over the State's total assets and deferred outflows of resources (approximately $65.2 billion as of June 30, 2018). The State's total revenues from governmental activities increased by approximately $6.8 billion during Fiscal Year 2018, while the State's governmental activities expenses increased approximately $716 million during Fiscal Year 2018. See the CAFR for additional information.

The Interim CAFR provides that, as of June 30, 2019, the State had a deficit Net Position of approximately $193.1 billion, a deterioration of Net Position of approximately $4.0 billion from the State's Net Position as of June 30, 2018. 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 $256.2 billion as of June 30, 2019) over the State's total assets and deferred outflows of resources (approximately $63.2 billion as of June 30, 2019). The State's total revenues from governmental activities increased by approximately $3.8 billion during Fiscal Year 2019, while the State's governmental activities expenses increased approximately $1.4 billion during Fiscal Year 2019. See the Interim CAFR for additional information.

FINANCIAL RESULTS: FY2015-FY2019

Prior to Fiscal Year 2018, the State's "General Funds" included four funds – the General Revenue Fund, the Education Assistance Fund, the Common School Fund, and General Revenue-Common School Special Account Fund. Public Act 100-23 amended the State Budget Law to add the Fund for the Advancement of Education and the Commitment to Human Services Fund (both of which receive a portion of State income tax receipts) and the Budget Stabilization Fund to the State definition of General Funds. Tables and budget discussion in this Official Statement for Fiscal Year 2017 and earlier reflect the original definition of General Funds, except where noted. Amounts under the headings "REVIEW OF FISCAL YEAR 2016" and "REVIEW OF FISCAL YEAR 2017" in this section, where applicable, have been restated to reflect the new definition of General Funds. As such, the amounts reflected under such headings differ from the amounts reflected in the TBFR.

Tables 3 and 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 2019 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 in APPENDIX G—ACCOUNTING PRACTICES USED IN STATE FINANCIAL INFORMATION, budget basis statements differ materially from those prepared on the basis of GAAP.

Table 3 lists cash basis revenues which include cash receipts from State sources, statutory transfers in, and federal sources, both receipts and transfers in. Table 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 4.

Table 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 4 also reports transfers out. Table 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 3.

For an operating statement explaining the changes during Fiscal Year 2019 in both cash balance as well as fund balance, reflecting the cash basis and budget basis, respectively, see Table G-1 in APPENDIX G—ACCOUNTING PRACTICES USED IN STATE FINANCIAL INFORMATION.

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

	FY2015	FY2016	FY2017	FY2018	FY2019	FY2019 Increase or Decrease Amount	FY2019 Increase or Decrease Percent	FY2019 Where the Dollar Came From
STATE SOURCES:								
CASH RECEIPTS:								
Income Taxes								
Individual	$15,433	$12,890	$12,737	$17,725	$19,236	$ 1,511	8.5%	
Corporate	2,686	1,972	1,328	2,017	2,389	372	18.4	
Total, Income Taxes	18,119	14,862	14,065	19,742	21,625	1,883	9.5	53.8%
Sales Taxes	8,030	8,063	8,043	7,810	8,409	599	7.7	20.9
Other Sources								
Public Utility Taxes	1,006	926	884	896	863	(33)		
Insurance Tax & Fees	353	398	391	432	396	(36)		
Inheritance Tax (gross)	333	306	261	358	388	30		
Cigarette Taxes	353	353	353	344	361	17		
Corporate Franchise Tax & Fees	211	207	207	207	247	40		
Cook County Intergovernmental Transfer	244	244	244	244	244	0		
Liquor Gallonage Taxes	167	170	171	172	172	0		
Investment Income	25	24	36	79	145	66		
Other Taxes, Licenses, Fees & Earnings	735	574	725	719	710	(9)		
Total, Other Sources	3,427	3,202	3,272	3,451	3,526	75	2.2	8.8
TOTAL, CASH RECEIPTS	$29,576	$26,127	$25,380	$31,003	$33,560	$ 2,557	8.2%	83.5%
TRANSFERS IN FROM OTHER STATE FUNDS:								
Lottery Fund	$ 678	$ 677	$ 720	$ 719	$ 731	$ 12		
Treasurer's Investments	0	0	0	0	700	700		
Build Illinois Fund	337	316	320	328	348	20		
Income Tax Refund Fund	63	77	4	1	327	326		
State Gaming Fund	292	277	270	272	269	(3)		
Interfund Borrowing	454	0	0	533	250	(283)		
Capital Projects Fund	185	60	35	440	190	(250)		
State Whistleblower Reward and Protection Fund	6	9	10	10	62	52		
Treasurer's Investments – Contingency Fund Exchange	0	0	0	0	50	50		
Warrant Escheat Fund	11	10	9	9	22	13		
McCormick Place Expansion Project Fund	0	25	14	7	22	15		
Metropolitan Exposition Auditorium & Office Building Fund	14	17	13	12	15	3		
Underground Storage Tank Fund	0	0	0	0	10	10		
Illinois Sports Facilities	0	9	48	6	9	3		
Solid Waste Management Fund	0	0	0	0	5	5		
Protest Fund	18	11	3	2	3	1		
Budget Stabilization Fund	275	125	0	0	0	0		
Income Tax Bond Fund	(38)	0	0	2,500	0	(2,500)		
Budget Implementation Acts	1,284	0	0	269	0	(269)		
Hospital Provider Fund	80	80	80	80	0	(80)		
All Other Funds	13	13	16	22	22	0		
TOTAL, TRANSFERS IN	$ 3,710	$ 1,706	$ 1,542	$ 5,210	$ 3,035	$(2,175)	(41.7)%	7.5%
TOTAL, STATE SOURCES	**$33,286**	**$27,833**	**$26,922**	**$36,213**	**$36,595**	**$382**	**1.1%**	**91.0%**
FEDERAL SOURCES:								
CASH RECEIPTS:								
Department of Healthcare and Family Services	$ 3,180	$ 2,512	$ 2,288	$ 4,985	$ 3,335	$(1,650)		
Department of Human Services	109	110	156	246	190	(56)		
All Other Agencies	7	3	7	6	5	(1)		
TOTAL, CASH RECEIPTS	$ 3,296	$ 2,625	$ 2,451	$ 5,237	$3,530	$(1,707)		
TRANSFERS IN:								
Federal Trust Funds	$ 35	$ 40	$ 32	$ 1	$ 70	$ 69		
TOTAL, FEDERAL SOURCES	**$3,331**	**$ 2,665**	**$ 2,483**	**$ 5,238**	**$ 3,600**	**$(1,638)**	**(31.3)%**	**9.0%**
TOTAL, REVENUES	**$36,617**	**$30,498**	**$29,405**	**$41,451**	**$40,195**	**$(1,256)**	**(3.0)%**	**100.0 %**
Transfer from Budget Stabilization Fund	275	125	0	0	0	0		
Interfund Borrowing	454	0	0	533	250	(283)		
Treasurer's Investments	0	0	0	0	700	700		
Treasurer's Investments – Contingency Fund Exchange	0	0	0	0	50	50		
TOTAL, BASE REVENUES	**$35,888**	**$30,373**	**$29,405**	**$40,918**	**$39,195**	**$(1,723)**	**$(4.2)**	

Note: Beginning with fiscal year 2018 (pursuant to Public Act 100-0023) the number of funds that make up the state's General Funds was expanded from four to seven; therefore, the General Funds now reflect the four original funds (General Revenue Fund, General Revenue-Common School Special Account Fund, Education Assistance Fund, and Common School Fund) and three additional funds (Fund for the Advancement of Education, Commitment to Human Services Fund, and Budget Stabilization Fund).

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

WARRANTS ISSUED:	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY2019 Increase or Decrease Amount	FY2019 Increase or Decrease Percent	FY2019 Where the Dollar Was Spent
BY AGENCY:								
State Board of Education	$ 6,545	$ 6,507	$ 7,211	$ 8,201	$ 8,376	$ 175	2.1%	20.8%
Healthcare and Family Services	6,525	6,090	5,972	7,601	7,633	32	0.4	19.0
Teachers Retirement System	3,479	3,851	4,096	4,210	4,592	382	9.1	11.4
Human Services	3,363	3,153	3,283	3,640	3,740	100	2.7	9.3
Higher Education Agencies:								
Universities Retirement System	1,352	1,416	1,506	1,418	1,445	27	1.9	
University of Illinois	644	180	651	583	595	12	2.1	
Student Assistance Commission	375	176	365	407	436	29	7.1	
Community College Board	338	76	239	204	211	7	3.4	
Southern Illinois University	200	57	200	181	184	3	1.7	
All Other	382	134	398	348	355	7	2.0	
Total, Higher Education Agencies	3,291	2,039	3,359	3,141	3,226	85	2.7	8.0
All Other Agencies:								
Central Management Services	1,608	28	182	1,960	2,101	141	7.2	
Corrections	1,310	888	1,076	1,890	1,519	(371)	(19.6)	
State Employees Retirement System	1,149	1,367	1,309	1,319	1,395	76	5.8	
Aging	880	646	590	893	919	26	2.9	
Children and Family Services	672	619	684	746	780	34	4.6	
Judicial Agencies	497	502	502	511	521	10	2.0	
State Police	254	223	219	258	265	7	2.7	
Secretary of State	292	196	231	249	257	8	3.2	
Other Agencies	909	653	710	790	1,063	273	34.6	
Total, All Other Agencies	7,571	5,122	5,503	8,616	8,820	204	2.4	21.9
Prior Year Adjustments	(11)	(12)	(3)	(28)	(26)	2	N/A	(0.1)
BY CATEGORY:								
Awards and Grants	$20,828	$19,859	$21,014	$23,341	$24,224	$ 883	3.8%	60.2%
Operations	9,938	6,899	8,402	12,059	12,148	89	0.7	30.2
Permanent Improvements and Highway Construction	8	4	8	4	10	6	150.0	0.0
Refunds	0	0	0	5	5	0	N/A	0.0
Prior Year Adjustments	(11)	(12)	(3)	(28)	(26)	2	N/A	(0.1)
BY FUNCTION:								
Education	$13,377	$12,409	$14,679	$15,564	$16,432	$ 868	5.6%	40.8%
Health and Social Services	11,627	10,643	10,676	13,042	13,281	239	1.8	33.0
General Government	3,397	1,879	2,058	3,817	4,047	230	6.0	10.1
Public Protection and Justice	2,210	1,749	1,921	2,807	2,467	(340)	(12.1)	6.1
Environment and Business Regulation	85	52	53	66	79	13	19.7	0.2
Employment and Economic Development	73	30	37	104	70	(34)	(32.7)	0.2
Transportation	5	0	0	4	6	2	N/A	0.0
Refunds	0	0	0	5	5	0	N/A	0.0
Prior Year Adjustments	(11)	(12)	(3)	(28)	(26)	2	N/A	(0.1)
TOTAL, WARRANTS ISSUED	$30,763	$26,750	$29,421	$35,381	$36,361	$980	2.8%	90.3%
TRANSFERS OUT	4,858	4,576	4,636	3,610	3,906	296	8.2	9.7
TOTAL, EXPENDITURES	**$35,621**	**$31,326**	**$34,057**	**$38,991**	**$40,267**	**$1,276**	**3.3%**	**100.0%**
Repayment of Interfund Borrowing	0	0	15	128	10	(118)	N/A	
Treasurer's Investments	0	0	0	0	700	700	N/A	
Treasurer's Investments – Contingency Fund Exchange	0	0	0	0	50	50	N/A	
Transfer to Budget Stabilization Fund	275	125	0	0	0	0	N/A	
TOTAL, BASE EXPENDITURES	**$35,346**	**$31,201**	**$34,042**	**$38,863**	**$39,507**	**$ 644**	**1.7%**	

Note: Beginning with fiscal year 2018 (pursuant to Public Act 100-0023) the number of funds that make up the state's General Funds was expanded from four to seven; therefore, the General Funds now reflect the four original funds (General Revenue Fund, General Revenue-Common School Special Account Fund, Education Assistance Fund, and Common School Fund) and three additional funds (Fund for the Advancement of Education, Commitment to Human Services Fund, and Budget Stabilization Fund).

ACCOUNTS PAYABLE

As described below, Table 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 CAFR, the General Funds of the State also carry other liabilities not detailed in Tables 3, 4 and 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 5 includes General Funds Budget Basis Accounts Payable, General Funds Section 25 Liabilities that have accrued during the current and 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 5
(Budget Basis)
ACCOUNTS PAYABLE
AS OF THE END OF EACH FISCAL YEAR 2015-2019
($ in millions)

	END OF FISCAL YEAR				
	FY2015	FY2016	FY2017	FY2018	FY2019
General Funds Budget Basis Accounts Payable[1]	$3,521	$3,789	$ 9,061	$5,823	$6,179
General Funds Section 25 Liabilities[2 3]	1,598	3,307	5,932	2,004	1,953
Total General Funds Accounts Payables	$5,119	$7,096	$14,993	$7,827	$8,132
Section 25 Liabilities - Other State Funds	$ 316	$ 956	$ 162	$ 214	$ 224

Source: Illinois Office of the Comptroller. Section 25 Liabilities are reported in the CAFR. Budget Basis Accounts Payable as reported on page 11 of the TBFR.

1 This amount includes General Funds Lapse Period Transactions as reported in the TBFR.

2 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.

3 Fiscal Year 2019 Section 25 Liabilities presented are a preliminary estimate and is subject to change. The final Section 25 Liabilities will be released in the Fiscal Year 2019 CAFR.

Tables 3, 4, 5, G-1 and the State's CAFR, as well as accompanying footnotes, taken together, should be referenced for a more complete understanding of the financial statements.

The following subsections describe the recent financial history of the State, the Fiscal Year 2020 Budget and the Fiscal Year 2021 Proposed Budget (as defined herein). All amounts set forth in these sections were prepared on the budgetary basis of accounting.

AUTHORIZATION FOR EXPENDITURES IN THE ABSENCE OF A BUDGET – FISCAL YEARS 2016 AND 2017

The State did not enact a full General Funds budget for Fiscal Year 2016 or for Fiscal Year 2017, but certain spending continued to occur in the absence of a budget. In Fiscal Year 2016 and in

Fiscal Year 2017, certain appropriations were enacted and certain spending occurred through statutory transfers, statutory continuing appropriations, court orders and consent decrees.

All debt service payments on GO Bonds in Fiscal Year 2016 and Fiscal Year 2017 were paid by the Treasurer through statutory continuing appropriations or enacted State appropriations from the GOBRI Fund. Statutory transfers to the GOBRI Fund from the various funds in the State Treasury occurred as required by statute.

The following descriptions outline generally the ways that State spending occurred during this timeframe.

- *Appropriations signed into law* – Appropriations bills that are enacted into law authorize State agencies to spend from these appropriations as permitted by law.
- *Continuing appropriations authorized by statute* – Certain State spending obligations are covered by statutory continuing appropriations; i.e., in situations where annual line-item appropriations are not enacted, an appropriation is established by the Comptroller equal to the amount required to be spent by statute in lieu of an annual appropriation. Public Acts can create funding formulas and continuing appropriations as well as line-item appropriations. For example, the State's contributions to the five State funded retirement systems are covered by continuing appropriation language (as more fully described in APPENDIX E—PENSION AND OTHER POST EMPLOYMENT BENEFITS). Additionally, as described above, debt service payments on GO Bonds from the GOBRI Fund are covered by statutory continuing appropriations to make payments to bondholders.
- *Statutory transfers to other State funds* – Certain transfers must be made from one fund into another fund in the State Treasury based on existing statutes. Transfers from the General Funds and Road Fund into the GOBRI Fund occur through statutory transfers.
- *Court Orders/Consent Decrees* – In Fiscal Year 2016 and Fiscal Year 2017, certain spending from the General Funds occurred without passage of a full State budget when the State was ordered to make such payments by court order or consent decree. Various court actions taken since July 2015 and prior consent decrees directed the State, through the Office of the Comptroller, to continue to make payments in the absence of appropriations for items such as State employee salaries, payments to Medicaid providers, the operations of the Department of Children and Family Services and the Department of Juvenile Justice, and certain social service programs. The social service spending consent decrees came from federal court action. Much of the spending on these programs continued at Fiscal Year 2015 levels as directed by the courts.

REVIEW OF FISCAL YEAR 2016

The Fiscal Year 2016 General Funds Budget was never fully enacted. In February 2015, the Governor proposed a Fiscal Year 2016 Budget (described below and available on GOMB's website (see APPENDIX F—WEBSITE INDEX)) that recognized a significant deficit between revenues and expenditures if spending were allowed to continue on an "auto pilot" or maintenance basis (i.e., with no increase in revenues, no changes to State statutes or other spending controls). This forecast reflected the statutory tax rates in effect at the time of his proposal, including the impact of the decrease in the individual and corporate state income tax rates on January 1, 2015. The Governor recommended, among other things in his proposal, reductions in General Funds spending, reductions in statutory transfer levels, and pension reforms to reduce the cost of State pensions.

In May 2015, the General Assembly passed several appropriation bills and presented them to the Governor for his approval. In June 2015, the Governor signed certain appropriations into law, including full-year funding for elementary and secondary education, State payments to the Teachers' Retirement System and capital appropriations for the Illinois Department of Transportation. However, during the summer, the Governor vetoed the majority of appropriation bills passed by the General Assembly, including bills funding the majority of the State's General Funds budget, noting that projected spending from those proposals exceeded forecasts of available revenue by over $4 billion. During Fiscal Year 2016, other appropriations were enacted for certain Fiscal Year 2016 costs, including some higher education costs, spending of certain federal revenues, and most appropriations from State funds outside of the General Funds.

After adjusting for transfers due to the General Funds, as reported by the Comptroller, Fiscal Year 2016 results reflect a $172 million decrease in the General Funds budgetary balance (i.e., the June 30 cash balance less the General Funds obligations paid in the State's lapse period) from a deficit of $2.9 billion in Fiscal Year 2015 to a deficit of $2.8 billion in Fiscal Year 2016. However, this only reflects the amounts processed through the Office of the Comptroller for Fiscal Year 2016 and does not reflect approximately $3.0 billion for which costs were incurred but the State was unable to pay due to the lack of sufficient appropriations.

REVIEW OF FISCAL YEAR 2017

A full Fiscal Year 2017 General Funds Budget was never enacted. As of May 31, 2016, no appropriation bills for Fiscal Year 2017 spending had passed both chambers of the General Assembly. On June 30, 2016, Public Act 99-523 and Public Act 99-524 were signed into law by the Governor, authorizing an agreed upon stop gap or "bridge" funding plan to keep government functioning until the General Assembly and the Governor could come to agreement on a full Fiscal Year 2017 budget. The "bridge" plan as enacted included a full year of Fiscal Year 2017 funding for elementary and secondary education, full-year authority to spend all federal and other state funds outside of the General Funds for Fiscal Year 2017, capital appropriations for the State's road program and some of the state's other construction projects and limited Fiscal Year 2017 General Funds appropriations for costs of critical state government operations incurred through December 31, 2016.

The enacted legislation permanently forgave repayment of the 2015 interfund borrowing that would have been due in Fiscal Year 2017. It authorized the spending of $275 million from the Budget Stabilization Fund, $97 million in funding for community colleges from the Personal Property Tax Replacement Fund, $701 million from the Commitment to Human Services Fund and $453 million from the Fund for the Advancement of Education for purposes traditionally supported by the general funds. In addition, the "bridge" funding plan included a new hospital assessment to capture additional federal match associated with higher than anticipated Medicaid enrollment of newly eligible individuals under the ACA. The new assessment alleviated $150 million in state revenue pressure. Public Act 99-523 also altered some of the requirements for Fiscal Year 2017 issuances of GO Bonds for refunding purposes and Build Illinois refunding bonds in order to allow the State to save on debt service costs. Refunding GO Bonds were issued in the fall of 2016 which resulted in debt service savings of $229.0 million over the life of such GO Bonds, including savings of $30.5 million in Fiscal Year 2017.

As part of the Fiscal Year 2018 budget legislation, additional supplemental appropriations for Fiscal Year 2017 were included in PA 100-21, effective July 6, 2017. This act included $1.9 billion in additional Fiscal Year 2017 General Funds appropriations for higher education, elementary and secondary education and other purposes.

After adjusting for transfers due to the General Funds as reported by the Comptroller, Fiscal Year 2017 results reflect a $5.1 billion decrease in the General Funds budgetary balance (the June 30 cash balance less the General Funds obligations paid in the State's lapse period). The deficit rose from $2.8 billion in Fiscal Year 2016 to a deficit of $8.0 billion in Fiscal Year 2017.

Fiscal Year 2017 Spending in Absence of a Budget

The State began Fiscal Year 2017 on July 1, 2016 without a fully enacted budget in place. As described above, certain State spending continued to occur in the absence of a full budget as it did in Fiscal Year 2016.

- *Appropriations signed into law* – PA 99-524 and PA 100-21 included General Funds spending totaling approximately $7.5 billion on elementary and secondary education, $2.1 billion on higher education, $1.4 billion for human service programs and approximately $800 million on State agency operations.
- *Continuing appropriations authorized by statute* – Approximately $6.9 billion in General Funds appropriations were established for payments to the State's retirement systems in the absence of enacted appropriations. Additionally, certain expenditures were made related to some retired teacher health care costs and operations of the legislative and judicial branches pursuant to continuing appropriations. In total, approximately $7.5 billion in spending occurred in Fiscal Year 2017 through continuing appropriations.
- *Debt service and other statutory transfers to other State funds* – Approximately $2.2 billion in estimated General Funds transfers to the GOBRI Fund for debt service on GO Bonds and approximately $2.4 billion in transfers to other State funds for other purposes, primarily the Local Government Distributive Fund and mass transit funding for the Regional Transportation Authority and for downstate transit systems, occurred from the General Funds in Fiscal Year 2017 under State statutes.
- *Court Orders/Consent Decrees* – Court orders and consent decrees required the State to continue to make payments in the absence of appropriations in Fiscal Year 2017 for costs such as State employee salaries, payments to Medicaid providers, and certain social service programs. In total, approximately $14.2 billion in spending from the General Funds occurred in Fiscal Year 2017 through these court orders and consent decrees, including approximately $6.4 billion on Medicaid-related costs.

Fiscal Year 2017 Revenues

Base General Funds revenues (excluding interfund borrowing, the Treasurer's investment borrowing, Section 7.6 Bond proceeds and any related federal match received from the use of such bond proceeds) for Fiscal Year 2017 totaled $30.3 billion, a decrease from Fiscal Year 2016 revenues of $957 million (3.1 percent). The State's three largest revenue sources, individual income tax, corporate income tax and State sales tax, totaled $23.0 billion, a net decrease of $806 million or 3.4 percent when compared to such revenues for Fiscal Year 2016. Individual income taxes totaled $13.7 billion, a $145 million (1.1 percent) decrease from Fiscal Year 2016. Corporate income taxes totaled $1.3 billion, a decrease of $641 million (32.5 percent) from Fiscal Year 2016.

Sales taxes totaled $8.0 billion, a $20 million, or 0.2 percent, decrease from Fiscal Year 2016. Other State source revenues totaled $3.3 billion and transfers in from other State funds totaled $1.5 billion.

Federal revenues totaled $2.5 billion, a decrease of $182 million from Fiscal Year 2016. This amount was lower than forecasted due to delays in releasing Medicaid payments that qualified for federal reimbursement. As revenues are recognized on a cash basis, federally matched moneys received for vouchers released after June 30, 2017 will be recorded in Fiscal Year 2018.

Fiscal Year 2017 Expenditures

General Funds operating expenditures and transfers to other State funds processed through the Office of the Comptroller for Fiscal Year 2017 totaled $35.7 billion (excluding prior year adjustments). Expenditures on the operating budget, not including pension contributions, totaled $24.1 billion, an increase of $3.5 billion (17.2 percent) from Fiscal Year 2016. General Funds pension contributions totaled $7.0 billion, an increase of $319 million (4.8 percent). Fiscal Year 2017 General Funds appropriations included language allowing State agencies to pay amounts carried over from Fiscal Year 2016 with Fiscal Year 2017 appropriations. Certain Fiscal Year 2017 appropriations were used to pay Fiscal Year 2016 commitments.

Utilizing Fiscal Year 2017 appropriations for Fiscal Year 2016 costs limited agencies' ability to process vouchers through the Comptroller's office for Fiscal Year 2017 obligations. Not all current obligations of the State were paid during Fiscal Year 2017, while services continued with expectations of future payments. Areas for which the State did not provide payments at previous years' levels from the General Funds, but for which the State has historically provided significant financial commitment, include General Revenue Fund payments to state employee health insurance providers and operational costs of certain state agencies.

REVIEW OF FISCAL YEAR 2018

Fiscal Year 2018 Budget Actions

As of May 31, 2017, no appropriations bills for spending for Fiscal Year 2018 had passed both chambers of the General Assembly. Fiscal Year 2018 began on July 1, 2017. Three budget-related Public Acts went into effect on July 6, 2017: Public Act 100-21 (appropriations), Public Act 100-22 (revenues) and Public Act 100-23 (the budget implementation statutory changes).

Included in Public Act 100-22 were permanent increases in the individual income tax rate from 3.75 percent to 4.95 percent and in the corporate income tax rate from 5.25 percent to 7.0 percent, effective July 1, 2017. Other changes included revisions to certain tax credits and corporate income tax deductions.

PA 100-23 included several legislative changes, some of which affected the State's Fiscal Year 2018 General Funds Budget. These items include:

- Beginning in Fiscal Year 2018, State income and sales tax revenues shared with local governments, which previously were deposited in the General Revenue Fund and then transferred out to other funds, are now deposited directly into the Local Government Distributive Fund, Public Transportation Fund and Downstate Public Transportation Fund at the time revenues are collected. See APPENDIX A—CERTAIN INFORMATION

REGARDING THE STATE OF ILLINOIS—"PART IV: TAX REVIEW." Local governments are expected to receive their payments from the State more quickly under this structure.

- Authorization for the State to issue up to $6 billion in Section 7.6 Bonds which were issued on November 8, 2017 and generated proceeds of approximately $6.5 billion. The proceeds of the issuance of the Section 7.6 Bonds were used to reduce the State's accumulated unpaid bills by paying State vouchers incurred prior to July 1, 2017.
- Authorization for the Comptroller to reallocate in Fiscal Year 2018 up to $292.8 million from specific funds in the State Treasury to the General Revenue Fund, Budget Stabilization Fund, Healthcare Provider Relief Fund, or Health Insurance Reserve Fund, to enable the Comptroller to reduce the backlog of unpaid bills. In total, the Comptroller used this authority to process $269 million in fund reallocations in Fiscal Year 2018.
- Authorization for the Comptroller to temporarily transfer balances in other State funds in the State Treasury to General Funds or the Health Insurance Reserve Fund prior to December 31, 2018 to assist with the liquidity of the funds and assist in decreasing the State's payables. The authority for this borrowing was extended to February 28, 2019 by P.A. 100-587. Any such interfund borrowing amounts were required to be paid back within 24 months of the borrowing under Public Act 100-23, but Public Act 101-0010 extended the timeline for repayments to 48 months and the authority to process borrowings until March 1, 2021. Outstanding interfund borrowing under this authority cannot at any time exceed $1.2 billion. Approximately $1.2 billion of such borrowing was outstanding as of April 24, 2020.
- As described above, General Funds have been defined to include the General Revenue Fund, the Common School Fund, the General Revenue-Common School Special Account Fund, the Education Assistance Fund, the Fund for the Advancement of Education, the Commitment to Human Services Fund and the Budget Stabilization Fund.

On August 31, 2017, the Governor signed Public Act 100-465 into law, which provided for an evidence-based method of allocating funding among the State's school districts.

On June 4, 2018, the Governor signed Public Act 100-586 into law, which, along with providing appropriations for Fiscal Year 2019, included $1.2 billion in supplemental appropriations for Fiscal Year 2018. These supplemental appropriations were primarily meant to address prior year liabilities that remained unpaid.

Fiscal Year 2018 Revenues

Base General Funds revenues, as impacted by the changes to the individual income tax and corporate income tax rates, for Fiscal Year 2018 totaled $38.1 billion, an increase of $7.8 billion, or 25.8 percent, when compared to Fiscal Year 2017 results under the new definition of General Funds. This increase primarily reflects an increase of $4.7 billion in individual income tax and corporate income tax revenues generated by increase in such tax rates. "Base General Fund Revenues" excludes interfund borrowing, Treasurer's investment borrowing and Section 7.6 Bond proceeds.

Individual income taxes deposited into the General Funds totaled $17.7 billion, while corporate income taxes totaled $2.0 billion for Fiscal Year 2018. These amounts include $1.2 billion deposited into the Commitment to Human Services Fund and the Fund for the Advancement of Education that are now included in the definition of General Funds. Excluded from these numbers are $1.2 billion of income tax revenue deposited directly with local governments.

Net sales tax revenue deposits into the General Funds totaled $7.8 billion. This excludes $446 million of sales tax revenues deposited directly into local transit funds. Revenues from other state sources totaled $3.5 billion.

Federal source revenues increased to $5.2 billion in Fiscal Year 2018 from the Fiscal Year 2017 total of $2.5 billion. The Fiscal Year 2018 total includes approximately $1.2 billion from the use of the proceeds of the Section 7.6 Bonds to pay down prior year Medicaid liabilities. The transfer into the General Funds of $2.5 billion in Section 7.6 Bond proceeds is not included in base revenues for Fiscal Year 2018.

Other transfers in, not including amounts from fund reallocations or interfund borrowing authorized in PA 100-23, increased to $1.9 billion in Fiscal Year 2018 from actual Fiscal Year 2017 results of $1.5 billion.

Fund reallocations in the approximate amount of $293 million were authorized in PA 100-23 along with statutory authority for the Comptroller to borrow from available balances in other State funds up to an aggregate amount of $1.2 billion over Fiscal Years 2018 and 2019 for deposit into the General Funds or the Health Insurance Reserve Fund in order to meet cash flow deficits and maintain liquidity in such funds. The Comptroller executed a total of $269 million in fund reallocations and $533 million in interfund borrowing in Fiscal Year 2018 ($128 million of the interfund borrowing was repaid by the Comptroller during Fiscal Year 2018). While Public Act 100-23 required interfund borrowing to be repaid within 24 months of such borrowing, Public Act 101-0010 extended the date of repayment to within 48 months.

Fiscal Year 2018 Expenditures

General Funds operating expenditures (including spending from appropriations and excluding transfers out of the General Funds, including debt service) under the revised General Funds definition, totaled $35.4 billion, an increase of $4.4 billion or 14.2 percent from Fiscal Year 2017 results. Notable increases in spending, including supplemental appropriations for prior year costs, included $521 million for elementary and secondary education (plus $221 million for the State's contribution to the Chicago Teachers' Pension System), $1.6 billion for the Department of Healthcare and Family Services, $814 million for the Department of Corrections and an increase in General Funds pension contribution appropriations of $63 million (reduced from original estimates as described in APPENDIX E—PENSION AND OTHER POST EMPLOYMENT BENEFITS—"2017 LEGISLATION MODIFYING PENSION STRUCTURE"). Additionally, the Fiscal Year 2018 General Funds amount includes General Revenue Fund appropriations of $1.9 billion for State employee and retiree health insurance which was not covered by a General Revenue Fund appropriation in Fiscal Year 2017.

Statutory transfers out of the General Funds declined by $1.8 billion to $582 million in Fiscal Year 2018 from actual Fiscal Year 2017 results primarily due to a switch to direct deposits of the State's local government revenue sharing portions of income and sales taxes into other State funds instead of the prior practice of depositing them into the General Funds and transferring them out to the other State funds. $1.6 billion of local government revenue sharing was direct deposited in Fiscal Year 2018 to other State funds which previously would have been deposited first into the

General Funds before transfer to the other State funds. Debt service for GO Bonds, including pension bonds and Section 7.6 Bonds, totaled \$2.9 billion from the General Funds, an increase of \$664 million (29.7% increase from Fiscal Year 2017). \$527 million of such amount resulted from the issuance of the Section 7.6 Bonds during Fiscal Year 2018. Additionally, the State transferred \$128 million to other State funds to repay interfund borrowing in excess of base transfers.

Fiscal Year 2018 Results

After adjusting for transfers to the General Funds as reported by the Comptroller, total Fiscal Year 2018 General Funds expenditures exceeded Fiscal Year 2018 General Funds revenues by \$234 million.

However, this deficit was reduced on a reporting basis by \$2.5 billion due to the transfer into the General Funds of a portion of the proceeds of the Section 7.6 Bonds.

After adjusting for such one-time revenue, Fiscal Year 2018 results reflect a \$2.3 billion increase in the General Funds budgetary balance (the June 30 cash balance less the General Funds obligations paid in the State's lapse period). The budgetary deficit lessened from \$8.0 billion in Fiscal Year 2017 to a deficit of \$5.7 billion in Fiscal Year 2018 as included in the Fiscal Year 2018 TBFR. See TABLE G-1 in EXHIBIT G hereto.

Fiscal Year 2018 Bill Payment Delays

State agencies can submit vouchers for payment to the Comptroller for items that have enacted annual appropriations or continuing appropriations. Based on the revenues available to make such payments, there have been delays in making those payments to the vendors. As of February 29, 2020, the Comptroller was holding \$6.8 billion in unpaid General Funds vouchers and pending transfers, and the Comptroller estimated that state agencies were holding an additional \$473 million. At its peak in November 2017, prior to the issuance of the Section 7.6 Bonds, the Comptroller estimated that the backlog of unpaid bills totaled \$16.7 billion, and the late payment interest and penalties related thereto eventually exceeded \$1.25 billion.

On June 30, 2017, a federal judge ordered the Comptroller to comply with the *Memisovski* and *Beeks* consent decrees by prioritizing certain payments to medical providers serving Medicaid clients as significant delays in payments to Medicaid providers were occurring. The direction from the court was to ensure payment of \$586 million of monthly payments to Medicaid providers (including managed care providers). The court also ordered that Medicaid providers must be paid an additional \$2 billion in Fiscal Year 2018 to begin reducing the accumulated backlog of Medicaid bills on hold at the Comptroller's office. These were gross payments, inclusive of the share that would be covered by reimbursement by the federal government under the Medicaid program. All required payments, and some payments in excess of the requirement, were made during Fiscal Year 2018. For additional details, see "LITIGATION – *Beeks v. Bradley* and *Memisovski v. Maram*". A portion of the proceeds of the Section 7.6 Bonds issued in November 2017 were used to make some of these Medicaid payments.

On November 8, 2017, the Comptroller transferred \$2.5 billion to the General Revenue Fund and approximately \$4.0 billion to the Health Insurance Reserve Fund from the Section 7.6 Bond proceeds, which significantly reduced the amount of State employee health insurance and Medicaid bills on hold. This paydown in Medicaid bills generated federal match revenues in the amount of \$1.2 billion. The federal matching funds were used to pay additional Medicaid bills, generating an additional \$1.0 billion in federal matching funds which were also used to pay

Medicaid bills. Therefore, in the aggregate, $4.7 billion in Medicaid bills were paid as a result of the issuance of the Section 7.6 Bonds and the federal match.

REVIEW OF FISCAL YEAR 2019 PERFORMANCE

Fiscal Year 2019 Revenues

Fiscal Year 2019 base revenues totaled $39.2 billion, an increase of $1.0 billion (2.7%) from Fiscal Year 2018 levels.

The State's three largest revenue sources, individual income tax, corporate income tax and state sales tax, totaled $30.0 billion, a net increase of $2.5 billion (9.0%) when compared to Fiscal Year 2018. The estimate is net of direct deposits of $1.8 billion into the Local Government Distributive Fund, Public Transportation Fund and Downstate Public Transportation Fund from income and sales tax receipts.

Federal revenues totaled $3.6 billion, a decrease of $1.6 billion (31.3%) from Fiscal Year 2018 federal revenues as the Fiscal Year 2018 number reflected additional federal revenues related to the paydown in the Medicaid bill backlog described above. Transfers in for Fiscal Year 2019 totaled $2.0 billion, an increase of $127 million (6.7%) above Fiscal Year 2018. Additionally, total Fiscal Year 2019 revenues include $250 million in interfund borrowing and $750 million in Treasurer's investment borrowing. Such revenues from interfund borrowing and the Treasurer's investment borrowing program are not included in the State's base revenues. For additional information regarding the Treasurer's program, see "GENERAL OBLIGATION INDEBTEDNESS—INVESTMENT OF FUNDS" herein.

Fiscal Year 2019 Estimated Expenditures

Total General Funds operating expenditures for Fiscal Year 2019 totaled $36.4 billion, an increase of $986 million (2.8%) from Fiscal Year 2018 results. This included expenditures of approximately $294 million for paying for retroactive step payments to AFSCME (as hereinafter defined) employees for Fiscal Years 2016, 2017 and 2018 and the first three quarters of Fiscal Year 2019.

Statutory transfers out of the General Funds unrelated to debt service declined by approximately $150 million to $433 million in Fiscal Year 2019 from actual Fiscal Year 2018 results of $582 million. Debt service transfers from the General Funds for GO Bonds, including pension, capital, and Section 7.6 Bonds, totaled $2.7 billion from the General Funds. This includes debt service with respect to the Section 7.7 Bonds. Fiscal Year 2019 expenditures also include $763 million for the repayment of the Treasurer's investment borrowing, including interest, and $10 million for interfund borrowing repayments.

Fiscal Year 2019 Results

Fiscal Year 2019 results reflect a $15 million decrease in the general funds budgetary balance (the June 30 cash balance less the general funds obligations paid in the state's lapse period). The budgetary deficit increased from $5,698 million in Fiscal Year 2018 to a deficit of $5,713 million in Fiscal Year 2019.

FISCAL YEAR 2020 BUDGET

On June 5, 2019, the Governor signed PA 101-0007, the State's Fiscal Year 2020 budget, which passed the General Assembly with bipartisan support, into law. The Fiscal Year 2020 budget makes key investments, increasing K-12 funding through the Evidence-Based Funding formula by approximately $379 million, increasing Early Childhood Block Grant funding by $50 million, and appropriating the State's full statutorily required contribution to the State's retirement funds.

GOMB released on February 19, 2020 an updated outlook for the Fiscal Year 2020 Budget with the Governor's budget proposal. These forecasts were based on the economic conditions and fiscal year-to-date revenue available as of early February. However, due to the impact of the COVID-19 pandemic, the economic outlook for the State of Illinois has shifted significantly, meriting a revised revenue projection for the remainder of Fiscal Year 2020. Utilizing recent data forecasts available from IHS Markit, GOMB and the Illinois Department of Revenue currently estimate that Fiscal Year 2020 General Funds state source base revenues will be approximately $2.7 billion below the February estimate of $36.9 billion, partially offset by expected additional federal revenues and additional interfund borrowing processed by the Comptroller. Approximately $1 billion of the revision is due to the delay in the State's final individual income tax filing deadline from April 15, 2020 to July 15, 2020, in line with changes to the federal tax filing deadline.

Fiscal Year 2020 Revised Estimated Revenues

Factoring in the revisions described above, Fiscal Year 2020 base state revenues and transfers in from other state funds are estimated to total $37.8 billion, a decrease of $1.4 billion (3.5 percent) from the Fiscal Year 2019 base levels.

The State's three largest revenue sources, individual income tax, corporate income tax and State sales tax, are estimated to total $28.3 billion in deposits to the General Funds, a net decrease of $1.7 billion (5.8 percent) when compared to Fiscal Year 2019. The estimate assumes deposits of $1.7 billion into the Local Government Distributive Fund, Public Transportation Fund and Downstate Public Transportation Fund from income and sales tax receipts prior to the deposit of these revenue sources into the General Funds.

Other State source revenues are projected to total $3.5 billion, a $59 million decrease from Fiscal Year 2019 levels. Transfers to the General Funds are projected to total $2.5 billion, an increase of $435 million (21.4 percent) from Fiscal Year 2019. This increase is primarily due to a larger than usual transfer in from the Income Tax Refund Fund in Fiscal Year 2020. The Fiscal Year 2019 total was $327 million transferred from this fund, compared to $617 million in Fiscal Year 2020. These amounts have been adjusted to reflect the estimated impact of the COVID-19 related closure of the State's casinos.

Federal revenues are projected to total $3.6 billion, an increase of $13 million (0.4 percent) from Fiscal Year 2019 federal revenues, although final amounts will depend on the timing of the release of bills eligible for federal reimbursement. Under recently enacted federal legislation, the State is receiving additional federal match of 6.2% on eligible bills under the Medicaid program through the end of the calendar quarter in which the current federal emergency declaration ends.

Additionally, the revised Fiscal Year 2020 revenue estimates include $473 million in interfund borrowing and $400 million from the Treasurer's investment borrowing program.

Budget Shortfall Remediation Actions

In order to partially offset the expected loss of revenues and maintain liquidity in the General Funds, the State is taking several actions. GOMB has requested agency directors to take all possible steps to manage existing resources for the remainder of Fiscal Year 2020 through putting on hold all non-essential purchases and operational expenditures, freezing all travel that is not mission essential, and limiting all non-essential hiring. These actions are expected to save at least $25 million for the General Funds in Fiscal Year 2020.

The Comptroller and Treasurer have extended $400 million in investment borrowing agreements that were due to be repaid from the General Revenue Fund in March and April to July 2020. The Comptroller has utilized interfund borrowing authority to transfer an additional $323 million in March and April to the General Funds. Such interfund borrowing, which is included in the total of $473 million previously described, must be repaid within 48 months of borrowing.

Additionally, concurrently with the issuance of the Bonds, the State expects to issue up to $1,200,000,000* of Short-Term Debt in an STBA Section 1.1 Borrowing. See "GENERAL OBLIGATION INDEBTEDNESS—FUTURE FINANCINGS" herein.

Fiscal Year 2020 Budgeted Expenditures

Total General Funds operating expenditures for Fiscal Year 2020, based on current appropriation levels, are projected to total $37.6 billion, an increase of $1.2 billion or 3.2 percent from Fiscal Year 2019 results.

Statutory transfers out of the General Funds are projected to decline by approximately $39 million to $393 million in Fiscal Year 2020 from actual Fiscal Year 2019 results of $433 million. Debt service transfers for general obligation pension, Section 7.6, Section 7.7 and capital bonds (including debt service on the Bonds) are projected to total $1.9 billion from the General Funds. See "GENERAL OBLIGATION INDEBTEDNESS—FUTURE FINANCINGS" herein. Monthly transfers from the General Funds with respect to debt service on GO Bonds will average approximately $162 million a month. General Funds revenues from State sources available to make debt service payments in Fiscal Year 2020 are projected to average approximately $2.9 billion per month, providing approximately 17.6 times debt service coverage for estimated General Revenue Fund transfers for this Fiscal Year. Fiscal Year 2020 estimated expenditures also reflect the repayment of $170 million from outstanding interfund borrowing repayments and $8 million in interest related to Treasurer's investment borrowing program.

Fiscal Year 2020 Expenditures and Reimbursements Related to COVID-19

The State has received, and expects to receive additional, funds from the federal government to cover a portion of the additional costs the State is incurring in response to the COVID-19 pandemic. To date, three pieces of federal legislation have been enacted to provide assistance.

* Preliminary, subject to change.

The Families First Act increased the reimbursement to the states under the Medicaid program by 6.2 percent, applied retroactively to January 1, 2020, through the end of the calendar quarter in which the COVID-19 emergency is determined to be over. GOMB estimates that this will increase Fiscal Year 2020 federal receipts to the General Revenue Fund by $459 million over February 2020 estimates; however, the final amount will depend on the amount of reimbursable bills released by the Comptroller's office by June 30, 2020.

The State has received additional revenues from the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The State's allocation from the $150 billion Coronavirus Relief Fund is approximately $3.5 billion, after allocations of approximately $1.4 billion to units of local government in the State with populations in excess of 500,000 which qualified for direct distributions from the federal government. This amount has been received by the State for its 'necessary expenditures' related to the COVID-19 response. Under the CARES Act, additional amounts will be available for different federally funded programs, including $108 million from the Governor's Emergency Education Relief Fund.

As of April 15, 2020, the Governor had directed the transfer of up to $489 million from the General Revenue Fund to the Illinois Emergency Management Agency ("IEMA") disaster response account to cover the March and initial April costs of the IEMA's COVID-19 response, including the purchases of personal protective equipment, ventilators and initial costs for field locations. Other IEMA costs are not yet known. The State estimates that its Coronavirus Relief Fund allocation will be sufficient to cover the majority of the State's COVID-19 response costs in Fiscal Years 2020 and 2021 and such costs should not negatively impact the position of the General Funds budget, including anticipated repayment of much of the previously directed transfers from the General Revenue Fund.

Projected Results

The Fiscal Year 2020 General Funds Budget projections, based on current appropriations, would result in Fiscal Year 2020 expenditures exceeding Fiscal Year 2020 revenues by $163 million. This does not include $91 million in supplemental General Funds appropriations estimated to be necessary to complete Fiscal Year 2020. Including the impact of those supplemental appropriations, Fiscal Year 2020 is projected to finish with a $255 million deficit.

Income Tax Proposal

The 2019 Spring legislative session saw the passage of Senate Joint Resolution Constitutional Amendment 1 ("SJRCA 1") and PA 101-0008 ("PA 101-0008"), which combined would change the State's income tax system current structure from a single tax rate on all income to a structure that levies different rates on different levels of income as a means of addressing the State's fiscal challenges (the "Income Tax Proposal").

The Income Tax Proposal requires an amendment to the Illinois Constitution (the "Income Tax Amendment"), which according to SJRCA 1 will be submitted to the voters of the State at the general election to be held on November 3, 2020. The Income Tax Amendment must be approved by 60 percent of those voting on the question or majority of those voting in the election. Pursuant to the accompanying PA 101-0008, implementation of an alternative tax structure would occur in

January 2021, providing a half year of additional revenue in State Fiscal Year 2021 if the Income Tax Amendment is passed.

GOMB estimates that the Income Tax Proposal, with the rate changes included in PA 101-0008, would generate approximately $3.1 billion in additional revenue for the State annually, and would reduce tax bills for approximately 97% of the State's tax filers due to reductions in some rates from the current 4.95%. PA 101-0008 also includes a child tax credit of $100 per child for certain tax filers and a 20% increase in the current property tax credit. The income thresholds for property tax credits remain unchanged under PA 101-0008, while single filers with net income up to $80,000 and joint filers with net income up to $100,000 are eligible for the child tax credit (though the child tax credit is reduced for single filers or joint filers with incomes in excess of $40,000 and $60,000, respectively). The State provides no assurances as to whether the Income Tax Amendment will be enacted or, if enacted, whether the Income Tax Proposal will be implemented or subsequently amended. The following table sets forth the income tax rates contained in PA 101-0008:

	Applicable Net Income Range Per PA 101-0008	
Rates(1)	**Single Filers**	**Joint Filers**
4.75%	$0 - $10,000	$0 - $10,000
4.90%	$10,001-$100,000	$10,001-$100,000
4.95%	$100,001-$250,000	$100,001-$250,000
7.75%	$250,001-$350,000	$250,001-$500,000
7.85%	$350,001-$750,000	$500,001-$1,000,000
7.99%	Over $750,000	Over $1,000,000

(1) Rates are marginal rates until income exceeds $750,000 for single filers and $1,000,000 for joint filers, after which all income is taxed at the rate of 7.99%.

FISCAL YEAR 2021 PROPOSED BUDGET

Fiscal Year 2021 Projected Revenues

In the Governor's Fiscal Year 2021 Budget Proposal, introduced on February 19, 2020, base state revenues and transfers in from other State funds were estimated to total $40.7 billion, an increase of $656 million (1.6 percent) from the estimated Fiscal Year 2020 level. The State's three largest revenue sources, individual income tax, corporate income tax and State sales tax, were estimated to total $31.7 billion at the base rates, an increase of $988 million (3.2 percent) more than then-Fiscal Year 2020 estimates.

The budget proposal also estimated that if PA 101-0008 would go into effect on January 1, 2021, the rate changes under that act would generate in Fiscal Year 2021 an additional $1.4 billion for deposit into the General Funds, after set asides for refunds, local governments and the Governor's proposed Fiscal Year 2021 additional contributions to the retirement systems. Other State source revenues were projected to total $3.4 billion, a $211 million decrease from Fiscal Year 2020 levels. Transfers into the General Funds were projected to total $2.0 billion, a decrease of $618 million (23.3 percent) from Fiscal Year 2020 estimates. Federal revenues were projected to total $3.7 billion.

However, the estimates for Fiscal Year 2021 have been updated to reflect revised estimates of economic activity in Fiscal Year 2021 following the COVID-19 outbreak. Fiscal Year 2021 base

State revenues and transfers in from other State funds are currently estimated to total $36.3 billion, a decrease of $1.5 billion (4.0 percent) from the revised estimate of Fiscal Year 2020 levels. The State's three largest revenue sources, individual income tax, corporate income tax and state sales tax, are estimated to total $27.9 billion, a decrease of $432 million (1.5 percent) from Fiscal Year 2020 estimates. The estimate assumes the deposit of $1.6 billion from base receipts into the Local Government Distributive Fund, Downstate Public Transportation Fund and Public Transportation Fund. In Fiscal Year 2020, these deposits were adjusted to 95 percent of the base statutory value. Current estimates are in line with the Governor's Fiscal Year 2021 Budget Proposal, which proposed continuing that proration.

If PA 101-0008 does go into effect on January 1, 2021, the rate changes under that act are currently estimated to generate in Fiscal Year 2021 an additional $1.2 billion for deposit into the General Funds, after set asides for refunds, local governments and the Governor's proposed Fiscal Year 2021 additional contributions to the retirement systems.

Other State source revenues are projected to total $3.3 billion, a $215 million decrease from fiscal year 2020 levels. Transfers into the General Funds are projected to total $1.6 billion, a decrease of $884 million (35.8 percent) from Fiscal Year 2020 estimates. This decrease is primarily due to a larger than usual transfer in from the Income Tax Refund Fund in Fiscal Year 2020. $617 million has been transferred from this fund in Fiscal Year 2020, compared to a projection of zero dollar projection for Fiscal Year 2021.

Federal revenues are currently projected to total $3.6 billion, an increase of $21 million (0.6 percent), but may change based on actions taken at the federal level.

Fiscal Year 2021 Governor's Proposed Budget Expenditures

The Governor's Fiscal Year 2021 Budget Proposal focused on spending in key priority areas including education, early childhood education and human services. Included in the proposed Fiscal Year 2021 budget was an increase of $604 million to support preK-12 and higher education, and an increase of $673 million to support human services agencies.

The proposed budget's estimated Fiscal Year 2021 operating expenditures are $39.8 billion, an increase from Fiscal Year 2020 of $2.2 billion (6.0 percent). Statutory transfers out of the General Funds are projected to increase by approximately $8 million to $401 million in Fiscal Year 2021 from estimated Fiscal Year 2020 transfers out of $393 million. Debt service for general obligation pension, backlog and capital bonds is projected to total $1.7 billion from the General Funds. This includes debt service on the proposed new issuances of pension acceleration and capital bonds. Fiscal Year 2021 expenditures also include $90 million for estimated interfund borrowing repayments by the Comptroller.

Fiscal Year 2021 General Funds expenditures based on a revised spending plan accounting for the impacts of COVID-19 have not been estimated, however, such amounts are expected to vary from the proposed budget. Additionally, $400 million in Treasurer's interfund borrowing repayments are estimated for Fiscal Year 2021, from agreements that were set to expire in Fiscal Year 2020 but were extended into Fiscal Year 2021 for cash flow purposes.

The issuance of $1,200,000,000* in Short-Term Debt during Fiscal Year 2020 will require repayment in Fiscal Year 2021, totaling the principal repayments plus any interest costs. See “GENERAL OBLIGATION INDEBTEDNESS—Future Financings” herein.

Fiscal Year 2021 Projected Results

While the Governor’s Fiscal Year 2021 General Funds Budget Proposal was balanced, a revised plan has not been introduced or enacted by the legislature and Governor. The Fiscal Year 2021 General Funds state source revenue estimates were revised downward by $4.6 billion from an estimated base revenue estimate of $42.1 billion (including then estimated revenues from PA 101-0008). This revenue shortfall, combined with additional Fiscal Year 2020 borrowing, has created a budgetary gap when compared to the Fiscal Year 2021 spending plan outlined by the Governor in February. Because the budget for Fiscal Year 2021 will be impacted by whether the graduated income tax structure in PA 101-0008 takes effect, there are two scenarios for the potential budget gap in Fiscal Year 2021. If PA 101-0008 takes effect, the budget gap is approximately $6.2 billion. If the graduated income tax structure in PA 101-0008 does not go into effect, the estimated budget gap is approximately $7.4 billion.

The General Assembly and the Governor still must enact a budget for Fiscal Year 2021 that reflects the revised revenue estimates. The legislative process has been disrupted by the COVID-19 emergency, and the General Assembly has not convened since March 5, 2020. Both the House and the Senate will have to take action to pass the Fiscal Year 2021 appropriations. The General Assembly’s published schedule anticipates a May 31 adjournment, which would typically occur only after completion of its legislative agenda, including passage of a Fiscal Year 2021 budget. Because of the COVID-19 emergency, it is unclear whether the General Assembly will meet that timeline, but the General Assembly can pass a timely budget with action by June 30, 2020. If the budget is not passed by May 31, then the budget and the associated appropriations must receive a vote of three-fifths of each house to be passed, instead of a majority in each house to go into effect July 1, 2020.

The following charts provide the General Funds financial walkdown for Fiscal Years 2019-2021. Certain information is either estimated or forecasted as noted in the charts.

* Preliminary, subject to change

TABLE 6
STATE OF ILLINOIS GENERAL FUNDS FINANCIAL WALKDOWN
($ millions)

	ACTUAL FY 2019	ESTIMATED FY 2020	REVISED FY 2021[2]	CHANGE: FY 2020 TO FY 2021 FORECAST $	%
GENERAL FUND RESOURCES					
State Sources: Revenues					
Net Individual Income Taxes	$19,236	$18,099	$18,361	262	1.4
Net Corporate Income Taxes	2,389	2,191	2,047	(144)	(6.6)
Net Sales Taxes	8,409	8,003	7,453	(550)	(6.9)
Total Income and Sales Taxes	**$30,034**	**$28,292**	**$27,861**	**(432)**	**(1.5)**
Other State Revenues	$ 3,526	$ 3,468	$ 3,252	(215)	(6.2)
Transfers In	2,035	2,470	1,586	(884)	(35.8)
Total State Sources	**$35,595**	**$34,229**	**$32,699**	**(1,531)**	**(4.5)**
Federal Sources	$3,600	$3,613	$ 3,634	21	0.6
TOTAL BASE RESOURCES	**$39,195**	**$37,842**	**$36,333**	**(1,510)**	**(4.0)**
Interfund Borrowing and Fund Reallocations	$ 250	$ 473	$ 0	(473)	(100.0
Treasurer's Investment Borrowing	750	400	0	(400)	(100.0)
PA 101-0008 Net Individual/Corp. Income Tax Revenues[1]	0	$0	1,174	1,174	0.0
Short-Term Borrowing Proceeds	0	$1,200	$0	(1,200)	(100.0)
TOTAL GENERAL FUND RESOURCES	**$40,195**	**$39,915**	**$37,506**	**(2,409)**	**(6.0)**
GENERAL FUNDS EXPENDITURES[2]					
Operating Expenditures	$36,395	$ 37,561			
GO Bond Debt Service Transfers	2,701	1,946			
Statutory Transfers Out	433	393			
Interfund Borrowing Repayment	10	170			
Treasurer's Investment Borrowing Repayment	763	8			
TOTAL GENERAL FUND EXPENDITURES	**$ 40,301**	**$ 40,079**			
Supplemental Appropriations	0	91			
ADJUSTED TOTAL GENERAL FUNDS EXPENDITURES	**$ 40,301**	**$41,170**			

(1) Assumes that PA 101-0008 takes effect January 1, 2021, adjusting individual and corporate income tax rates and generating an estimated $1.2 billion in FY 2021 additional revenue for the general funds, which also requires approval of SJRCA 1 by the people of the State. If PA 101-0008 does not take effect, and no other additional revenues are realized, then estimated revenues for FY 2021 will decline by $1.2 billion.

(2) While the introduced Fiscal Year 2021 General Funds budget proposal was balanced, the State expects that any enacted budget will be substantial different from such proposal as a result of the economic impacts caused by the COVID-19 pandemic. A revised State Fiscal Year 2021 General Funds budget has not yet been introduced or enacted by the legislature. As such, General Funds expenditures for Fiscal Year 2021 have not been determined at this time and are therefore not presented herein.

REBUILD ILLINOIS CAPITAL PLAN

On June 28, 2019, the Governor signed the Rebuild Illinois capital plan, which passed the General Assembly with bipartisan support, into law ("Rebuild Illinois"). Rebuild Illinois, the largest infrastructure investment in the State's history, is a six-year, $45 billion capital investment in infrastructure and economic development. Key components of the Rebuild Illinois capital plan including appropriation authority, revenues to fund the program, and increased bond authorization were included in Public Acts 101-007, 101-029, 101-030, 101-031, and 101-032 ("Rebuild Illinois Acts"). The Rebuild Illinois capital plan utilizes State bonded and pay-as-you-go funding, as well as federal, local and private funds, to support 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 six years. Major components of the plan include \$25.307 billion for roads and bridges, including \$11.0 billion in bonded funding and \$9.583 billion in pay-as-you- 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 and \$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 healthcare and human services, including \$200 million for construction and rehabilitation of affordable housing; and \$420 million 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 \$3.574 billion.

Approximately \$19.3 billion in new GO Bond authorization was passed 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 appropriations for the Rebuild Illinois capital plan. See "REVENUE BONDS—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.

An additional 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 an increase to the Motor Fuel Tax (MFT) of 19 cents per gallon that will also increase annually based on the Consumer Price Index; an increase in vehicle and electric vehicle registration fees; tiered increases for various other title and registration fees; a 5 cents per gallon tax increase on special fuels; gaming expansions that include sports wagering and changes to video and casino gaming; a new tax on parking lots and garages; a cap on the sales tax exemption value of traded-in vehicles; an increase to the cigarette tax; and legislation to increase compliance for remote online retailers collecting the state sales tax.

Revenues from gaming, the parking tax and cigarette taxes will be 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 Sections 3 and Section 6 of the Bond Act. Revenues from the vehicle license and registration fees and the increase on special fuels will be deposited into the Road Fund to support debt service costs on bonds issued under 4(a) and 4(e) of the Bond Act. Additionally, beginning in Fiscal Year 2022, 1% of the 5% State tax on motor fuel purchases will begin to be deposited into the Road Fund, as opposed to the General Funds, annually, with the entire amount being deposited to the Road Fund, in lieu of the General Funds, by Fiscal Year 2026. The revenues collected from the 19 cent increase in the MFT will be 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 will be dedicated to pay-as-you-go Rebuild Illinois projects.

Despite the effects of the COVID-19 pandemic and the response thereto, the State expects to continue to implement the Rebuild Illinois capital plan. However, some Rebuild Illinois projects already in progress are being temporarily suspended, on a case-by-case basis, in compliance with the Governor's COVID-19 related executive orders in order to provide for the safety of staff, vendors and the public at large. The State makes no prediction as to the effect of such suspensions on the timeframe for completion of such projects.

In addition, the State makes no prediction as to the effect of the COVID-19 pandemic and the response thereto on the State's receipt of the revenues described in this section. See "CERTAIN INVESTMENT CONSIDERATIONS—Impact of COVID-19" herein.

COLLECTIVE BARGAINING

As of December 31, 2019, 46,700 (92%) of the State's 50,900 employees were covered by collective bargaining agreements. Since March 1, 2019, collective bargaining agreements for substantially all covered State employees were renegotiated for the period through June 30, 2019. Moreover, most of these collective bargaining agreements, including the agreement with the American Federation of State, County and Municipal Employees ("AFSCME"), which covers approximately 36,500 State employees, have been renegotiated for a period extending through June 30, 2023.

This is very different from the status of collective bargaining just one year ago. As of March 1, 2019, the collective bargaining agreements covering nearly 40,000 State employees had been expired since June 30, 2015, and new agreements had not been negotiated. The State and the unions were operating under tolling agreements. Because the State had stopped paying the step increases authorized in the agreements after they expired, litigation ensued between the State and AFSCME. By the end of calendar year 2018, the decisions of two Illinois appellate courts had determined that the State and AFSCME had not reached impasse and that the State should not have stopped paying step increases. The Illinois Labor Relations Board (the "ILRB"), on remand from the courts, issued an order directing the State to restore the status quo of paying step increases and to "make whole" the bargaining unit employees.

In early 2019, with a change in administration, negotiations began between AFSCME and the State regarding a new collective bargaining agreement. In that context, the matters addressed in the ongoing litigation were settled. The State agreed to pay step increases retroactively to the beginning of Fiscal Year 2016. A new collective bargaining agreement was signed in June 2019 which addressed all remaining issues for both the previous period from July 1, 2015 through June 30, 2019 and the prospective period from July 1, 2019 through June 30, 2023. Substantially all payments for step increases accrued since July 1, 2015 have now been paid, an amount totaling approximately $372 million for employees covered by AFSCME.

Since the signing of the AFSCME collective bargaining agreement, the State has completed negotiations and signed collective bargaining agreements effective through June 30, 2023, covering substantially all bargaining unit employees. Those without signed agreements are either seeking ratification or are still in active negotiation.

ECONOMIC AND FISCAL POLICY REPORT: FY 2020–FY 2025

GOMB is required, pursuant to 20 ILCS 3005/7.3 et seq., to prepare annually and submit to the General Assembly an economic and fiscal policy report. Public Act 99-854 moved up the required date of publication of this report from the third business day in January to November 15th and added additional reporting requirements, including two additional years of forecasts and review of fiscal policy options when budgetary shortfalls are projected. 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 succeeding four fiscal years, and 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 and are available on GOMB's website (see APPENDIX F—WEBSITE INDEX). The most recent Economic and Fiscal Policy Report was released on October 23, 2019 (the "Report"). The Report explains that, without changes to the trajectory of the State's finances, assuming baseline revenue growth under existing law without reflecting anticipated new revenues from Public Act 101-0027's legalization of adult use cannabis or from the Income Tax Proposal, and assuming no significant new spending reforms or controls, year-end accounts payable would grow year by year during the five-year reporting period from $5.894 billion at the end of Fiscal Year 2020 to $19.230 billion in Fiscal Year 2025. The Report is available at https://www2.illinois.gov/sites/budget/Pages/PolicyReports.aspx.

GENERAL OBLIGATION INDEBTEDNESS

OUTSTANDING GENERAL OBLIGATION BONDS

Table 7 shows the statutory general obligation bond authorization, Table 8 shows the maturity schedule for all outstanding GO Bonds, and Table 9 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 7 and 8 has not been reduced by the remaining amounts otherwise available in the GOBRI Fund.

TABLE 7
GENERAL OBLIGATION BOND AUTHORIZATION
(As of April 1, 2020)

Authorization Category	**Amount Authorized**[1]	**Amount Issued**[2]	**Authorized Unissued**	**Amount Outstanding**[3]
Multi-purpose	$51,513,491,669	$29,091,137,051	$22,422,354,618	$9,728,394,017
Special-purpose[4]	250,000,000	249,998,067	1,933	0
Refunding Bonds[5]	4,839,025,000	11,608,136,425	1,335,812,199	3,250,870,000
Subtotal	$56,602,516,669	$40,949,271,543	$23,758,168,750	$12,979,264,017
Pension Bonds	17,562,348,300	17,166,000,000	396,348,300	8,850,000,000
Section 7.7 Bonds	1,000,000,000	299,595,600	700,404,400	288,000,000
Section 7.6 Bonds[6]	7,200,000,000	6,000,000,000	1,200,000,000	5,000,000,000
Total	$82,364,864,969	$64,414,867,143	$26,054,921,450	$27,117,264,017
Currently Authorized Less Refunding Bonds[7]	$77,525,839,969	$52,806,730,718		

Source: GOMB.

1 Authorizations as set forth in the Bond Act.
2 Includes bond premiums, except for Refunding Bonds and Section 7.6 Bonds which consist of principal amounts only.
3 All amounts reflect principal amount outstanding on April 1, 2020, taking into account principal amortized through April 1, 2020.
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 and premium on refunding bonds outstanding as of April 1, 2020.
6 Amount issued does not include bond premium.
7 Section 2 of the Bond Act states that the aggregate authorized amount of the general obligation bonds (excluding authorization for refunding bonds) is $78,256,839,969. The difference is attributable to expired authorization for Tobacco bonds (30 ILCS 330/7.5) and a $19,000,000 miscalculation in Section 2 of the Bond Act.

TABLE 8
MATURITY SCHEDULE – GENERAL OBLIGATION BONDS[(1)]
(As of April 1, 2020)

Fiscal Year June 30	The Bonds Principal	The Bonds Interest	General Obligation Capital Improvement and Refunding Bonds Total Principal	General Obligation Capital Improvement and Refunding Bonds Total Interest	Section 7.6 November 2017 ABCD Bonds Principal	Section 7.6 November 2017 ABCD Bonds Interest	General Obligation Pension Bonds Principal	General Obligation Pension Bonds Interest	Pension Acceleration Bonds Principal	Pension Acceleration Bonds Interest	Total Combined Total Debt Service
2020			$ 938,221,629	$ 708,223,863	$ 500,000,000	$ 261,537,500	$ 225,000,000	$ 449,550,000	$ 12,000,000	$ 15,640,533	$ 3,110,173,525
2021			962,000,883	672,695,706	500,000,000	236,537,500	275,000,000	438,412,500	12,000,000	15,546,000	3,112,192,589
2022			937,357,410	614,748,963	500,000,000	211,537,500	325,000,000	424,800,000	12,000,000	15,096,000	3,040,539,873
2023			925,772,922	571,624,275	500,000,000	186,537,500	375,000,000	408,712,500	12,000,000	14,646,000	2,994,293,198
2024			887,198,968	516,630,912	500,000,000	161,537,500	450,000,000	390,150,000	12,000,000	14,166,000	2,931,683,380
2025			819,958,835	472,898,025	500,000,000	136,537,500	525,000,000	367,200,000	12,000,000	13,662,000	2,847,256,360
2026			826,540,000	426,852,950	500,000,000	111,537,500	575,000,000	340,425,000	12,000,000	13,122,000	2,805,477,450
2027			735,350,000	386,029,975	500,000,000	87,018,750	625,000,000	311,100,000	12,000,000	12,552,000	2,669,050,725
2028			741,170,000	345,116,375	500,000,000	62,500,000	700,000,000	279,225,000	12,000,000	11,952,000	2,651,963,375
2029			722,555,000	305,437,775	500,000,000	37,500,000	775,000,000	243,525,000	12,000,000	11,328,000	2,607,345,775
2030			666,335,000	267,988,275	500,000,000	12,500,000	875,000,000	204,000,000	12,000,000	10,680,000	2,548,503,275
2031			628,285,000	233,368,100	0	0	975,000,000	159,375,000	12,000,000	10,008,000	2,018,036,100
2032			557,250,000	201,128,640	0	0	1,050,000,000	109,650,000	12,000,000	9,324,000	1,939,352,640
2033			532,230,000	171,061,130	0	0	1,100,000,000	56,100,000	12,000,000	8,628,000	1,880,019,130
2034			568,820,000	141,176,020	0	0	0	0	12,000,000	7,920,000	729,916,020
2035			498,840,000	112,615,660	0	0	0	0	12,000,000	7,200,000	630,655,660
2036			416,600,000	85,403,800	0	0	0	0	12,000,000	6,480,000	520,483,800
2037			368,600,000	65,540,000	0	0	0	0	12,000,000	5,760,000	451,900,000
2038			313,600,000	47,586,450	0	0	0	0	12,000,000	5,040,000	378,226,450
2039			281,600,000	32,292,900	0	0	0	0	12,000,000	4,320,000	330,212,900
2040			134,600,000	20,489,500	0	0	0	0	12,000,000	3,600,000	170,689,500
2041			134,600,000	14,425,750	0	0	0	0	12,000,000	2,880,000	163,905,750
2042			93,400,000	8,379,500	0	0	0	0	12,000,000	2,160,000	115,939,500
2043			74,200,000	4,555,000	0	0	0	0	12,000,000	1,440,000	92,195,000
2044			30,000,000	1,800,000	0	0	0	0	12,000,000	720,000	44,520,000
2045			30,000,000	600,000	0	0	0	0	0	0	30,600,000
Total			$ 13,825,085,646	$ 6,428,669,544	$ 5,500,000,000	$ 1,505,281,250	$ 8,850,000,000	$ 4,182,225,000	$ 300,000,000	$ 223,870,533	$ 40,815,131,974

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 2020.

TABLE 9
OUTSTANDING GENERAL OBLIGATION BONDS
(As of April 1, 2020)

Original Par[1]	Principal Currently Outstanding	Bond	Series	Dated Date
$750,000,000	$ 750,000,000	General Obligation Bonds	Series November 2019ABC	November 21, 2019
300,000,000	288,000,000	General Obligation Bonds	Series April 2019A (Taxable)	April 9, 2019
140,280,000	140,280,000	General Obligation Refunding Bonds	Series April 2019B	April 9, 2019
965,770,000	965,770,000	General Obligation Refunding Bonds	Series of September 2018	September 5, 2018
500,000,000	477,000,000	General Obligation Bonds	Series of May 2018	May 9, 2018
750,000,000	678,600,000	General Obligation Bonds	Series of December 2017	December 13, 2017
6,000,000,000	5,000,000,000	General Obligation Bonds	Series of November 2017	November 8, 2017
480,000,000	422,400,000	General Obligation Bonds	Series November 2016	November 17, 2016
1,303,145,000	1,004,290,000	General Obligation Refunding Bonds	Series October 2016	November 2, 2016
550,000,000	484,000,000	General Obligation Bonds	Series June 2016	June 29, 2016
480,000,000	403,200,000	General Obligation Bonds	Series January 2016	January 26, 2016
750,000,000	600,000,000	General Obligation Bonds	Series May 2014	May 8, 2014
250,000,000	190,000,000	General Obligation Bonds	Series April 2014	April 17, 2014
1,025,000,000	738,000,000	General Obligation Bonds	Series February 2014	February 13, 2014
350,000,000	266,000,000	General Obligation Bonds	Series December 2013 (Taxable)	December 19, 2013
1,300,000,000	988,000,000	General Obligation Bonds	Series June 2013	July 10, 2013
450,000,000	324,000,000	General Obligation Bonds	Series A of April 2013	April 10, 2013
350,000,000	252,000,000	General Obligation Bonds	Series B of April 2013 (Taxable)	April 10, 2013
50,000,000	15,000,000	General Obligation Bonds	Series September 2012	September 25, 2012
1,797,740,000	770,460,000	General Obligation Refunding Bonds	Series May 2012	May 8, 2012
575,000,000	391,000,000	General Obligation Bonds	Series March 2012	March 27, 2012
525,000,000	357,000,000	General Obligation Bonds	Series A of January 2012	January 20, 2012
275,000,000	187,000,000	General Obligation Bonds	Series B of January 2012 (Taxable)	January 20, 2012
900,000,000	576,000,000	General Obligation Bonds	Series 2010-5 (BABs)	July 21, 2010
300,000,000	192,000,000	General Obligation Bonds	Series 2010-4 (BABs)	July 1, 2010
700,000,000	420,000,000	General Obligation Bonds	Series 2010-3 (BABs)	April 26, 2010
300,000,000	180,000,000	General Obligation Bonds	Series 2010-2 (BABs)	April 26, 2010
56,000,000	33,600,000	General Obligation Bonds	Series March 2010 (Taxable)	April 26, 2010
1,501,300,000	328,240,000	General Obligation Refunding Bonds	Series February 2010	March 3, 2010
1,000,000,000	600,000,000	General Obligation Bonds	Series 2010-1 (BABs)	February 4, 2010
400,000,000	32,000,000	General Obligation Bonds	Series September 2009	September 23, 2009
329,000,000	23,500,000	General Obligation Refunding Bonds	Series June 2007B	June 27, 2007
108,000,000	6,000,000	General Obligation Bonds	Series June 2007A	June 26, 2007
150,000,000	12,000,000	General Obligation Bonds	Series April 2007	April 19, 2007
285,000,000	22,800,000	General Obligation Bonds	Series June 2006A	June 29, 2006
274,950,000	18,330,000	General Obligation Refunding Bonds	Series June 2006	June 29, 2006
325,000,000	52,000,000	General Obligation Bonds	Series January 2006	January 18, 2006
300,000,000	12,000,000	General Obligation Bonds	Series September 2005	September 29, 2005
10,000,000,000	8,850,000,000	General Obligation Bonds	Series June 2003 (Pension)	June 12, 2003
62,078,508 [2]	4,461,304 [2]	College Savings Bonds	Series October 2002	November 1, 2002
375,000,000	53,000,000	General Obligation Bonds	Series November 2001	November 1, 2001
101,855,029 [2]	5,622,052 [2]	College Savings Bonds	Series October 2000	October 19, 2000
122,334,152 [2]	3,710,661 [2]	College Savings Bonds	Series November 1998	November 10, 1998
	$27,117,264,017			

Source: GOMB.
[1] Amounts are the original par value as of date of issue.
2 Capital appreciation bonds. The amount set forth reflects the original principal amount and does not include accreted amounts.

SHORT-TERM DEBT

Pursuant to the Illinois Constitution and the Short Term Borrowing Act, the Governor, Comptroller and Treasurer are authorized to borrow through the issuance of Short-Term Debt. See "STATE OF ILLINOIS—CONSTITUTIONAL PROVISIONS–*Constitutional Provisions Relating to Short-Term Borrowing*." 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 such Act.

The State has no Short-Term Debt currently outstanding, and has not issued Short-Term Debt since July 2010. The State expects to issue Short-Term Debt in an STBA Section 1.1 Borrowing in an amount not to exceed $1,200,000,000* concurrently with the issuance of the Bonds. See "FUTURE FINANCINGS" herein.

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.

The Deposit Act was amended in 2018 to create a new "permitted investment" for the Treasurer. 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 general obligation bonds, with the Office of the Comptroller in order to enable the Comptroller to pay outstanding vouchers. As of April 1, 2020, the Treasurer invested $400 million under the program in Fiscal Year 2020 using cash from three different funds. All of the Fiscal Year 2019 investments have been repaid. The Deposit Act prohibits the use of money deposited in the GOBRI Fund for this type of investment.

FUTURE FINANCINGS

The State expects to issue Short-Term Debt in an STBA Section 1.1 Borrowing in an amount not to exceed $1,200,000,000* concurrently with the issuance of the Bonds. The STBA Section 1.1 Borrowing is being contemplated to provide funds to the State to replace revenues that were either reduced or delayed as a result of the economic impact of the COVID-19 pandemic. See "INVESTMENT CONSIDERATIONS—IMPACT OF COVID-19" herein.

Authority exists in the federal CARES Act which may allow the State to borrow funds directly from the federal government or the Federal Reserve. The provisions for such a borrowing under the CARES Act have not been fully established as of the date hereof. The State will continue to evaluate such a borrowing as the program develops.

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* Preliminary, subject to change.

Public Act 101-030 authorized the issuance of the Additional Section 7.6 Bonds in the amount of $1.2 billion. The timing and amount of such issuance will be determined by the State based on considerations such as cash flow needs.

Public Act 101-029 establishes the Rebuild Illinois capital plan. See "STATE FINANCIAL INFORMATION—REBUILD ILLINOIS CAPITAL PLAN" herein. This legislation authorizes appropriations for approximately $20.8 billion in additional GO Bonds and Build Illinois Bonds (with the authorizations for the issuance of such bonds being established in Public Act 101-030). The State expects that such bonds will be sold over a period of approximately six years depending on the cash flow needs of the projects to be financed therewith.

In addition, the State expects to issue the remaining $400 million of Section 7.7 Bonds authorized by the Bond Act as the amounts on hand from the previous issue of Section 7.7 Bonds are depleted.

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.

REVENUE OBLIGATIONS

STATE REVENUE BONDS

Revenue obligations 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. Debt service with respect to each of these obligations continues to be paid in a timely manner. The State's commitment is based upon various Illinois statutes and upon contractual arrangements with the issuers. A description of each State revenue bond program follows. Table 10 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 tax revenue bonds. After an increase in authorization as part of the Rebuild Illinois capital plan, the current Build Illinois Bond authorization is $9,484,681,100. The Build Illinois Bond Act (30 ILCS 425) contains restrictions on the issuance of Build Illinois Bonds similar to those contained in the Bond Act and described under "INTRODUCTION—AUTHORITY FOR ISSUANCE."

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.

METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITIES—CIVIC CENTER PROGRAM

In 1989, GOMB was authorized to issue Civic Center Bonds. Prior to this change, eligible civic center authorities, and later the Department of Commerce and Community Affairs, issued State-supported bonds to finance the development of community civic centers.

State of Illinois Civic Center Bonds ("Civic Center Bonds") are direct, limited obligations of the State payable from and secured by an irrevocable pledge and lien on moneys deposited in the Illinois Civic Center Bond Retirement and Interest Fund. The payment of debt service is subject to annual appropriation by the General Assembly. The 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 bondholders may not require the levy or imposition of any taxes or the application of other State revenues or funds to the payment of the bonds. As of April 1, 2020, approximately $5.4 million in principal amount of Civic Center Bonds remain outstanding. The State does not have any statutory authorization to issue additional Civic Center Bonds.

TABLE 10
MATURITY SCHEDULE – STATE REVENUE BONDS[1]
(As of April 1, 2020)

	Build Illinois Bonds		Civic Center Bonds		Total, State Revenue Bonds		
Fiscal Year	Principal	Interest	Principal	Interest	Combined Total Principal	Combined Total Interest	Combined Total Debt Service
2020	$198,570,000	$ 99,421,396	$6,103,026	$8,328,380	$204,673,026	$107,749,776	$312,422,802
2021	167,710,000	90,989,963	5,405,000	168,906	173,115,000	91,158,869	264,273,869
2022	178,170,000	84,149,398			178,170,000	84,149,398	262,319,398
2023	166,885,000	76,349,623			166,885,000	76,349,623	243,234,623
2024	159,690,000	69,077,442			159,690,000	69,077,442	228,767,442
2025	158,575,000	61,767,527			158,575,000	61,767,527	220,342,527
2026	156,725,000	54,642,906			156,725,000	54,642,906	211,367,906
2027	135,120,000	47,577,885			135,120,000	47,577,885	182,697,885
2028	113,620,000	41,535,624			113,620,000	41,535,624	155,155,624
2029	112,620,000	36,617,210			112,620,000	36,617,210	149,237,210
2030	104,515,000	31,725,781			104,515,000	31,725,781	136,240,781
2031	109,495,000	27,367,522			109,495,000	27,367,522	136,862,522
2032	102,860,000	22,870,798			102,860,000	22,870,798	125,730,798
2033	97,040,000	18,637,709			97,040,000	18,637,709	115,677,709
2034	94,575,000	14,753,655			94,575,000	14,753,655	109,328,655
2035	69,060,000	11,004,286			69,060,000	11,004,286	80,064,286
2036	69,060,000	8,026,368			69,060,000	8,026,368	77,086,368
2037	38,850,000	5,048,450			38,850,000	5,048,450	43,898,450
2038	26,350,000	3,349,850			26,350,000	3,349,850	29,699,850
2039	9,600,000	2,142,000			9,600,000	2,142,000	11,742,000
2040	9,600,000	1,720,500			9,600,000	1,720,500	11,320,500
2041	9,600,000	1,293,250			9,600,000	1,293,250	10,893,250
2042	9,600,000	866,000			9,600,000	866,000	10,466,000
2043	9,600,000	433,000			9,600,000	433,000	10,033,000
Total	$2,307,490,000	$811,368,142	$11,508,026	$8,497,287	$2,318,998,026	$819,865,429	$3,138,863,455

[1] Includes all debt service paid or payable during fiscal year 2020.

Note: Columns may not add due to rounding.

STATE AUTHORITY REVENUE BONDS

A description of revenue bond programs of State authorities follows. Table 11 identifies the current level of indebtedness for these State authority bonds.

METROPOLITAN PIER AND EXPOSITION AUTHORITY—EXPANSION PROJECT BONDS

Metropolitan Pier and Exposition Authority ("MPEA") is authorized to issue McCormick Place Expansion Project Bonds. Public Act 100-23 increased the MPEA's bond authorization by $293 million, to $2.85 billion. 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, subject to appropriation. Transfers of State sales tax revenues are subject to the prior claim for payments into the Build Illinois Fund. Public Act 96-898 provided additional financial support from the State for operations of MPEA in an amount up to $31.7 million annually until 2032.

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. The ISFA has three issues of outstanding revenue bonds, totaling $430 million in principal amount as of June 30, 2019, 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*.) 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.

TABLE 11
MATURITY SCHEDULE – STATE AUTHORITY REVENUE BONDS
(As of March 17, 2020)[1]

Fiscal Year	MPEA Expansion Project Principal	MPEA Expansion Project Interest[2]	Sports Facilities Authority Principal	Sports Facilities Authority Interest[3]	Railsplitter Tobacco Settlement Authority[3] Principal	Railsplitter Tobacco Settlement Authority[3] Interest	Total Authority Revenue Bonds Total Principal	Total Authority Revenue Bonds Total Interest	Total Authority Revenue Bonds Total Debt Service
2020	$ 15,294,563	$ 175,351,484	$ 7,587,434	$ 34,845,875	$ 98,565,000	$ 44,209,588	$121,446,998	$254,406,947	$375,853,944
2021	66,025,761	147,847,880	7,998,976	38,511,612	103,900,000	39,034,925	177,924,737	225,394,417	403,319,154
2022	47,719,997	205,736,781	8,400,360	41,028,728	109,655,000	33,548,250	165,775,357	280,313,758	446,089,115
2023	77,434,013	166,642,422	8,799,047	43,734,791	112,260,000	28,065,500	198,493,060	238,442,713	436,935,773
2024	39,951,513	229,757,574	9,185,634	46,628,204	109,745,000	22,452,500	158,882,147	298,838,278	457,720,425
2025	42,220,150	227,482,015	9,500,244	49,808,344	107,305,000	16,965,250	159,025,394	294,255,608	453,281,003
2026	61,079,129	209,759,458	15,537,481	47,458,857	105,370,000	11,600,000	181,986,610	268,818,315	450,804,925
2027	108,269,225	175,801,726	48,410,000	18,623,588	103,360,000	6,331,500	260,039,225	200,756,813	460,796,038
2028	127,972,687	171,060,400	50,350,000	16,203,088	23,270,000	1,163,500	201,592,687	188,426,988	390,019,675
2029	148,875,321	165,196,804	52,870,000	13,685,588			201,745,321	178,882,391	380,627,713
2030	10,081,635	319,993,490	55,510,000	11,042,088			65,591,635	331,035,578	396,627,213
2031	16,220,954	325,858,296	73,580,000	8,200,500			89,800,954	334,058,796	423,859,750
2032	12,650,997	329,416,256	82,620,000	4,337,550			95,270,997	333,753,806	429,024,803
2033	11,998,844	330,083,033					11,998,844	330,083,033	342,081,878
2034	11,432,732	330,636,771					11,432,732	330,636,771	342,069,503
2035	10,987,216	331,092,661					10,987,216	331,092,661	342,079,878
2036	9,070,302	333,002,033					9,070,302	333,002,033	342,072,335
2037	8,706,797	333,369,950					8,706,797	333,369,950	342,076,748
2038	8,408,151	333,664,754					8,408,151	333,664,754	342,072,905
2039	8,145,844	333,931,375					8,145,844	333,931,375	342,077,219
2040	7,974,547	334,099,033					7,974,547	334,099,033	342,073,580
2041	20,635,397	321,438,561					20,635,397	321,438,561	342,073,958
2042	232,416,135	109,658,388					232,416,135	109,658,388	342,074,524
2043	43,152,297	300,475,784					43,152,297	300,475,784	343,628,081
2044	41,109,758	302,516,757					41,109,758	302,516,757	343,626,515
2045	39,481,831	304,146,552					39,481,831	304,146,552	343,628,383
2046	37,983,031	305,641,845					37,983,031	305,641,845	343,624,876
2047	86,232,355	257,391,148					86,232,355	257,391,148	343,623,503
2048	283,333,248	60,293,521					283,333,248	60,293,521	343,626,769
2049	294,449,595	49,173,839					294,449,595	49,173,839	343,623,434
2050	267,161,264	76,464,035					267,161,264	76,464,035	343,625,299
2051	40,863,854	306,379,293					40,863,854	306,379,293	347,243,147
2052	173,573,118	173,667,496					173,573,118	173,667,496	347,240,615
2053	154,112,138	193,128,411					154,112,138	193,128,411	347,240,548
2054	68,697,913	278,545,595					68,697,913	278,545,595	347,243,507
2055	66,383,107	280,861,473					66,383,107	280,861,473	347,244,580
2056	69,562,467	277,678,237					69,562,467	277,678,237	347,240,703
2057	165,361,670	181,886,955					165,361,670	181,886,955	347,248,625
Total	$2,935,029,555	$9,289,132,084	$430,349,175	$374,108,810	$873,430,000	$203,371,013	$4,238,808,730	$9,866,611,907	$14,105,420,637

Note: Columns may not add due to rounding.
1 Includes all debt service paid or payable during Fiscal Year 2020.
2 Interest for MPEA Expansion Project Bonds and Sports Facilities Authority Bonds includes accreted principal amount on capital appreciation bonds.
3 The revenue bonds issued by Railsplitter are secured only by MSA payments and the State is not obligated in any way to pay principal and interest on these bonds.

MORAL OBLIGATION BONDS AND OTHER MORAL OBLIGATION COMMITMENTS

Currently, six entities in the State may issue moral obligation bonds. As of June 30, 2019, debt evidenced by moral obligation bonds was currently outstanding in the amount of $13.4 million. 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.

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 future requests for State appropriations will not be received by the State 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, 2019 valuation, College Illinois had an unfunded liability of approximately $317 million. No additional prepaid tuition contracts were sold during Fiscal Years 2017, 2018 and 2019 as program enrollment is currently on hold pending discussions with policy makers to help define and advance proposals that will address the College Illinois unfunded liability and strengthen the program. Should no additional prepaid tuition contracts be sold under the College Illinois program, actuaries estimate that the State will need to provide additional funds to College Illinois to support its obligations. These additional funds would need to be provided starting in 2026 and concluding in 2053 and, depending upon which actuarial assumptions are used, could total in excess of $501 million. For additional information, see ISAC's College Illinois website in APPENDIX F—WEBSITE INDEX. ISAC, in conjunction with the General Assembly and the Governor, are in discussions as to how to address the projected shortfall. Legislation has been introduced into the General Assembly which would establish an irrevocable, continuing appropriation of the amounts necessary for the State to pay the contractual obligations of the College Illinois program, and would pledge the full faith and credit of the State to such payments. The 2021 Proposed Budget included a proposal to provide additional contributions to fund the College Illinois program, beginning with the first annual contribution in

14 years to address the deficit, which would be made during Fiscal Year 2021 and would be in the amount of $27 million. No assurances as to what solution, the timing of the solution or the ultimate cost to the State, if any, including the proposal contained in the 2021 Proposed Budget, can be made at this time.

AGRICULTURAL LOAN GUARANTEE PROGRAM

The Illinois Finance Authority (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 June 30, 2019, the available balances in the reserve funds held by the IFA were $10.5 million and $8.2 million, respectively.

These reserve funds are backed by a continuing appropriation of the State's General Funds. As of June 30, 2019, the IFA loan programs secured $2.9 million in Illinois Agricultural Loans and $1.8 million in Illinois Farmer & Agribusiness Loans. In total, 85% of these two Loan Programs, or $4.6 million, 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.

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

Information relating to the State's funding for the retirement systems and other post-employment benefits, including the method of determining employer contributions, the actuarial methods and assumptions used by the retirement systems to calculate the actuarial value of assets and the actuarial accrued liability, actuarial assumptions, the net pension obligation of each retirement system, the history of contributions to the retirement systems, the funded status and projections of funded status, a discussion of the 2010 and 2017 legislation modifying the pension structure as well as a description of the post-employment health, dental, vision and life insurance benefits for certain State retirees and the funding and annual cost of such benefits is described in APPENDIX E—PENSION AND OTHER POST-EMPLOYMENT BENEFITS.

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 certain lawsuits.

JOHN TILLMAN AND WARLANDER ASSET MANAGEMENT, LP v. J.B. PRITZKER, MICHAEL W. FRERICHS AND SUSANA A. MENDOZA

On July 1, 2019, John Tillman, the Petitioner, filed a Petition with the Circuit Court of Illinois' Seventh Judicial Circuit for leave to file a taxpayer complaint against the Governor, the Treasurer and the Comptroller, each in their respective official capacities, pursuant to Section 11-303 of the Illinois Code of Civil Procedure. In the Complaint attached to the Petition, the Petitioner alleged that (i) the $10,000,000,000 General Obligation Bonds, Pension Funding Series of June 2003, and (ii) the $6,000,000,000 Initial Section 7.6 Bonds are unconstitutional debt under the Illinois Constitution.

The Petitioner contended that the Illinois Constitution expressly limits the State's power to incur debt, and the purposes for which such bonds were issued are not among the authorized "specific purposes" under Article IX, section 9(b) of the Illinois Constitution. Within the Complaint, the Petitioner sought to enjoin the constitutional offices from making expenditures of public funds to pay debt service on such bonds.

On August 29, 2019, the Circuit Court issued an order denying the Petition for leave to file, finding that the legislature stated with reasonable detail the specific purposes for the issuance of the subject bonds and assumption of the debt and, thus, that reasonable grounds do not exist for filing the proposed Complaint.

On September 3, 2019, the Petitioner filed a notice of appeal to the Illinois Fourth District Appellate Court. The matter has been fully briefed by both the Petitioner and the State. Oral arguments were tentatively set for May 13, 2020; however, the Court announced on April 7, 2020, that it would decide the case without oral arguments, based on the briefs. The State is currently awaiting the decision of the Court.

ILLINOIS (DEP'T OF CENTRAL MGMT. SERVS.) V. ILRB

This litigation dealt with the handling of the collective bargaining agreement between the State and AFSCME for the period between July 1, 2015, and June 30, 2019. The matters in controversy in this litigation have now been fully settled by the parties. The State agreed to pay prior year step increases for the period plus interest, and has now made substantially all required payments totaling approximately $372 million. The State and AFSCME have settled all issues related to the period from July 1, 2015 through June 30, 2019, and have negotiated and entered into a new collective bargaining agreement effective through June 30, 2023.

N.B. V. EAGLESON

N.B. v. Eagleson, filed in 2011 and amended in 2012, is a certified class action lawsuit alleging that the Illinois Department of Healthcare and Family Services (HFS) is not in compliance with the Early and Periodic Screening Diagnostic and Treatment requirement of the federal Medicaid statute for treatment of children's behavioral and mental health disorders. Additionally, the class alleges that HFS is violating the federal Americans with Disabilities Act and the Rehabilitation Act by failing to provide services for these children in most community-integrated settings.

In February 2014, the Court certified a class of "[a]ll Medicaid eligible children under the age of 21 in the State of Illinois: (1) who have been diagnosed with a mental health or behavioral disorder; and (2) for whom a licensed practitioner of the healing arts has recommended intensive home and community-based services to correct or ameliorate their disorders."

The parties conducted settlement discussions, ultimately resulting in a consent decree that the district court preliminarily approved on October 27, 2017. The district court conducted a fairness hearing on December 19, 2017 and granted final approval to the consent decree on January 16, 2018. The consent decree requires HFS to develop, through an implementation plan, a behavioral health delivery model to provide a continuum of Medicaid-authorized mental and behavioral health services, and to achieve certain 5-year and 7-year benchmarks for implementation of the required services. The Implementation Plan was developed by the Department with input from the Expert, Class Counsel and stakeholders and was finalized by agreement of the parties on December 2, 2019.

LIGAS V. EAGLESON AND HOU

Ligas v. Eagleson is a class action lawsuit. On August 18, 2017, HFS and DHS were found not to be in substantial compliance with the Consent Decree entered on June 15, 2011. The agencies were supposed to establish a plan for compliance, but the Court, on June 6, 2018, determined that the proposed plan does not adequately address shortcomings previously identified. They failed to provide resources of sufficient quality, scope, and variety. They were supposed to (1) expand the pool of candidates for service providers, (2) increase funding for wages, (3) enhance monitoring of service delivery, and (4) make programmatic adjustments and enhancements. Efforts were found inadequate to address wages, staffing and retention.

The Court found Defendants' plan for wages inadequate, and declared that for the defendants to truly comply and provide adequate services, the parties and stakeholders will have to come together to formulate a long-term plan to address these issues. The Parties are currently negotiating an adjustment to the reimbursement rates for Direct Support Professionals (DSPs) within the intellectual/developmental disabilities system.

The Court directed the parties to continue to develop a plan to address the issues causing the reduction in services and to bring the State into substantial compliance. In May 2019, the parties finalized the "Implementation Plan FY2019 Revisions" and a "Reasonable Pace" plan for moving people off of the wait list for waiver services. The State is taking other actions to achieve compliance, such as negotiating rate increases for direct service providers and initiating compliance monitoring of a sample of Ligas class members to ensure appropriate services are being provided.

RASHO V. WALKER

Rasho v. Walker is a class-action lawsuit, filed in 2007, that challenges the constitutional adequacy of the mental health services provided statewide to offenders with a particular emphasis on those who are seriously mentally ill. The Department of Corrections ("DOC") currently has 11,374 offenders on the mental health caseload and 4,481 of those offenders are seriously mentally ill. A 2012 report identified various deficiencies in DOC's mental health services. As a result of that report, DOC began engaging in settlement negotiations with the Plaintiffs to change many DOC practices including, but not limited to, filling mental health staffing vacancies, procuring inpatient care for the most seriously mentally ill offenders, and coming up with a comprehensive plan to improve the DOC mental health care system. As part of the comprehensive plan previously agreed to by the then court-appointed monitor and Plaintiffs, DOC established four levels of care: inpatient, residential, outpatient and crisis, and began making plans to provide care at each level, which included capital projects. Offenders in need of inpatient level of care need to be housed in a forensic hospital-like setting. A temporary facility is now open and operational at Elgin Mental Health Center and a new permanent facility is under construction at Joliet. Offenders in need of residential treatment are now being housed in residential treatment units ("RTUs") located at Dixon, Logan, IYC Joliet and Pontiac. In addition to serving the residential treatment population, IYC Joliet will also serve the sub-acute and behavioral management populations. Establishment of these levels of care and housing units has required extensive hiring and construction which is nearly complete at each of the four residential treatment facilities.

On May 13, 2016, the judge approved the parties' settlement agreement. Under the settlement agreement, the parties agreed that the Court would retain jurisdiction for a three-year period after a budget is approved to allow DOC time to (1) fully develop the four levels of care, (2) complete necessary capital projects, (3) hire and train requisite staff and, ultimately, (4) revamp DOC's entire mental health system and allow plaintiffs to reopen litigation in the event of non-compliance with the terms of the agreement.

The State continues to work on implementation of the *Rasho* settlement. In October 2017, plaintiffs filed a motion to enforce the settlement agreement. The court held hearings and entered an order dated May 25, 2018, finding DOC out of compliance with the settlement agreement, citing inadequate staffing as a chief concern, and imposing obligations on DOC pursuant to a preliminary injunction to take certain actions during the 90 days following the date of the order. Actions taken did not satisfy the court, and a permanent injunction was entered on December 20, 2018. On November 15, 2019, the plaintiffs filed a motion for contempt alleging the Department has failed to comply with the injunction in its entirety. A hearing on the motion for contempt has been postponed to June 8, 2020, to give the parties time to try to resolve the motion outside of court.

The Court Monitor, in its third annual report dated May 28, 2019, indicated that DOC "has greatly improved its ability to care for mentally ill offenders," but cites staffing issues as the major problem still preventing DOC from being substantially compliant with several areas of the settlement agreement. DOC continues efforts to comply with the settlement agreement and the permanent injunction.

CAHOKIA UNIT SCHOOL DISTRICT NO. 187 V. GOV. RAUNER AND THE STATE OF ILLINOIS

Cahokia Unit School District No. 187 v. Gov. Rauner and the State of Illinois is a suit filed in St. Clair County by 22 school districts to compel the State of Illinois to increase funding for public schools. Plaintiffs filed an Amended Complaint on May 21, 2018 claiming as a matter of constitutional right that the State's funding of K-12 public education should increase by an additional $7.2 billion and seeking a judgment requiring the State to pay nearly double the existing appropriation. The State filed a motion to dismiss on July 20, 2018. The Court dismissed the complaint with prejudice. The plaintiffs have filed a notice of appeal and the case remains pending in the Fifth District Appellate Court.

KOSS V. EAGLESON AND HOU

Koss v. Eagleson and Hou, Case No. 17-cv-2762; 19-1254, is a class action in the Northern District of Illinois that was filed in April 2017 on behalf of individuals seeking eligibility for and payment of long-term care Medicaid benefits in nursing facilities and supportive living facilities. The plaintiffs allege that the Department of Health and Family Services and Department of Human Services fail to make a timely determination of eligibility and to pay those benefits, and they seek an order requiring the departments to make timely determinations and payments, including by granting presumptive eligibility for benefits when determinations are not timely.

On March 29, 2018, Judge Gottschall certified a class and issued a preliminary injunction requiring the State defendants to determine the eligibility of class members for long-term care Medicaid benefits by June 28, 2018 and, beginning June 28, 2018, to pay the long-term care services and other Medicaid benefits to class members while their applications remain pending beyond the Medicaid Act's deadlines for eligibility determination. The State defendants' motion for reconsideration of that order was denied and an appeal has been filed with the United States Court of Appeals for the Seventh Circuit.

Subsequent to the Court's entry of the preliminary injunction in *Koss*, the General Assembly enacted amendments to the Public Aid Code (codified at 305 ILCS 5/11-5.4(h)) providing "provisional eligibility" to individuals while their applications for long-term care services remain pending beyond federally established timelines and requiring payment of claims for Medicaid-covered services during the period of provisional eligibility.

RATINGS

Moody's has assigned a rating of "Baa3" (Negative Outlook) to the Bonds, S&P has assigned a rating of "BBB-" (Negative Outlook) to the Bonds and Fitch has assigned a rating of "BBB-" (Negative Outlook) to the Bonds. See "CERTAIN INVESTMENT CONSIDERATIONS—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 the ratings and the Bonds should be evaluated independently.

The State will provide appropriate periodic credit information necessary for maintaining ratings on the Bonds to the rating agencies. Except as may be required by the Undertakings 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") led by BofA Securities, Inc. ("BofA Securities"). pursuant to, and subject to certain conditions set forth in, a Contract of Purchase by and among the Underwriters and the State (the "Contract of Purchase") at a purchase price of: (i) with respect to the May 2020A Bonds, $_________ (being the principal amount of $_________ less an Underwriters' discount of $________), and (ii) with respect to the May 2020B Bonds, $_________ (being the principal amount of $_________, plus 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.

BofA Securities, an underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

Stern Brothers & Co., an Underwriter of the Bonds, has entered into agreements (the "Stern Brothers Agreement") with BNY Mellon Capital Markets, LLC ("BNYMCM") for the distribution of certain municipal securities offerings at the original issue price. Pursuant to the Stern Brothers Agreement, Stern Brothers & Co. may sell the Bonds to BNYMCM and will share a portion of its selling concession compensation, if applicable.

Melvin Securities, LLC, an Underwriter of the Bonds, has entered into an agreement (the "Melvin Agreement") with 280 Securities for the distribution of certain municipal securities offerings at the original issue price. Pursuant to the Melvin Agreement, Melvin Securities, LLC may sell the Bonds to 280 Securities and will share compensation with 280 Securities for 280 Securities' sale of a Bond.

Academy Securities, Inc., an Underwriter of the Bonds, has entered into Third-Party Distribution Agreements with TD Ameritrade Inc., BNYMCM, Commonwealth Financial Network, R. Seelaus & Co., Ross, Sinclaire & Associates, Inc., Intercoastal Capital Markets, Inc., Janney Montgomery Scott LLC, The GMS Group LLC, 280 Securities, Mountainside Securities LLC, and World Equity Group, Inc. for the retail distribution of certain municipal securities at the original issue prices. Pursuant to these Third-Party Distribution Agreements (if applicable to this transaction), Academy Securities, Inc. may share a portion of its underwriting compensation with these firms.

The Underwriters and their respective affiliates are full-service financial institutions engaged in various activities that 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 offering 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

MAY 2020A BONDS

Interest on the May 2020A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the May 2020A Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the May 2020A Bonds should consult their tax advisors with respect to the inclusion of interest on the May 2020A Bonds in gross income for federal income tax purposes and any collateral tax consequences.

MAY 2020B BONDS

Federal tax law contains a number of requirements and restrictions which apply to the May 2020B May 2020B 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 May 2020B Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the May 2020B Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the May 2020B 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 May 2020B Bonds, interest on the May 2020B Bonds, is excludable 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.

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 May 2020B 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 May 2020B 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 May 2020B Bonds is the price at which a substantial amount of such maturity of the May 2020B 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 May 2020B 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 May 2020B 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 May 2020B 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 excludable 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 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 May 2020B Bonds who dispose of May 2020B Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase May 2020B Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase May 2020B Bonds subsequent to the initial public offering should consult their own tax advisors.

If a May 2020B Bond is purchased at any time for a price that is less than the May 2020B 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 a May 2020B 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 a May 2020B 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 May 2020B Bond. Persons purchasing the May 2020B Bonds should consult their own tax advisors regarding the potential implications of market discount with respect to the May 2020B Bonds.

An investor may purchase a May 2020B 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 May 2020B 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 May 2020B Bond. Investors who purchase a May 2020B Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the May 2020B Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the May 2020B Bond.

There are or may be pending in the Congress of the United States 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 May 2020B Bonds. Prospective purchasers of the May 2020B 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 May 2020B Bonds. If an audit is commenced, under current procedures the Service may treat the State as a taxpayer and the May 2020B 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 May 2020B 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 May 2020B Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any May 2020B 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 May 2020B 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 of Illinois income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses 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 MSRB pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the SEC under the Securities Exchange Act of 1934, as amended. The proposed form of the Undertaking is included as APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING to this Official Statement.

In the previous five years, there have been certain failures by the State in connection with its continuing disclosure filings.

- For Fiscal Year 2014, the annual financial information for certain series of the State's debt obligations omitted tables titled "Revenues and Cash Expenditures-General Revenue Fund," "Cash Expenditures by Category and Function-General Revenue Fund," "General Obligation Bonds," "Cash Expenditures by Category–Road Fund," "General Funds Appropriations" and "Illinois School Enrollment." A notice of the Failure to File Annual Financial Information was filed on EMMA in December, 2015, noting the correction.

There have also been numerous rating actions reported by the rating agencies affecting the municipal bond insurance companies, some of which had insured obligations previously issued by the State. In some instances, event notices were not timely filed with respect to these ratings changes.

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 CAFR has not been available when the Annual Financial Information has been filed, but has been filed within 30 days after its availability to GOMB.

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 (the "Bond Sale Order"), 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 approving legal opinions of Co-Bond Counsel, i.e., Chapman and Cutler LLP, Chicago, Illinois ("Chapman"), and Charity & Associates, P.C., Chicago, Illinois, 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 B—FORM OF APPROVING OPINION OF CO-BOND COUNSEL. Chapman has also been retained by the State to serve as Disclosure Counsel to the State with respect to the Bonds. Although as Disclosure Counsel to the State, Chapman has assisted the State with certain disclosure matters, Chapman has not undertaken to independently verify the accuracy, completeness or fairness of this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman's engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the State, to assist it in discharging its responsibility 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 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, Mayer Brown LLP.

AUDITED FINANCIAL STATEMENTS

The State Auditor General has performed an audit of the basic financial statements that accompany each CAFR 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 unqualified opinion appears at the beginning of the financial section of each CAFR. The State Auditor General has not been requested to update the information contained in the financial statements in the Fiscal Year 2018 CAFR which has been filed with EMMA and is referred to in "STATE FINANCIAL INFORMATION."

A portion of 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 of Illinois State Comptroller Act. Tables 3 and 4, which appear under "STATE FINANCIAL INFORMATION," Table A-4, which appears in APPENDIX A—CERTAIN INFORMATION

REGARDING THE STATE OF ILLINOIS, and Table G-1, which appears in APPENDIX G—ACCOUNTING PRACTICES USED IN STATE FINANCIAL INFORMATION, are not part of the financial statements in the TBFR that were the subject of such audit.

MUNICIPAL ADVISOR

Acacia Financial Group and Swap Financial Group are serving as Municipal Advisors (the "Advisors") to the State in connection with the issuance of the Bonds. The Advisors are independent advisory firms and are not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. Under the terms of their engagements, the Advisors are not obligated to undertake, and have not undertaken, an independent verification of, nor have assumed responsibility for, the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Advisors 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: /s/
Director, Governor's Office of Management and Budget

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APPENDIX A

CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS

PART I: MEASURES OF DEBT BURDEN

Tables A-1 through A-3 show various measures of the relative burden of the State's general obligation debt and debt service.

TABLE A-1
RATIO OF GENERAL OBLIGATION DEBT SERVICE
TO TOTAL GENERAL AND ROAD FUND APPROPRIATIONS
FISCAL YEARS 2015-2019
June 30 Fiscal Year End

Fiscal Year	Total Appropriations[1] ($ In Millions)	Capital Improvement Bonds Debt Service[2] % of Appropriations	Pension Bonds Debt Service % of Appropriations	Section 7.6 Bonds Debt Service % of Appropriations
2015	37,987	4.60%	4.73%	0.00%
2016[3]	34,304	4.96%	3.95%	0.00%
2017[3]	38,915	4.37%	4.23%	0.00%
2018	42,361	4.00%	3.82%	0.34%
2019	43,557	3.89%	3.64%	1.81%

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. The General Funds include the General Revenue Fund, the Education Assistance Fund, the Common School Fund, the General Revenue-Common School Special Account Fund, the Fund for Advancement of Education, the Commitment to Human Services Fund and the Budget Stabilization Fund. The latter three funds were added to the state definition of General Funds beginning in FY 2018 with ILCS 20/50-40. Appropriations in this table have been restated to include all of the funds currently included in the definition of General Funds.

2 Does not include annual amounts paid to the trustee for the initial interest requirement for the Series of October 2003B Bonds. The October 2003B Bonds have been refunded by the State in their entirety.

3 FY2016 and FY2017 Total Appropriations include enacted General Funds (reflecting the new definition of General Funds) appropriations and enacted Road Fund appropriations, continuing appropriations and spending authority established pursuant to court orders or consent decrees from the General Funds.

TABLE A-2
RATIO OF GENERAL OBLIGATION DEBT OUTSTANDING TO ILLINOIS PERSONAL INCOME
FISCAL YEARS 2015-2019[1]
June 30 Fiscal Year End

Fiscal Year	Illinois Personal Income ($ In Billions)	Capital Improvement and Refunding Bonds % of Personal Income	Pension Bonds[2] % of Personal Income	Section 7.6 Bonds % of Personal Income	Section 7.7 Bonds % of Personal Income
2015	651.4	2.17%	1.95%	N/A	N/A
2016	670.3	2.13%	1.79%	N/A	N/A
2017	682.5	2.01%	1.61%	N/A	N/A
2018	708.8	1.98%	1.40%	0.85%	N/A
2019	737.3	1.77%	1.20%	0.75%	0.04%

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

1 Current data as of September 24, 2019. Debt outstanding as of June 30 of each fiscal year.

2 Includes 2003, 2010, and 2011 pension funding bonds. The 2010 pension bonds fully matured in Fiscal Year 2015 and the 2011 pension bonds matured in Fiscal Year 2019.

TABLE A-3
GENERAL OBLIGATION DEBT PER CAPITA – ILLINOIS
FISCAL YEARS 2015-2019
June 30 Fiscal Year End[1]

	FY2015	FY2016	FY2017	FY2018	FY2019
Population (in Thousands)	12,879	12,847	12,809	12,765	12,719
Capital Improvement and Refunding Bonds	$1,098	$1,109	$1,070	$1,098	$1,028
Pension Bonds[2]	$986	$934	$857	$778	$696
Section 7.6 Bonds	N/A	N/A	N/A	$470	$432
Section 7.7 Bonds	N/A	N/A	N/A	N/A	$24

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

1 Current data as of September 24, 2019. Fiscal Year population reflects an average of four quarters of U.S. Census Bureau population data. Debt represented is the principal amount outstanding on June 30 of each year.

2 Includes 2003, 2010, and 2011 pension funding bonds. The 2010 pension bonds fully matured during Fiscal Year 2015 and the 2011 pension bonds fully matured during Fiscal Year 2019.

PART II: HISTORICAL STATE RECEIPTS, APPROPRIATIONS AND DISBURSEMENTS

TABLE A-4
10 YEAR HISTORY OF RECEIPTS, APPROPRIATIONS AND WARRANTS
($ in millions)
June 30 Fiscal Year End

Fund Group	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
CASH RECEIPTS										
General Funds	$26,424	$29,548	$31,886	$34,332	$34,580	$32,872	$28,752	$27,831	$36,240	$37,091
Highway Funds	4,480	4,403	4,256	4,094	4,225	4,538	4,410	4,452	4,062	4,136
Special State Funds	19,570	22,145	16,961	19,334	21,574	24,701	23,157	24,233	33,956	29,198
Bond Financed Funds	3,489	1,191	2,145	2,038	4,227	0	1,084	1,133	1,302	559
Debt Service Funds	1,840	572	2,595	734	835	798	835	2,304	960	2,182
Federal Trust Funds	4,949	5,095	5,274	4,970	5,148	4,856	4,846	4,825	4,581	4,700
Revolving Funds	525	545	627	539	618	534	335	617	409	559
State Trust Funds	3,598	4,106	4,335	4,535	4,593	2,614	1,741	1,951	5,037	4,887
TOTAL, CASH RECEIPTS	**$64,875**	**$67,605**	**$68,079**	**$70,576**	**$75,800**	**$70,913**	**$65,160**	**$67,346**	**$86,547**	**$83,312**
APPROPRIATIONS										
General Funds	$27,198	$26,079	$29,584	$30,848	$32,146	$31,799	$28,536	$31,783	$36,179	$37,234
Highway Funds	9,219	8,826	8,888	8,284	8,387	8,093	8,070	7,954	8,507	8,999
Special State Funds	22,566	24,488	23,925	28,679	31,649	33,710	33,550	39,982	36,166	36,216
Bond Financed Funds	18,750	17,420	15,372	13,948	11,387	9,882	4,346	4,955	4,534	7,559
Debt Service Funds	5,942	4,617	5,371	3,545	3,600	4,285	3,536	5,237	3,960	5,850
Federal Trust Funds	10,377	10,429	9,479	8,026	8,160	8,058	8,288	8,752	8,282	8,401
Revolving Funds	895	896	946	981	953	905	927	1,468	938	1,217
State Trust Funds	743	737	750	857	931	638	604	625	605	676
TOTAL, APPROPRIATIONS	**$95,690**	**$93,492**	**$94,315**	**$95,168**	**$97,213**	**$97,370**	**$87,857**	**$100,756**	**$99,171**	**$106,152**
WARRANTS ISSUED										
General Funds	$26,301	$25,447	$29,209	$30,293	$31,479	$30,763	$26,750	$29,421	$35,381	$36,361
Highway Funds	4,003	3,686	3,836	3,598	3,626	3,728	4,039	3,748	3,813	3,707
Special State Funds	16,785	17,474	17,808	21,079	22,512	25,285	22,356	28,298	29,366	27,276
Bond Financed Funds	1,328	1,969	2,134	2,655	2,394	2,226	777	1,352	531	574
Debt Service Funds	5,875	4,596	5,187	3,330	3,589	4,050	3,536	5,212	3,960	5,760
Federal Trust Funds	5,254	5,258	5,090	4,969	5,061	4,781	4,906	4,787	4,597	4,721
Revolving Funds	677	655	685	716	704	681	546	733	699	705
State Trust Funds	4,207	4,331	3,924	4,173	4,298	2,257	1,248	1,184	5,181	4,389
TOTAL, WARRANTS ISSUED	**$64,430**	**$63,416**	**$67,873**	**$70,813**	**$73,663**	**$73,771**	**$64,158**	**$74,735**	**$83,528**	**$83,493**

TABLE A-5
CASH RECEIPTS AND DISBURSEMENT – GENERAL FUNDS[1]
FISCAL YEARS 2015-2019
($ in millions)
June 30 Fiscal Year End

	FY2015	FY2016	FY2017	FY2018	FY2019
Available Balance, Beginning	**$ 349**	**$ 942**	**$ 967**	**$ 1,368**	**$ 125**
Cash Receipts					
State Revenues					
Income Tax	$18,604	$15,779	$14,993	$19,742	$21,625
Sales Tax	8,030	8,063	8,043	7,810	8,409
Public Utility Tax	1,006	926	884	896	863
Cigarette Tax	353	353	353	344	361
Inheritance Tax	333	306	261	358	388
Liquor Gallonage Tax	167	169	171	172	172
Insurance Tax & Fees	353	398	391	432	396
Corporate Franchise Tax	211	207	207	207	247
Investment Income	25	25	37	79	145
Intergovernmental Transfers	244	244	244	244	244
Other	735	574	725	719	710
Total, State Revenues	$30,061	$27,045	$26,308	$31,003	$33,560
Federal Revenues					
Medicaid & Social Services	$3,331	$2,665	$2,483	$5,238	$3,600
Transfers In					
From Other State Funds[2]	$2,931	$1,581	$1,542	$4,677	$2,035
Total Revenues	**$36,323**	**$31,291**	**$30,333**	**$40,918**	**$39,195**
Interfund Borrowing[3]	$377	$0	$0	$533	$250
Treasurer's Investments	0	0	0	0	750
Total Cash Receipts[4]	**$36,700**	**$31,291**	**$30,333**	**$41,451**	**$40,195**
Cash Disbursements					
Expenditures for Appropriations					
Operations	$10,643	$7,041	$8,061	$11,464	$12,723
Awards and Grants	21,311	20,394	21,943	23,626	24,223
Permanent Improvements	7	5	6	6	5
Refunds	0	0	0	5	5
Vouchers Payable Adjustment	(459)	(888)	(4,017)	3,721	(1,075)
Prior Year Adjustments	(12)	(12)	(5)	(28)	(27)
Transfers Out					
Debt Service Funds[5]	2,094	1,979	2,235	2,899	2,701
Other State Funds[2]	2,522	2,746	1,696	873	526
Repayment of Interfund Borrowing	0	0	15	128	10
Repayment of Treasurer's Investments	0	0	0	0	763
Total Cash Disbursements	**$36,108**	**$31,265**	**$29,932.61**	**$42,694**	**$39,854**
Cash Balance, Ending	**$ 942**	**$ 967**	**$ 1,368**	**$ 125**	**$ 466**

Source: Based on information from the Illinois Office of the Comptroller. May not add due to rounding.

1 Prior to Fiscal Year 2018, General Funds included the General Revenue Fund, Common School Fund, General Revenue-Common School Special Account Fund and the Education Assistance Fund. Starting in Fiscal Year 2018, General Funds also includes Commitment to Human Services Fund, Fund for the Advancement of Education and Budget Stabilization Fund. All Fiscal Years in this table represent the current definition of General Funds.

2 Excludes transfers to and from the Budget Stabilization Fund.

3 Pursuant to Public Act 099-0523, the $377 million of interfund borrowing in Fiscal Year 2015 is not required to be repaid. However, the State has repaid $15 million.

4 See "State Indebtedness Information" for additional information.

5 Includes debt service on 2003, 2010, and 2011 pension funding bonds.

TABLE A-6
CASH RECEIPTS AND DISBURSEMENTS – ROAD FUND
FISCAL YEARS 2015-2019
($ in millions)
June 30 Fiscal Year End

	FY2015	FY2016	FY2017	FY2018	FY2019
Available Balance, Beginning	**$915**	**$916**	**$1,134**	**$1,214**	**$624**
Cash Receipts					
State Revenues					
Motor Vehicle & License Fees	783	779	803	737	852
Certificates of Title	86	87	86	84	84
Property Sales (City & County)	142	125	91	93	89
Miscellaneous	74	73	111	79	65
Total, State Revenues	$1,085	$1,064	$1,090	$993	$1,090
Federal Revenues	1,721	1,537	1,558	1,276	1,262
Transfers In					
Motor Fuel Fund	289	307	303	305	304
Other Funds	0	0	0	0	102
Prior Year Refunds	3	4	32	6	106
Total Cash Receipts	**$3,097**	**$2,913**	**$2,984**	**$2,579**	**$2,864**
Cash Disbursements					
Expenditures for Appropriations	2,478	2,332	2,576	2,562	2,452
Transfers Out					
Debt Service Funds[1]	347	334	305	349	339
Other State Funds[2]	271	30	23	258	356
Total Cash Disbursements	**$3,096**	**$2,695**	**$2,904**	**$3,169**	**$3,147**
Cash Balance, Ending	**$ 916**	**$1,134**	**$1,214**	**$ 624**	**$ 342**

Source: Illinois Office of the Comptroller. May not add due to rounding.
1 Reflects debt service on GO Bonds.
2 Fiscal Year 2015 includes Fund Reallocation transfers to the General Revenue Fund in the amount of $250 million.

PART III: ECONOMIC DATA

Illinois is a state of diversified economic strength. Based on data from the U.S. Department of Commerce Bureau of Economic Analysis, the Illinois economy is the 5th largest in the United States and, based on information from the World Bank, the Illinois economy is the 18th largest in the world. Measured by per capita personal income, Illinois ranks third among the ten most populous states and fifteenth among all states. The State has a highly educated population, with 35.1% of State residents holding college degrees compared to 31.1% of Midwest residents and 32.6% of the population of the United States (numbers reflect educational attainment among residents ages 25 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. Table A-7 shows the State has a historically higher per capita real GDP than the Great Lakes Region (consisting of the State, Indiana, Michigan, Ohio and Wisconsin) and the United States. Table A-8 shows the distribution of Illinois non-agricultural employment by industry sector.

TABLE A-7
PER CAPITA REAL GDP (CHAINED 2012 DOLLARS)
CALENDAR YEARS 2014-2018

	2014	2015	2016	2017	2018
United States	$54,279	$54,774	$55,720	$57,052	$58,107
Illinois	57,899	58,279	58,976	60,504	61,713
Great Lakes Region(1)	49,882	50,432	51,070	52,120	52,736

Source: Bureau of Economic Analysis, current data as of April 7, 2020.

(1) Great Lakes states include the State, Indiana, Michigan, Ohio and Wisconsin.

TABLE A-8
NON-AGRICULTURAL PAYROLL JOBS BY INDUSTRY
CALENDAR YEAR 2019
(Thousands)

Industry Employment Sector	Illinois	% of Total	U.S.	% of Total
Financial Activities	411	6.7%	8,746	5.8%
Manufacturing	586	9.6%	12,839	8.5%
Trade, Transportation and Utilities	1205	19.7%	27,715	18.4%
Leisure and Hospitality	621	10.2%	16,576	11.0%
Education and Health Services	939	15.4%	24,177	16.0%
Mining, Logging, Information and Other Services	359	5.9%	9,488	6.3%
Government	825	13.5%	22,594	15.0%
Professional and Business Services	945	15.4%	21,313	14.1%
Construction	227	3.7%	7,492	5.0%
Total	**6,118**	**100.0%**	**149,074**	**100.0%**

Source: Bureau of Labor Statistics, March 16, 2020. Both State and national data not seasonally adjusted.

Illinois ranks prominently among states for agricultural activity and exports. Table A-9 summarizes key agricultural production statistics including rank among all states in 2018.

TABLE A-9
AGRICULTURAL EXPORTS
CALENDAR YEAR 2018
($ in Millions)

Agricultural Exports	U.S. Total	Illinois Share	% of U.S.	Rank
All Commodities	$138,916	$8,488	6.1%	3
Soybeans	17,063	2,581	15.1%	1
Feeds	9,092	1,243	13.7%	2
Corn	12,467	2,003	16.1%	2
Grain Products	4,223	490	11.6%	2

Source: U.S. Department of Agriculture, Economic Research Service. Calendar year 2018 is the most recent calendar year for which information is available, which data was most recently revised as of October 28, 2019.

U.S. trade policy has generated some concern among certain U.S. producers who fear retaliatory tariffs may increase import costs, decrease commodity prices, disrupt supply lines and possibly cause an economic slowdown. Many argue that the main risk to trade growth is uncertainty regarding the direction of U.S. trade policy. In Illinois, the agricultural and manufacturing industries are the most export-dependent industries. Higher tariffs on imports has led to retaliation by trading partners, which could reduce exports.

The United States has recently signed trade agreements involving Canada, China and Mexico, the State's three largest international trading partners. Such agreements include (i) the U.S.-China phase one trade agreement, pursuant to which China has pledged $77.2 billion in additional Chinese purchases of U.S. manufactured goods, and $3.2 billion in additional U.S. purchases of Chinese goods, as well as a reduction in tariffs on Chinese goods, and (ii) the United States-Mexico-Canada Agreement, the same begin the replacement for the North American Free Trade Agreement, which has been ratified by the U.S. and Mexico.

Per capita income in Illinois is greater than the average in both the United States and the Great Lakes Region. Table A-10 presents per capita income comparisons, and Table A-11 shows unemployment rate comparisons for the United States, Illinois and its metropolitan areas.

TABLE A-10
PER CAPITA PERSONAL INCOME
CALENDAR YEARS 2015-2019

	2015	2016	2017	2018	2019	2019 Rank
Illinois	$51,541	$52,299	$53,974	$56,919	$58,935	**14**
United States	48,994	49,890	51,910	54,526	56,663	--
Ten Most Populous States:						
New York	59,162	61,251	65,648	68,710	71,440	1
California	55,808	57,801	60,219	63,711	66,661	2
Illinois	51,541	52,299	53,974	56,919	58,935	**3**
Pennsylvania	50,382	51,619	53,155	56,252	58,775	4
Texas	46,605	45,654	47,975	50,483	52,504	5
Florida	45,321	45,721	47,899	50,199	51,989	6
Ohio	44,341	45,043	46,669	48,793	50,546	7
Michigan	43,536	44,874	46,273	48,480	50,320	8
Georgia	41,692	42,705	44,548	46,519	48,199	9
North Carolina	41,857	42,659	44,192	46,126	47,803	10
Great Lakes States:						
Illinois	51,541	52,299	53,974	56,919	58,935	**1**
Wisconsin	46,685	47,553	49,305	51,647	53,583	2
Ohio	44,341	45,043	46,669	48,793	50,546	3
Michigan	43,536	44,874	46,273	48,480	50,320	4
Indiana	42,626	43,734	45,239	47,124	48,657	5

Source: U.S. Department of Commerce, Bureau of Economic Analysis. Current data as of March 24, 2020.

TABLE A-11
UNEMPLOYMENT RATE (%)
CALENDAR YEARS 2015-2019

	2015	2016	2017	2018	2019
United States	5.3	4.9	4.4	3.9	3.7
Illinois	6.0	5.8	4.9	4.3	4.0
Bloomington-Normal MSA	4.8	5.1	4.2	4.3	4.0
Carbondale-Marion MSA	5.9	5.8	4.9	4.9	4.2
Champaign-Urbana MSA	5.2	5.1	4.4	4.4	4.0
Chicago-Naperville-Elgin MSA	5.9	5.7	4.8	4.0	3.8
Danville MSA	7.0	7.2	6.5	6.2	5.4
Davenport-Moline-Rock Island MSA	5.6	5.4	4.5	4.2	4.2
Decatur MSA	7.0	6.6	5.6	5.6	5.3
Kankakee MSA	6.8	6.4	5.5	5.4	5.2
Peoria MSA	6.4	6.6	5.6	5.1	4.8
Rockford MSA	6.9	6.6	6.5	5.7	5.8
Springfield MSA	5.1	4.9	4.3	4.3	4.0

Source: U.S. Department of Labor, Bureau of Labor Statistics, data as of March 19, 2020.
Illinois and regional data are not seasonally adjusted. December 2019 regional data is preliminary. National data are seasonally adjusted.

Based on data from the U.S. Department of Labor Bureau of Labor Statistics, the State's unemployment rate for March 2020 was 4.6%, which represents an increase of 1.2% from the State's unemployment rate for February 2020 of 3.4%. The United States unemployment rates were 3.5% and 4.4% in February and March, 2020, respectively.

Illinois is the nation's sixth most populous state.

TABLE A-12
POPULATION
ILLINOIS AND SELECTED METROPOLITAN STATISTICAL AREAS
BY CENSUS YEARS

	1990	2000	2010
Illinois	11,430,602	12,419,293	12,830,632
Chicago CMSA (IL Part)	7,410,858	8,273,268	8,586,609
St. Louis MSA (IL Part)	656,987	671,595	703,664
Rockford MSA	283,719	320,204	349,431
Peoria MSA	358,552	366,899	379,186
Springfield MSA	189,550	201,437	210,170
Champaign-Urbana MSA	202,848	210,275	231,891

Source: U.S. Bureau of the Census, Population Division, as of July 1, 2018.

TABLE A-13
ILLINOIS POPULATION BY AGE GROUP
BY CALENDAR YEAR

	2018	% of Total Population
Under 18 years	2,857,266	22.4%
18 to 24 years	1,176,310	9.2%
25 to 44 years	3,409,506	26.8%
45 to 64 years	3,305,037	25.9%
65 years and over	1,992,961	15.6%
Total	12,741,080	100.0%

Source: U.S. Bureau of the Census, as of June 2019.

In 2019, 36 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: New York: 56; California: 54; Texas: 49; and Illinois: 36.

TABLE A-14
ILLINOIS-BASED COMPANIES INCLUDED IN THE FORTUNE 500

Rank 2019	Rank 2018	Company	Revenues (millions USD)	Assets (millions USD)	Profits (millions USD)	Industry Category	Location	Number of Employees
17	19	Walgreens Boots Alliance	$131,537	$68,124	$ 5,024	Food and Drug Stores	Deerfield, IL	299,000
28	27	Boeing	101,127	117,359	10,460	Aerospace & Defense	Chicago, IL	153,000
36	36	State Farm Insurance Cos.	81,732	272,518	8,788	Insurance: Property and Casualty (Mutual)	Bloomington, IL	56,788
49	48	Archer Daniels Midland	64,341	40,833	1,810	Food Production	Chicago, IL	31,600
58	65	Caterpillar	54,722	78,509	6,147	Construction and Farm Machinery	Deerfield, IL	104,000
78	81	United Continental Holdings	41,303	44,792	2,129	Airlines	Chicago, IL	92,000
82	79	Allstate	39,815	112,249	2,252	Insurance: Property and Casualty (Stock)	Northbrook, IL	45,420
87	102	Deere	37,358	70,108	2,368	Construction and Farm Machinery	Moline, IL	74,413
93	92	Exelon	35,985	119,666	2,010	Utilities: Gas and Electric	Chicago, IL	33,383
96	110	AbbVie	32,753	59,352	5,687	Pharmaceuticals	North Chicago, IL	30,000
103	111	Abbott Laboratories	30,578	67,173	2,368	Medical Products and Equipment	Abbott Park, IL	103,000
116	117	Mondelez International	25,938	62,729	3,381	Food Consumer Products	Deerfield, IL	80,000
125	121	US Foods	24,175	9,186	407	Wholesalers: Food and Grocery	Rosemont, IL	24,900
149	131	McDonald's	21,025	32,811	5,924	Food Services	Chicago, IL	210,000
189	356	Jones Lang LaSalle	16,318	10,026	485	Real Estate	Chicago, IL	90,000
191	189	CDW	16,241	7,168	643	Information Technology Services	Lincolnshire, IL	9,019
214	204	Illinois Tool Works	14,768	14,870	2,563	Industrial Machinery	Glenview, IL	48,000
253	263	Discover Financial Services	12,848	109,553	2,742	Commercial Banks	Riverwoods, IL	16,600
262	300	LKQ	11,877	11,393	480	Wholesalers: Diversified	Chicago, IL	51,000
267	320	Tenneco	11,763	13,232	55	Motor Vehicles & Parts	Lake Forest, IL	81,000
282	287	W.W. Grainger	11,221	5,873	782	Wholesalers: Diversified	Lake Forest, IL	23,850
286	283	Baxter International	11,127	15,641	1,624	Medical Products and Equipment	Deerfield, IL	50,000
308	342	Navistar International	10,250	7,230	340	Construction and Farm Machinery	Lisle, IL	13,100
353	349	Univar	8,633	5,272	172	Wholesalers: Diversified	Downers Grove, IL	8,500
364	357	Anixter International	8,400	4,653	156	Wholesalers: Electronics and Office Equipment	Glenview, IL	9,300
386	321	Conagra Brands	7,938	10,390	808	Food Consumer Products	Chicago, IL	12,400
412	360	Dover	7,396	8,366	570	Industrial Machinery	Downers Grove, IL	24,000
416	443	Motorola Solutions	7,343	9,409	966	Network and Other Communications Equipment	Chicago, IL	16,000
432	436	Packaging Corp. of America	7,015	6,570	738	Packaging, Containers	Lake Forest, IL	15,000
435	454	Arthur J. Gallagher	6,934	16,334	634	Diversified Financials	Rolling Meadows, IL	30,362
445	406	R.R. Donnelley & Sons	6,800	3,641	(11)	Publishing, Printing	Chicago, IL	39,500
449	471	Ulta Beauty	6,717	3,191	659	Specialty Retailers: Other	Bolingbrook, IL	30,000
453	486	Northern Trust	6,659	132,213	1,556	Commercial Banks	Chicago, IL	18,800
481	450	Old Republic International	6,022	19,327	371	Insurance: Property and Casualty (Stock)	Chicago, IL	9,000
486	478	Ingredion	5,841	5,728	443	Food Production	Westchester, IL	11,000
489	446	TreeHouse Foods	5,812	5,599	(61)	Food Consumer Products	Oak Brook, IL	12,700

Source: Fortune Magazine.

PART IV: 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, 34th Edition February 2018* published by the Legislative Research Unit. (See APPENDIX F—WEBSITE INDEX.) The discussion below is from the Handbook, updated to summarize changes pursuant to Public Act 100-22.

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). MFT (as herein defined) and vehicle registration fees support GO Bonds issued for Road Fund purposes under Section 4(a) and Section 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).

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 100-22, the applicable IIT rate was 3.75% from January 1, 2015 through June 30, 2017. Public Act 100-22 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. The change in the IIT tax rate in Public Act 100-22 is estimated to generate $3.9 billion of additional revenue annually.

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

- 6.06% to the Local Government Distributive Fund beginning August 1, 2017 (reduced by 10% for Fiscal Year 2018 pursuant to Public Act 100-23 and 5% for Fiscal Year 2019 and Fiscal Year 2020 pursuant to Public Act 100-587 and Public Act 101-010, respectively.).
- 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 PPRT discussion below). Originally enacted in 1969, the CIT rate has been changed a number of times. Prior to the enactment of Public Act 100-22, the applicable CIT rate was 5.25%. Public Act 100-22 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. The change in the CIT tax rate in Public Act 100-22 is estimated to generate $460 million of additional revenue annually.

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 pursuant to Public Act 100-23 and 5% for Fiscal Year 2019 and Fiscal Year 2020 pursuant to Public Act 100-587 and Public Act 101-010, respectively).
- 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 Retailer's Occupation Tax is imposed on gross receipts of retailers from sales of 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. If out-of-state sellers have offices or other facilities in Illinois, the Illinois Department of Revenue can require them to collect these taxes on their sales in Illinois. The collection of these taxes is administered by the Department of Revenue (35 ILCS 105/1 ff (use tax); 120/1 ff (retailers occupation tax); 110/1 ff (service use tax); and 115/1 ff (service occupation tax).

Taxes on sales are currently 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 only (pursuant to Public Act 100-23) and by 5% for Fiscal Year 2019 and Fiscal Year 2020 pursuant to Public Act 100-587 and Public Act 101-010, respectively.
- 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 only (pursuant to Public Act 100-23) and by 5% for Fiscal Year 2019 and Fiscal Year 2020 pursuant to Public Act 100-587 and Public Act 101-010, respectively.
- Less than 1% goes to Other State Funds.
- The remainder to the General Funds.

Motor Fuel Taxes

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 permanently increased the rate for gasoline to $0.38/gallon, such rate to be increased on July 1 of each subsequent year by an amount equal to the percentage increase, if any, in the Consumer Price Index for All Urban Consumers for all items for the 12 months ending in March of each year. 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 Motor Fuel Tax 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.
  - 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 State Department of Transportation after deposit or transfer into the State Construction Account and 40% of which will be distributed to local municipalities, counties and road districts).
  - 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 Illinois Department of Revenue and the Illinois Department of Transportation.
- Of the remainder:
  - 45.6% to the State Construction Account Fund (37%) and the State Road Fund (63%).
  - 54.4% to municipalities by population (49.10%), Cook County (16.74%), Other Counties (18.27%) and townships/road districts (15.89%).

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 percent of these fees are paid into the Road Fund, 31 percent to the State Construction Account Fund, 14 percent 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 range 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 Motor Fuel Taxes, 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 (17.25% of gross CIT receipts for Fiscal Year 2017; 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) and IIT (11.2% of gross IIT receipts for Fiscal Year 2017; 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) 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 and $616 million in Fiscal Year 2020. 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 $189.0 million as of March 1, 2020. As of March 1, 2020, there were no unpaid 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 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 Replacement Taxes

The Illinois Constitution of 1970 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).

Local governments in Cook County receive 51.65% of the PPRT, with the balance of 48.35% to the local governments in the other 101 counties.

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APPENDIX B

FORM OF APPROVING OPINION OF CO-BOND COUNSEL

[LETTERHEAD OF RESPECTIVE CO-BOND COUNSEL]

[TO BE DATED CLOSING DATE]

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 May 2020, dated the date hereof, in two separate series: $__________ General Obligation Bonds, Taxable Series of May 2020A (the *"May 2020A Bonds"*), and $__________ General Obligation Bonds, Tax-Exempt Series of May 2020B (the *"May 2020B Bonds"* and, together with the May 2020A Bonds, the *"Bonds"*). The Bonds mature on May 1 of the years, in the amounts and bear interest as follows:

MAY 2020A BONDS

YEAR OF MATURITY (MAY 1)	PRINCIPAL AMOUNT ($)	RATE OF INTEREST (%)	YEAR OF MATURITY (MAY 1)	PRINCIPAL AMOUNT ($)	RATE OF INTEREST (%)

MAY 2020B BONDS

YEAR OF MATURITY (MAY 1)	PRINCIPAL AMOUNT ($)	RATE OF INTEREST (%)	YEAR OF MATURITY (MAY 1)	PRINCIPAL AMOUNT ($)	RATE OF INTEREST (%)

The Bonds due on or after May 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 May 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 form of Bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is 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 constitutes 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 May 2020A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the May 2020A Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the May 2020A Bonds should consult their tax advisors with respect to the inclusion of interest on the May 2020A 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 May 2020B Bonds is excludable 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 alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Failure to comply with certain of such State covenants could cause interest on the May 2020B Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the May 2020B Bonds. Ownership of the 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 May 2020B 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.

APPENDIX C

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 1934 Act. 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 Standard & Poor's 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.

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APPENDIX D

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 May 2020, in two series: $________ General Obligation Bonds, Taxable Series of May 2020A (the "May 2020A Bonds"), and $___________ General Obligation Bonds, Tax-Exempt Series of May 2020B (the "May 2020B Bonds" and, together with the May 2020A 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 _________, 2020, as supplemented by separate Sale Confirmation Certificates for each series of the Bonds, each dated __________, 2020 confirming the terms of sale of the respective series of the Bonds (collectively, 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 Comprehensive Annual Financial Report of the State ("CAFR") 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 May __, 2020, 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: 100 W. Randolph, 15-100
Chicago, Illinois 60601

Date: May __, 2020

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING 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 Tables 1 and 2 under the heading "SECURITY," (ii) in Tables 3 and 4 under the heading "STATE FINANCIAL INFORMATION", (iii) in Tables 7 and 8 under the heading "GENERAL OBLIGATION INDEBTEDNESS", (iv) in Table A-1 in APPENDIX A—CERTAIN INFORMATION REGARDING THE STATE OF ILLINOIS, (v) in Tables E-5, E-6 and E-18 in APPENDIX E—PENSION AND OTHER POST-EMPLOYMENT BENEFITS, and (vi) in Tables G-1 and G-2 in APPENDIX G—ACCOUNTING PRACTICES USED IN STATE FINANCIAL INFORMATION.

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 a 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 Comprehensive Annual Financial Report ("CAFR"). Once available to the Governor's Office of Management and Budget, the CAFR will be submitted to EMMA within 30 days. The CAFR 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.

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* 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

May 2020A Bonds

Year of Maturity	CUSIP Number (452152)

May 2020B Bonds

Year of Maturity	CUSIP Number (452152)

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APPENDIX E

PENSION AND OTHER POST-EMPLOYMENT BENEFITS

APPENDIX E

PENSION AND OTHER POST EMPLOYMENT BENEFITS

GENERAL

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 of Illinois ("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, State of Illinois ("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. Public Act 100-0023 ("Public Act 100-23"), which became effective July 6, 2017, provides for additional contributions by TRS and SURS employers to such Retirement Systems if an additional tier of benefits is implemented in the future. See "—2017 LEGISLATION MODIFYING PENSION STRUCTURE" herein.

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 recommend any changes for consideration. See "—RECENT

REPORTS REGARDING THE RETIREMENT SYSTEMS—*State Actuary's Fiscal Year 2019 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 reflects the most current, final reports of the Retirement Systems and Auditor General. Final comprehensive annual financial reports ("CAFRs") and final Actuarial Valuations (as defined herein) for Fiscal Year 2019 ("Fiscal Year 2019") may be found at each Retirement System's website. 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/ *et seq*.) and the State Pension Funds Continuing Appropriation Act (40 ILCS 15/ *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.

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 Comptroller is not required to make monthly payments upon receipt of such requests. During Fiscal Year 2019, some delays in the monthly payments occurred. The annual payments for Fiscal Year 2019 were paid in full by the end of the Fiscal Year 2019 lapse period. Delays also occurred in making monthly payments during Fiscal Year 2020. The State expects that any delayed payments for Fiscal Year 2020 will be made by the end of the Fiscal Year 2020 lapse period. 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."

SOURCE INFORMATION

With regard to the following, except "Excluded Information" defined below, the information contained in this APPENDIX E relies on materials produced by the Retirement Systems, their independent accountants and their independent actuaries (the "Source Information"). The information in this APPENDIX E 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 E-5 through E-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 CONTRIBUTION" 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 2015 through 2019, see Tables E-6 through E-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 E-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 95% of the employer funding for TRS is paid by the State. TRS receives contributions from 851 local school districts, 127 special districts and 12 other State agencies. To date, the contributions made by individual school districts, special districts and State agencies have been minimal. However, Public Act 100-23 requires certain additional contributions by such school districts upon implementation of Tier 3 (as definied 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. SURS provides coverage to faculty and staff of 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 trustees elected by contributing SURS members and two trustees elected by SURS annuitants. One appointed trustee position is currently vacant. All trustees except for the Chairperson of the Illinois Board of Higher Education serve six-year staggered terms.

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

SURS also provides a public employee defined contribution plan, termed the "Self-Managed Plan." In a defined contribution plan, 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 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 contributes 7.6% of payroll to provide employer contributions (of this amount, up to 1.0% is used to fund disability benefits).

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. One appointed trustee position is currently vacant. 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, 2019, of active employees, 59,763 are coordinated with Social Security. All other active employees are not 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, 2019, the membership in each of the Retirement Systems and the required membership contributions as a percentage of member salary were as follows:

TABLE E-1 MEMBERSHIP AND MEMBER CONTRIBUTIONS

Retirement System	Active Members	Inactive/ Entitled to Benefits	Retirees and Beneficiaries	Total	Member Contribution[1]
TRS	163,027	136,178	124,299	423,504	9.0%
SURS	62,589	83,044	67,842	213,475	8.0% - 9.5%[2]
SURS/SMP [3]	12,531	10,033	871	23,435	8.0%
SERS	62,026	3,843	74,589	140,458	4.0% - 12.5%[4]
JRS	956	10	1,234	2,200	8.5% or 11%[5]
GARS	126	54	429	609	9.5% or 11.5%[6]
Total	301,255	233,162	269,264	803,681	

Source: CAFRs of the Retirement Systems as of June 30, 2019.

(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) The SURS/SMP refers to the SURS Self Managed Plan.

(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 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 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

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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/) for each State Retirement System.

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 New 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 "New 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 New 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 New GASB Standards do not establish approaches to funding pension plans. Instead, the New GASB Standards provide standards solely for financial reporting and accounting related to pension plans. The New 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 New 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 New 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 New GASB Standards differ from those used by the Retirement Systems in preparing their Actuarial Valuations. For example, the New 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 New 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 New 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 New 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 New 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 E-2. For additional information on these assumptions, please see each Retirement System's Actuarial Valuation.

TABLE E-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%	6.75%	6.75%	6.50%	6.50%
Assumed Inflation Rate	2.50%	2.25%	2.25%	2.25%	2.25%
Post-Retirement Increase (Tier 1)(2)	3.00%(3)	3.00%(3)	3.00%	3.00%	3.00%
Projected Salary Increases	Various(4)	3.25% to 12.25%(5)	Various(6)	2.50%(7)	2.50%(7)

Source: Actuarial Valuations of the Retirement Systems as of June 30, 2019.

(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) All values are compounded.

(3) 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.

(4) Compensation is assumed to increase between 4.00% and 9.50% based on years of service. Of these increases, 2.50% represents inflation adjustments and 0.75% represents real wage growth.

(5) Each member's compensation is assumed to increase by 3.25% each year, 2.25% reflecting salary inflation and 1.00% 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.

(6) Assumed rates of increase vary by age and include an inflation component of 2.75%.

(7) Consists of an inflation component of 2.25% and a productivity/merit/promotion component of 0.25%.

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 based on the three-year period ending June 30, 2018. TRS last conducted an experience review in preparation of the Actuarial Valuation for the Fiscal Year ended June 30, 2018. SURS most recent experience study was based on the three-year period ended June 30, 2017. 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 the passage of 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, 2019, is discussed under "—RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS—*State Actuary's Fiscal Year 2019 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 assumption 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. TRS reduced its respective investment rate of return assumptions to 7.00%, and GARS and JRS reduced their respective investment rate of return assumptions to 6.75% for Fiscal Year 2016. SURS reduced its assumed investment rate of return to 6.75% for Fiscal Year 2018. SERS, JRS and GARS reduced their assumed investment rates of return to 6.75%, 6.50% and 6.50% respectively, each such reduction becoming effective beginning with the Actuarial Valuation to be performed for Fiscal Year 2019. According to a February 2019 National Association of Retirement Administrators report on public pension plan assumptions, the national median assumed rate of return for public pension plans is 7.25%. 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 E-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 New 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 New 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 New 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.

Adverse market conditions resulted in negative investment returns on the Retirement Systems' assets in Fiscal Years 2008 and 2009, resulting in a significant reduction in the Funded Ratio and a corresponding increase in the UAAL. No assurance can be given that negative trends in investment performance will not occur again in subsequent fiscal years, thereby resulting in a reduction in the Funded Ratio and a corresponding increase in the UAAL when considered independently of other factors.

TABLE E-3 - INVESTMENT RATES OF RETURN, FISCAL YEARS 2010-2019

Fiscal Year	TRS		SURS		SERS		GARS		JRS	
	Assumed	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*	*Assumed*	*Actual*
2010	8.50%	12.9%	7.75%	15.0%	7.75%	9.1%	8.00%	9.1%	7.00%	9.1%
2011	8.50%	23.6%	7.75%	23.8%	7.75%	21.7%	7.00%	21.7%	7.00%	21.7%
2012	8.00%	0.8%	7.75%	0.5%	7.75%	0.1%	7.00%	0.1%	7.00%	0.1%
2013	8.00%	12.8%	7.75%	12.5%	7.75%	14.1%	7.00%	14.1%	7.00%	14.1%
2014	7.50%	17.4%	7.25%	18.2%	7.25%	17.9%	7.00%	17.9%	7.00%	17.9%
2015	7.50%	4.0%	7.25%	2.9%	7.25%	4.7%	7.00%	4.7%	7.00%	4.7%
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%
5-Yr. Avg. Geometric Return		5.9%		5.8%		6.1%		6.1%		6.1%
10-Yr Avg. Geometric Return		9.5%		9.7%		9.2%		9.2%		9.2%

Source: CAFRs of the Retirement Systems for the fiscal years ending June 30, 2010 through June 30, 2019.

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 the Pension Funding Act in 1994. 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 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 93-0002 (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 E-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 $633.2 million in Fiscal Year 2019.

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 2010 through 2019 are set forth in Table E-3. The State's future debt service requirements with respect to the 2003 Pension Bonds are set forth in Table E-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 E-4 - DEBT SERVICE ON 2003 PENSION BONDS [1]

FISCAL YEAR	DEBT SERVICE DUE ON 2003 PENSION BONDS	FISCAL YEAR	DEBT SERVICE DUE ON 2003 PENSION BONDS
2020	$674.6	2027	$ 936.1
2021	713.4	2028	979.2
2022	749.8	2029	1,018.5
2023	783.7	2030	1,079.0
2024	840.2	2031	1,134.4
2025	892.2	2032	1,159.7
2026	915.4	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 94-0004 ("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 96-0043 (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 2019 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 expects to make all required Fiscal Year 2020 payments to the Retirement Systems by the end of the 2020 lapse period. Despite the State making all such required payments, the UAAL of the Retirement Systems continued to increase during this period of time as a result of a variety of factors including contributions being lower than Normal Cost plus interest, investment returns 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.

As described under "INVESTMENT CONSIDERATIONS RELATING TO THE FINANCIAL CONDITION OF THE STATE—SEVERE UNDERFUNDING OF THE STATE'S RETIREMENT SYSTEMS" in the body of this Official Statement, the COVID-19 pandemic and the response thereto have had severe negative economic impacts. These economic impacts most likely have, when considered independently of other factors, reduced the Fair Value of Assets held by the Retirement Systems which, in turn, reduces the Actuarial Value of Assets and Funded Ratios and increases the UAALs of the Retirement Systems. Furthermore, these decreases in the Fair Value of Assets will, when considered independently of other factors, increase the State's Required Annual Statutory Contributions to the Retirement Systems in future years in accordance with the Pension Code. See "DETERMINATION OF EMPLOYER CONTRIBUTIONS" herein. TRS stated that, as of April 22, 2020, the fair value of its assets had declined to $50.18 billion from $54.24 billion on December 31, 2019. SURS stated that, as of April 28, 2020, its estimated fiscal year to date return on investments was -3.5%. The other Retirement Systems have yet to release information regarding the degree of the impact of COVID-19 on the funded status of such Retirement Systems. The State makes no prediction as to the degree of the impact of COVID-19 on the value of the assets of the Retirement Systems or the effect thereof on the State's future Required Annual Statuory Contributions.

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 for any reason does not contribute the Required Annual Statutory Contribution in any fiscal year, and it does not contribute the shortfall between the actual contribution and the Required Annual Statutory Contribution in a subsequent 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. If the State issues additional pension obligation bonds to make the Required Annual Statutory Contribution in any year and reduces future Required Annual Statutory Contributions by the amount of the debt service on such bonds, the UAAL will increase by the amount of such debt service. No assurance can be given that the State will not, through legislative action, subsequently modify the amount to be contributed in any given year.

Table E-5 shows the State's Actuarially Required Contributions (for fiscal years 2010 through 2015 for each of the Retirement Systems except TRS, and fiscal years 2010 through 2016 for TRS) and the ADC (as hereinafter defined) (for fiscal years 2016, 2017, 2018 and 2019 for each of the Retirement Systems except TRS, and fiscal years 2017, 2018 and 2019 for TRS) along with the percentage of those contributions actually made in each of 2010 through 2019.

TABLE E-5 - HISTORY OF STATE CONTRIBUTIONS (1)

Fiscal Year	Amount Contributed(2)	Actuarially Required Contribution or ADC	Percentage Contributed
2010	4,130.9	4,786.8	86.3%
2011	4,298.6	5,906.6	72.8%
2012	5,012.8	6,609.6	75.8%
2013	5,893.9	7,015.3	84.0%
2014	6,944.7	7,752.0	89.6%
2015	7,020.1	7,896.8	88.9%
2016(3)	7,501.9	8,388.4	89.4%
2017(3)	7,803.6	10,422.7	74.9%(4)
2018(3)	7,788.9	11,882.4	65.5%
2019(3)	8,541.5	12,794.5	66.8%

Source: Comprehensive Annual Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2010 through June 30, 2019.

(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).

(3) As described under the heading "DETERMINATION OF EMPLOYER CONTRIBUTIONS—GASB Financial Reporting Standards," the New GASB Standards no longer require the calculation of the Actuarially Required Contribution. Under the New GASB Standards, the Board of a Retirement System calculates an Actuarially Determined Contribution ("ADC") on a basis set forth in its Actuarial Valuation. Prior to the fiscal year ended June 30, 2016 (June 30, 2017 for TRS), the Retirement Systems used the Actuarially Required Contribution as the ADC. Beginning with the fiscal year ended June 30, 2016 (June 30, 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, 2019, the remaining amortization periods (with the original amortization period provided in parentheses) used in calculating the ADCs of the individual Retirement Systems were as follows: TRS: 18 years (20 years); SURS: 26 (30 years); SERS: 21 years (25 years); JRS: 21 years (25 years); and GARS: 16 years (20 years). Future gains and losses will be amortized over subsequent original amortization periods. As a result of the differences in the calculation of the ADC and the Actuarially Required Contribution discussed in this note, the ADC for the fiscal year ended June 30, 2019 would exceed the amount of the Actuarially Required Contribution had it been calculated, and, as a result, the percentage of the ADC contributed is lower than the percentage of the Actuarially Required Contribution would have been had it been calculated, primarily as a result of the remaining amortization periods used in calculating the ADC being (i) less than the 30 year period used in calculating the Actuarially Required Contribution, and (ii) fixed time periods as opposed to open time periods.

(4) 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.

The preliminary certifications of the State's contribution to the Retirement Systems for Fiscal Year 2020 provided for a contribution of approximately $9,129.5 million. The State expects that its contributions to SERS will increase in future years as a result of the AFCSME Decision, as described in the Preliminary Official Statement under the heading "STATE FINANCIAL INFORMATION—Collective Bargaining", which caused a retroactive increase in pensionable salaries for certain State employees.

FUNDED STATUS

As of the end of Fiscal Year 2019, the Retirement Systems had an aggregate UAAL of approximately $137.2 billion on a fair value basis and approximately $137.2 billion on an actuarial basis (calculated pursuant to the Asset Smoothing Method), resulting in respective Funded Ratios of 40.3% and 40.3%. Factors contributing to the increased UAAL from Fiscal Year 2018 to Fiscal Year 2019 include State contributions less than the Actuarially Required Contribution and actual investment returns less than expected investment returns.

The following tables summarize the financial condition of the Retirement Systems for Fiscal Years 2015 through 2019.

TABLE E-6
FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS
FISCAL YEAR 2019
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self-Managed Plan of SURS[1]
Beginning Net Assets[2]	$17,463,278	$ 51,969,547	$19,321,076	$ 56,816	$1,012,485	$89,823,202	$2,500,452
Income							
Member Contributions	$ 275,675	$963,972	$ 280,018	$ 1,317	$ 14,610	$ 1,535,592	$ 88,571
State and Employer Contributions	2,274,925	4,554,535	1,642,054	23,253	140,519	$ 8,635,286	71,233
Investment Income	1,118,429	2,617,831	1,129,813	3,449	64,741	$ 4,934,263	162,650
Total	$ 3,669,029	$ 8,136,339	$ 3,051,885	$ 28,020	$ 219,870	$ 15,105,143	$ 322,454
Expenditures							
Benefits and Refunds	$ 2,625,440	$ 6,818,761	$ 2,639,529	$ 24,727	$ 158,341	$ 12,266,798	$ 92,720
Administration	14,979	24,336	16,084	390	911	$56,700	579
Total	$ 2,640,419	$ 6,843,096	$ 2,655,613	$ 25,117	$ 159,251	$ 12,323,496	$ 93,299
Ending Net Assets (Fair value)	$18,491,889	$ 53,262,789	$19,717,348	$ 59,719	$1,073,104	$ 92,604,849	$2,729,607
Actuarial Value of Assets	18,429,186	53,391,193	19,661,891	60,057	1,068,740	$ 92,611,066	N/A
Actuarial Accrued Liabilities	48,731,439	131,456,969	46,443,937	374,597	2,793,016	$229,799,959	N/A
UAAL (Fair Value)	30,239,550	78,194,180	26,726,589	314,878	1,719,913	$137,195,110	N/A
UAAL (Actuarial Value)[3]	30,302,254	78,065,776	26,782,046	314,540	1,724,277	$137,188,893	N/A
Funded Ratio (Fair Value)	37.9%	40.5%	42.5%	15.9%	38.4%	40.3%	N/A
Funded Ratio (Actuarial Value)[3]	37.8%	40.6%	42.3%	16.0%	38.3%	40.3%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2019. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The SURS Self-Managed Plan ("SMP") is not included in the totals. The SMP 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) Reflects valuation of assets on a fair value basis as of June 30, 2019.

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

TABLE E-7
FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS
FISCAL YEAR 2018
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self-Managed Plan of SURS[1]
Beginning Net Assets[2]	$16,530,180	$ 49,375,665	$18,484,820	$ 54,349	$ 941,804	$ 85,386,818	$2,170,251
Income							
Member Contributions	$ 254,442	$ 938,037	$ 282,726	$ 1,255	$ 14,296	$1,490,756	$ 84,219
State and Employer Contributions	1,929,175	4,179,758	1,607,880	21,155	135,962	$7,873,930	69,432
Investment Income	1,257,040	4,049,272	1,499,829	3,734	69,950	$6,879,825	259,006
Total	$ 3,440,657	$ 9,167,067	$ 3,390,435	$ 26,144	$220,208	$ 16,244,511	$ 412,657
Expenditures							
Benefits and Refunds	$ 2,492,301	$ 6,551,634	$ 2,539,783	$ 23,328	$ 148,629	$ 11,755,675	$ 82,004
Administration	15,258	21,551	14,397	348	897	$ 52,451	452
Total	$ 2,507,559	$ 6,573,185	$ 2,554,180	$ 23,676	$ 149,526	$ 11,808,126	$ 82,456
Ending Net Assets (Fair value)	$17,463,278	$ 51,969,547	$19,321,075	$ 56,816	$1,012,485	$ 89,823,201	$2,500,452
Actuarial Value of Assets	17,478,140	51,730,890	19,347,886	57,618	1,012,757	$ 89,627,291	N/A
Actuarial Accrued Liabilities	47,925,683	127,019,330	45,258,751	375,779	2,721,853	$223,301,396	N/A
UAAL (Fair Value)	30,462,405	75,049,783	25,937,676	318,962	1,709,368	$133,478,194	N/A
UAAL (Actuarial Value)[3]	30,447,543	75,288,440	25,910,865	318,160	1,709,096	$133,674,104	N/A
Funded Ratio (Fair Value)	36.4%	40.9%	42.7%	15.1%	37.2%	40.2%	N/A
Funded Ratio (Actuarial Value)[3]	36.5%	40.7%	42.7%	15.3%	37.2%	40.1%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2018. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The SURS Self-Managed Plan ("SMP") is not included in the totals. The SMP 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) Reflects valuation of assets on a fair value basis as of June 30, 2017.

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

TABLE E-8
FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS
FISCAL YEAR 2017
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self-Managed Plan of SURS[1]
Beginning Net Assets[2]	$15,038,528	$ 45,250,957	$17,005,630	$ 49,052	$ 840,289	$ 78,184,456	$1,825,506
Income							
Member Contributions	$ 251,611	$ 929,130	$ 278,643	$ 1,284	$ 14,770	$ 1,475,438	$ 85,217
State and Employer Contributions	1,798,348	4,135,860	1,650,551	21,721	131,334	7,737,814	66,916
Investment Income	1,812,878	5,520,453	1,994,310	5,140	97,796	9,430,577	266,350
Total	$ 3,862,837	$ 10,585,443	$ 3,923,504	$ 28,145	$ 243,900	$ 18,643,829	$ 418,483
Expenditures							
Benefits and Refunds	$ 2,355,228	$ 6,438,006	$ 2,429,467	$ 22,493	$ 141,471	$ 11,386,665	$ 73,282
Administration	15,957	22,729	14,847	355	914	54,802	456
Total	$ 2,371,185	$ 6,460,735	$ 2,444,314	$ 22,848	$ 142,385	$ 11,441,467	$ 73,738
Ending Net Assets (Fair value)	$16,530,180	$ 49,375,665	$18,484,820	$ 54,349	$ 941,804	$ 85,386,818	$2,170,251
Actuarial Value of Assets	16,558,873	49,467,525	18,594,326	55,063	942,988	85,618,775	N/A
Actuarial Accrued Liabilities	46,701,348	122,904,034	41,853,348	370,758	2,649,258	214,478,746	N/A
UAAL (Fair Value)	30,171,168	73,528,369	23,368,528	316,409	1,707,454	129,091,928	N/A
UAAL (Actuarial Value)[3]	30,142,475	73,436,509	23,259,022	315,695	1,706,270	128,859,971	N/A
Funded Ratio (Fair Value)	35.4%	40.3%	44.2%	14.7%	35.6%	39.8%	N/A
Funded Ratio (Actuarial Value)[3]	35.5%	40.3%	44.4%	14.9%	35.6%	39.9%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2017. Table may not add due to rounding. Certain information was provided by the Retirement Systems.

(1) The SURS Self-Managed Plan ("SMP") is not included in the totals. The SMP 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) Reflects valuation of assets on a fair value basis as of June 30, 2016.

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

TABLE E-9
FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS
FISCAL YEAR 2016
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan of SURS[1]
Beginning Net Assets[2]	$15,258,867	$ 46,406,916	$17,462,968	$ 54,574	$ 833,910	$ 80,017,235	$1,753,554
Income							
Member Contributions	$ 256,198	$ 951,809	$ 278,884	$ 1,310	$ 14,962	$ 1,503,163	$ 76,457
State and Employer Contributions	1,882,243	3,890,510	1,582,294	16,073	132,060	7,503,180	65,370
Investment Income	(125,443)	(44,103)	17,044	(539)	(6,471)	(159,512)	3,192
Total	$ 2,012,999	$ 4,798,216	$ 1,878,222	$ 16,843	$ 140,552	$ 8,846,831	$ 145,019
Expenditures							
Benefits and Refunds	$ 2,217,210	$ 5,931,207	$ 2,320,829	$ 21,983	$ 133,230	$ 10,624,459	$ 72,588
Administration	16,127	22,968	14,731	382	943	55,151	479
Total	$ 2,233,337	$ 5,954,175	$ 2,335,560	$ 22,365	$ 134,173	$ 10,679,610	$ 73,067
Ending Net Assets (Fair value)	$15,038,528	$ 45,250,957	$17,005,630	$ 49,052	$ 840,289	$ 78,184,456	$1,825,506
Actuarial Value of Assets	15,632,604	47,222,098	17,701,646	50,823	870,893	81,478,064	N/A
Actuarial Accrued Liabilities	45,515,370	118,629,890	40,923,301	363,337	2,546,450	207,978,348	N/A
UAAL (Fair Value)	30,476,842	73,378,934	23,917,671	314,285	1,706,161	129,793,898	N/A
UAAL (Actuarial Value)[3]	29,882,766	71,407,792	23,221,655	312,514	1,675,557	126,500,284	N/A
Funded Ratio (Fair Value)	33.0%	38.1%	41.6%	13.5%	33.0%	37.6%	N/A
Funded Ratio (Actuarial Value)[3]	34.4%	39.8%	43.3%	14.0%	34.2%	39.2%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2016. Table may not add due to rounding. Certain information was provided by the Retirement Systems

(1) The SURS Self Managed Plan ("SMP") is not included in the totals. The SMP 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) Reflects valuation of assets on a fair value basis as of June 30, 2015.

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

TABLE E-10
FINANCIAL CONDITION OF THE RETIREMENT SYSTEMS
FISCAL YEAR 2015
($ IN THOUSANDS)

	SERS	TRS	SURS	GARS	JRS	Total	Self Managed Plan of SURS[1]
Beginning Net Assets[2]	$14,581,565	$ 45,825,382	$17,391,323	$ 56,790	$ 776,012	$ 78,631,072	$1,584,691
Income							
Member Contributions	$ 266,139	$ 935,451	$ 267,682	$ 1,487	$ 15,431	$ 1,486,191	$ 72,328
State and Employer Contributions	1,804,319	3,523,257	1,528,525	15,871	134,040	7,006,012	62,334
Investment Income	681,377	1,770,550	503,200	2,288	36,009	2,993,424	90,461
Total	$ 2,751,835	$ 6,229,257	$ 2,299,407	$ 19,646	$ 185,480	$ 11,485,625	$ 225,123
Expenditures							
Benefits and Refunds	$ 2,057,987	$ 5,625,037	$ 2,213,694	$ 21,467	$ 126,600	$ 10,044,785	$ 55,794
Administration	16,548	21,687	14,069	395	983	53,681	466
Total	$ 2,074,535	$ 5,646,724	$ 2,227,763	$ 21,861	$ 127,583	$ 10,098,466	$ 56,260
Ending Net Assets (Fair value)	$15,258,865	$ 46,407,915	$17,462,967	$ 54,574	$ 833,909	$ 80,018,230	$1,753,554
Actuarial Value of Assets	14,741,736	45,435,193	17,097,255	52,565	804,189	78,130,937	N/A
Actuarial Accrued Liabilities	40,743,410	108,121,825	39,520,687	328,244	2,314,147	191,028,313	N/A
UAAL (Fair Value)	25,484,545	61,713,910	22,057,720	273,670	1,480,238	111,010,083	N/A
UAAL (Actuarial Value)[3]	26,001,674	62,686,632	22,423,432	275,679	1,509,959	112,897,376	N/A
Funded Ratio (Fair Value)	37.5%	42.9%	44.2%	16.6%	36.0%	41.9%	N/A
Funded Ratio (Actuarial Value)[3]	36.2%	42.0%	43.3%	16.0%	34.8%	40.9%	N/A

Source: Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2015. Table may not add due to rounding. Certain information was provided by the Retirement Systems

(1) The SURS Self Managed Plan ("SMP") is not included in the totals. The SMP 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) Reflects valuation of assets on a fair value basis as of June 30, 2014.

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

Tables E-11 presents information regarding the aggregate funding progress of the Retirement Systems for Fiscal Years 2010 through 2019.

TABLE E-11 - SCHEDULE OF FUNDING PROGRESS(1)
FAIR VALUE OF ASSETS AND ACTUARIAL VALUE OF ASSETS
($ IN MILLIONS)

BASED ON FAIR VALUE OF ASSETS

FY	**Fair Value of Assets(2)** (a)	**Actuarial Accrued Liability** (b)	**UAAL** (b-a)	**Funded Ratio** (a/b)	**Payroll** (c)	**UAAL as a % of Payroll** ([b-a]/c)
2010	$53,225	$138,794	$85,569	38.3%	$17,042	502.1%
2011	63,382	146,460	83,078	43.3%	17,062	486.9%
2012	61,813	158,612	96,798	39.0%	17,314	559.1%
2013	67,934	165,458	97,524	41.1%	17,357	561.9%
2014	78,630	183,249	104,619	42.9%	17,637	593.2%
2015	79,981	191,028	111,048	41.9%	17,890	620.7%
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%

BASED ON ACTUARIAL VALUE OF ASSETS

FY	**Actuarial Value of Assets(3)** (a)	**Actuarial Accrued Liability** (b)	**UAAL** (b-a)	**Funded Ratio** (a/b)	**Payroll** (c)	**UAAL as a % of Payroll** ([b-a]/c)
2010	$63,053	$138,794	$ 75,741	45.4%	$17,042	444.4%
2011	63,553	146,460	82,907	43.4%	17,062	485.9%
2012	64,030	158,612	94,582	40.4%	17,314	546.3%
2013	64,957	165,458	100,501	39.3%	17,357	579.0%
2014	72,068	183,249	111,181	39.3%	17,637	630.4%
2015	78,131	191,028	112,897	40.9%	17,890	631.1%
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%

Source: Comprehensive Annual Financial Reports of the Retirement Systems for the fiscal years ending June 30, 2010, through June 30, 2019.

(1) The SURS Self Managed Plan ("SMP") is not included in the totals. The SMP 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 New 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 E-12A presents the Net Pension Liability of each Retirement System as of June 30 of the years 2014 through 2019. Table E-12B provides information regarding the impact of potential changes to the Discount Rate on the Net Pension Liability for fiscal year ended June 30, 2019. 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. The June 30, 2014, calculation of the Net Pension Liability was the initial calculation of the Net Pension Liability pursuant to the New GASB Standards, and, as such, historical information is not available.

TABLE E-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		
2014	$106,683	$45,824	$60,858	43.0%
2015	111,917	46,407	65,510	41.5%
2016	124,187	45,251	78,936	36.4%
2017	125,774	49,376	76,398	39.3%
2018	129,914	51,970	77,945	40.0%
2019	134,371	53,263	81,108	39.6%
		SURS		
2014	$39,182	$17,391	$21,791	44.4%
2015	41,219	17,463	23,756	42.4%
2016	42,971	17,006	25,965	39.6%
2017	43,966	18,485	25,481	42.0%
2018	46,816	19,321	27,495	41.3%
2019	48,437	19,717	28,720	40.7%
		SERS		
2014	$41,685	$14,582	$27,104	35.0%
2015	43,267	15,259	28,008	35.3%
2016	49,184	15,039	34,145	30.6%
2017	49,437	16,530	32,907	33.4%
2018	50,520	17,463	33,056	34.6%
2019	51,886	18,492	33,394	35.6%
		JRS		
2014	$2,231	$776	$1,455	34.8%
2015	2,353	834	1,519	35.4%
2016	2,638	840	1,797	31.9%
2017	2,713	942	1,771	34.7%
2018	2,784	1,013	1,771	36.4%
2019	2,850	1,073	1,777	37.7%
		GARS		
2014	$398	$57	$341	14.3%
2015	333	55	278	16.5%
2016	374	49	325	13.1%
2017	378	54	324	14.3%
2018	383	57	326	14.8%
2019	382	60	322	15.7%
		Total		
2014	$190,179	$78,630	$111,549	41.3%
2015	199,090	80,017	119,071	40.2%
2016	219,353	78,185	141,169	35.6%
2017	222,268	85,387	136,881	38.4%
2018	230,416	89,824	140,594	39.0%
2019	237,926	92,605	145,321	38.9%

Source: The Actuarial Valuations and, with respect to SURS, SERS, GARS and JRS, the GASB 67/68 Statements, of the Retirement Systems for the fiscal years ended June 30, 2014 through June 30, 2019.

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

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

	Fiscal Year 2019		
	1% Decrease	Current	1% Increase
TRS			
Discount Rate	6.00%	7.00%	8.00%
Net Pension Liability	$99,067	$81,108	$66,343
SURS			
Discount Rate	5.59%	6.59%	7.59%
Net Pension Liability	$34,787	$28,720	$23,713
SERS			
Discount Rate	5.47%	6.47%	7.47%
Net Pension Liability	$40,386	$33,394	$27,645
GARS			
Discount Rate	5.41%	6.41%	7.41%
Net Pension Liability	$365	$322	$286
JRS			
Discount Rate	5.34%	6.34%	7.34%
Net Pension Liability	$2,096	$1,777	$1,508

Source: The Actuarial Valuations and, with respect to SURS, SERS, GARS and JRS, the GASB 67/68 Statements, of the Retirement Systems for the fiscal years ended June 30, 2019.

(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 E-13 provides information regarding the sources of the change in the UAAL for the Retirement Systems from Fiscal Years 2010 through 2019. The UAAL on an actuarial basis increased from approximately $75.7 billion at the end of Fiscal Year 2010 to approximately $137.2 billion at the end of Fiscal Year 2019, an increase of approximately $61.4 billion. No assurances can be given that the State will make the appropriations necessary to meet any deficiencies incurred by the Retirement Systems.

TABLE E-13 - COMPONENTS OF CHANGE IN UNFUNDED LIABILITY

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
2010	$ (421.9)	$ 4,818.1	$ 2,746.1	$0.0	$ 5,209.1	$ 950.5	$13,301.8
2011	(847.3)	2,667.2	3,666.0	0.0	581.3	1,098.7	7,166.0
2012	(1,294.5)	2,844.8	4,308.0	0.0	4,625.0	1,191.5	11,674.8
2013	(631.2)	2,398.7	3,353.0	0.0	71.3	727.3	5,919.1
2014	(229.0)	(3,130.5)	2,408.9	0.0	11,107.0	524.2	10,680.6
2015	(820.3)	(2,399.6)	3,212.9	0.0	1,559.3	163.7	1,715.9
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
Total	$ (6,305.5)	$ 7,695.7	$31,529.5	$0.0	$33,426.7	$8,415.0	$74,761.3

Source: Commission on Government Forecasting and Accountability, Report on the Financial Condition of the Illinois Retirement Systems: Financial Condition as of June 30, 2014. See "RECENT REPORTS AND OTHER DEVELOPMENTS REGARDING THE RETIREMENT SYSTEMS—Report of the Commission on Government Forecasting and Accountability." Information regarding Fiscal Years 2015 through Fiscal Year 2019 was provided by the Retirement Systems.

(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 represented 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 E-14 provides a projection of the State's Required Annual Statutory Contribution and Table E-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 Valutions of the Retirement Systems for the Fiscal Year ended June 30, 2019. 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. These projections do not consider the effect of the COVID-19 pandemic and the response thereto on the State's future Required Annual Statutory Contributions or future funding status of the Retirement Systems. The State makes no prediction as to the degree of the impact of COVID-19 on the value of the assets of the Retirement Systems or the effect thereof on the State's future Required Annual Statuory Contributions and future funding status. See "HISTORY OF CONTRIBUTIONS TO THE RETIREMENT SYSTEMS" herein.

TABLE E-14 - PROJECTED REQUIRED ANNUAL STATUTORY CONTRIBUTIONS TO THE RETIREMENT SYSTEMS[(1)]

Fiscal Year	Projected Required Annual Statutory Contributions[(1)]
2021	$ 9,779
2022	10,220
2023	10,456
2024	10,726
2025	10,986
2030	12,394
2035	14,794
2040	16,799
2045	18,974

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2019.

(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 E-15- PROJECTION OF FUTURE RETIREMENT SYSTEMS FUNDING STATUS [(1)]

Fiscal Year	Actuarial Value of Assets[(2)]	Actuarial Accrued Liability	Unfunded Accrued Actuarial Liabilities (UAAL)	Funded Ratio
	(a)	(b)	(b-a)	(a/b)
2020	$94,626	$235,898	$141,272	40.1%
2021	99,668	241,923	142,255	41.2%
2022	104,351	247,878	143,527	42.1%
2023	108,941	253,948	145,007	42.9%
2024	113,860	259,888	146,028	43.8%
2025	118,860	265,672	146,812	44.7%
2026	123,957	271,278	147,321	45.7%
2027	129,162	276,676	147,514	46.7%
2028	134,470	281,856	147,386	47.7%
2029	139,905	286,796	146,891	48.8%
2030	145,482	291,487	146,005	49.9%
2035	178,202	310,501	132,299	57.4%
2040	224,507	321,369	96,862	69.9%
2045	292,528	325,031	32,503	90.0%

Source: Annual Actuarial Valuations of the Retirement Systems as of June 30, 2019.

(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 96-0889 ("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 after January 1, 2011 ("Tier 2 Employees"), as compared to those provided to State employees who commenced employment prior to January 1, 2011 ("Tier One 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 created 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 Retirement Systems currently project that the number of Tier 2 Employees will exceed the number of Tier One Employees beginning in the fiscal years as follows: (i) for TRS, Fiscal Year 2026; (ii) for SERS, Fiscal Year 2022; (iii) for SURS, Fiscal Year 2021; and (iv) for JRS, Fiscal Year 2020. The number of Tier 2 Employees currently exceeds the number of Tier One Employees with respect to GARS.

2013 LEGISLATION MODIFYING PENSION STRUCTURE

PA 98-0599 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 98-0599 was scheduled to take effect on June 1, 2014. However, PA 98-0599 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 98-0599.

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 during Fiscal Year 2018 or Fiscal Year 2019. 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 adopted as of the date hereof, and the Retirement Systems expect that the Tier 3 plan will not be implemented until such legislation is adopted.

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 $137,700);
- 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 which 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. 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.

TRS, SURS and SERS are currently analyzing the long-term impact that Tier 3 will have on their respective financial positions. 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 100-0587

Public Act 100-0587, 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"*).

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) not have 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, 2024. 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.

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. As of the date hereof, the State has issued $300,000,000 of the Section 7.7 Bonds so authorized. As of April 24, 2020, the balance in the Acceleration Fund was approximately $16.5 million, meaning approximately $282 million of the Section 7.7 Bond proceeds from the April 2019 issuance have been spent out of such fund. A portion of the General Obligation Bonds, Series of May 2020A and Series of May 2020B, in the principal amount of $300,000,000* will constitute Section 7.7 Bonds, the proceeds of which will be deposited into the Acceleration Fund.

The State expects that the Programs will, taken independently of other factors, cause a reduction in the UAAL of the applicable Retirement Systems, however, the State is unable to quantify the amount or timing of any such reduction at this time. The State provides no assurance as to whether the Programs will be implemented or the degree to which members choose to participate in the Programs. 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 April 24, 2020, SERS has expended bond proceeds totaling $87 million for accelerated pension benefits: $82.9 million for 853 retirees participating in the AAI Reduction Program and $4.1 million for 30 eligible inactive vested members in the Pension Buyout Program. Additional accelerated pension benefit transactions have been processed for payment from bond proceeds. As of April 24, 2020, the participation rate for the AAI Reduction Program is 23.5% and the average payout is $97,000; the participation rate for the Pension Buyout Program is 1% and the average payout is $136,000. 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 April 24, 2020, TRS has expended bond proceeds totaling $192 million for accelerated pension benefits: $82.5 million for 647 retirees participating in the AAI Reduction Program and $109.5 million for 903 eligible inactive vested members in the Pension Buyout Program. Additional accelerated pension benefit transactions have been processed for payment from bond proceeds. As of April 24, 2020, the participation rate for the AAI Reduction Program is 17.4% and the average payout is $127,000; the participation rate for the Pension Buyout Program is 10.4% and the average payout is $121,000.

SURS began implementing both the AAI Reduction and the Pension Buyout Program on June 10, 2019. As of April 24, 2020, SURS has expended bond proceeds totaling $2.9 million for accelerated pension benefits: $700,000 for 10 retirees participating in the AAI Reduction Program and $2.2 million for 13 eligible inactive vested members in the Pension Buyout Program. As of April 24, 2020, the average AAI Reduction Program payment was approximately $70,000 and the average Pension Buyout Program payments was approximately $169,000. SURS has approximately 13,000 inactive vested members and 18,000 Tier 1 members who are retirement-eligible. SURS typically administers approximately 3,000 retirements annually.

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* Preliminary, subject to change.

RECENT REPORTS REGARDING THE RETIREMENT SYSTEMS

State Actuary's Fiscal Year 2019 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 2019 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 2019 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 for additional disclosure to the 2018 Actuarial Valuations, for changes to the formula for funding the Retirement Systems set forth in the Pension Code to fully fund future plan benefit accruals, for the Retirement Systems set forth in the Pension Code to include stress tests in the Actuarial Valuations, for the conduct of periodic, independent, actuarial audits by SERS, JRS, and GARS, and for each of the Retirement Systems, with the exception of TRS, to review the manner in which such Retirement Systems phase-in changes in assumption as a result of Public Act 100-23 or demonstrate with additional disclosures that such methods currently used to phase-in such changes produces the result intended by Public Act 100-23. 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.

Report of the Commission on Government Forecasting and Accountability

The Commission on Government Forecasting and Accountability ("COGFA") prepared a report dated April 2019, on the financial condition of the Retirement Systems as of June 30, 2018 (the "COGFA Report"). COGFA is a bipartisan and bi-cameral 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 PA 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: (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, an 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.

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 an amount equal to five percent of that cost for each full year of creditable service up to a maximum of one hundred percent for an annuitant with twenty or more years of creditable service. 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 the current benefits to retirees. However, the appropriated amount has been insufficient in recent years resulting in a backlog of reimbursements to health care providers and 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 Tables E-16, E-17 and E-18. These tables relate only to the State's SEGIP liability.

TABLE E-16
NET OTHER POST EMPLOYMENT BENEFITS
OBLIGATION FISCAL YEAR 2017
($ IN MILLIONS)

Actuarially Required Contribution (Net of ARC adjustments)	$ 2,592
Plus: Interest on Net OPEB Obligations	533
Adjustment to ARC	(507)
Annual OPEB Cost	$ 2,617
Benefits paid during the year	(337)
Increase in Net OPEB Obligations	$ 2,281
Net OPEB Obligations at June 30, 2016	14,204
Net OPEB Obligations at June 30, 2017	$16,485

Source: The CAFR.

TABLE E-17
OTHER POST EMPLOYMENT BENEFITS – FISCAL YEARS 2013-2017
($ IN MILLIONS)

	2013	2014	2015	2016	2017
Annual Required Contribution[1]	$2,378	$2,344	$2,292	$2,415	$2,617
Benefits paid during the year	625	905	810	185	337
Increase in Net OPEB Obligations	1,753	1,439	1,482	2,230	2,280
Net OPEB Obligations Balance	9,053	10,492	11,975	14,204	16,485

Source: Illinois State Employment Group Insurance Program GASB No. 45 Actuarial Valuation Report and the CAFR.

1 The Annual Required Contribution numbers include interest on Net OPEB Obligations and adjustments to the Annual Required Contributions.

GASB Statement No. 45 requires the calculation of the OPEB Actuarial Accrued Liability ("AAL") which is the actuarial present value of future plan benefits earned as of the valuation date. The AAL was $38,138 million at the end of Fiscal Year 2016. The AAL has not been calculated for Fiscal Year 2017. The OPEB Actuarially Required Contribution ("ARC") is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded AAL over the amortization period of thirty years.

TABLE E-18
OTHER POST EMPLOYMENT BENEFITS UNFUNDED
ACTUARIAL ACCRUED LIABILITY – FISCAL YEARS 2012-2016
($ IN MILLIONS)

	2012*	2013	2014	2015**	2016
Unfunded Actuarial Accrued Liability	$35,200	$34,488	$33,051	$34,766	$38,138

Source: Illinois State Employment Group Insurance Program GASB No. 45 Actuarial Valuation Report and the CAFR. Includes only OPEB liability related to SEGIP.

Note: The GASB No. 45 Actuarial Valuation Report is produced biennially, however, beginning in Fiscal Year 2015, the report is produced as of June 30 of the previous fiscal year.

* Estimation in the succeeding year's report.

** Estimation in the preceding year's report.

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 CAFR, including changes to the amount recognized by the State as a liability with respect to OPEB.

The total OPEB liability pursuant to GASB Statement No. 75, based on the Fiscal Year 2018 CAFR, for the three OPEB Programs was a combined $55.178 billion.

Based on the Interim CAFR, the OPEB Liability of the three OPEB Programs as of June 30, 2019 were as follows: (i) SEGIP - $38.479 billion, (ii) TRIP - $15.100 billion, and (iii) CIP – $0.943 billion.

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
Governor's Office of Management and Budget	http://www.illinois.gov/gov/budget/ https://www2.illinois.gov/sites/budget/Pages/PolicyReports.aspx	Lead portal for operating budgets, economic and fiscal reports and three year projections and quarterly reports
Fiscal Year 2021 Budget Book	https://www2.illinois.gov/sites/budget/Pages/default.aspx	Link to the Governor's Budget Book
State of Illinois Capital Markets	http://www.illinois.gov/gov/budget/capitalmarkets/Pages/default.aspx	Lead portal to the State of Illinois Capital Markets
Illinois Administrative Code	http://www.ilga.gov/commission/jcar/admincode/080/08002200sections.html	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 (CAFR)	https://illinoiscomptroller.gov/financial-data/find-a-report/comprehensive-reporting/comprehensive-annual-financial-report-cafr/	Link to CAFR Library
Comptroller, Traditional Budgetary Financial Report	https://illinoiscomptroller.gov/financial-data/find-a-report/budgetary-reporting/traditional-budgetary-financial-report/	Link to the Traditional Budgetary Financial Report
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	http://www.collegeillinois.org/Downloads/Actuarial-Soundness-Val-2019.pdf	Link to the College Illinois actuarial report
Tax Handbook	http://www.ilga.gov/commission/lru/2018TaxHandbook.pdf	Legislative Research Unit handbook on all Illinois taxes
Illinois Department of Revenue	http://iltax.org/	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://www.srs.illinois.gov/sers/home_sers.htm	Lead portal to State Employees' Retirement System
JRS	http://www.srs.illinois.gov/Judges/home_jrs.htm	Lead portal to Judges' Retirement System
GARS	http://www.srs.illinois.gov/gars/home_gars.htm	Lead portal to General Assembly Retirement System
Commission on Government Forecasting and Accountability	http://cgfa.ilga.gov/	Lead portal to COGFA, contains its report on the financial condition of the Retirement Systems
Illinois State Board of Investment	http://www.isbinvestment.com	Lead portal to the Illinois State Board of Investment
Illinois Department of Central Management Services	http://www.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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APPENDIX G

ACCOUNTING PRACTICES USED IN STATE FINANCIAL INFORMATION

MEASUREMENT BASES

Financial information reported by the State is prepared and reported under one of three measurement bases.

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 (Generally Accepted Accounting Principles) 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 represent the primary instances of expenditures where appropriation authority may have been exceeded but are nevertheless disbursed by statutory authorization (i.e., Section 25 Liabilities) that permits the State to pay such liabilities using available appropriation of the subsequent fiscal year.

DIFFERENCES BETWEEN ACCOUNTING PRACTICES IN TRADITIONAL BUDGETARY FINANCIAL REPORT AND CAFR

Key differences between the accounting practices used in the TBFR and GAAP utilized in preparing the fiscal year CAFR, include the following:

Revenue Recognition:

- The TBFR recognizes as revenues those amounts collected and deposited by June 30 of each fiscal year.
- The CAFR 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 CAFR 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 CAFR 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 5 in the Official Statement, "STATE FINANCIAL INFORMATION—ACCOUNTS PAYABLE–TABLE 5."

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 CAFR 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 3 and 4 represent only the General Funds portion (approximately 89% of the total required contribution) as certified by each of the five State pension systems net of the debt service on the Fiscal Year 2003 General Obligation Pension Funding Bonds 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 APPENDIX E—PENSION AND OTHER POST-EMPLOYMENT BENEFITS.

Scope of General Funds:

- The TBFR and Tables 3 and 4 in the Official Statement, "STATE FINANCIAL INFORMATION—FINANCIAL RESULTS: FY 2014-FY 2019" and Table G-1 reflect the General Revenue Fund, the Common School Fund, the General Revenue-Common School Special Account Fund and the Education Assistance Fund.[1]
- The CAFR data in Table G-2 also includes the Budget Stabilization Fund, Medicaid Provider Assessment Program Funds, and certain other funds as more fully described in Note 1 therein. See also "TABLE G-2–*Note 1*–Cash/Budget to GAAP Perspective Differences" below.

Table G-1 effectively reflects an operating statement that explains the changes during Fiscal Year 2019 in both cash balance as well as fund balance, reflecting the cash basis and budget basis,

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[1] Prior to Fiscal Year 2018, the State's General Funds included four funds – the General Revenue Fund, the Education Assistance Fund, the Common School Fund, and the General Revenue-Common School Special Account Fund. Public Act 100-23 amended the State Budget Law (15 ILCS 20/50-40) to add the Fund for the Advancement of Education and the Commitment to Human Services Fund (both of which receive a portion of State income tax receipts) and the Budget Stabilization Fund to the State definition of General Funds. Tables, including those in the TBFR, in this Official Statement for Fiscal Year 2017 and earlier reflect the original definition of General Funds, except where noted.

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 3, while Expenditures reflect cash disbursed during Fiscal Year 2019 which includes prior year lapse period expenditures (detailed in the middle column) as well as expenditures of Fiscal Year 2019.

The right hand column of Table G-1, labeled "Budgetary Balance Concept," reflects the budget basis results and change in budget basis fund balance during Fiscal Year 2019. 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 4.

Lapse period expenditures are listed in the middle column of Table G-1. Lapse period expenditures are in substance "accounts payable" and the end of 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 G-1
GENERAL FUNDS SUMMARY OF TRANSACTIONS
FISCAL YEAR ENDED JUNE 30, 2019

Available Balance Concept			Budgetary Balance Concept
	BEGINNING BALANCES		
$ 125	**Available Cash Balance on June 30, 2018**		
	Less Lapse Period – Warrants Issued from Fiscal Year 2018 Appropriations and Fiscal Year 2018 Transfers Out:		
	Operations	$1,418	
	Awards and Grants	485	
	Permanent Improvements	1	
	Vouchers Payable (June 30)	3,218	
	Net Transfers Payable (June 30)	701	
	Total	$5,823	
	Fund Balance – Budgetary Basis to begin Fiscal Year 2019		**$ (5,698)**
	PLUS REVENUES		
	State Sources:		
	Cash Receipts:		
$21,625	Income Taxes		$21,625
8,409	Sales Taxes		8,409
3,526	Other Sources		3,528
3,035	Transfers In		3,090
36,595	Total, State Sources		36,652
	Federal Sources:		
$ 3,530	Cash Receipts		$ 3,530
70	Transfers In		70
3,600	Total, Federal Sources		$ 3,600
$40,195	**Total, Revenues**		**$40,252**
	LESS EXPENDITURES		
From FY 2019 Appropriations and Lapse Period Spending from FY 2018 Appropriations			From Fiscal Year 2019 Appropriations
$12,723	Operations		$12,148
24,223	Awards and Grants		24,224
5	Refunds		5
5	Permanent Improvements		10
(1,075)	Vouchers Payable Adjustment		0
(27)	Prior Year Adjustments		(26)
$35,854	Total, Warrants Issued		$36,361
4,000	Transfers Out		3,906
$39,854	**Total, Expenditures**		**$40,267**
	EQUALS ENDING BALANCES		
$ 466	**Available Cash Balance on June 30, 2019**		
	Less Lapse Period – Warrants Issued from Fiscal Year 2019 Appropriations and Fiscal Year 2019 Transfers Out:		
	Operations	$ 844	
	Awards and Grants	486	
	Permanent Improvements	5	
	Receipt Adjustment (June 30)	(2)	
	Vouchers Payable (June 30)	4,293	
	Net Transfers Payable (June 30)	553	
	Total	$6,179	
	Fund Balance – Budgetary Basis to begin Fiscal Year 2020		**$ (5,713)**

Source: Traditional Budgetary Financial Report Fiscal Year 2019; unaudited.

Table G-2, which is presented below, is a General Funds Reconciliation among cash, budgetary and GAAP basis of accounting for Fiscal Year 2018. The information in this table is contained within the State's CAFR and, as such, information with respect to Fiscal Year 2019 will not be available until the Fiscal Year 2019 CAFR is released. See "AUDITED FINANCIAL STATEMENTS" herein.

TABLE G-2
STATE OF ILLINOIS
GENERAL FUNDS RECONCILIATION – FISCAL YEAR 2018
($ in thousands)

	Cash Basis	Adjustments for Budgetary Basis	Budgetary Basis	Adjustments for GAAP	GAAP Basis
Revenues:					
Income Taxes (net)	19,741,998	-	19,741,998	157,286	19,899,284
Sales Taxes (net)	7,809,808	-	7,809,808	345,840	8,155,648
Public Utility Taxes (net)	896,053	-	896,053	44,856	940,909
Federal government (net)	5,237,433	-	5,237,433	8,359,898	13,597,331
Other (net)	2,549,900	-	2,549,900	3,143,825	5,693,725
Total revenues	36,235,192	-	36,235,192	12,051,705	48,286,897
Expenditures:					
Current:					
Health and Social Services	15,088,710	(2,072,045)	13,016,665	10,167,923	23,184,588
Education	17,684,168	(2,124,279)	15,559,889	1,937,405	17,497,294
General Government	3,254,391	555,416	3,809,807	(1,762,788)	2,047,019
Employment and Economic Development	63,281	40,956	104,237	29,633	133,870
Transportation	-	4,341	4,341	554,107	558,448
Public Protection and Justice	2,370,649	435,840	2,806,489	(20,634)	2,785,855
Environment and Business Regulation	52,449	13,632	66,081	96,813	162,894
Debt Service:					
Principal	-	-	-	3,055	3,055
Interest	-	-	-	500	500
Capital Outlays	5,377	3,311	8,688	5,459	54,147
Total expenditures	38,519,025	(3,142,828)	35,376,197	11,051,473	46,427,670
Excess of revenues over expenditures	(2,283,833)	3,142,828	858,995	1,000,232	1,859,227
Other sources (uses) of financial resources:					
General Obligation Bonds issued	-	-	-	6,000,000	6,000,000
Premiums on General Obligation Bonds issued	-	-	-	502,402	502,402
Transfers-in	11,641,042	(195,000)	11,446,042	(9,277,493)	2,168,549
Transfers-out	(10,330,944)	291,158	(10,039,786)	6,354,873	(3,684,913)
Capital lease financing	-	-	-	3,089	3,089
Net other (uses) of financial resources	1,310,098	96,158	1,406,256	3,582,871	4,989,127
Excess of revenues over expenditures and net other (uses) of financial resources	(973,735)	3,238,986	2,265,251	4,583,103	6,848,354
Fund balances (deficit), July 1, 2017, as restated	1,098,534	(9,061,608)	(7,963,074)	(6,648,539)	(14,611,613)
Increase (decrease) for changes in inventories	-	-	-	(34)	(34)
Fund balances (deficit), June 30, 2018	124,799	(5,822,622)	(5,697,823)	(2,065,470)	(7,763,293)

Source: Illinois Office of the Comptroller

GENERAL FUNDS RECONCILIATION–TABLE G-2

Table G-2 reconciles the three measurement bases used by the State: cash basis, budget basis and GAAP basis. As described above, Tables 3 and 4 in the Official Statement, "STATE FINANCIAL INFORMATION–FINANCIAL RESULTS: FY 2014-FY2018—Tables 3 and 4" and Table G-1 above reflect underlying detail between the cash and budget bases. Table G-2 draws the revenues and expenditures from those tables and incorporates GAAP basis revenues and expenditures drawn from the Fiscal Year 2018 CAFR.

Two adjustment columns are also incorporated in Table G-2 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 G-2 also reports the excess of revenues over expenditures (i.e., operating surplus or deficit) for Fiscal Year 2018 for the three bases equaling an approximately $974 million deficit on the cash basis, an approximately $2.265 billion surplus on the budget basis and approximately $6.848 billion surplus on the GAAP basis. Similarly, ending cash basis fund balance surplus of approximately $125 million, budget basis fund balance deficit of approximately $5.698 billion and GAAP basis fund balance deficit of approximately $7.763 billion, are shown in the bottom line of Table G-2.

While Table G-2 only incorporates select GAAP basis data, the complete CAFR for Fiscal Year 2018, prepared in accordance with GAAP, has been filed on EMMA and is incorporated in this Official Statement by reference. Such report is also available upon request from the Comptroller at (217) 782-6000 or from the Comptroller's webpage. See APPENDIX F—WEBSITE INDEX. The CAFR for Fiscal Year 2018 was prepared by the Comptroller and examined and certified by the State Auditor General. For Fiscal Year 2018, the Auditor General expressed an unqualified opinion on the CAFR.

When reviewing Table G-2, the following explanatory notes should be considered in connection with the review of the CAFR for Fiscal Year 2018 (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.

P.A. 100-23 revised the definition of General Funds beginning with Fiscal Year 2018 to include three additional funds: the Fund for the Advancement of Education, the Commitment to Human Services Fund, and the Budget Stabilization Fund. The cash basis and the budgetary basis fund balances as of July 1, 2017 have been restated in the amount of $21,129 to reflect this change.

Note 2 – Cash to Budget Adjustments

The budgetary basis fund balance deficit of $5,697,823 equals the June 30, 2018 cash balance of $124,799 less cash lapse period expenditures and transfers-out of $5,822,622. Adjustments from the cash basis of accounting for Fiscal Year 2018 to the budgetary basis include adding Fiscal Year 2018 lapse period spending and subtracting Fiscal Year 2017 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 2018 "lapsing accounts." Public Act 97-0691 extended the lapse period to December 31 for Fiscal Year 2013 and future fiscal years for medical assistance payments of the Department of Healthcare and Family Services. In addition, P.A. 100-0587 extended the lapse period to October 31 for Fiscal Year 2018 to allow the State time to pay Fiscal Year 2018 expenditures. Lapse period transfers are statutory transfers approved on or prior to June 30, 2018 but not made until after June 30, 2018.

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 CAFR. 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.

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