

Comptroller Daniel W. Hynes

MAY/JUNE 2001 ISSUE



Fiscal FOCUS

IN THIS ISSUE

GASB 34

...PAGE 2



IN THIS ISSUE

Focus On
Revenue

...PAGE 4



IN THIS ISSUE

Fiscal
Forum

...PAGE 6



IN THIS ISSUE

Vital
Statistics

...PAGE 14



State Parks and Recreation

Illinois is home to diverse geography and a vast array of plant and animal life. In addition to the flat surfaces that provide fertile ground for corn and soybeans, the Prairie State is home to canyons, swamp areas, river bluffs, and beaches. Various types of wildflowers and trees can be found throughout the state. Within the borders of Illinois live 297 kinds of birds, 63 forms of mammals, and 196 types of fish. Parks and recreation sites throughout the state offer a visual sampling of the rich landscape and varied life forms.

COVER STORY continued, page 7

FROM THE COMPTROLLER

Dear Readers:

For many people the arrival of summer presents an opportunity to get outdoors and enjoy such activities as camping, picnicking, swimming, hiking, biking, boating, fishing, golfing, rock climbing, or bird watching. One of the great things about our state is that you can do all these things at Illinois State parks.

The Department of Natural Resources currently oversees more than 260 sites and more than 400,000 acres of property in Illinois including 125 major parks and recreational areas. In addition to the many activities available, some parks and recreation areas include lodges, concession facilities or restaurants. Some locations in the state are set aside as nature preserves and wildlife sanctuaries, and guided tours and nature studies are often available.

According to the Department of Natural Resources, expenditures for outdoor recreation increased 2.9% from \$87.955 million in fiscal year 1999 to \$90.487 million in fiscal year 2000. Furthermore, the cost-per-acre-managed increased 4.5% over the same period. The need to provide sufficient resources to maintain these popular programs and sites should remain an important priority for policymakers.

As is our custom, I encourage you to answer the Fiscal Forum questions for this month, and to continue to let us know what you think. Our web site is www.ioc.state.il.us.

Sincerely,

Daniel W. Hynes
Comptroller



GASB 34

The New Governmental Reporting Model

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statements No. 34 and No. 35 (collectively referred to as GASB 34) revising the basic financial reporting model for state and local governments. The new reporting model is intended to increase the usefulness of a government's financial statements by providing information that will enable users to:

- Assess the finances of the government in its entirety;
- Determine whether the government's overall financial position improved or deteriorated;
- Evaluate whether the current year's revenues were sufficient to fund the current-year's services;
- Determine the cost of providing services;
- Understand how the government finances its various programs (through user fees

and other revenues versus general tax revenues);

- Understand the extent to which the government has invested in capital and infrastructure assets; and
- Make comparisons between governments.

The new reporting model will result in governmental financial statements that more closely resemble those of a private sector entity (e.g., the government-wide financial statements) while preserving certain aspects of traditional governmental financial reporting (e.g., the fund level financial statements). The new financial reporting model should provide a more accurate picture of the government's overall financial position in both the short and long-term.

GASB 34 continued, page 6

Fiscal FOCUS

Fiscal Focus is one of the ways the Comptroller's Office strives to assist taxpayers and the people of Illinois. This monthly report is designed to provide fiscal information of general interest and in compliance with state statutes.

Editorial Staff: David Griffith and Ann Sundeen. Writers & Analysts: Charles Good, Bill Dracos, Kevin Fitzpatrick and Loren Iglarsh. Production: Brenda Voyles, Rhonda Rathbone, Susan Hansen, Frank Weitzel, Larry Hopkins and Mike Petropoulos.

Fiscal Focus is published by Comptroller Daniel W. Hynes, 201 State House, Springfield, Illinois 62706. Questions or comments may be directed to (217)782-6000.

Web Address: <http://www.ioc.state.il.us>

In compliance with the Americans with Disabilities Act, this document may be requested in alternative formats by contacting the Office of the Comptroller at (217)782-6000 or calling the IOC Telecommunications Device for the Deaf (TDD) number, (217)782-1308, or by visiting the Illinois state Capitol Building, 201 State House, Springfield, Illinois.

The Illinois Office of the Comptroller is an equal opportunity employer and does not discriminate on the basis of race, color, religion, sex, marital status, national origin, ancestry, age or disability in employment or in the provision of any services, programs or activities.

Printed by Authority of the State of Illinois
7/01/01 - 3,500 Job 36000.



Reproduction of articles from this issue or portions thereof is allowed with proper attribution to Fiscal Focus, Illinois Office of the Comptroller.

HOW Illinois Stacks Up

Illinois Scores High in Amount of State Park Land and Visitors

For every 10,000 acres of total land, Illinois has 116 acres of state park land. This ratio is more than double the national average of 57 state park acres per 10,000 total acres and ranks Illinois 13th in the nation. Illinois also ranks fifth in the number of visitors to their state parks with 41.891 million visitors in fiscal year 1999.

California had the most visitors to their state parks with 76.736 million. Other states with more visitors than Illinois include New York (61.960 million), Ohio (60.220 million) and Washington (48.138 million). Wyoming, Montana, Louisiana, North Dakota and Vermont had the fewest visitors. The national average for the 1999 fiscal year was 15.337 million.

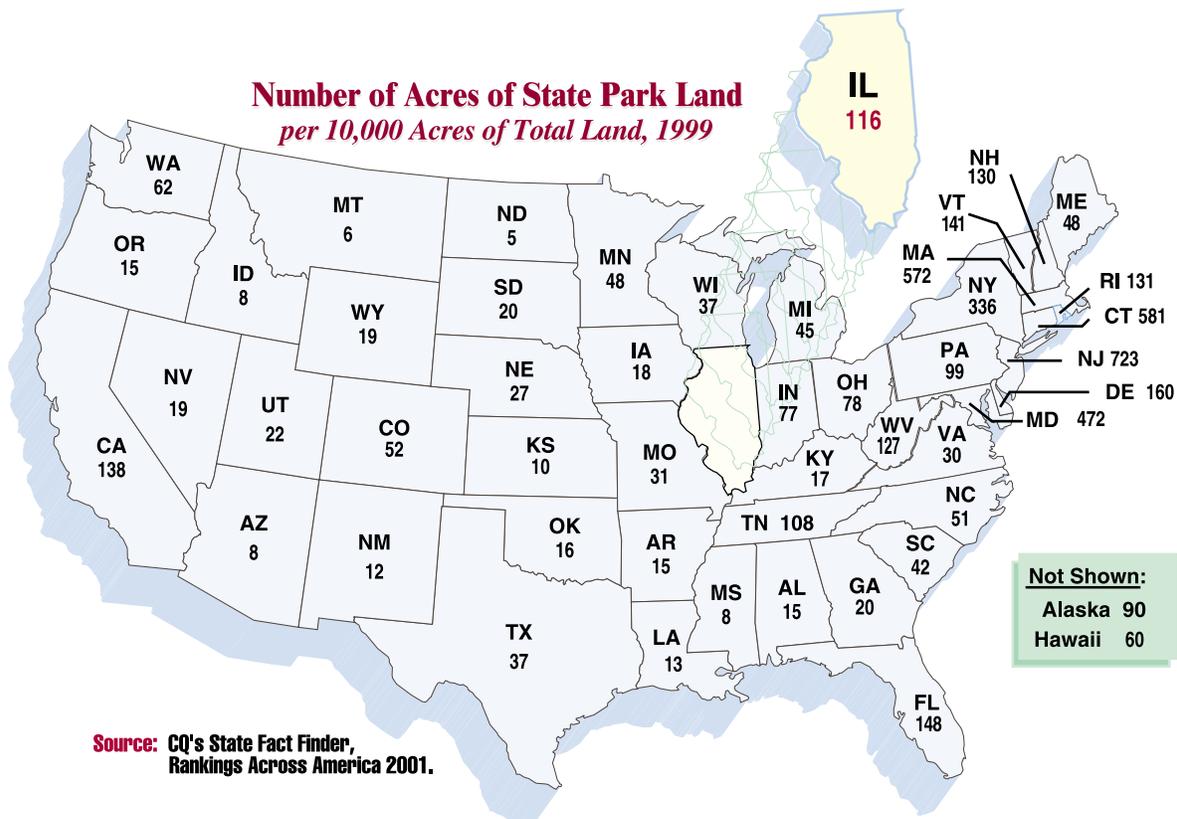
State Park Visitors by State in FY 1999 (thousands)

1 California	76,736
2 New York	61,960
3 Ohio	60,220
4 Washington	48,138
5 Illinois	41,891
6 Oregon	38,752
7 Pennsylvania	36,019
8 Tennessee	31,834
9 Michigan	27,745
10 Indiana	18,652
46 Wyoming	2,158
47 Montana	1,507
48 Louisiana	1,469
49 North Dakota	1,068
50 Vermont	834
U.S. Average	15,337

Source: CQ's State Fact Finder, Rankings Across America 2001.

New Jersey sports the highest ratio of state park land to total land. In fiscal year 1999, 723 out of every 10,000 acres in

New Jersey was utilized as state park land. Other states with high ratios include Connecticut (581 out of every 10,000), Massachusetts (572), Maryland (472) and New York (336). Idaho, Mississippi, Arizona, Montana and North Dakota had the least amount of land utilized for state parks with their respective ratios all less than 10 acres per 10,000. ■



FOCUS On Revenue

Hotel Taxes

The hotel operators' occupation tax was enacted in 1961 and was just another minor source of revenue for the General Revenue Fund. That changed in 1985 when an additional hotel tax was added and earmarked to promote tourism. Since

The Metropolitan Pier and Exposition Authority imposes a tax of 2.5% of gross receipts and the Illinois Sports Facilities Authority imposes a tax of 2% of 98% of gross rental receipts.

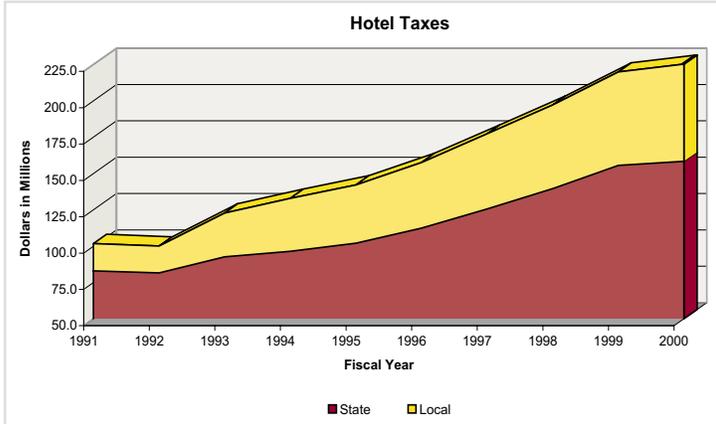
In addition, local governments, municipalities and counties, may also impose

rule governments are not bound by these limits.

As seen in the chart, hotel tax revenue has increased steadily over the past decade except for a small decline in fiscal year 1992 which appears to be from a deviation in the timing of deposits. Hotel taxes collected by the state have increased from \$101.8 million in fiscal year 1991 to

Distribution of State Hotel Taxes (Dollars in Millions)

Fund	FY 1991	FY 2000
General Revenue	\$ 28.5	\$ 45.4
Build Illinois	41.5	79.1
Illinois Sports Facilities	13.0	13.0
Local Tourism	0.0	12.7
International Tourism	0.0	8.1
	<u>\$ 83.0</u>	<u>\$ 158.3</u>



and collect a hotel tax up to 5% of gross receipts to promote tourism. A county may impose the tax on hotels outside any municipality that imposes such a tax. Home-

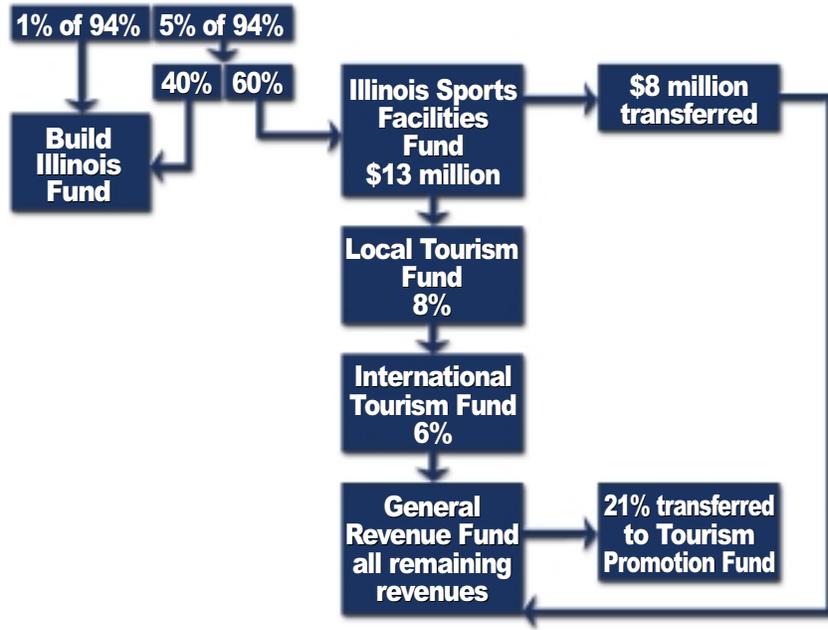
\$225.2 million in fiscal year 2000. State hotel tax revenue totaled \$158.3 million in fiscal year 2000, up \$75.3 million or 90.7% from \$83.0 million in fiscal year 1991. Local taxes collected by the state over this period increased by \$48.1 million or 255.9%, from \$18.8 million to \$66.9 million.

While revenues from the state hotel tax have grown over the past ten years, the distribution of taxes has changed. The Build Illinois Fund receives 50% of hotel taxes, the additional hotel tax (1% of 94% of gross receipts) plus 40% of the original tax (5% of 94% of gross receipts) and this has not changed. However, the remaining 50% used to go to the General Revenue Fund after \$13 million was deposited into the Illinois Sports Facilities Fund. The current distribution as seen in the flow chart is: \$13 million to the

then, additional hotel taxes were imposed on hotel operators in Chicago to finance the construction of Comiskey Park and the expansion of McCormick Place.

The Department of Revenue collects the state hotel tax and three local hotel taxes imposed in Chicago, including the two tax rates authorized to finance the projects previously mentioned. The state tax is imposed as the sum of two rates: 5% of 94% of gross rental receipts from transient guests and the additional tax of 1% of 94% of gross rental receipts. State law permits Chicago to levy a tax up to 1% of gross receipts.

Distribution of State Hotel Taxes



FOCUS On Spending

Illinois FIRST Supports Parks and Recreation Projects

The Governor's Illinois FIRST public works program was designed to meet the critical infrastructure needs of the state. Of the \$12 billion in proposed spending, \$1.8 billion was for a variety of local infrastructure projects. These projects were to be identified and prioritized with input from members of the General Assembly.

Many projects were suggested such as local water and sewer projects, brownfield redevelopment, and technology infrastructure improvements. Also proposed were projects for cleaning the environment and improving the quality of life. It is under this last grouping that proposals for spending on parks and recreation are predominantly included. Illinois FIRST appropriations for parks and recreation projects in fiscal years 2000 and 2001 were primarily allocated to two agencies, the Department of Commerce and Community Affairs and the Department of Natural Resources.

Project Examples

Over the past two years, the Department of Commerce and Community Affairs has spent approximately \$34 million on various parks and recreation projects. The spending for over 350 projects varies in dollar amount from \$1,500 to \$2,000,000. Harrisburg Park District received \$1,500 to repair a baseball field as did the Haas Park Advisory Council for park renovations. The \$2,000,000 expenditure went to the

Village of Glen Ellyn to purchase and redevelop Marynoll. Other expenditures over a million dollars include, \$1,250,000 to Elk Grove Village to construct a bike path over Interstate 290 and \$1,000,000 to the Village of Evergreen Park to purchase 100 acres of land.

Most of the spending by the Department of Commerce and Community Affairs (DCCA) went for park related expenditures such as purchase of playground equipment, repair and renovation of parks and facilities, development of new parks, bike trails and support for park programs. For example, Coal Valley received \$80,000 for playground equipment, Stanton received \$100,000 for soccer field lights, and Mokena received \$75,000 for a bike trail. However, some funds for parks were for general support like the City of Markham Park District which received \$500,000 and Hazel Crest Park District which received a \$50,000 grant for general operation expenses. Also, a few park districts received monies to purchase vehicles.

The Department of Natural Resources (DNR) has spent almost \$19 million over the past two years on Illinois FIRST projects for parks and recreation. Of the more than 100 projects, spending varied from \$5.3 million to the Chicago Park District for shoreline protection to \$5,000 for the Grant School Dugout in the Village of South

Chicago Heights. Like the Department of Commerce and Community Affairs, most of the (DNR) projects were for park and recreation related spending, although there were no general support type expenditures.

[NOTE: Special thanks go to two staff members of DCCA and DNR for their assistance in providing information and answering questions. However, it should be noted that a more detailed analysis of Illinois FIRST support for parks and recreation, including a definitive number on appropriations and expenditures, is not possible because Illinois FIRST did not segregate data specifically for a category of parks and recreation.] ■



Under GASB 34, a government's financial statements will consist of the following key components: 1) Management's Discussion and Analysis (MD&A), 2) Basic Financial Statements, and 3) Required Supplementary Information (RSI).

Although the three components of the financial statements are targeted at different users, the components cannot be separated for financial reporting purposes. Thus, if a government wishes to present interim financial statements, all three components must be prepared and presented.

1. MANAGEMENT'S DISCUSSION & ANALYSIS

The Management's Discussion and Analysis (MD&A) section is a new component of governmental financial statements that is intended to introduce users to the information contained in the basic financial statements and provide an analytical overview of the government's financial activities. This section is targeted primarily at citizens and other lay users of the financial statements. As such, it will include a discussion of current year financial results at the government-wide level and compare these to the previous fiscal year's results. The MD&A section will also be used to discuss significant changes in net assets or large budgetary variances, significant changes in capital assets or long-term debt, or other matters that impacted the government during the reporting period (e.g., corporate relocations, lawsuits, tax rate changes, etc.). The information presented in the MD&A must be based on currently known facts as of the date of the auditor's opinion.

2. BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide two distinct levels of reporting on a government's financial activities: government-wide and fund level. Traditionally, governments have only presented fund level information in their financial statements.

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. The Statement of Net Assets will report all of the assets, liabilities, and net assets of the State. It will distinguish between the primary government and the discretely presented component units as well as between the primary government's governmental and business-type activities while excluding information on fiduciary funds and component units that are fiduciary in nature. The Statement of Net Assets will specifically: include information on the long-term assets and liabilities of the government, resembling the balance sheet of a business; be presented on the accrual basis of accounting; account for all capital assets as part of the government's general and business type activities and include depreciation expense of these capital assets; and report information on infrastructure assets.

The Statement of Activities, much like an operating statement, will: present consolidated information on a government's revenues and expenses on an accrual basis; display the expenses and related revenues of the government by major activity; classify revenues into several categories on the statement including charges for services, operating grants and capital contributions; and show net cost of each activity before tax revenues and other non-program revenues are applied to support the remaining expenses.

GASB 34 retains the traditional fund level financial statements. Although the fund financial statements closely follow current governmental financial statements, two significant changes in fund definitions have been introduced. First, GASB 34 defines a new fund type, the permanent fund, in the governmental fund category. Permanent funds are to be used to account for funds in which the earnings of the fund are used to support government programs (the principal must be legally restricted). Second, expendable and nonexpendable trust fund types

Fiscal Forum

Last month's questions concerned a public safety issue related to corrections and the State budget. The questions and the responses from our readers are presented below:

Do you think, given prison overcrowding, that the State should continue to build new prisons?

YES ...51%

NO ...49%

Do you think that the State should put more emphasis on home detention for non-violent offenders?

YES ...75%

NO ...25%

This month's questions concern the current policy of not charging an admission fee for state parks and recreation areas.

Do you think Illinois should charge an admission fee for state parks and recreation areas to support operations?

Do you think Illinois should charge an admission fee for state parks and recreation areas if the funds raised are used to acquire new land and maintain existing areas?

To respond to these questions, simply log onto the Comptroller's Web site at www.ioc.state.il.us.

have been eliminated. Governments will typically reclassify these funds either as permanent funds, special revenue funds or private purpose trust funds.

GASB 34 also introduces the major fund concept in the presentation of the fund financial statements. Unlike the current governmental reporting model, the major fund concept allows governments to discretely report only its major governmental and enterprise funds in the fund financial statements. Major funds are defined

GASB 34 continued, page 13

State statutes dating from 1917 and the creation of the former Department of Conservation in 1925 attest to the fact that State government involvement in parks and recreation is not a new phenomenon. Ownership of land and facilities not only

Currently, the Department of Natural Resources administers 125 major parks and recreational areas in Illinois. A number of satellite parks also fall under the department's jurisdiction. When all major parks, satellites, and other related owned

or leased land are factored in, the department oversees more than 260 sites and more than 400,000 acres of property.

Abundant Activities/Free Admission

The parks and recreation areas that are managed by the Department of Natural Resources are dispersed throughout five regions of the state. The geographic breakdown and number of major parks/recreational areas in each region are shown on the map (see pages 8-9).

A wide variety of options are available to those who visit Illinois state parks and recreation areas. Camping, hunting, and fishing space and related services are widely available. Among the range of other activities that can be accommodated

or services offered at state sites are picnicking, swimming, boating, golfing, hiking, horseback riding, canoeing, rock climbing, snowmobiling, ice skating, cross country and water skiing, and bird watching. Many parks and recreation areas include lodges, beaches, concession facilities or

restaurants, trails, and horseshoe courts. Guided tours and nature studies are often available. Specific areas are also set aside as nature preserves and wildlife sanctuaries.

Camping is available at 80 locations, ranging from Anderson lake in the northwestern portion of Illinois to Fort Massac at the state's southern tip. DNR also offers a rent-a-tent program for persons who want to camp but do not have the equipment. For the less adventurous, cabins, lodges and conference centers are available for over night stays. Over 125 locations offer

Fishing License Sales (Number of Licenses)

Type of License	1996	1997	1998	1999	2000
Resident (\$13.00)	548,656	558,062	545,693	535,799	526,098
Non-Resident (\$24.50)	21,238	21,756	22,077	21,856	21,270
10-Day Non-Resident (\$13.00)	16,029	17,077	17,438	12,000	11,417
1-Day Lake Michigan (\$5.50)	16,569	17,486	19,218	X	X
24-Hour Sport Fishing (\$5.50)	X	X	X	37,472	42,313
Combination (\$19.25)	110,559	108,283	106,790	107,349	106,137
Senior Fishing (\$6.75)	62,834	65,687	64,469	67,465	66,294
Senior Combination (\$10.00)	X	X	X	9,132	10,531
Total Fishing License Sales	775,885	788,351	777,683	783,940	775,529

SOURCE: Illinois Department of Natural Resources.

allows the state to preserve land, water, plant and animal resources, but also to provide recreational opportunities to state residents. The Illinois Department of Natural Resources (DNR) was established on July 1, 1995, through an Executive Order of the Governor that combined the functions of several agencies including the Department of Conservation. As part of its established mission to preserve, cultivate and promote the natural and cultural resources of Illinois, DNR oversees state parks and recreation facilities. The department's Office of Land Management and Education is primarily responsible for the outdoor recreation effort



Hunting License Sales (Number of Licenses)

Type of License	1996	1997	1998	1999	2000
Resident (\$7.50)	190,257	180,834	178,658	173,298	165,174
Non-Resident (\$50.75)	6,805	6,576	6,206	7,098	6,944
5 Day Non-Resident (\$28.75)	6,761	6,637	5,522	6,597	5,838
Combination (\$19.25)	110,559	108,283	106,790	107,349	106,137
Senior Hunting (\$4.00)	15,589	16,307	16,082	9,719	8,333
Senior Combination (\$10.00)	X	X	X	9,132	10,531
Lifetime Hunting (\$210.00)	25	58	70	72	111
Lifetime Sportsmen's (\$550.00)	21	40	57	29	47
Total Hunting License Sales	330,117	318,735	313,385	313,294	303,115

SOURCE: Illinois Department of Natural Resources.

DAILY CAMPING FEE EXAMPLES

Service Class	Fee Range
Electric, Water, Sewer, Showers	\$3 - \$15
Electric and Showers	\$3 - \$11
Electric	\$3 - \$10
Showers	No Fee - \$8
Rent-a-Cabin	\$27 - \$35
Rent-a-Tent (Large)	\$11 - \$19

Lower fees apply to special groups such as seniors 62 years and older, disabled veterans, former prisoners of war.

SOURCE: Illinois Department of Natural Resources.

boating opportunities, and 15 facilities have swimming facilities.

Fishing and hunting opportunities abound, with non-discounted license fees ranging from \$5.50 to \$550.

Special rates are available for seniors. Camping, hunting, and fishing opportunities are also provided

Camping Revenue

1996	\$3,355,179
1997	\$3,719,276
1998	\$3,821,328
1999	\$4,055,242
2000	\$4,335,836

SOURCE: Illinois Department of Natural Resources.

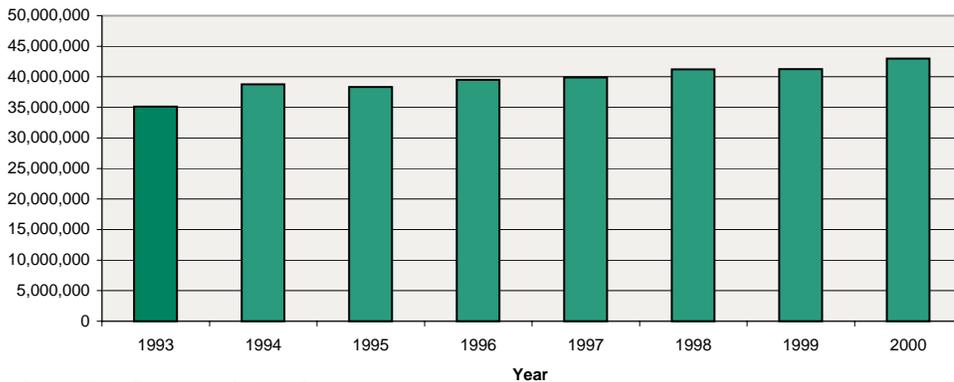
cases, park admission is free. DNR charges a \$1 entry fee for sites with beaches, and there is an admission charge for Wildlife Prairie Park near Peoria.

Fees and Revenues

Despite free admission to state parks, DNR does charge a number of fees for parks and recreation related activities.

ing license, thereby expanding the 1-day fishing option to the entire state. It should also be pointed out that the Combination and Senior Combination license fees allow for the purchase of both a fishing and hunting license. Camping fees are broken down into various categories ranging from Class AA (electricity, water, sewer, and showers) to Class D (walk-in) based on varying levels of service available. Additional charges also apply to organized group activities. Camping revenue figures do not include campground reservation and overnight housing charges.

State Parks/Recreation Areas, Annual Site Attendance



Source: Illinois Department of Natural Resources.

for the disabled. Nature enthusiasts will be pleased by the diversity of plant and animal life and the availability of hiking trails found throughout Illinois parks and recreation areas. As demonstrated by the vast array of available activities and accommodations, Illinois parks and recreation areas offer something for almost everyone.

It is important to note that in virtually all

Fishing, hunting, and camping charges comprise the bulk of those fees. Fishing and hunting costs are primarily connected with the purchase of licenses. The tables on page 7 display the different license costs. The tables also convey the revenue generating ability of each recreational activity. It should be noted that the 1-Day Lake Michigan fishing license was discontinued in favor of the 24-Hour Sport fish-

Top Ten Sites In Attendance (January - December 2000)

Rank	Site	Recorded Visitors	Region
1	Illinois Beach State Park	2,540,340	Northeast
2	Kankakee River State Park	1,886,429	Northeast
3	Starved Rock State Park	1,653,903	Northwest
4	Fort Massac State Park	1,561,871	South
5	Wayne Fitzgerald State Park	1,390,783	South
6	Chain O'Lakes State Park	1,350,346	Northeast
7	Giant City State Park	1,217,714	South
8	Pere Marquette State Park	1,186,865	West-Central
9	Rock Cut State Park	994,712	Northwest
10	Clinton Lake State Recreation Area	972,616	East-Central

SOURCE: Illinois Department of Natural Resources

39 Parks/ Recreation Sites

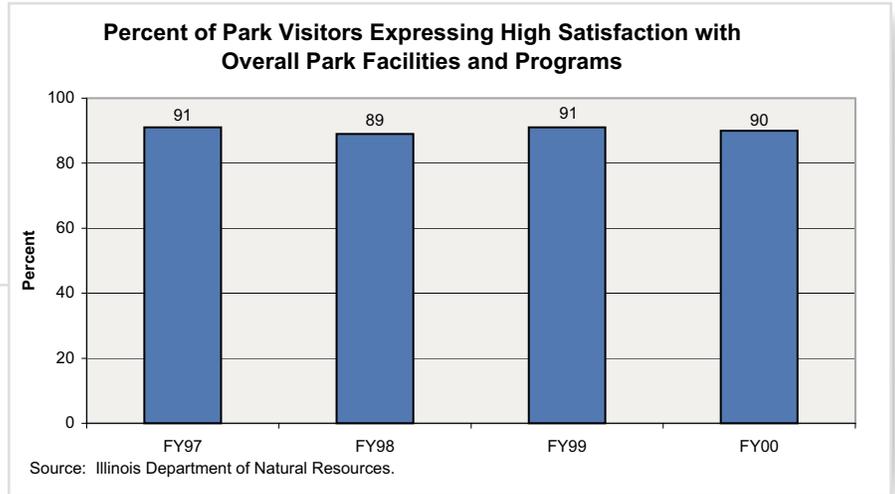
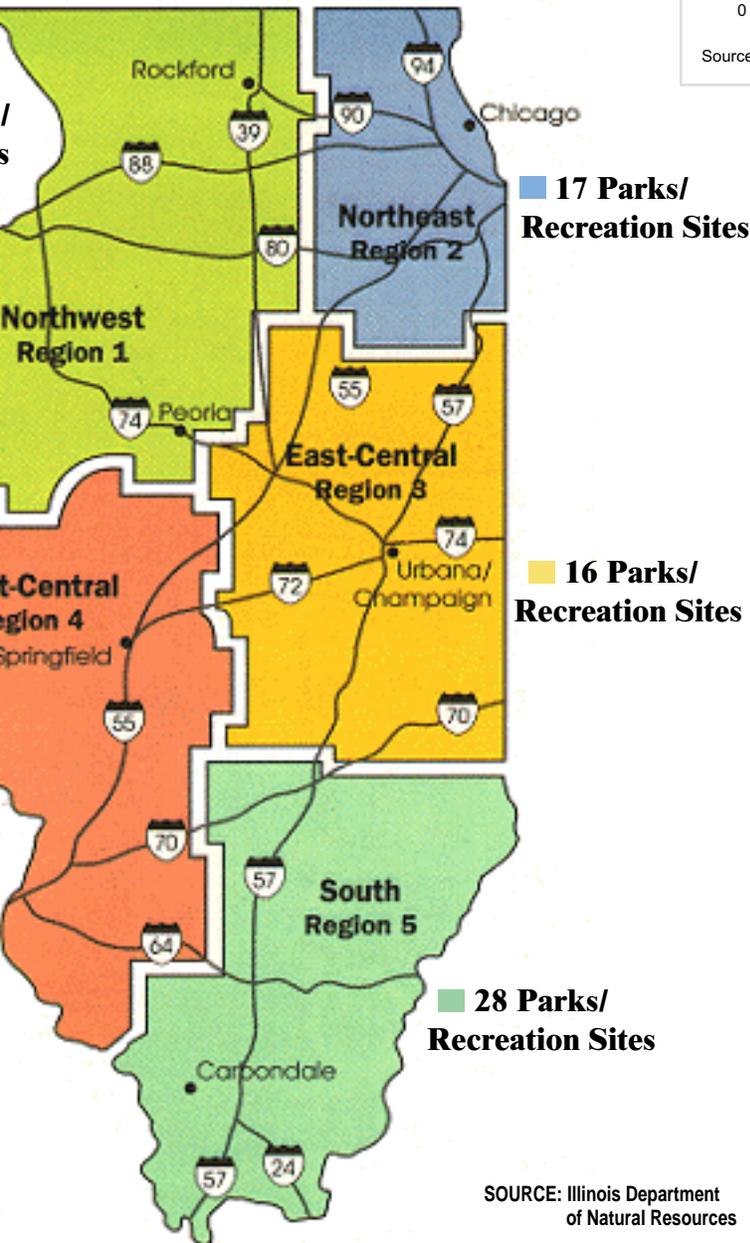
25 Parks/ Recreation Sites

dance figures reveals that the number of visitors has been increasing. DNR representatives note that most declines are related to such factors as weather conditions in a particular year. The disastrous flooding of 1993 led to a drop in attendance that year. However, another decline occurred in 1991 and was budget related. After major cuts in DNR programs, many parks operated on a seasonal schedule with reduced hours and reduced staff for the duration of the budget shortfall. The bar chart on page 8 provides an overview of

attendance figures at DNR's parks and recreation facilities from 1993 to 2000 and the table lists the top ten sites in recorded attendance for the year 2000.

Education, which is part of its Office of Land Management and Education. The Division of Education is responsible for developing and presenting informational programs, including outdoor educational

Illinois State Parks



Visitor Satisfaction

Customer satisfaction surveys are made available to those who visit state parks and recreation areas. In fiscal year 2000, 90% of site attendees who responded to surveys indicated the highest level of satisfaction with facilities and programs. Additionally, 95% of those responding conveyed high satisfaction with park/recreation area cleanliness and 87% expressed the highest level of satisfaction with safety conditions. Over the past several years, satisfaction levels have remained constant, as the bar chart illustrates.

Educational Opportunities

In 1995, DNR established a Division of

and recreational activities. The Division also works with state agencies in the area of environmental education. Among the programs offered to the general public, under ordinary circumstances without charge, are the following:

- **Safety Education Programs** - Instructional courses aimed at improving safety are provided in four areas: hunting, boating, snowmobiling, and trapping. The courses are designed for young people between the ages of 12 and 18, but anyone planning to undertake those activities would be encouraged to participate in a class. The courses are mandatory for those between the ages of 12 and 21, depending upon the program. Each of the courses offers a minimum of 8 hours of instruction.
- **Hunter Skills Clinics** - Instructional courses aimed at enhancing hunting abilities are provided in the following areas: women's shotgun instruction, white tail deer, waterfowl, and wild turkey. The clinics provide information on safe, ethical, and helpful hunting methods. Each program presentation is between 3 and 4 hours in length.

COVER STORY continued, page 10

Special Events

Illinois residents can also take part in a number of special events that DNR sponsors throughout the year. These activities largely center around camping, hunting, and fishing. A monthly calendar of events is available via the DNR website. The following summary of selected special events for 2001 provides a representative sampling of offerings:

- Free Fishing Days (June 8-11) - This annual statewide event includes family fishing clinics and fishing derbies for children, among other community activities. The free fishing period is seen as an excellent way to promote its recreational value.
- National Hunting and Fishing Days (September 22-23) - Illinois' official observance of this occasion (honoring the contributions of anglers and hunters to wildlife conservation and natural resource protection) takes place at two sites this year: Silver Springs State Park in the northern part of the state and John A. Logan College in the southern region. Events focus on family entertainment and education.
- Fort Massac Encampment (October 20-21) - This 29th annual event provides a recreation of British, French, and colonial American military occupation of Ft. Massac between 1757 and 1814. Military re-enactments and fireworks are among the other activities featured as part of the event.
- Youth Waterfowl Hunts (November 10-11 and December 26-27) - Youth

from the ages of 10-15 who have permits are eligible to participate in these activities. The first event (duck hunting) will be held at the Donnelly State Wildlife Area in DePue. The second outing (goose hunting) will



take place at the Union County Conservation Area.

Grant Assistance for Local Parks and Recreation

In addition to managing state parks and recreation areas, DNR administers a number of grant programs to assist local governments and non-profit groups acquire and/or develop local recreational areas. Grants are awarded on a competitive basis to local governments and not-for-profit entities. Each program operates on a cost reimbursement basis. There are eight specific outdoor recreation grant programs available through DNR. A summary of each program follows:

vides assistance to local governments in purchasing and/or developing land for public parks and open space. Funding assistance of up to 50% of approved project expenses is possible (maximum award of \$750,000 for acquisition projects and \$400,000 for development/renovation projects).

• The Boat Access Area Development Grant - This state funded program provides assistance to local governments in purchasing, constructing, and expanding/repairing public boat and canoe access areas on Illinois lakes and rivers. Funding assistance of up to 100% of approved

project construction costs and up to 90% of approved land acquisition expenses is possible (maximum annual award of \$200,000 per project).

- The Open Lands Trust Grant Program - This state funded program provides an opportunity for local governments to compete for the purchase of land from a willing seller for public conservation, open space, and natural resource-related recreation purposes. Funding assistance of up to 50% of qualifying project expenses or 90% for agencies meeting criteria of being economically disadvantaged (maximum annual award of \$2 million per project). This program is currently authorized for only four fiscal years, beginning with FY 2000.
- Illinois Trails Grant Programs - There are five grant programs that fall under this category area:
- 1) Illinois Bicycle Path Program - This state funded grant assists local governments purchase, build, and repair public, non-motorized bike paths and directly related sports facilities.



Cover Story concluded

Funding assistance of up to 50% of approved project costs is possible (maximum award of \$200,000 per annual request).

2) Snowmobile Grant Program - This state funded grant helps local governments construct public snowmobile areas and trails. Funding assistance of up to 50% of approved facility construction/repair costs and 90% of approved trail corridor land purchasing expenses is possible.

3) Snowmobile Trail Establishment Fund - This state program offers assistance to Illinois' incorporated, private snowmobile clubs. Funding aid of up to 100% of eligible project costs is possible.

ation trails. Funding aid of up to 80% on approved projects is possible, with the requirement of at least a 20% non-federal funding match.



Growth Continues

Illinois residents do not have to travel far to take advantage of

acres of property including 125 major parks and recreation areas. Furthermore, the state has been in a position to increase its assets. In 1993, for example, 16,550 acres of farm, forest and grass lands in west-central Illinois were purchased from Commonwealth Edison to later become the Jim Edgar Panther Creek State Fish and Wildlife Area. As recently as March, 2001, 2,272 acres of land in Brown County known as the Buckhorn Ranch were acquired for resource protection and public recreation.

According to DNR, approximately \$90.5 million was spent in fiscal year 2000 for outdoor recreation, an increase of \$2.5 million or 2.9% over fiscal year 1999 and \$23.4 million (34.9%) over fiscal year 1998. This level of spending yielded a cost-per-acre-managed of \$91.91 in fiscal year 2000, up from the \$87.92 for fiscal year 1999. However, the cost-per-visitor remained steady at \$0.85 for both years. ■

FOR MORE INFORMATION . . .

DNR provides a wide range of material to further public education on parks and recreation issues. A full listing can be obtained by visiting the agency's Web site at <http://dnr.state.il.us>. Among the offerings available:

Outdoor Illinois Magazine - Published twelve times a year, this periodical provides an in-depth profile of one state park or recreational area in each issue. A year's subscription is available for \$10.

Illinois State Parks Magazine - This annual publication offers a comprehensive look at state parks and recreation areas (including lodges and beaches). It is available free of charge.

Illinois Fishing Guide - This is a 47-page annual summary of fishing sites, tips, and rules and regulations. It can be obtained without cost.

Digest of Hunting and Trapping Regulations and the **Digest of Waterfowl Hunting Regulations** - These resources provide information on hunting sites, tips, and rules and regulations. Each is published annually and is available for no charge.

4) Off-Highway Vehicle Recreation Program - This state funded grant is available to government agencies, not-for-profit groups, and other qualifying agencies or individuals to establish, operate, maintain, and purchase land for off-highway vehicle parks and trails (with the stipulation that the areas must be available and accessible to the public). Funding assistance of up to 100% of eligible project costs is available.

5) Recreational Trails Program - This federally funded grant available from DNR provides assistance for state and local government agencies and not-for-profit organizations for the purchase, development, repair and maintenance of motorized and non-motorized recre-

state park and recreation sites and witness the wonderful variety that nature has to offer. The Department of Natural Resources oversees more than 400,000

Outdoor Recreation Program

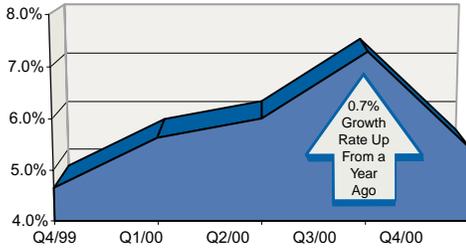
(expenditures in thousands)

	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	% Change FY 1999-2000
Expenditures	\$67,085.6	\$87,954.8	\$90,487.2	2.9%
Cost-per-acre-managed	\$81.60	\$87.92	\$91.91	4.5%
Cost-per-visitor	\$0.80	\$0.85	\$0.85	0.0%

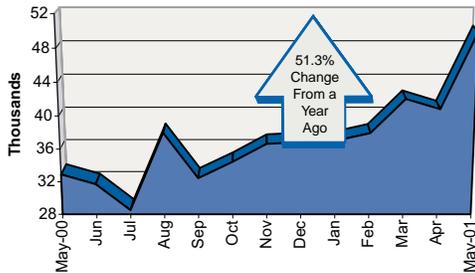
Source: Illinois Department of Natural Resources, FY 2000 Public Accountability Project submission.

Illinois Stats: Economic and Financial

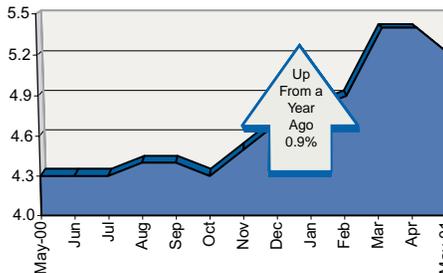
Illinois Personal Income
Change From Prior Year (Reported Quarterly)



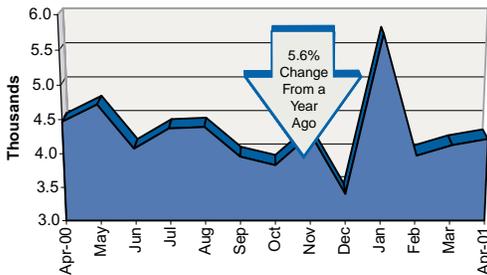
New Claims Unemployment Insurance



Illinois Unemployment Rate

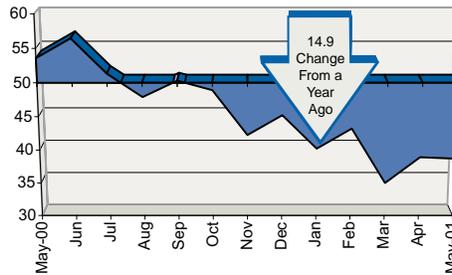


Illinois Housing Permits

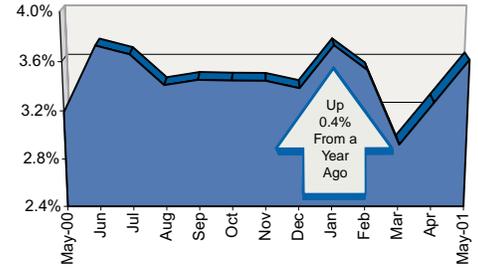


Current economic indicators include several signs of a slowing Illinois economy. The May Illinois unemployment rate equaled 5.2%. This was 0.8% greater than the May national rate, 0.2% less than the April Illinois rate, and 0.9% greater than its prior year level. The May Chicago Purchasing Managers Index (38.7) was an indicator of declining economic activity for the eighth consecutive month. An index below 50 indicates more reports of decreasing economic activity rather than increasing activity from purchasing managers. In May, the average Illinois manufacturing work week was 0.7 hours below its prior year level, while new claims for unemployment insurance had jumped over 50%.

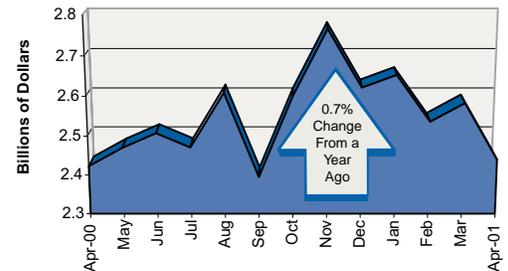
Chicago Purchasing Managers Index



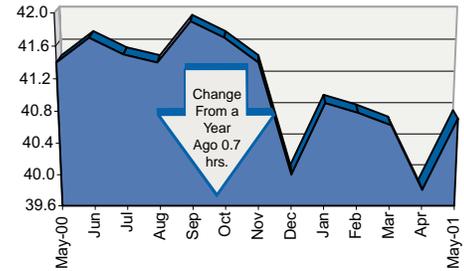
Inflation Rate
Change From Prior Year



Illinois Direct Exports



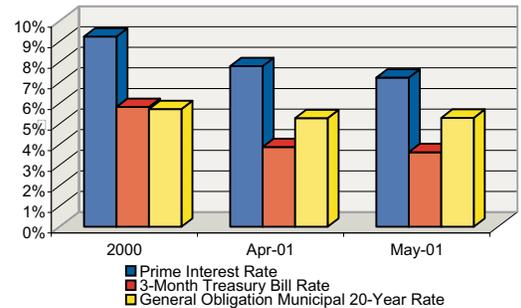
Average Hours Worked Illinois Manufacturing



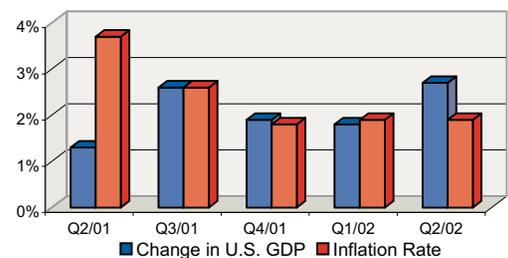
The latest DRI-WEFA forecast of the U.S. economy expects modest economic growth during the next year. After increasing at a 1.3% annual rate during the second quarter of calendar 2001, the growth rate for U.S. real Gross Domestic Product (GDP) is expected vary between 1.8% and 2.7% during the following four quarters. After increasing at a 3.7% rate during the second quarter of 2001, the inflation rate is forecast to decline to 2.6% during the third quarter of 2001 and fall below 2.0% during the following three quarters.

DRI — WEFA:
Economic Forecasts
Federal Reserve System:
Interest Rates

Interest Rate Trends



Economic Outlook



Sources:

Illinois Department of Employment Security:
Hours Worked in Manufacturing, Unemployment Insurance Claims

U.S. Census Bureau:
Direct Exports, Housing Permits

U.S. Bureau of Labor Statistics:
Unemployment Rates, Consumer Price Index

U.S. Bureau of Economic Analysis:
Personal Income

Purchasing Managers Association of Chicago:
Purchasing Managers Index

GASB 34 concluded

as those that have revenues, expenditures, assets, or liabilities that account for at least 10 percent of corresponding totals for all governmental or enterprise funds *and* at least 5 percent of the aggregate amount for all governmental and enterprise funds. Other funds deemed integral to understanding a state's financial position can be added at the discretion of management.

The financial reporting requirements for the fund level statements are determined by the fund type. The fund level financial statements include the following: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Finally, the basic financial statements will still include explanatory footnotes. GASB is in the process of issuing a new accounting standard that would significantly change the footnote disclosure requirement and would be effective at the same time GASB 34 would be implemented.

3. REQUIRED SUPPLEMENTARY INFORMATION

Although the MD&A section is considered part of Required Supplementary Information (RSI), it precedes the basic financial statements. Other RSI, as required by GASB 34, will be presented following the footnotes to the basic financial statements. The RSI section will include information on budgetary comparisons for the general fund and major special revenue funds. RSI is the section in which users of the modified

approach for reporting infrastructure assets will provide supportive data such as the results from their regular asset conditional assessments, estimated maintenance and preservation costs, the condition level intended to be maintained and budgetary trend information.

IMPLEMENTATION IN THE STATE OF ILLINOIS

The State of Illinois is required to implement the provisions of GASB 34 for its financial statements for the period ending June 30, 2002. The Illinois Office of the Comptroller (IOC) is leading the State's implementation efforts by sponsoring the "GASB 34 Financial Reporting Project." The Project's goal is to produce GASB 34 compliant State of Illinois financial statements for the period ending June 30, 2002 and to continue to earn the GFOA Certificate of Achievement for Excellence in Financial Reporting.

The Project has been divided into two phases: Phase 1 - Readiness Assessment and Phase 2 - Implementation. Phase 1, which was completed in August 2000, included an assessment of the State's readiness to implement GASB 34 and the development of a GASB 34 implementation work plan called the Master Plan. The Master Plan addresses the policies and procedures that will need to be reviewed and revised, the system's capabilities that will need to be assessed and modified and training courses and communications tools that will need to

be developed. Phase 2, which began in early 2001, is the actual implementation of the Master Plan.

The IOC is currently working closely with KPMG, Deloitte & Touche, Washington, Pittman and McKeever, Hill/Taylor and several other consulting firms to implement the Master Plan. Major implementation activities include: educating IOC staff, State agency personnel and our constituents on the new reporting requirements; developing/revising accounting and reporting policies; revising the State of Illinois GAAP reporting packages; providing training on the new reporting requirements and the new reporting packages; and establishing regular agency communication and an assessment tool to ensure State Agency preparedness for the new reporting requirements.

The State's implementation efforts will continue through 2002. Information regarding the status of the GASB 34 implementation project is available on the Comptroller's Website, www.ioc.state.il.us. Training presentations, including component unit training, implementation updates, *Fiscal Focus* newsletter articles and other GASB 34 resources are available by clicking on the site. Further information regarding GASB 34 implementation may be received by contacting Don Templeman, Project Sponsor, at 217-782-5258. ■

FOCUS ON REVENUE concluded

Illinois Sports Facilities Fund, 8% to the Local Tourism Fund, 6% to the International Tourism Fund, and the remaining monies to the General Revenue Fund. Therefore, while state hotel tax revenue has increased 90.7% over the past decade, hotel taxes deposited into the General Revenue Fund have increased only 59.3%.

Of the \$13 million deposited into the Illinois Sports Facilities Fund, \$8 million is paid back to the General Revenue Fund. Currently, 21% of hotel taxes deposited into the General Revenue Fund are transferred to the Tourism Promotion Fund and this percent has been increased several times over the past ten years. In fiscal year 1991, \$18.1 million was transferred com-

pared to \$32.9 million in fiscal year 2000. As a result, the General Revenue Fund, which at one time received all hotel tax revenue, now can utilize only a small portion of hotel taxes for general spending. ■

Vital Statistics

The Heartbeat of Illinois' Finance

General Funds Balance Ends May at \$750 Million

The General Funds cash balance (which includes the General Revenue Fund and three school funds) ended May at \$750 million, \$732 million or 49.4% below last May. Nearly all of the decline can be attributed to the General Revenue Fund, which dropped \$725 million while the three school funds' cumulative balance declined \$7 million. Since the beginning of the fiscal year the General Funds balance has declined by \$767 million.

Three factors help explain this year's significant decline in the General Funds balance. First, revenues have increased only \$409 million or 1.9% through eleven months and *will fall well below both the Bureau of the Budget and the Economic and Fiscal Commission estimates*. Second, compared to this time last year, appropriations are up \$1.122 billion providing ample room for the \$1.077 billion increase in eleven-month spending from this year's appropriations. Third, \$260 million was transferred in July from the General Revenue Fund to the Fund for Illinois' Future as part of the Illinois FIRST infrastructure program.

General Funds Revenues Through Eleven Months Up 1.9% Over FY 2000

Through eleven months of fiscal year 2001, General Funds revenues totaled \$21.503 billion, \$409 million or 1.9% higher than last year. Of this year-over-year increase, individual income taxes accounted for \$296 million or 72.4%. Other major sources of revenue that

have recorded increases through May include: federal sources (up \$169 million or 4.7%); riverboat gambling transfers (up \$110 million or 36.7%); investment income (up \$44 million or 20.7%); public utility taxes (up \$36 million or 3.5%) and insurance taxes and fees (up \$27 million or 15.9%).

Major sources of revenue to the General Funds that have decreased through May are corporate income taxes (down \$166 million or 15.3%), other transfers in (down \$86 million or 18.8%) and sales taxes (down \$41 million or 0.7%). The decline in corporate income taxes is due in large part to a one-time payment of approximately \$130 million last March. The decrease in other transfers in is due to the fact that last fiscal year \$76 million had been transferred from the Income Tax Refund Fund and \$71 million had been transferred from the University of Illinois Hospital Services Fund to the General Revenue Fund. Through eleven months of fiscal year 2001, only \$37.4 million has been transferred from the University of Illinois Hospital Services Fund. The \$41 million decrease in sales tax receipts reflects the loss of an estimated \$150 to \$175 million due to the temporary exemption of motor fuel sales from the tax base. However, since the expiration of the temporary exemption at the end of December, sales taxes have failed to show any growth. The \$24 million decline in sales taxes revenue from last May to this May is particularly disappointing.

General Funds Spending Through Eleven Months Up 6.2% Over FY 2000

Through May, General Funds cash spending totaled \$22.270 billion, \$1.307 billion or 6.2% above last year. This increase includes a \$108 million decrease in lapse period spending, a \$1.077 billion increase in spending from current year appropriations, and \$338 million more in transfers out.

Awards and grants spending increased \$685 million or 5.2% while operations increased \$306 million or 5.2% and transfers out jumped \$338 million or 19.3% (including the \$260 million Illinois FIRST transfer). After eleven months of fiscal year 2001, expenditures have exceeded revenues by \$767 million resulting in a decrease in the available cash balance from \$1.517 billion at the beginning of the fiscal year to \$750 million at the end of May.

Of the \$685 million increase in grant spending, Public Aid is up \$285 million or 6.5% through May while the Department of Human Services has increased by \$95 million or 4.1%. Awards and grants education spending is up \$219 million from last May with the State Board of Education up \$99 million, teacher's retirement up \$76 million and higher education up \$44 million.

Spending for operations totaled \$6.166 billion through May, \$306 million higher than comparable expenditures last year. Higher education operations are up 7.6% or \$115 million, while all other operations increased \$191 million (4.4%).

Looking Ahead

Over the past few years, General Funds expenditures in the first three-quarters of the fiscal year have increasingly outpaced revenues. This growing imbalance has mandated a sizeable General Funds balance to start the fiscal year in order to avert cash flow problems. Even the \$1.517 billion balance to start this fiscal year was not enough to avoid cash flow difficulties throughout the year. It now appears that the General Funds balance to start fiscal year 2002 will be approximately \$400 million less than last year. If this occurs, cash flow difficulties could very well return to the General Funds throughout a large part of the 2002 fiscal year. ■

GENERAL FUNDS REVENUES, EXPENDITURES AND BALANCES
(Dollars in Millions)

	Eleven Months			
	May 2001	FY 2001	Change From Prior Year	
			\$	%
Total General Funds				
Available Balance	\$ 577	\$ 1,517	\$ 166	12.3 %
Revenues	2,146	21,503	409	1.9
Expenditures	1,973	22,270	1,307	6.2
Ending Balance	\$ 750	\$ 750	\$ (732)	(49.4) %
General Revenue Fund				
Available Balance	\$ 250	\$ 997	\$ (19)	(1.9) %
Revenues	1,836	18,437	292	1.6
Expenditures	1,759	19,107	998	5.5
Ending Balance	\$ 327	\$ 327	\$ (725)	(68.9) %
Common School Special Account Fund				
Available Balance	\$ 61	\$ 69	\$ 1	1.5 %
Revenues	127	1,353	(11)	(0.8)
Expenditures	118	1,352	(14)	(1.0)
Ending Balance	\$ 70	\$ 70	\$ 4	6.1 %
Education Assistance Fund				
Available Balance	\$ 253	\$ 415	\$ 205	97.6 %
Revenues	97	1,010	120	13.5
Expenditures	25	1,100	336	44.0
Ending Balance	\$ 325	\$ 325	\$ (11)	(3.3) %
Common School Fund				
Available Balance	\$ 13	\$ 36	\$ (21)	(36.8) %
Revenues	320	2,624	99	3.9
Expenditures	305	2,632	78	3.1
Ending Balance	\$ 28	\$ 28	\$ 0	0.0 %

Note: Total General Funds excludes interfund transfers while the individual funds include such transfers. Numbers may not add due to rounding.

GENERAL FUNDS REVENUES
(Dollars in Millions)

	Eleven Months			
	May 2001	FY 2001	Change From Prior Year	
			\$	%
Revenues:				
State Sources:				
Cash Receipts:				
Income Taxes:				
Individual	\$ 803	\$ 7,290	\$ 296	4.2 %
Corporate	48	922	(166)	(15.3)
Total, Income Taxes	\$ 851	\$ 8,212	\$ 130	1.6 %
Sales Taxes	510	5,443	(41)	(0.7)
Other Sources:				
Public Utility Taxes	126	1,053	36	3.5
Cigarette Taxes	33	366	0	0.0
Inheritance Tax (gross)	31	325	1	0.3
Liquor Gallonage Taxes	14	113	1	0.9
Insurance Taxes and Fees	2	197	27	15.9
Corporation Franchise				
Tax and Fees	11	130	6	4.8
Investment Income	21	257	44	20.7
Cook County IGT	0	222	8	3.7
Other	20	208	0	0.0
Total, Other Sources	\$ 258	\$ 2,871	\$ 123	4.5 %
Total, Cash Receipts	\$ 1,619	\$ 16,526	\$ 212	1.3 %
Transfers In:				
Lottery Fund	\$ 59	\$ 452	\$ 1	0.2 %
State Gaming Fund	35	410	110	36.7
Protest Fund	1	9	3	50.0
Other Funds	24	372	(86)	(18.8)
Total, Transfers In	\$ 119	\$ 1,243	\$ 28	2.3 %
Total, State Sources	\$ 1,738	\$ 17,769	\$ 240	1.4 %
Federal Sources:				
Cash Receipts	\$ 397	\$ 3,638	\$ 195	5.7 %
Transfers In	11	96	(26)	(21.3)
Total, Federal Sources	\$ 408	\$ 3,734	\$ 169	4.7 %
Total, Revenues	\$ 2,146	\$ 21,503	\$ 409	1.9 %

GENERAL FUNDS ANALYSIS OF EXPENDITURES
(Dollars in Millions)

	Eleven Months			
	May 2001	FY 2001	Change From Prior Year	
			\$	%
Expenditures:				
Awards and Grants:				
Public Aid	\$ 520	\$ 4,652	\$ 285	6.5 %
Elem. & Sec. Education:				
State Board of Education	320	4,111	99	2.5
Teachers Retirement	61	671	76	12.8
Total, Elem. & Sec. Education	\$ 381	\$ 4,782	\$ 175	3.8 %
Human Services	182	2,440	95	4.1
Higher Education	95	782	44	6.0
All Other Grants	86	1,324	86	6.9
Total, Awards and Grants	\$ 1,264	\$ 13,980	\$ 685	5.2 %
Operations:				
Other Agencies	\$ 406	\$ 4,533	\$ 191	4.4 %
Higher Education	92	1,633	115	7.6
Total, Operations	\$ 498	\$ 6,166	\$ 306	5.2 %
Transfers Out	\$ 215	\$ 2,088	\$ 338	19.3 %
All Other	\$ 4	\$ 52	\$ (42)	(44.7) %
Vouchers Payable Adjustment	\$ (8)	\$ (16)	\$ 20	N/A
Total, Expenditures	\$ 1,973	\$ 22,270	\$ 1,307	6.2 %

COMPARISON OF SPENDING FOR OPERATIONS BY OBJECT
(Dollars in Millions)

	Eleven Months			
	May 2001	FY 2001	Change From Prior Year	
			\$	%
Personal Services:				
Regular Positions	\$ 200	\$ 2,159	\$ 100	4.9 %
Other Personal Services	22	234	13	5.9
Total, Personal Services	\$ 222	\$ 2,393	\$ 113	5.0 %
Contribution Retirement	41	440	21	5.0
Contribution Social Security	14	152	7	4.8
Contribution Group Insurance	53	582	(7)	(1.2)
Contractual Services	36	476	28	6.3
Travel	2	22	0	0.0
Commodities	10	119	(4)	(3.3)
Printing	1	8	(1)	(11.1)
Equipment	5	41	(3)	(6.8)
Electronic Data Processing	5	44	0	0.0
Telecommunications	4	46	0	0.0
Automotive Equipment	1	17	2	13.3
Other Operations	104	1,826	150	8.9
Total, Operations	\$ 498	\$ 6,166	\$ 306	5.2 %

COMPARISON OF SPENDING FOR AWARDS AND GRANTS
(Dollars in Millions)

	Eleven Months			
	May 2001	FY 2001	Change From Prior Year	
			\$	%
State Board of Education:				
General State Aid	\$ 248	\$ 2,491	\$ (8)	(0.3) %
Categoricals	72	1,620	107	7.1
Other	0	0	0	0.0
Public Aid	520	4,652	285	6.5
Human Services	182	2,440	95	4.1
Higher Education:				
Student Assistance Commission	12	385	29	8.1
Community College Board	64	315	18	6.1
Other	19	82	(3)	(3.5)
Teacher's Retirement	61	671	76	12.8
Children and Family Services	24	612	(13)	(2.1)
Aging	18	202	28	16.1
Revenue	0	91	10	12.3
All Other	44	419	61	17.0
Total, Awards and Grants	\$ 1,264	\$ 13,980	\$ 685	5.2 %

Legislative Update...

Comptroller Hynes' legislative agenda received strong support from the General Assembly that sent four of his five legislative proposals to the Governor's desk. These include:

Prompt Payment Reform (HB1728) lowers the payment period from 3 months to 2 months before state agencies must pay late interest penalties on payments to vendors. Further, requires state agencies to track the payment process so vendors can find out if late interest penalties are owed to them.

Contract Debt Certification (SB1039) requires state contractors to certify that they don't owe debt to the state. Debt

must be paid off or scheduled under a deferred payment plan before a contract can be entered into. Also allows agencies to access the Comptroller's Offset system to check if a contract is delinquent in debt to the state.

Cemetery Care and Funeral Home Reforms (HB 2283) caps a two-year effort of Comptroller Hynes to gain additional protections for consumers of pre-need contracts in part by eliminating the "fine print" in contracts and requiring the distribution of a consumer protection booklet so consumers are informed of their rights. Further, gives local governments temporary access to abandoned cemeteries for clean-up purposes and creates penalties for

stealing cemetery artifacts with the intent to resell.

Local Government (HB 1883) contains administrative changes relating to the reporting requirements of special districts to the Comptroller's Office.

Fiscal Responsibility Agenda/Rainy Day Reforms (HB 2159) contains Comptroller Hynes' plan for leading Illinois to fiscal stability which was held in the State Senate. Nonetheless, a component of his package was included in HB3493 (Public Act 92-11) which authorizes the Comptroller to tap into the Budget Stabilization Fund to help lessen the impact of revenue shortfalls. ■

COMPTROLLER DANIEL W. HYNES

Contact us at our web address: <http://www.ioc.state.il.us>

Fiscal FOCUS

COMPTROLLER
Capitol Building
Springfield, Illinois 62706

