

TABLE 1
STATEMENT OF SOURCES, USES AND CHANGES IN FUND BALANCE
- GENERAL FUNDS (BUDGETARY BASIS)

(Dollars in Millions)

	Fiscal Year 2010 Actual Results (June 2011)	Fiscal Year 2011 Actual Results (June 2012)	Fiscal Year 2012 Revised Budget (July 2012)	Fiscal Year 2013 Introduced Budget (May 2012)	Fiscal Year 2013 Enacted Budget* (July 2012)
SOURCES					
State Revenues					
Individual Income Tax	\$ 8,511	\$ 11,225	\$ 15,512	\$ 15,273	\$ 15,273
Corporate Income Tax	1,360	1,851	2,461	2,550	2,550
Sales Tax	6,308	6,833	7,226	7,335	7,335
Public Utility Taxes	1,089	1,147	995	1,101	1,101
Cigarette Taxes	355	355	354	355	355
Inheritance Tax	243	122	235	242	242
Liquor Gallonage Taxes	159	157	164	163	163
Insurance Tax and Fees	322	317	345	285	285
Corporate Franchise Taxes and Fees	208	207	192	203	203
Other State Sources	732	706	694	698	698
Federal Revenues	5,920	5,386	3,682	3,935	4,231
TOTAL REVENUES	25,207	28,306	31,860	32,140	32,436
Transfers In ¹	2,159	1,857	1,763	1,800	1,962
TOTAL OPERATING SOURCES	27,366	30,163	33,623	33,940	34,398
USES					
Operating Budget Objectives ²					
Provide quality education and opportunities for growth	9,663	9,300	8,945	8,954	8,594
Enhance the economic well-being of citizens	176	188	94	87	78
Protect the lives and property of citizens	1,518	1,649	1,533	1,424	1,433
Protect the most vulnerable among us	6,447	5,827	5,404	5,347	5,123
Improve access to and cost effectiveness of healthcare	6,227	6,971	6,845	6,768	6,804
Improve the quality of life for citizens	76	82	68	69	62
Improve the efficiency and fiscal stability of State Government	2,248	1,829	2,558	2,178	1,811
State Pension Contributions ³	3,466	3,680	4,135	5,090	5,100
Unspent Budgeted Appropriations	(896)	(350)	(311)	(500)	(650)
TOTAL EXPENDITURES ⁴	28,924	29,175	29,272	29,418	28,355
Transfers Out ⁵					
Statutory Transfers to Other State Funds	2,007	2,399	2,473	2,142	2,533
Debt Service Transfers: Capital Bonds	670	540	453	519	469
Debt Service Transfers: Pension Bonds (2003, 2010, & 2011)	564	1,667	1,607	1,552	1,552
Debt Service Transfers: Medicaid Borrowing	63	189	0	0	0
TOTAL OPERATING USES	32,228	33,971	33,805	33,630	32,909
EXCESS OPERATING SOURCES OVER/(UNDER) USES	(4,861)	(3,808)	(183)	309	1,488
OTHER FINANCIAL SOURCES (USES)					
Pension Obligation Bonds	3,466	3,680	0	0	0
Railsplitter - Tobacco Revenue Securitization	0	1,250	0	0	0
Short-Term Borrowing	1,250	1,300	0	0	0
Short-Term Borrowing Repayment	(2,276)	(1,322)	0	0	0
Inter-Fund Borrowing	0	496	0	0	0
Inter-Fund Borrowing Repayment	0	(10)	(356)	(147)	(132)
Budget Stabilization Fund Repayment	0	0	(276)	0	0
TOTAL OTHER FINANCIAL SOURCES (USES)	2,440	5,395	(632)	(147)	(132)
BUDGET BASIS SURPLUS/(DEFICIT)	(2,421)	1,587	(814)	162	1,356
FUND BALANCE - BEGINNING OF FISCAL YEAR	(3,673)	(6,094)	(4,507)	(5,013)	(5,321)
FUND BALANCE - END OF FISCAL YEAR	\$ (6,094)	\$ (4,507)	\$ (5,321)	\$ (4,851)	\$ (3,966)

*State Revenues in Fiscal Year 2013 Enacted Budget are estimates of the Governor's Office of Management and Budget and Illinois Department of Revenue (See "Fiscal Year 2013 (July 2012- June 2013) - Enacted Budget"). Fiscal Year 2013 spending based on budget passed by the General Assembly and signed into law by the Governor.

Note: The accompanying footnotes on the following page are an essential part of this statement.

TABLE 1A
FUND BALANCE - RECONCILIATIONS & COMPONENTS
GENERAL FUNDS (BUDGETARY BASIS)

(Dollars in Millions)

	Fiscal Year 2010 Actual Results (June 2011)	Fiscal Year 2011 Actual Results (June 2012)	Fiscal Year 2012 Revised Budget (July 2012)	Fiscal Year 2013 Introduced Budget (May 2012)	Fiscal Year 2013 Enacted Budget (July 2012)
<u>CHANGE IN BUDGET BASIS FUND BALANCE</u>					
BUDGET BASIS FUND BALANCE - BEGINNING OF FISCAL YEAR	\$ (3,673)	\$ (6,094)	\$ (4,507)	\$ (5,013)	\$ (5,321)
Budget Basis Surplus/(Deficit)	(2,421)	1,587	(814)	162	1,356
BUDGET BASIS FUND BALANCE - END OF FISCAL YEAR	(6,094)	(4,507)	(5,321)	(4,851)	(3,966)
<u>CHANGE IN CASH BALANCE</u>					
GENERAL FUNDS CASH BALANCE - BEGINNING OF FISCAL YEAR	280	130	469	469	40
Budget Basis Surplus/(Deficit)	(2,421)	1,587	(814)	162	1,356
Increase/(Paydown) of Accounts Payable	2,271	(1,248)	385	(162)	(1,356)
GENERAL FUNDS CASH BALANCE - END OF FISCAL YEAR ⁶	130	469	40	469	40
BUDGET STABILIZATION FUND CASH BALANCE - END OF FISCAL YEAR ⁷	0	0	276	276	276
TOTAL CASH BALANCE - END OF FISCAL YEAR	130	469	316	745	316
<u>CHANGE IN ACCOUNTS PAYABLE</u>					
ACCOUNTS PAYABLE - BEGINNING OF FISCAL YEAR	3,953	6,224	4,976	5,482	5,361
Increase/(Paydown) of Accounts Payable due to Surplus/(Deficit) ⁸	2,271	(1,248)	385	(162)	(1,356)
ACCOUNTS PAYABLE - END OF FISCAL YEAR	6,224	4,976	5,361	5,320	4,005
<u>BUDGET BASIS FUND BALANCE - END OF FISCAL YEAR</u>					
General Funds Cash Balance - End of Fiscal Year	130	469	40	469	40
Less: Accounts Payable - End of Fiscal year	(6,224)	(4,976)	(5,361)	(5,320)	(4,005)
BUDGET BASIS FUND BALANCE - END OF FISCAL YEAR ⁹	\$ (6,094)	\$ (4,507)	\$ (5,321)	\$ (4,851)	\$ (3,966)

FOOTNOTES - TABLE 1 & 1A

- ¹ Transfers In consists primarily of state lottery and gaming revenues as well as various fees and miscellaneous revenues, initially deposited into other state funds, and subsequently transferred to the General Funds, pursuant to statute. Total Transfers In for FY2010 includes \$276 million from the Budget Stabilization Fund that was not reimbursed by the end of the fiscal year as required by statute. (See footnote #7 for further discussion of the Budget Stabilization Fund.)
- ² Beginning with the FY2012 budget, the State is implementing Budgeting for Results, an outcome based system of budgeting that allocates state funds based on program performance. Agency program expenditures are prioritized under seven desired outcomes and goals measured to be most effective at delivering results. For presentation consistency and comparison purposes, fiscal year budgets prior to Budgeting for Results are presented in the same manner. More information is available on GOMB's website, see "STATE OF ILLINOIS - WEBSITE INDEX."
- ³ General Fund pension contributions of \$3,466 million for FY2010, and \$3,680 million for FY2011, were made through issuance of approximately \$3,466 million in General Obligation Bonds, Taxable Series of January 2010, and approximately \$3,700 million in General Obligation Bonds, Taxable Series of February 2011. Bond proceeds were deposited to the Pension Contribution Fund, with two purposes: (1) to reimburse the General Funds for approximately \$843 million in FY2010 and \$224 million in FY2011, initially paid from the General Funds to the State's five pension systems and prior to the bond issuances noted above, pursuant to a continuing appropriation; and (2) to the State's five pension funds for the remaining balance of General Funds pension contribution required appropriations for each fiscal year. In addition, General Funds pension contributions are net of payments funded by transfers from the State Pension Fund representing resources provided by the Unclaimed Property Trust Fund, pursuant to statute, in the following amounts: \$139 million in FY2010, \$63 million in FY2011, and \$230 million (budgeted) in FY2012. For presentation consistency and comparison purposes, the FY2010 and FY2011 financial information in Table 1 reflects the amounts for the General Funds pension fund contributions as well as the General Obligation pension bond proceeds, but the actual cash flows in that fiscal year were through the Pension Contribution Fund, as described above.
- ⁴ Total Expenditures equal fiscal year budgeted appropriations minus unspent agency appropriations. Unspent appropriations reflect unused spending authority of agencies by the close of the fiscal year.
- ⁵ State General Obligation bond debt service payments are made through a separate fund in the state treasury called the General Obligation Bond and Retirement Interest Fund (GOBRI). Monies from the General Funds are transferred monthly to GOBRI in equal increments to provide for the payment of principal and interest on bonds when due. See "SECURITY - STATE FUNDING PAYMENTS."
- ⁶ End of Year General Funds Cash Balance equals the Beginning Cash Balance plus/(minus) the Budget Basis Surplus/(Deficit), plus/(minus) the Increase/(Paydown) of Accounts Payable. Deficits are financed by reducing Cash balances and/or increasing outstanding Accounts Payable. Surpluses will increase year-end Cash balance and/or reduce outstanding Accounts Payable.
- ⁷ The Budget Stabilization Fund (BSF) is used for cash flow timing differences and is consolidated with the General Funds Cash Balance for reporting purposes in the Comprehensive Annual Financial Reports. By statute, any intra-year cash flow borrowings transferred to the General Funds are to be reimbursed by a transfer back to the BSF by June 30th of that fiscal year. As described in footnote #1 above, those reimbursements were not made at the end of FY2010. In addition, Public Act 97-44 authorized deferring the FY2011 restoration until FY2012 which occurred by July 11, 2012, consistent with that Act.
- ⁸ Fiscal year Budget Basis Surplus/(Deficit) has the effect of (Decreasing)/Increasing outstanding payables, after reflecting any change in ending Cash balance. Deficits are financed by reducing Cash balances and/or increasing outstanding Accounts Payable. Surpluses will increase year-end Cash balance and/or reduce outstanding Accounts Payable. Budget Basis Accounts Payable excludes incurred liabilities of that fiscal year that do not have sufficient appropriation authority remaining to be paid during the Lapse Period (i.e., 60 days after the close of that fiscal year). However, such incurred liabilities (termed "Section 25 liabilities," pursuant to statute) are reflected in the audited Comprehensive Annual Financial Report (CAFR) that is prepared on the basis of generally accepted accounting principles for governments. Historically, Medicaid and group health insurance payments constitute the majority of Section 25 liabilities.
- ⁹ Budget Basis Fund Balance at year end is the difference between General Funds Cash and Budget Basis Accounts Payable, both measured at June 30th, with a fund balance deficit resulting when Accounts Payable exceeds General Funds Cash.

DISCUSSION AND ANALYSIS OF FISCAL YEARS 2010 THROUGH 2013

The information below summarizes for each Fiscal Year 2010 through 2013 overall economic conditions within the State as well as an analysis of both the State's operating budget and capital budget. The reader is referred to Tables 1 and 1A to supplement the budget discussion on each fiscal year.

FISCAL YEAR 2010 (JULY 2009-JUNE 2010) – ACTUAL RESULTS

ECONOMIC CONDITION

After seeing consistent economic growth through the beginning and middle of the decade, Illinois experienced a contraction in calendar years 2008 and 2009 as State real GDP decreased by 0.9% and 2.7%, respectively. The significant pressures of the recession continued to impact the State into Fiscal Year 2010 with rising unemployment and declining economic activity. At the start of Fiscal Year 2010, unemployment in Illinois was at 10.4% and continued to rise through the middle of the fiscal year climbing to 11.2% in January of 2010, the highest during any point of the recession, with non-farm payroll decreasing by 37,000 over the same period. The second half of the fiscal year, however, experienced improvements in State employment as the unemployment rate decreased to 10.3% in June, still above the national level of 9.5%. Increasing jobless claims affected total personal income with declines in four consecutive quarters before rebounding, along with the unemployment rate, in the second half of the fiscal year.

State private industry output decreased by 3.1% over the first half of Fiscal Year 2010, compared to the previous year, with construction, manufacturing, and retail trade industries experiencing the greatest impact. Wages and salaries grew steadily each quarter of the fiscal year with an overall growth of 2.2% after decreasing by 5.5% in Fiscal Year 2009.

Negative sentiment on the economy impacted consumer spending as taxable sales decreased by 2.6% over the previous fiscal year. The effect was evident in the first half of the fiscal year as the continued recession impacted holiday sales activity with sales in October, November and December 4.2% below the same period the previous year.

BUDGET ANALYSIS

Revenues

The effects of the economic recession were visible in tax revenue collections as total State resources fell by \$1,778 million or 6.1% from the Fiscal Year 2009 level, to \$27,366 million. State Source revenues were down 7.9% highlighted by decreases in the State's three major tax revenues: individual income tax (-7.7%), corporate income tax (-20.5%), and sales tax (-6.9%). Declining State employment and personal income levels affected individual income tax collections as three of four quarters in Fiscal Year 2010 were below the heavily impacted recessionary quarters of Fiscal Year 2009. Corporate income taxes fell below 2009 levels for each quarter before slightly increasing during the final quarter of the fiscal year.

Decreased consumer spending affected State sales taxes as revenues fell \$465 million or 6.9% below the previous year to \$6,308 million; however, the decline was weighted toward the first half of the fiscal year as sales tax increased over the second half of the year. Other notable differences in cash receipts include decreases in investment income (down \$55 million or 67.9%), inheritance tax receipts (down \$45 million or 15.6%), Cook County inter-governmental transfers (down \$9 million or 3.6%) and insurance taxes (down \$12 million or 3.6%). Public utility taxes declined \$79 million primarily due to a decrease of \$44 million in telecommunications tax receipts as a result of a general increase in nontraditional communication modes. Additionally, gas tax receipts and electric tax receipts both decreased by \$13 million and \$22 million, respectively.

Federal source revenues totaled \$5,920 million, a \$647 million or 9.9% decrease from Fiscal Year 2009, including receipts of \$1,727 million from the American Recovery and Reinvestment Act of 2009 (“ARRA”). The Fiscal Year 2010 decrease is attributed to one-time Federal receipts in 2009 associated with a supplemental appropriation that was passed by the General Assembly for expedited payments to Medicaid providers to ensure compliance with ARRA requirements. A portion of Medicaid appropriations were also shifted to the Healthcare Provider Relief Fund at the end of Fiscal Year 2010 resulting in decreased matching federal revenues into the General Funds.

Transfers In to the General Funds from other State funds increased by \$520 million, or 32.7%, over Fiscal Year 2009 to \$2,112 million. The increase is attributed to \$110 million in transfers from the newly created Capital Projects Fund (Public Act 96-34 – July 13, 2009) revenues, which first pays debt service on bonds issued under the Illinois Jobs Now! capital program and transfers excess funds to the General Revenue Fund. Declines in economically sensitive State source revenues led the General Assembly to pass Public Act 96-44 authorizing special fund transfers in order to improve cash balances in the General Funds. Total one-time transfers of \$283 million were made to the General Funds from several other State funds in Fiscal Year 2010. Increased transfers from the Capital Projects Fund and special fund transfers were offset by reductions of \$151 million from multiple other State funds.

Expenditures

Total General Funds spending in Fiscal Year 2010 decreased by \$731 million or 2.2% to \$32,228 million. Budgeted appropriations were lower than the previous fiscal year by \$3,928 billion or 12.9%, primarily due to pension contributions for Fiscal Year 2010 not funded out of State General Funds. Pension contributions were made through a bond issuance of \$3,466 million authorized by the General Assembly under Public Act 96-43. Prior to the issuance, the General Funds made payments of \$843 million to the State pension systems and were subsequently reimbursed by the proceeds of the bonds. Final Fiscal Year 2010 expenditures thus did not include any contributions to the State pension systems from the State General Funds. Medicaid appropriations through the Department of Healthcare and Family Services were also lower in Fiscal Year 2010 by \$1,789 million. A supplemental appropriation was passed in Fiscal Year 2009 to make timely payments to certain Medicaid providers to qualify for the enhanced federal Medicaid match under ARRA.

Fiscal Year 2010 Transfers Out totaled \$3,304 million, which was \$120 million or 5.5% above Fiscal Year 2009. Transfers of an additional \$94 million were made to the Public Transportation Fund over the previous fiscal year for service payments to the Regional Transit Authority. Debt service transfers for GO Bonds to the State’s debt service fund, the General Obligation Retirement and Interest Fund, increased by \$34 million for capital bonds and \$98 million for the Pension Obligation Bonds. In April 2010, the State issued \$246 million of General Obligation special purpose bonds for the purpose of funding Medicaid payments subject to the enhanced federal participation under ARRA. These bonds were retired in March of 2011 and debt service transfers from General Funds of \$63 million and \$189 million were made in Fiscal Year 2010 and 2011, respectively. Included in Transfers Out are \$940 million of cash transfers that were not executed to other State funds as of June 30, 2010 due to a shortfall in the General Funds at the end of the fiscal year. These transfers were executed at the beginning of Fiscal Year 2011.

Cash Flow

Operating revenues and Transfers In were below total expenditures in Fiscal Year 2010 resulting in a budget basis operating deficit of \$4,860 million. The fiscal year operating deficit contributed to the total budget basis accounts payable with an increase of \$2,271 million over the previous fiscal year to \$6,224 million.

Until Fiscal Year 2010, the lapse period expired on August 31, two months following the end of the fiscal year. For Fiscal Year 2010, due to the large obligations still outstanding at the end of the fiscal year, the General Assembly extended the lapse period until December 31.

Through the extended lapse period, proceeds were used from both external and internal borrowings as well as Fiscal Year 2011 tax revenues to pay outstanding obligations. General Obligation Certificates of \$1,300 million were issued under the Short Term Borrowing Act in July 2010 to pay down 2010 vouchers outstanding past the end of the fiscal year. These certificates were issued in three separate tranches and were paid in April, May and June of 2011. Public Act 96-958 also created the Railsplitter Tobacco Settlement Authority and authorized the sale of the State's tobacco settlement proceeds to the Authority. The Authority securitized a portion of the total tobacco settlement payments and issued \$1,503 million tobacco bonds in December 2010. The General Funds in Fiscal Year 2011 received \$1.3 billion through the short-term borrowing, \$1.25 billion from the sale of tobacco securitization bonds, \$496 from inter-fund borrowing, and \$717 million in revenues from the tax amnesty program to assist with the payment of prior year outstanding obligations as well as payments for Fiscal Year 2011.

General Funds cash at June 30, 2010 for Fiscal Year 2010 was \$130 million. Reflecting liquidity needs, the Budget Stabilization Fund, which is used for working cash purposes during each fiscal year, was not replenished by the budgeted cash transfer from the General Funds as of the close of Fiscal Year 2010 but at the beginning of Fiscal Year 2011.

FISCAL YEAR 2010 CAPITAL BUDGET

Illinois Jobs Now!, the State's first capital bill in over 10 years, is a \$31 billion multi-year program that emphasizes job creation and retention, economic stimulus, and accessing federal ARRA dollars while making crucial investments in the State's schools, roads, bridges, airports, and transit system.

In Fiscal Year 2010 new appropriations from current revenues of \$3,304 million was planned for highway, road, bridge, rail, and airport construction; as well as \$535 million for environmental projects; \$1,022 million for inland ports; \$13 million for economic development; and \$1 million for state facilities. In Fiscal Year 2010 bond financed appropriations were in the amount of \$7,134 million for highway, road, bridge, rail, and airport construction; \$844 million for energy, environment, and technology projects; \$866 million for economic development; \$1,488 million for higher education projects; \$1,675 million for pre-K-12 projects; \$811 million for inland ports; \$1,119 million for next generation projects; and \$792 million for state facilities. Collectively, total new appropriations from bond financed and current revenue sources for Fiscal Year 2010 were \$19,604 million.

The remainder of the Fiscal Year 2010 Capital Budget contained prior year re-appropriations totaling \$11,294 million. Re-appropriations are made in each year's capital budget of multi-year State projects funded through bond financing as well as State revenues over the following several fiscal years. The total re-appropriations, included in the Fiscal Year 2010 Capital Budget, to be supported through bond financing, were \$3,576 million, which includes \$2,940 million of GO Bonds and \$636 million of Build Illinois bonds. Total capital re-appropriations funded out of current revenues were \$7,718 million.

FISCAL YEAR 2011 (JULY 2010 – JUNE 2011) – ACTUAL RESULTS

ECONOMIC CONDITION

Illinois' economy experienced a rebound following the recession of 2008 and 2009 as economic activity and employment both improved within the State. At the beginning of Fiscal Year 2010, the unemployment rate in Illinois was 10.1 percent, near the highest in the nation, but by year-end had decreased on par with national employment rate of 9.1 percent. Over the same period, non-farm payroll employment increased by 77,000 with consistent month to month growth over the fiscal year. Compared to the declines experienced in Fiscal Year 2010, personal income grew by 5.8% in 2011, coinciding with decreasing unemployment and higher economic activity.

After consecutive contractionary periods of the two previous calendar years, economic output in Illinois once again increased in 2010 as State real Gross Domestic Product grew by 1.9%. The manufacturing, retail trade, finance, and information industries, among others, saw positive growth; however,

construction continued its decline for the third consecutive year. Wages and salaries rose 3.9% in 2011 and reached pre-recession levels in the final quarter of the fiscal year.

The State's three major tax revenues experienced growth in Fiscal Year 2011 after five consecutive quarters of decline leading into the fiscal year. Total taxable sales in Illinois increased by 6.9 percent in Fiscal Year 2011, with the extent of the growth attributable to higher general retail sales and motor vehicle and fuel sales.

BUDGET ANALYSIS

Revenues

Total State Operating Revenues and Transfers In for Fiscal Year 2011 totaled \$30,163 million, a \$2,797 million or a 10.2% increase over Fiscal Year 2010. The increase is attributed to several one-time revenue enhancements, and more significantly, fundamental changes to State income tax rates. The enhancements, provided for by the authorization of the General Assembly, included the ability to borrow from other State funds (\$496 million) and accelerated collection of back taxes (as discussed below) owed to the State (\$717 million). Increases to the individual and corporate income tax rates produced \$3,205 million in additional revenues over the previous fiscal year.

On January 11, 2011, the Governor signed into law Public Act 96-1496, increasing the State individual income tax from 3% to 5% and the corporate income tax from 4.8% to 7.0%. The new tax rates will be effective until January 1, 2015, when the individual and corporate income tax rate will decline to 3.75% and 5.25%, respectively. The tax increase became effective on January 1, 2011; therefore revenues corresponding to the higher tax rate were only realized for the second half of the fiscal year. Under the tax amnesty program, authorized by Public Act 96-958, Illinois taxpayers who paid eligible back taxes during the amnesty period, which ran from October 1 to November 8, 2010, received a waiver of all associated interest and penalties. Participants were motivated by the fact that on November 9, the day after the amnesty ended, penalties and interest on unpaid back taxes doubled. The State received amnesty payments from over 78,000 taxpayers and collected \$717 million in amnesty payments.

Total State Source revenues, with the effect of the higher income tax rates and the tax amnesty program, increased by \$3,586 million or 18.5% to \$22,920 million from Fiscal Year 2009. Individual income taxes totaled \$11,225 million in fiscal year 2011, or 31.9% over Fiscal Year 2010, and corporate income taxes totaled \$1,851 million, or a 36.1% increase from the previous fiscal year. Excluding the effects of the tax increase and amnesty program, individual and corporate income taxes still increased by approximately 2.5% and 15.3%, respectively. The increase from Fiscal Year 2010 base revenues is attributed to the upward swing in the State economy supported by higher employment as well as increase in corporate profits and real GDP growth.

Sales taxes experienced stronger than projected growth in Fiscal Year 2011 with an increase of \$525 million or 8.3% to \$6,833 million. One-time revenues from the tax amnesty program accounted for \$164 million of the total increase for sales tax. Sales tax receipts were higher in the second half of the fiscal year corresponding to increased gas prices and overall stronger retail sales in the third and fourth quarter of the fiscal year. All other State receipts were down \$144 million or 4.6 percent primarily due to a decline in inheritance tax collections by \$121 million from the repeal of the federal estate tax that was also coupled to the Illinois estate tax law.

Federal Source revenues decreased by \$534 million or 9% over the previous fiscal year to \$5,386 million primarily to decreased Medicaid matching dollars coming into the General Funds due to a budgetary decision to move certain Medicaid expenditures to other State funds. Federal reimbursements are received in relative proportion to State Medicaid spending hence a reduction in fund expenditures consequently reduces federal matching revenues in to that fund.

Total Transfers In decreased by \$302 million or 14.0% primarily due to increased inter-fund borrowings from other State funds provided by authorization under PA 96-958. In addition, the General Funds received increased statutorily required transfers from the Capital Projects Fund as a result of higher fund balances from its first full year of tax revenues.

Expenditures

Fiscal Year 2011 total expenditures and Transfers Out equal \$33,971 million, which is \$1,743 million or 5.4% higher than Fiscal Year 2010. Expenditures from appropriations, excluding pension contributions increased by \$37 million to \$25,495 million as the majority of the total spending increase is due to higher Transfers Out. Compared to the prior fiscal year, programmatic funding for State primary and secondary education experienced the largest difference as spending decreased by \$302 million or 4.1% due to a reduction of general State aid to school districts provided by the Federal government under ARRA. Pension contributions, as in Fiscal Year 2010, were made through the issuance of bonds as General Funds were not utilized for any portion of the contribution. The issuance was executed March 10, 2011, with total proceeds of \$3,680 million.

Transfers Out, including inter-fund borrowing, totaled \$4,805 million, a \$1,501 million increase from Fiscal Year 2010. Due to the expiration of the enhanced Medicaid match under ARRA, the State prioritized all Medicaid provider payments at the end of the fiscal year ahead of other outstanding vouchers. The General Assembly passed Public Act 97-44 in June of 2011 allowing for the repayment of the Budget Stabilization Fund after the end of Fiscal Year 2011 and authorizing the transfer of \$365 million to the Healthcare Provider Relief Fund to maximize Medicaid vendor payments to capture additional federal revenues before the expiration of the program. Debt service payments were the primary source of the increase in total Transfers Out as the first interest and principal payments on the 2010 Pension Bonds were made in Fiscal Year 2011.

Cash Flow

One time revenue enhancements were used in the first half of Fiscal Year 2011, as discussed in “Fiscal Year 2010”, to pay outstanding obligations for Fiscal Year 2010. Additionally, Fiscal Year 2011 revenues were used toward paying down Fiscal Year 2010 obligations causing certain expenditures incurred in 2011 to be delayed to the latter part of the fiscal year. The State once again executed a borrowing to pay the Fiscal Year 2011 pension contribution, General Obligation Bonds Taxable Series of February 2011, as total State resources were insufficient to make contributions out of General Funds without reducing other appropriations by the statutory amount of that contribution.

The State began Fiscal Year 2011 with a budget basis accounts payable balance of \$6,224 million. Increases in the individual and corporate income taxes, though effective only for half of the fiscal year, contributed to lowering total accounts payable by fiscal year end (June 30, 2011) to \$5,148 million. As described above under “FISCAL YEAR 2010—Budget Analysis—*Cash Flow*”, the lapse period for Fiscal Year 2011 was also extended by the General Assembly to December 31, 2011 to allow additional time for the receiving, processing and payment of Fiscal Year 2011 obligations.

The final and audited Comprehensive Annual Financial Report and Traditional Budgetary Financial Report (TBFR) for Fiscal Year 2011 are available on the Comptroller’s website. The final TBFR reports a Budget Basis Fund Balance deficit for the General Funds of \$4,507 million whereas Table 1 previously reflected this deficit as \$4,679 million. In addition, the final TBFR reports Accounts Payable in the amount of \$4,976 million whereas Table 1 and Table 1A previously reflected Accounts Payable in the amount of \$5,148 million. The difference between these amounts reported in the final TBFR and the prior versions of Table 1 and Table 1A results from the TBFR’s reporting Transfers In, as of June 30, 2011, of approximately \$172 million from the Capital Projects Fund that were not reflected on Table 1 and Table 1A.

FISCAL YEAR 2011 CAPITAL BUDGET

The Fiscal Year 2011 Capital Budget was a continuation and extension of the Illinois Jobs Now! program. The total Fiscal Year 2011 Capital Budget was \$28,236 million which takes into account the re-appropriation write downs of prior years' spending.

In Fiscal Year 2011 new appropriations from current revenues of \$2,196 million were for highway, road, bridge, rail, and airport construction, as well as \$495 million for environmental projects, and \$1 million for State facilities. An additional \$203 million in bond financed appropriations for the following: \$146.5 million for highway, road, bridge, rail, and airport construction; \$22.5 million for Energy and Environment projects; and \$34 million for economic development. Collectively, total new appropriations from bond financed and current revenue sources for Fiscal Year 2011 were \$2,896 million.

The remainder of the Fiscal Year 2011 Capital Budget contained prior year re-appropriations totaling \$25,340 million. Re-appropriations are made in each fiscal year's capital budget of multi-year State projects funded through bond financing as well as State revenues over the following several fiscal years. The total re-appropriations included in the Fiscal Year 2011 Capital Budget, to be supported through bond financing, were \$17,198 million, which includes \$14,372 million of GO Bonds and \$2,826 million of Build Illinois bonds. Total capital re-appropriations funded out of current revenues were \$8,142 million, including prior federal funding of \$696 million.

FISCAL YEAR 2012 (JULY 2011 – JUNE 2012) – REVISED BUDGET

ECONOMIC CONDITION

The Illinois unemployment rate decreased since the height of the recession and reached a low of 8.7% in April of 2011 but climbed to 9.5% at the beginning of Fiscal Year 2012. With continuing uncertain economic conditions and the downgrade of the U.S. credit rating by Standard and Poor's in August 2011, Illinois unemployment rate reached a high of 10.2%. Employment conditions have since improved within the State as unemployment decreased over the second half of the fiscal year ending the year at 8.6%, this even as the labor force grew steadily over the same period of time.

Personal income which grew in each of four previous quarters prior to the beginning of Fiscal Year 2012, leveled in the first two quarters of Fiscal Year 2012, coinciding with the uncertain economy and higher jobless rates. Real GDP increased in calendar year 2011, including the first half of Fiscal Year 2012, by 1.3% over the previous. Strong retail sales activity led to increases in total taxable sales of 2.8% and 4.0% in quarters two and three of Fiscal Year 2012 over the same quarters in the previous fiscal year.

BUDGET ANALYSIS

Revenues

Total Operating Revenues and Transfers In increased by \$3,460 million or 11.5% from Fiscal Year 2011 to \$33,623 million. Growth in total fiscal year revenues is primarily attributed to higher individual and corporate income tax receipts that increased by \$4,287 million (38.2%) and \$610 million (32.9%), respectively, over Fiscal Year 2011. This reflects a full year of tax revenues under higher income tax rates that took effect in the middle of the previous fiscal year. Additionally, income tax revenues were higher than anticipated in the last two quarters of the Fiscal Year as March and April withholding receipts exceeded expectations. Sales tax revenues grew by \$393 million or 5.7% to \$7,226 million as strong sales activity and higher motor fuel prices contributed to higher collections in Fiscal Year 2012. All other state source receipts on a combined basis decreased by \$32 million or 1.1%.

Federal revenues decreased by \$1,704 million or 31.6% from Fiscal Year 2011 to \$3,682 million. The decrease is attributed to a variety of factors including, the end of Federal stimulus dollars paid to the State under ARRA, the acceleration of Medicaid payments from Fiscal Year 2012 to Fiscal Year 2011 to take advantage of the enhanced Federal matching dollars available until June 30, 2011, a shift of Medicaid spending to other State funds and subsequent decrease in matching Federal dollars, and a reduction in Medicaid appropriations over the previous fiscal year resulting in decreased Federal matching revenues.

Additionally, Medicaid matching revenues were deducted by the Federal government from back payments owed by the State on Medicare premium payments for Medicare/Medicaid dual eligible enrollees. Transfers In decreased by \$94 million or 5.1% due to a decrease in transfers from the Capital Projects Fund over the previous fiscal year.

Expenditures

Fiscal Year 2012 Total Operating Expenditures and Transfers Out are estimated to decrease by \$166 million or 4.9% over Fiscal Year 2011 to \$33,805 million reflecting reductions in agency budgets across the State. Total spending from appropriations, excluding State pension contributions, is estimated to decrease by \$359 million or 1.2% as spending reductions were made in nearly all major areas over the previous fiscal year, including general state aid to education, social service programs, and operational, administrative and personnel expenses within State agencies. Compared to the two previous fiscal years, the State pension contribution was made from General Funds and not through bond financing.

The State Pension contribution from General Funds for Fiscal Year 2012 is \$4,135 million which is \$455 million or 12.4% higher than previous fiscal year. Total Transfers Out are expected to increase by \$360 million or 7.5% to \$5,165 million. These transfers from the General Funds include \$160 million to the Healthcare Provider Relief Fund and \$140 million to the Hospital Provider Relief Fund for Medicaid service providers. The increase in transfers is also attributed to the repayment of inter-fund borrowings and the Budget Stabilization Fund from Fiscal Year 2011 that were deferred into Fiscal Year 2012. Actual budgetary transfers for debt service were below mid-year estimates as the State undertook a refunding of certain outstanding General Obligation bonds at lower interest rates.

Current estimated total spending for the fiscal year is \$2,381 million below the spending cap that was established as part of the income tax increase under Public Act 96-1496. The State is required to stay below the spending limitation for Fiscal Year 2012 of \$36,818 million. If final expenditures were to exceed the spending cap, as determined by the Auditor General of the State, the individual and corporate income tax rates would revert back to 3% and 4.8%, respectively, or prior to the rate increases established by Public Act 96-1496. Based on current estimates of expenditures for Fiscal Year 2012, the Budget Basis Operating Deficit is estimated to be \$814 million.

Cash Flow

Compared to the Fiscal Year 2011 budget, Fiscal Year 2012 resources were derived solely from State and federal sources and no other one-time revenue enhancements, including no inter-fund, short-term or pension obligation borrowings. As in the previous two fiscal years, the lapse period for Fiscal Year 2012 was extended under Public Act 97-732 to December 31st 2012. Extension of the lapse period allows for payment of Fiscal Year 2012 bills through the end of December for services incurred prior to June 30th. As of June 30, 2012, the total estimated amount of outstanding bills, in addition to bills expected to be received during the lapse period, is \$5,146 million.

Reflected in Other Financial Sources (Uses) section of Table 1, payments of \$356 million were made to other State funds for Inter-Fund Borrowing performed in Fiscal Year 2011. Under Public Act 97-44, the repayment of the Budget Stabilization Fund borrowing in Fiscal Year 2011 was deferred to Fiscal Year 2012 to allow maximum available resources for Medicaid purposes before expiration of the enhanced federal match under ARRA.

As shown in Tables 1 and 1A, the current end of year Budget Basis Operating Deficit is forecast at \$814 million. The deficit will be financed through an increase in accounts payable and use of previous fiscal year end cash balances.

FISCAL YEAR 2012 CAPITAL BUDGET

The total Fiscal Year 2012 Capital Budget is \$26,047 million which takes into account the re-appropriations write downs of prior years' spending. In Fiscal Year 2012, new appropriations from

current revenues of \$2,146 million were for highway, road, bridge, rail, and airport construction, as well as \$468 million for environmental, energy, and technology projects. An additional \$5 million in bond financed appropriations were for economic development. In Fiscal Year 2012, various Illinois Jobs Now! appropriations were repurposed, including \$309 million for State facilities, \$17 million for energy, and \$33 million for air transportation. Collectively, total new appropriations from bond financed and current revenue sources for Fiscal Year 2012 were \$2,978 million.

The remainder of the Fiscal Year 2012 Capital Budget contains prior year re-appropriations totaling \$23,069 million. Re-appropriations are made in each fiscal year's capital budget of multi-year State projects funded through bond financing as well as State revenues over the following several fiscal years. The total re-appropriations included in the Fiscal Year 2012 Capital Budget, to be supported through bond financing, are \$14,981 million, which includes \$12,382 million of GO Bonds and \$2,599 million of Build Illinois bonds. Total capital re-appropriations funded out of current revenues is \$8,088 million, including total prior federal funding of \$733 million.

FISCAL YEAR 2013 (JULY 2012 – JUNE 2013) – ENACTED BUDGET

The following discussion on State revenue estimates and the revenues reflected on Table 1 are based on the estimation methodology and econometric modeling of the Illinois Department of Revenue and Illinois Department of Employment Security. The Fiscal Year 2013 Enacted Budget that was passed by the General Assembly and signed into law by the Governor is based on revenue estimates of \$33,719 million provided in House Joint Resolution 68. Under Public Act 96-958, the State's budget process requires establishing fiscal year revenue estimates prior to determining spending objectives. All appropriations and expenditures discussed below and reflected in Table 1 are based on the budget approved by the General Assembly and signed into law by the Governor. The following table provides the time of update for Fiscal Year 2013 budgetary information presented in Table 1.

STATE SOURCE REVENUES	February 2012 – Governor's Introduced Budget
FEDERAL REVENUES	July 2012 – Enacted Budget
TRANSFERS IN	July 2012 – Enacted Budget
TOTAL OPERATING USES	July 2012 – Enacted Budget

BUDGET ANALYSIS

Revenues

Total State Operating Revenues and Transfers In from other State funds are estimated to total \$34,398 million for Fiscal Year 2013 Enacted Budget, a \$775 million or 2.3% increase over current revenue estimates for Fiscal Year 2012. State revenues sources, including the State's three primary sources, individual income tax, corporate income tax and sales tax, are projected to total \$28,205 million. Due to stronger than anticipated receipts in the second half of Fiscal Year 2012, final individual income tax revenues for Fiscal Year 2012 are currently higher than projected Fiscal Year 2013 collections. Forecasts provided by the Illinois Department of Revenue project growth in wages and salaries of 3% over the previous fiscal year. Tax revenue estimates for Fiscal Year 2013 may be revised based on actual collections within the fiscal year. To pay for individual income tax refunds, 9.75% of total individual income tax revenues in Fiscal Year 2013 will be diverted to the Income Tax Refund Fund from the General Funds.

Corporate income tax revenues are projected to total \$2,550 million, a 3.6% increase over Fiscal Year 2012. This projection reflects 14% of total corporate income tax revenues diverted to the Income Tax Refund Fund for payment of corporate income tax refunds. Downward adjustments were made to

Corporate Income Tax projections due to federally permitted accelerated depreciation of assets as well as tax incentives provided to Sears Corporation and Chicago Mercantile Exchange (Public Act 97-636). Sales taxes are forecasted to total \$7,335 million in Fiscal Year 2013, an increase of \$109 million or 1.5%. Strong projected motor vehicle and retail sales combined with high motor fuel prices are factored into increased sales tax revenue projections. All other State sources are projected to increase by \$68 million primarily due to higher public utility and inheritance tax receipts, offset by lower insurance tax and fees.

Federal Revenues, primarily driven by state Medicaid spending and matching federal monies, are projected to increase by \$549 million or 14.9% to \$4,231 million. This is due to an increase in Fiscal Year 2012 Medicaid expenditures in the lapse period resulting in increased federal match monies for Fiscal Year 2013. As State revenues are recognized on a cash basis, federally matched monies received for expenditures occurring after June 30th will be recorded in the following fiscal year. Additionally, a backlog of Medicare premium payments owed by the State for Medicare/Medicaid dual-eligible enrollees resulted in a reduction by the federal government of the State's Medicaid match monies in Fiscal Year 2012. Transfers In are projected to increase by \$199 million to \$1,962 million. This is primarily due to \$264 million in transfers from the newly created Backlog Payment Fund (Public Act 97-685) for payment of non-Medicaid related outstanding bills offset by small reductions in other statutory transfers.

Expenditures

Total Operating Expenditures and Transfers Out for the Fiscal Year 2013 Enacted Budget are estimated to decrease by \$896 million or 2.6% to \$32,909 million over Fiscal Year 2012 estimated expenditures. Expenditures for the enacted budget are also below the Governor's Introduced Budget by \$721 million. As mentioned above, Fiscal Year 2013 spending levels were based on revenue estimates established in House Joint Resolution 68 which total \$33,719 million. This revenue estimate served as a cap for spending under statutory guidelines provided in Public Act 96-958.

From the Governor's Introduced Budget, the General Assembly made certain notable changes to spending levels for key state programs that are part of the final Enacted 2013 Budget. Appropriations for K-12 and higher education, which were kept level with the prior fiscal year in the Introduced Budget, were reduced. This included reductions to general state aid to local school districts, mandated categorical items such as special education and travel, and grants for early childhood education. These changes are reflected in the "Provide quality education and opportunities for growth" budget objective presented in Table 1. Significant reductions from the Introduced Budget were also made to human services funding with decreased budgeted appropriations for Department of Aging, Children and Family Services and Human Services, all reflected in the "Protect the most vulnerable among us" budget objective. Budgeted appropriations for the state group health insurance program, under the "Improve the efficiency and fiscal stability of state government" objective, were provided for only six months for Fiscal Year 2013. The remaining appropriations for the fiscal year liability may be addressed in the fall 2012 veto session. Failure to fund the remaining fiscal year liability will result in an increase in Section 25 Liabilities that will carry into Fiscal Year 2014. Absent changes in revenues, should such appropriations be approved, the surplus would be adjusted down on Table 1 by approximately \$550 million.

The Governor and the General Assembly enacted reforms to the state Medicaid program totaling \$2.7 billion. Due to an increasing Medicaid liability in Fiscal Year 2013 and beyond, reforms were enacted to reduce costs and add new revenue sources to address the \$2.7 billion in additional Medicaid liability in Fiscal Year 2013. The Medicaid program liability in Fiscal Year 2013, absent these reforms, would have increased by \$2.7 billion. Total reforms include: \$1.6 billion in 62 spending item reductions, utilization controls and provider rate cuts; \$1 per pack cigarette tax increase for \$700 million in new revenue for Medicaid funding, a new hospital assessment program that generates \$100 million in annual revenues; and \$300 million allocated to Medicaid from increased state General Funds revenues.

Pension contributions for Fiscal Year 2013 to the State's five pension systems are estimated to total \$5,100 million from the State's General Funds, an increase of \$965 million or 23.1%. Contribution to the state pension systems increased between Fiscal Year 2012 and Fiscal Year 2013 as four of the five systems conducted five-year experience reviews of their actuarial assumptions, as required under state pension funding laws, resulting in adjustments to certain assumptions and increased fiscal year contribution requirements.

Transfers Out to other State funds, excluding debt service transfers and inter-fund borrowing repayment and budget stabilization fund repayment, increased by \$60 million or 2.4% to \$2,533 million. Transfers to the HealthCare Provider Relief Fund were increased to \$500 million in Fiscal Year 2013, as compared to \$160 million in Fiscal Year 2012, for the payment of outstanding Medicaid bills. These transfers were authorized within the budget for direct payment, and reduction, of outstanding Medicaid payables. Estimated transfers for capital bonds debt service is revised from the Introduced Budget reflecting higher anticipated revenues from other state funds to fund debt service resulting in lower debt service obligation for the General Funds.

The State is required to stay below the fiscal year spending cap established under Public Act 96-1496 of \$37,554 million. Based on current Fiscal Year 2013 estimates, State spending will be \$4,513 million below this cap. If final expenditures were to exceed the spending cap, as determined by the Auditor General of the State, the individual and corporate income tax rates would revert back to 3% and 4.8%, respectively, or prior to the rate increases established by Public Act 96-1496.

Cash Flow

The Fiscal Year 2013 Enacted Budget does not include any additional non-recurring revenue sources including borrowings and financings to fund the General Funds. The enacted budget includes appropriations and authorized transfers for the purpose of payment of outstanding State bills. As mentioned above, \$500 million is authorized to be transferred into the Healthcare Provider Relief Fund to pay outstanding Medicaid bills. The transfer will be cycled repeatedly over the course of the fiscal year under the 50% Federal Medical Assistance Percentage provided to Illinois until \$500 million in federal matching monies is achieved. This will allow for the payment of \$1 billion in outstanding state Medicaid bills reducing the state's payables backlog classified under Section 25 Liabilities. Appropriations were made to the Illinois Office of the Comptroller in the amount of \$264 million to be deposited in to the newly created Backlog Payment Fund which will be dedicated to the payment of outstanding non-Medicaid bills. In total, in Fiscal Year 2013 budgeted appropriations and transfers of approximately \$1.3 billion will be dedicated for the payment of outstanding payables in addition to any fiscal year budget surplus.

The second bill of the 2013 Budget Implementation Act (Public Act 97-732) was not passed in the spring session of 2012; however, the bill is expected to be considered in fall 2012 veto session of the General Assembly. The current legislative bill, Senate Bill 2971, includes \$229 million in additional transfers out of the General Funds. This includes \$151 million to the Healthcare Provider Relief Fund which is a component of the \$2.7 billion dollar budget gap for Medicaid described above. Absent changes in revenues, should Senate Bill 2971 be approved in fall veto session, the current surplus will be adjusted down by approximately \$229 million.

Other Financial Uses, presented in Table 1, include the repayment of \$132 million for Inter-Fund Borrowing performed in Fiscal Year 2011. All monies borrowed as part of the Inter-Fund Borrowing in 2011 (Public Act 96-958) will be fully repaid to other State funds upon completion of the Fiscal Year 2012 payment.

The enacted budget reflects a \$1,356 million surplus of total receipts over total disbursements. Absent changes in revenues, should the General Assembly approve the remaining appropriations for the State group health insurance program and pass Senate Bill 2971 (both discussed above), the surplus in the

Enacted Budget surplus would be adjusted down by approximately \$779 million. Any final fiscal year surplus will be dedicated to the payment of outstanding payables of the State, which are estimated at \$5,361 million (on a budgetary basis) at the beginning of the Fiscal Year 2013.

FISCAL YEAR 2013 PROPOSED CAPITAL BUDGET

The total new appropriation for Fiscal Year 2013 from both current revenues and bond funds is \$1,987.1 million. This includes \$1,643.8 million for highway, road, bridge, rail, inland ports and airport construction, as well as \$321.7 million for environmental projects and \$2.6 million for state facilities from current revenues. Collectively, total new appropriations from current revenue sources for Fiscal Year 2013 are \$1,968.1 million. New bond fund appropriations for economic development are \$19 million.

The remainder of the Fiscal Year 2013 Capital Budget contains prior year re-appropriations consisting of both bond funded and current revenue sources totaling \$23,155.5 million. The total bond-financed re-appropriations included in the Fiscal Year 2013 Capital Budget are \$14,361.3 million, which includes General Obligation Bonds in the amount of \$11,879.4 million and Build Illinois Bonds in the amount of \$2,481.9 million. Total capital re-appropriations funded out of current revenues is \$8,794.2 million.

BUDGET STABILIZATION FUND

Legislation enacted in 2000 required the State to transfer any unencumbered balance in the Tobacco Settlement Recovery Fund as of June 30, 2001, to the Budget Stabilization Fund. The State transferred \$225 million to the Budget Stabilization Fund in July 2001. Public Act 92-11 authorized the Comptroller to direct the transfer of money from the Budget Stabilization Fund to the General Revenue Fund to meet short-term cash flow needs, with the requirement that all money so transferred must be repaid within the same fiscal year. The Fiscal Year 2004 budget included an additional \$50 million contribution to the Budget Stabilization Fund, bringing the end of year balance to \$276 million, where it remained at June 30, 2009. Reflecting additional liquidity needs, the Comptroller did not repay the Fiscal Year 2010 cash flow borrowing in the amount of \$276 million from the Budget Stabilization Fund to the General Revenue Fund as of June 30, 2010. The Fiscal Year 2011 Operating Budget assumed the Budget Stabilization Fund would be restored to the amount of \$276 million. However, the General Assembly enacted Public Act 97-44 which authorized deferring this restoration until Fiscal Year 2012 and which restoration occurred by July 11, 2011, consistent with that Act.

BASIS OF ACCOUNTING

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 (the "Cash Balances") 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 Comptroller's records are kept on a basis of accounting wherein receipts are recognized at the time cash funds are ordered into the State Treasury by the Comptroller. Prior to Fiscal Year 1998, disbursements were recognized when payment warrants were issued. Since Fiscal Year 1998, disbursements have been recognized when vouchers have been approved and released for payment.

As the fiscal control officer of the State, the Comptroller issues an Annual Report detailing receipts and expenditures for each year. Since 1981, the Comptroller has issued a CAFR, which includes General Purpose Financial Statements prepared according to GAAP and statements of budgetary fund balances and changes in budgetary fund balances for all fund groups. Under Public Act 97-408, the Comptroller must publish the CAFR for each fiscal year by December 31 of each year or 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.