



Comptroller Daniel W. Hynes

OCTOBER 2000 ISSUE



# Fiscal FOCUS

QUARTERLY

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## Local Government In Illinois

Illinois is a diverse State that covers almost 56,000 square miles of land and is inhabited by approximately 12 million people. Many of the residents live in urban areas, but there is a strong rural presence as well. One thing that all Illinois residents have in common is that they are served by a variety of local governments. Illinois has more than 7,200 units of local government that provide basic services such as police, fire, sewer, water, and transit, as well as library, park, health, and emergency services.

Drafters of the 1970 Constitution took into consideration the number of local governments in Illinois and adopted some innovative measures. Section 6 of Article 7 creates home rule powers for some counties and municipalities, and Section 10 of Article 7 permits units of local government to share services, combine powers, or use revenues to pay the costs related to intergovernmental activities. These Constitutional provisions were adopted to provide local governments more flexibility to address local needs.

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### Dear Readers:

One of the lesser know, albeit very significant, functions of my Office is the collection and dissemination of information on local government finances. Local governments, with the exception of school districts, are required to file an annual financial report with this Office. In the past, the Office has mandated the filing of this information, while providing little or no training to local government officials responsible for the reports.

That situation has changed dramatically. One of my goals when I took office was to provide education, comprehensive training and support to local governments to help them comply with the reporting requirements. Because of these efforts, compliance has jumped from 60% to 94%. This increases the accountability of local governments to their constituents who can access the financial information online through our Web site at [www.ioc.state.il.us](http://www.ioc.state.il.us).

This issue of *Fiscal Focus* highlights local governments in Illinois. It discusses not only the different types of government and their functions and finances, but also looks at the efforts of the Local Government Division of this Office. A list of Web sites that can provide more information on local governments appears on page 16.

I encourage you to answer the Fiscal Forum questions for this month, and to let us know how you think our interactions with local governments can be improved.

Sincerely,

Daniel W. Hynes  
Comptroller



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## 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.

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# Fiscal Smarts

## What's in a Tax Bill?

When Illinois became a state in 1818, the Constitution contained a provision for the state to tax property in direct proportion to the value of property. The laws have changed since then and property taxes are now levied on a local level by general purpose governments (municipalities, townships and counties), special districts (such as park districts, library districts, sanitary districts, etc.), and school districts.

The property tax is a local tax which means that it is levied, collected and spent by units of local government. It is based on the value of real property owned. It is the largest single tax in Illinois and is the major source of tax revenue for local governments. In fiscal year 1998, for example, property tax extensions in Illinois (the amount billed to property taxpayers) totaled about \$14 billion. The Illinois Department of Revenue reports

over 6,400 units of local government rely on property taxes to finance services they provide, and property taxes provide three-fourths of their total tax revenue.

Most local governments are authorized to levy a property tax, although school districts account for over 60% of total property tax extensions in Illinois.

The assessed value of a property reflects the property value as of January 1 of that year. The amount that is assessed that year results in taxes paid the following year. For example, the amount assessed in 1999 is used to determine the 2000 tax bill. In most cases, property is reviewed and reassessed every four years. Any property whose condition has significantly changed within the four years is subject to reassessment. Each county is statutorily required to assess property at 33.33% of its aggregate market value.

*FISCAL SMARTS continued, page 3*

# A View From The Outside

By W. Thomas Ross, Winnebago County Auditor

## A Local Official's Perspective

Establishing working relationships between state and local government officials is essential to meeting our responsibilities to constituents. As the Winnebago County Auditor and a member of the Comptroller's Local Government Advisory Board, I have had the rewarding experience of building those relationships and participating in important matters that pertain to local government.

The Local Government Advisory Board, pursuant to state statute, is comprised of 30 members. Of them, 15 must be public members, 10 must be local officials, and 5 must be CPAs. Our responsibility is to advise the Comptroller on issues related to local government finances and assist in the assessment of the fiscal health of Illinois' local governments. The members of our Board were appointed by Comptroller Hynes to strike a balance that accurately reflects the diverse nature of Illinois local governments and the people they serve.

The Local Government Advisory Board first met in July 1999 and quickly set out to establish goals and form committees. Our main goals were to assist the Comptroller with the expansion of services and programs offered to local governments, the simplification and streamlining of financial reporting requirements, determining the appropriate scope of information the Comptroller collects from local governments and determining how to present that information to the public.

To realize those goals, the Board offered its input and advice on several projects that were completed by Comptroller Hynes during his first year in office. One was the launch of the Comptroller Connect Internet Filing system that allows local governments to file their annual financial reports on the Internet. This program provides a much improved and simplified method for local governments to file financial information.

Another goal was a series of regional training conferences held in 10 locations throughout Illinois to train and assist local officials with their reporting requirements. The Board strongly supported the Comptroller's efforts to expand the training resources available to local officials and several of our members hosted training conferences in their communities. They were very popular and well attended. In the area of public information, the Fiscal Responsibility Report Card for FY 1998 got a new look, including detailed profiles for individual governments and fiscal indicators as the Board recommended.

In the next year, the Local Government Advisory Board will work to identify new opportunities to train and assist local officials, improve the accuracy of the information submitted to the Comptroller and expand the availability of that information to taxpayers. If you have any comments or suggestions for the Advisory Board, please contact the staff at (312) 814-2451, or at the Hotline (877) 304-3899. ■

## Fiscal Smarts continued from page 2

The governing board of each taxing district annually determines the amount of money it needs for the upcoming budget year and adopts a property tax levy ordinance based on that amount. County clerks establish a tax rate for each taxing district so that the rate, multiplied by the adjusted equalized assessed valuation of the property, will generate the money needed by the taxing district.

It is important to note that local government territories overlap. For example, in a simple case the boundaries of a municipality lie within the boundaries of a township, and that township is within the boundaries of a county. Therefore, local property taxes are aggregates, or totals, of the taxes for all the units of local government within which a piece of taxable property lies. The total tax bill is determined by the

amount of money that all of the taxing bodies need to operate. The sum of the monies requested each year by all of the taxing districts determines the total tax rate for a property. This total tax rate, when applied to a property's equalized assessed valuation, provides the total tax bill. An example of this relationship is shown in the table.

In this case, nine local governments are levying a property tax and the total tax rate is equal to the sum of the nine individual govern-

ment rates. The table illustrates how the relative shares of the total tax bill can be calculated. For example, the local school district accounts for 60%

*FISCAL SMARTS continued page 7*

Taxing District	Tax Rate	Tax Owed
School District	4.4812%	\$1,269.52
Community College District	0.3997%	\$113.24
Airport Authority	0.1064%	\$30.14
City	1.0000%	\$283.30
Township	0.1268%	\$35.92
County	0.7894%	\$223.64
Park District	0.3687%	\$104.45
Mass Transit District	0.1032%	\$29.24
Sanitary District	0.0933%	\$26.43
<b>Total</b>	<b>7.4687%</b>	<b>\$2,115.88</b>
<b>Property</b>		
Fair Market Value	\$95,500	
Equalized Value	\$31,830	
Homestead Exemption	\$3,500	
<b>Adjusted Equalized Value (EAV)</b>	<b>\$28,330</b>	

} x \$28,330 (EAV) }

# GASB 34 *Update*

The Illinois Office of the Comptroller has begun the process of implementing the Governmental Accounting Standards Board (GASB) statements 33, 34, 35, and 36. This column will be one part of a larger effort to keep state agencies informed about the decisions made surrounding those GASB statements, and with the issues that they will need to address.

Below is a description of the process the IOC has undertaken thus far to address the implementation.

## Readiness Assessment

In order to be fully prepared to implement GASB statements 33, 34, 35, and 36, the State of Illinois first needed to determine what to do and how prepared it was to do it. To accomplish this, the Illinois Office of the Comptroller (IOC) issued a request for proposal (RFP) for a readiness assessment. The consultant hired to do the assessment performed in-depth interviews of key employees and key agencies to determine the level of preparedness.

The Readiness Assessment identified critical areas where the State was poorly situated for implementation. The four major critical areas identified were:

1. **Training** - This includes not only training State agencies on financial reporting requirements, but also educating stakeholders on GASB 34 and the impact it will have.
2. **Policies and Procedures** - The State needs to develop policies and procedures for financial reporting under the new model. A number of policy decisions will need to be made prior to implementation.
3. **Capital Assets** - The State needs to assess the capital assets it owns by classification of assets, as well as systems and sub-systems. It needs to determine recommended depreciation methods, capitalization thresholds, acquisition dates, accumulated depreciation and useful lives.

4. **Financial Reporting** - The Comptroller's Office needs to evaluate its financial reporting systems, determine what changes need to be made, develop policies and procedures for those changes, and then implement them.

## Policy Issues

The IOC is currently considering RFPs to complete the implementation stage. However, some of the policy issues to be resolved have been identified. These include:

- **Financial Statements for State Agencies** - the options are being considered by the American Institute of Certified Public Accountants, that will provide guidance. Using that guidance, the Illinois Office of the Auditor General (OAG) and the IOC will need to decide how agencies will be required to report. The two options are:
  1. Statements in compliance with GASB 34, which would include Agency-wide statements, Agency major fund statements, and an Agency Management Discussion and Analysis (MD&A); or
  2. Fund financial statements based on the major funds of the Agency.
- How State agencies will report MD&A information if option 2 above is chosen.
- Fixed Asset Systems will need to be able to capture acquisition dates, historical costs, inventory information, accumulated depreciation, and annual depreciation. Decisions will need to be made regarding asset classes, how to determine historical cost and accumulated depreci-

tion, useful lives based on class of assets, depreciation methods based on class of assets, and capitalization thresholds.

- Infrastructure reporting decisions will include: which method of reporting will be used for each system and subsystem, who will be responsible for reporting on the infrastructure in question (titleholder v. maintainer), how pre-1980 assets will be treated, and if the alternative method of reporting is chosen, how the maintenance level will be determined.
- Budget reporting decisions will center on determining the functional categories to report and which of the State's funds will qualify for major funds reporting.

## Timetable

The State of Illinois is required to be in compliance with GASB 33, 34, 35 and 36 beginning with the fiscal year 2002 reporting period. The reporting period begins July 1, 2001 and ends June 30, 2002. The Comprehensive Annual Financial Report (CAFR) for the period will be released on December 31, 2002.

In order to reflect beginning balances, the financial reporting system will need to be adjusted for the FY 2001 reporting period.

### Anticipated Timetable

July 2000 . . . . .	Complete Readiness Assessment
August 2000 . . . . .	Complete Master Plan and Timetable
November 2000 . . . . .	Begin Implementation Projects
January 2001 . . . . .	Adopt Key Requisite Policies
June 2001 . . . . .	State Agency Training Begins
June 2001 . . . . .	Accounting System Changes Identified and Kicked Off
July 2001 . . . . .	Systems Specifications Designed
Fall 2001 . . . . .	Agency Reporting Using New System
December 2001 . . . . .	System Changes Tested
June 2002 . . . . .	GASB 34 Training
July 2002 . . . . .	Implementation Projects Complete
July - December 2002 . . . . .	Compilation of First GASB 34 CAFR

Those forms will be sent out in July of 2001. It is the goal of the IOC to have the changes in place to capture that information by that time.

In the end, the goal of the IOC is to implement GASB 34 accurately and on time with the least amount of agency disruptions as possible. ■

## Types of Local Governments

Local governments are created by the State. The very existence of units of local government, their powers and responsibilities, and their ability to raise revenue and enter into debt are dependent on State statutes. There are two main types of local government. General purpose units of government (counties, municipalities, and townships) are responsible for basic services such as police, fire, road, sewer, water, and public health services. Special district governments usually provide a single service such as parks, libraries, rural fire protection, or mosquito abatement. Illinois has approximately 27 types of special districts.

### Types of Special Districts in Illinois

- 1 Airport Authorities
- 2 Cemetery Districts
- 3 Conservation Districts
- 4 Drainage Districts
- 5 Exposition and Auditorium Authorities
- 6 Fire Protection Districts
- 7 Forest Preserve Districts
- 8 Hospital Districts
- 9 Library Districts
- 10 Mass Transit Districts
- 11 Mosquito Abatement Districts
- 12 Multi-Township Tax Assessment Districts
- 13 Park Districts
- 14 Port Districts
- 15 Public Health Districts
- 16 Rescue Squad Districts
- 17 River Conservancy Districts
- 18 Road Districts
- 19 Sanitary Districts
- 20 Soil and Water Conservation Districts
- 21 Street Lighting Districts
- 22 Solid Waste Disposal Districts
- 23 Surface Water Protection Districts
- 24 Tuberculosis Sanitarium Districts
- 25 Water Commissions, County
- 26 Water Districts, Public
- 27 Water Service Districts

## Local Government Revenue

In general, units of local government in Illinois obtain revenues from a variety of sources such as state and local taxes, user fees and charges, and federal and state (intergovernmental) grants. Property taxes are the major part of "own source" revenues for local governments, but they may also rely on utility taxes, sales taxes, or user charges.

The financial relationship between State government and local governments is a little more complex. The State shares revenue with local governments through the

Local Government Distributive Fund (LGDF) where 1/10 of the net income tax receipts are returned to local governments based on population. The State also distributes Personal Property Replacement Taxes (PPRT) to units of local government. In the case of sales taxes, the State collects taxes on behalf of local governments and then remits the money to them based on sales within the boundaries of the local governments. This includes the local portion (1.25%) of the State's 6.25% sales tax, as well as locally imposed taxes such as the sales or hotel taxes enacted by home rule governments. (see tax payment and allocation tables). In certain cases where off track betting facilities or riverboats are located, the appropriate local governments receive a percentage of the gaming taxes and receipts.

Another link between State government and local governments takes the form of financial and technical assistance provided by State agencies. According to a recent survey, there are about 225 grant programs and 160 technical assistance programs used to help Illinois local governments. Grant programs provide financial help for activities such as general assistance, community development, or tourism, while technical assistance includes services such as energy conservation, labor market information, or groundwater education.

## State Constraints

Local governments are also constrained by

the State. As mentioned above, the State statutes that create local governments also authorize the kinds of taxes and charges they may impose, and often establish maximum rates. For example, counties may levy a property tax to provide for mental health facilities and services but the rate is limited to 0.15%, and municipalities of less than 500,000 population may levy a property tax not to exceed 0.10% to acquire, maintain, and operate an airport and landing fields. Other State actions that affect local government revenues include the enactment of homestead exemptions, or the exemption of certain commodities from the sales tax. Perhaps the most familiar constraint is the Property Tax Extension Limitation Law (PTELL) that limits the annual increase in property tax extensions to the lesser of 5%, or the increase in the consumer price index. The PTELL is in effect in Cook County, the collar counties, and 18 downstate counties that have passed referenda.

FY 1999 Tax Payments to Local Governments

Tax Source	Recipient(s)	FY 1999 Total
County/Municipal Sales Taxes	Counties/Municipalities	\$1,205,277,635
Income Tax	Counties/Municipalities	834,738,837
Replacement Taxes (PPRT)	Townships/Special Districts	680,801,429
Home Rule/County Public Safety Tax	Counties	608,616,845
Sales and Use Taxes	Regional Transportation Authority	589,997,839
Motor Fuel Tax Distributions	Counties/Municipalities	419,401,639
Replacement Taxes (PPRT)	Counties/Municipalities	276,842,056
County Supplemental Sales Tax	Counties	153,853,616
Sales and Use Taxes	Public Transit Fund (RTA)	148,443,533
Local Use Tax	Counties/Municipalities	121,620,334
Motor Fuel Tax Distributions	Other Districts	79,233,053
Sales and Use Taxes	Chicago (MPEA)	71,598,566
Sales and Use Taxes	DuPage County Water Commission	31,659,687
Sales and Use Taxes	Downstate Public Transportation Fund	31,502,000
County Motor Fuel Tax	Counties	25,776,482
Photoprocessing Tax	Counties/Municipalities	23,434,850
Sales and Use Taxes	Metro-East Mass Transit District	20,546,969
Tax Increment Financing	Municipalities	15,444,126
Sales and Use Taxes	Chicago (Sports Facility)	14,537,787
Sales and Use Taxes	Metro-East Mass Transit Fund	14,130,083
Sales and Use Taxes	Chicago (Hotel/Motel)	11,383,882
Sales and Use Taxes	Chicago (Soft Drink)	6,940,601
Automobile Renting Taxes	Counties/Municipalities	5,172,630
Pull Tabs/Jar Games Tax & Fees	Counties/Municipalities	1,546,809
Charitable Games Tax & Fees	Counties/Municipalities	73,054
<b>GRAND TOTAL</b>		<b>\$5,392,574,342</b>

SOURCE: Illinois Department of Revenue.

## Counties

Did you know that the state of Illinois was a county before it was a state? In 1778, the Virginia legislature declared Illinois a county, which included parts of Indiana, Ohio, Wisconsin, and Michigan. One of

# HOW Illinois Stacks Up

## Illinois Leads Nation in Number of Local Governments

According to the U.S. Census Bureau's *Census of Governments 1997*, Illinois has the most local governments of any state with a total of 6,835. The next highest three states include Pennsylvania (5,070), Texas (4,700), and California (4,607). Illinois, similar to most states, has both general and special purpose types of local governments. According to the U.S. Bureau of the Census, Illinois has actually had a decrease in the total number of local governments since 1952. There were 7,723 local governments reported in 1952 and in 1977 the total number dropped to 6,621 governments, a change of 1,102. From 1977 to 1997 the number increased to 6,835, but that total is a net reduction of 888 local governments since 1952. Although municipal and township governments have increased in numbers, school district governments account for this reduction. Approximately 2,528 school district governments have been consolidated between 1952 and 1997.

### Counties

Illinois has 102 counties, 18 of which have 100 or more local governments within their borders. The largest counties in terms of total number of local governments represented are Cook County

(547), Lake County (189), Champaign County (177), and DuPage County (173).

There are 121 cities, 30 townships, 244 special purpose governments, and 152 school districts that make up the total 547 local governments in Cook County. This number is much higher than the Illinois average of 67.0 local governments per county which ranks 6th in the United States. The top five states with the highest average of total number of local governments per county are Delaware (112.0), California (79.4), Pennsylvania (75.7), Connecticut (72.9), and New Jersey (67.7). Although Delaware has the highest average of local governments per county, there are only 3 counties and a total of 336 local governments in the state. California and Pennsylvania, however, have more counties and other governments.

### Municipalities

Illinois ranks first in the nation with the most municipalities. There are 1,288 municipal governments in the state. Texas and Pennsylvania have 1,177 and 1,023 municipalities, respectively. Almost 50% of all Illinois municipalities have populations less than 1,000. Iowa is the only other state to have a larger number of municipalities with populations less than 1,000, at 53%.

### Townships

Illinois does rank third in the United States with a total of 1,433 township governments. Minnesota has the highest number of townships with 1,794 followed by Pennsylvania once again with 1,546. Similar to Illinois municipal governments, township governments with less than 1,000 in population comprise 47% of the total number of townships in the state. There are, however, 31 states including California, Florida, and Texas, that do not have township governments.

### Special Districts

Looking at special district governments, Illinois has 3,068 and ranks first. California has the second highest number at 3,010 special districts.

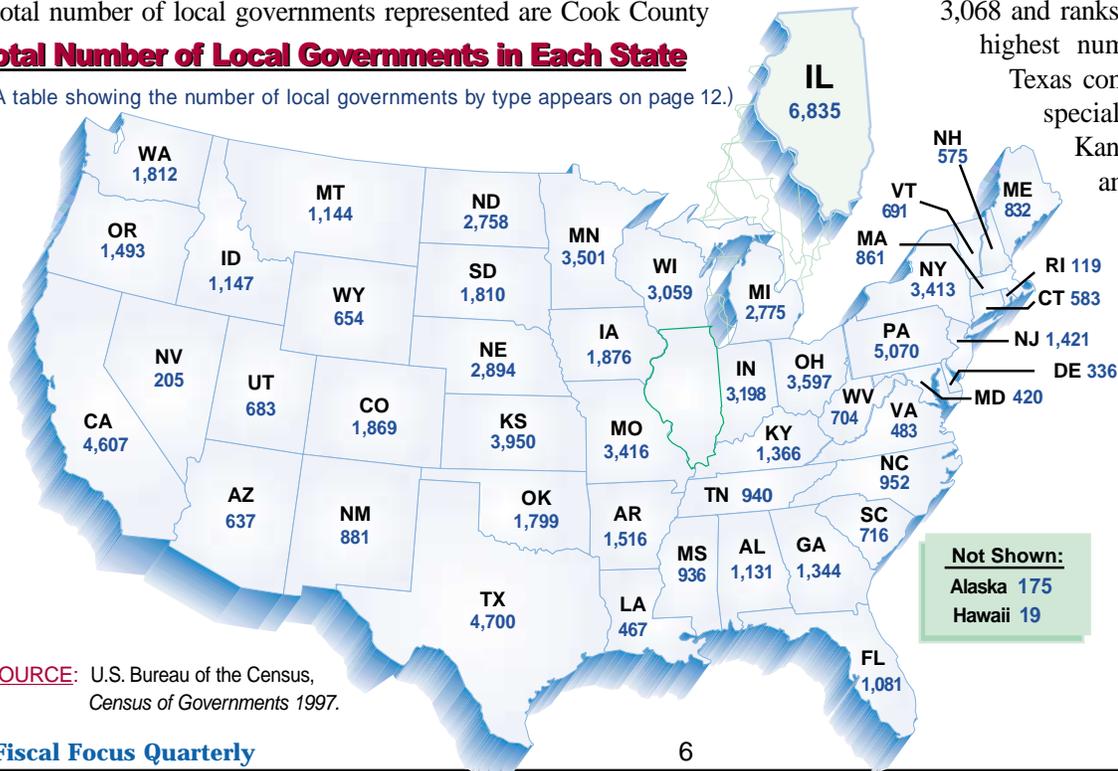
Texas comes in a distant third with 2,182 special districts. Colorado, Indiana,

Kansas, Missouri, and Nebraska are among 8 states with more than 1,000 special district governments.

Of these 8 states, New York has a total of 3,413 local governments but only 1,126 or 33% are special district governments. This is the lowest number of the 8 states. One other notable is Hawaii with a total of 19 local governments, of which 15 are special districts. Overall, Illinois has more library districts, drainage districts and park districts (all special district type governments) than any other state. ■

### Total Number of Local Governments in Each State

(A table showing the number of local governments by type appears on page 12.)



# Special Note:

The numbers of Illinois local governments shown in *How Illinois Stacks Up* differ from the numbers reported in other sections of *Fiscal Focus*. The *Stacks Up* map and table are based on U.S. Bureau of the Census figures, while the articles are based on the local governments reporting to the Comptroller's Local Government Division.

The U.S. Bureau of the Census figures were used for the *Stacks Up* map because the Bureau collects uniform statistics for all states that allow state-by-state comparisons to be made. The remaining articles refer only to Illinois, so the most recent figures from the Comptroller's Office were used.

The total number of local governments reported by the Comptroller's Office is higher than the number reported by the Census Bureau for a number of reasons. The information is from different time periods. The Census Bureau report is from 1997, and the Comptroller's information is based on FY 1999 reporting. In addition, the number of local governments is not etched in stone, but changes frequently due to the creation of new governments or the dissolution of existing governments. Furthermore, different definitions of local government are used. For example, road and bridge districts are not counted as governments in the Census Bureau tabulation, but they are counted by the Comptroller's Office. ■

## Fiscal Smarts concluded, from page 3

(\$1,269.52/\$2,115.88) of the taxes owed. The data also demonstrate the cumulative effect of living in an area with many local taxing districts. If this example property was located in area without a community college district, airport authority, park district, mass transit district, and sanitary district, the total tax rate would be 6.3974% and the total tax owed would be \$1,812.38.

As Illinois residents know, where you live affects the property taxes you pay. As shown in example above, the number of taxing districts affects the total tax bill. The type of property is also a factor. Prior to electric deregulation, taxing bodies in areas with large power plants were able to sustain lower property tax rates for homeowners. Governments in areas with large shopping centers may be able to rely more on sales taxes than on property taxes.

### Cook County Tax Bill

Cook County's tax bills vary from the other 101 counties because of differences in assessment levels. While all other counties equalize the assessment of the market value of property at 33 1/3%, Cook County uses a multi-tiered system. Cook County classifies property and assesses each tier according to local ordinances. The current assessment levels are:

- 16% for residential single family homes and apartment buildings of no more than six units
- 33% for apartment buildings of seven or more units and stores with apartments above
- 22% for vacant land
- 36% for industrial property
- 38% for commercial property

percentages (rounded to the nearest 0.5%) of the property taxes are shown in the table.

### Lake County Tax Bill

In Lake County, township assessors complete their assessments in the fall. After they have certified their assessment books as being correct, they turn them in to the Chief County Assessment Office, which equalizes assessments to 33 1/3% of market value through the use of an equalization factor, reviews the books, and makes any changes necessary to achieve fairness. Assessment books are then given to the County Board of Review for further review. The Board of Review also has the power to equalize; however, the need to do so has not occurred in many years.

For a sample 1999 Lake County real estate tax bill for a commercial business, the percentages (rounded to the nearest 0.5%) of the taxes are shown in the table.

### Jackson County Tax Bill

For another comparison, a sample 1999 Jackson County real estate tax bill for a single family home, the percentages (rounded to the nearest 0.5%) are shown in the table. ■

Taxing District	County		
	Cook	Lake	Jackson
Local School District	57.0%	57.0%	55.0%
Community College	4.0%	3.0%	5.0%
Local Library	3.5%	4.0%	2.5%
Village/Town	16.0%	18.5%	11.0%
Cook County	10.0%	6.5%	11.5%
Forest Preserve	1.0%	2.0%	1.0%
Park District	1.0%	6.5%	8.0%
Fire Protection District	3.0%	NA	NA
Road and Bridge	NA	0.05%	NA
Health Services	NA	2.0%	NA
Airport	NA	NA	3.0%
Public/Mental Health	NA	NA	2.0%
Miscellaneous *	4.5%	NA	1.0%
	100%	100%	100%

Source: Office of the Comptroller  
\* Includes Cook County Hospital & Board of Elections for Cook County

The type of property owned directly affects the assessed value calculated on a tax bill.

For a sample 1999 Cook County real estate tax bill for a single family home, the

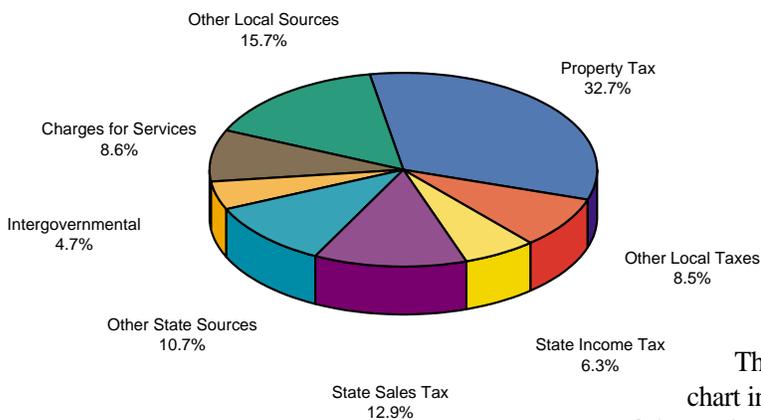
# FOCUS On Revenue

## A Look At Local Government Revenue

[**Editor's Note:** Each year the Comptroller's Local Government Division collects financial information for all local governments, except school districts, the City of Chicago and Cook County. However, Chicago and Cook County both voluntarily provide financial information to the Comptroller's Office. This article is based on the self-reported data submitted by local governments.]

In fiscal year 1999, the reporting local governments, excluding school districts, the City of Chicago and Cook County, reported revenue collections totaling \$9.5 billion. Property taxes accounted for \$3.1 billion or 32.7% of the total, followed by other local sources (15.7%), sales taxes (12.9%), other state sources (10.7%), and charges for services (8.6%). Municipal governments accounted for 54.5% of the total and county governments accounted for 22.3% of all revenues collected by local governments in Illinois.

**FY 1999 Total Revenue for Local Governments by Source**  
(Excluding school districts, Chicago, Cook County)

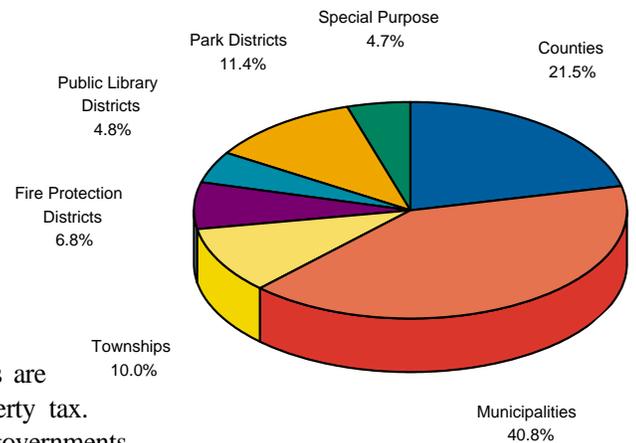


### Property Taxes

Of the \$9.5 billion in total revenues, \$3.1 billion or 32.7% was derived from property taxes. The property tax is one of the oldest forms of taxation in western civilization. The property tax was originally a tax on general wealth, but it has evolved to simply be a tax on real property. Real property does not necessarily measure wealth or one's ability to pay, especially for seniors, those on fixed incomes, or those who live in new, high development areas. Despite the public's specific dislike of this tax source, it remains the single largest source of revenue for local governments.

In Illinois, local governments are very dependent on the property tax. More than 90% of the local governments in Illinois that reported collecting taxes derive a majority of their revenue from property taxes. But some local governments may rely less on property taxes if they are provided with other support from the state or federal government. County and municipal governments have been

**FY 1999 Property Taxes Collected by Type of Government**  
(Excluding school districts, Chicago, Cook County)



provided with the ability to use other taxing sources, and they receive significant support from the state government through the distribution of income, sales, and motor fuel taxes.

The property tax pie chart indicates what percent of the total property taxes collect-

ed are attributable to each type of government, while the bar chart indicates how dependent selected types of local government are on the property tax relative to all other revenues. Most special district governments rely heavily or entirely on the property tax. However, the percent for other special governments in the bar chart on page 13 is skewed slightly due to a few very large types of special governments such as mass transit districts, hospital districts, and water service districts having little reliance on the property tax. (For a more complete breakdown of these expenditures, see the July 2000 issue of *Fiscal Focus*).

Although it is true that county and municipal governments rely less on the property tax than other types of local governments, there does not appear to be a similar relationship between home rule and non-home rule governments. Home rule allows governments to use alternative revenue sources, such as local sales taxes. Municipal governments with populations over 25,000 (home rule governments) receive 23.52% of their revenue through property taxes, while non-home rule municipal governments receive 23.91% of their revenue through property taxes.

### Sales Taxes

The next largest overall source of revenue is the sales tax. Most local governments, however, are not authorized to impose their own sales taxes. Only home rule counties and municipalities, and those that pass ref-

*FOCUS ON REVENUE continued, page 13*

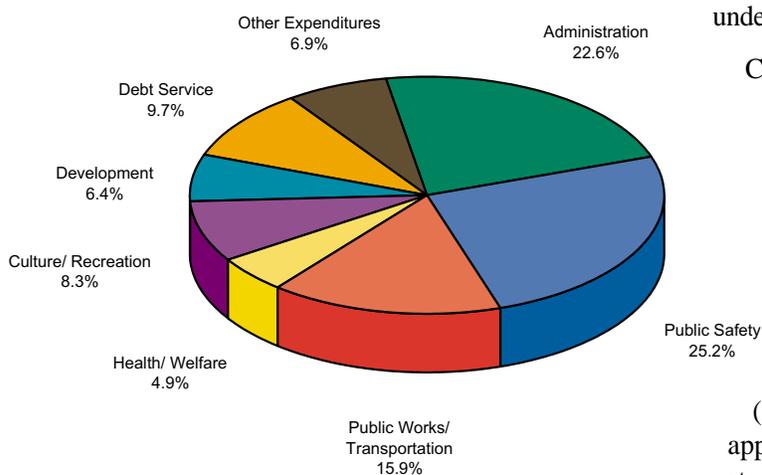
# FOCUS On Spending

## A Look At Local Government Spending

**[Editor's Note:** Each year the Comptroller's Local Government Division collects financial information for all local governments, except school districts, the City of Chicago and Cook County. However, Chicago and Cook County both voluntarily provide financial information to the Comptroller's Office. This article is based on the self-reported data submitted by local governments.]

In fiscal year 1999 the reporting local governments, excluding school districts, the City of Chicago and Cook County, reported spending \$9.6 billion. Expenditures for public safety accounted for \$2.4 billion or 25.2% of the total, followed by spending

### FY 1999 Local Government Expenditures by Type (Excluding school districts, Chicago, Cook County)



for administration (22.6%), public works/transportation (15.9%), debt service (9.7%), and culture/recreation (8.3%). Municipal governments accounted for

54% of all expenditures and county governments accounted for 22.1% of the total.

### Public Safety

Public safety is the largest expenditure category for Illinois local governments, accounting for 25.2% of the \$9.6 billion spent in fiscal year 1999. Public safety includes expenditures of funds for the protection of persons and property, and the costs for judiciary and corrections facilities. Although the majority of expenditures under this category are for police protection and fire protection, many special purpose governments, such as soil and water conservation districts and mosquito abatement districts, include projects and programs under public safety as well.

Counties and municipalities are the governments most specifically charged with the responsibility of enforcing laws, housing criminals, and protecting citizens from hazards such as fire.

(Although there are approximately 800 fire protection districts serving rural areas in Illinois).

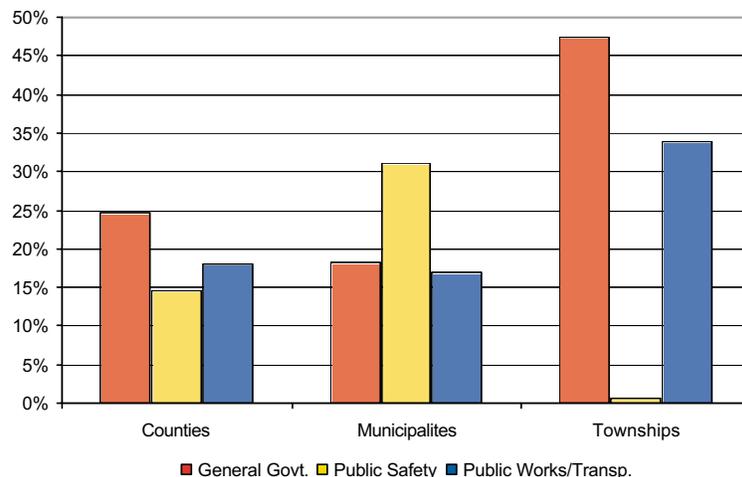
### General Government Administration

General government administration is the second largest expenditure category for all

local governments, totaling \$2.1 billion or 22.6% of all expenditures reported. General government administration includes expenditures for the legislative branch, and the chief executive officer and other top level auxiliary and staff agencies in the executive branch of government.

Governments that are larger and have more computer resources are more likely to use an accounting system that measures programmatic spending. Looking at municipi-

FY 1999 Selected Expenditures, General Purpose Governments



palities with a population under 25,000, general government administration accounts for 20.5% of their expenditures. For municipal governments with a population over 25,000, general government administration accounts for 16.8% of expenditures.

### Public Works/Transportation

Expenditures for the public works/transportation category totaled \$1.5 billion or 16.0% of expenditures. As one might expect, townships spend a larger percent of their budgets for public works and transportation than counties or municipalities. Overall, townships reported spending 33.8% of the budgets for this category compared to 17.9% for counties and 17.0% for municipalities. A comparison of the three major categories of spending for general purpose governments in Illinois is shown in the bar chart.

### Multi-year Review

An examination of the data for governments that submitted reports for FY 1997-

*FOCUS ON SPENDING continued, page 20*

the earliest forms of government, counties have been a component of American government since the first settlers arrived from Europe. Created as the first type of local government in America, counties were

**FY 1999 Personal Property Replacement Tax Allocations  
(Excluding Counties and Municipalities)**

Local Government Type	Allocation
Airport Authority	\$2,179,675
Cemetery	19,087
Conservation	497,373
Fire Protection	6,865,812
Forest Preserve	8,813,212
Hospital	1,131,486
Junior College	34,850,393
Mass Transit	559,154
Mosquito Abatement	424,888
Park	51,109,691
Public Health	413,954
Public Library	2,343,511
River Conservation	175,541
Road District	16,991,473
Sanitary	36,165,893
School (K-12)	500,510,997
Street Lighting	4,100
TB Sanitarium	463,018
Township	17,269,735
Water Authority	12,436
<b>Total</b>	<b>\$680,801,429</b>

SOURCE: Illinois Department of Revenue.

percentage of tax revenue counties could retain from local government taxes.

Traditionally, counties have served as an arm or extension of the State operating the courts and jails, the state attorney's office, and the office of the public defender.

Other important functions of Illinois' 102 counties are to maintain the property tax and public health systems, and conduct most elections. In unincorporated areas, counties maintain county roads and bridges, and provide law enforcement. Counties are increasingly becoming involved in consumer protection, regional economic development, and utility regulation.

Counties are organized in one of two basic forms that affect their duties. In counties organized with townships, the townships are responsible for General Assistance, property assessment, and road and bridge maintenance (see township section below). In counties organized without townships (called

commission counties), the county governments perform traditional township functions including tax assessment and general assistance while road construction and maintenance are usually performed by road districts. There are 85 counties in Illinois with townships, and 17 commission counties, and the latter are generally located in southern and western parts of the state.

County revenues come primarily from property taxes (31.4%), followed by charges and miscellaneous (21.2%), and the sales tax (9.8%).

**Municipalities**

The history of Illinois municipalities dates back to the late 17th century with French settlements that were established along navigable Illinois rivers. The number of municipalities continued to grow starting with early settlements between the late 1700s and early 1800s when waves of migrants from southern states, came to Illinois, in search of fertile farmland.

Municipal governments were always under the power of the General Assembly, with limited powers as defined in Illinois statutes. When Illinois' first constitution was implemented, one set of administrative laws was highly functional because municipalities shared many similarities. However, it became increasingly cumbersome for the General Assembly to approve numerous exceptions for large cities, with more spe-

cific needs, requiring deviation from the established Municipal Code. In 1970, the new Illinois Constitution allowed municipalities with a population over 25,000 the option of home rule authority

The establishment of home rule authority in Illinois afforded local governments the ability to create legislation; policy and programs specifically designed to meet their unique needs. Home rule authority compels units of local government to be much more responsive to the needs of their constituents.

Home rule does not afford local governments absolute authority. They are still required to comply with the general laws governing the type of government and remain constitutional in their policy development. There are several areas in which home rule governments are restricted by the General Assembly including: defining a felony, incurring debt, imposing taxes, and the modification of selection process of its governing officers.

Illinois has 1,285 municipalities of which 324 are cities, 948 are villages, and 13 are towns (pre-1870 charters). Although the Illinois Municipal Code does not require municipalities to provide a particular set of services, most traditionally provide street construction and maintenance, police and

**Commission Form Counties  
(No Townships)**

- 1 Alexander
- 2 Calhoun
- 3 Edwards
- 4 Hardin
- 5 Massac
- 6 McDonough
- 7 Menard
- 8 Monroe
- 9 Morgan
- 10 Perry
- 11 Pope
- 12 Pulaski
- 13 Randolph
- 14 Scott
- 15 Union
- 16 Wabash
- 17 Williamson

**Counties With Tax Caps**

- 1 Cook
- 2 DuPage
- 3 Kane
- 4 Lake
- 5 McHenry
- 6 Will
- 7 Boone
- 8 Champaign
- 9 Christian
- 10 Franklin
- 11 Jackson
- 12 Kankakee
- 13 Lee
- 14 Logan
- 15 Macoupin
- 16 Menard
- 17 Monroe
- 18 Morgan
- 19 Randolph
- 20 Sangamon
- 21 Schuyler
- 22 Union
- 23 Williamson
- 24 Winnebago

fire protection, zoning and planning, and water and sewerage services.

Municipalities rely less on property taxes than counties, deriving about 24.5% of the revenues from that source. Approximately 22.6% of the revenues come from sales taxes, about 11.6% from charges and miscellaneous and 9.5% from the state income tax.

### Townships

Township government traces its roots back to Anglo-Saxon England, serving as the governing body for clans, who settled in common areas. Township government was established in America to take direction and provide government services to free men employed by companies in states along the eastern seaboard. In Illinois, township government has been referenced since the early 1800s, being cited as a governmental organization in the 1827 Book of Laws, and by the General Assembly.

Illinois townships are required by law to perform three functions: general assistance (GA), property assessment, and road and bridge maintenance. General assistance programs help needy individuals on a short-term basis until the Illinois Department of Public Aid intervenes or the individual becomes self-supporting. All but 35 Illinois townships have road and bridge districts. These districts are solely responsible for the construction and maintenance of roads and bridges within that specified area. Townships are also responsible for providing services to unincorporated areas in Illinois counties often filling voids left between urban and rural communities. Many townships provide a variety of services beyond their three mandated functions, including senior citizen, disabled citizen, youth, relief, health, emergency, cemeteries, and environmental services.

Any township with a population under 1,000 must be part of a Multi-Township Tax Assessing District (MTTAD). In FY 1999, Illinois had 336 MTTADs, ranging from two to six townships within each tax-

assessed district. Most townships provide property tax assessment services, regardless of size.

Property taxes comprise about 76.5% of township revenues, followed by the personal property replacement tax (7.1%) and charges and miscellaneous (6.0%).

### Special Purpose Governments

Illinois has more special purpose governments than any state in the union with 3,068 excluding all school districts. There are currently 27 different types of local governments. The amount and growth of special governments over the years has been a much-discussed topic. One theory states that property tax and debt limits placed on municipal, county and township governments necessitated additional special districts.

Agreements	Municipal	%	Township	%	County	%	All	%
Public Safety	181	28%	19	19%	155	27%	355	26%
Transportation	103	16%	47	37%	117	20%	267	19%
Public Works	150	23%	20	8%	86	15%	256	19%
Health	83	13%	28	8%	104	18%	215	16%
General Govt.	79	12%	24	17%	64	11%	167	12%
Parks/Recreation	27	4%	6	6%	23	4%	56	4%
Education/Culture	27	4%	2	5%	31	5%	60	4%
Total	650	100%	146	100%	580	100%	1,376	100%

Source: Illinois Commission on Intergovernmental Cooperation Survey. Intergovernmental Issues, Summer 1999.

Another theory advanced by many is that Illinois has a political tradition that requires direct representation for necessary services. It can be argued that elected officials with a single purpose can best represent those needs to the public. The other side of this argument is that fragmented governments can drive up administrative costs. In addition to the fragmentation of administration among many units of government, most special governments have very limited taxing power, and are, therefore, excessively dependent on property taxes.

Special governments account for \$864.7 million or 27.4% of all property taxes collected. However, they only account for \$1.8 billion or 18.8% of total revenues collected. Perhaps the most familiar types of special districts are fire protection districts, library districts, and park districts. There are over 800 fire protection districts in Illinois, and property taxes provide 84% of

their revenues. There are approximately 400 library districts that have an 80% reliance on property taxes, and over 300 park districts that receive 64% of their revenues from property taxes.

### Conclusion

In a strict sense, the downsizing efforts of drafters of the local government section of the 1970 Constitution were not entirely successful in the short term. The number of local governments did not decrease or level off, but continued to grow. However, there is now some evidence that, nearly 30 years later, intergovernmental cooperation is beginning to flourish among local governments. In a survey conducted by the Illinois Commission on Intergovernmental Cooperation, over 90% of the governments responding reported that they had entered into one or more agreements.

Intergovernmental agreements for public safety, transportation, and public works topped the list, and accounted for 64% of the total.

Perhaps a new positive attitude is emerging in which local officials identify reasons to justify intergovernmental cooperation rather than dwell on reasons why it will not work. Columnist Neal R. Pierce has noted a growth of regional consciousness that is creating regional alliances that cross existing political and geographic boundaries in order to better address local issues. In fact, these new alliances go beyond the traditional government-to-government agreements to involve businesses, foundations, labor, community groups, academics, entrepreneurs and venture capitalists.

Whether or not the key issues are seen as smart growth, brownfields, transportation, or economic development, the point is that local competition is on the way out in favor of regional cooperation. A number of efforts are underway in the Chicago area. Traditionally, planning efforts involved the six-county regional organizations such as CATS, NIPC, and the RTA. Now, the traditional efforts are being supplemented by reports and recommendations from new

*COVER STORY continued page 12*

Vital Statistics concluded, from page 18

of \$503 million. This record also includes the highest ever budgetary balances in the General Revenue Fund (\$279 million) as well as the school funds (\$498 million).

Now the bad news! Despite the fact that the General Revenue Fund ended the year with a record budgetary balance, the significant drop in available cash since the start of fiscal year 2001 bears close scrutiny in the coming months. As projected in the last *Fiscal Focus*, items presented to the Comptroller for payment were delayed slightly during September as payables on hand exceeded the cash balance in the General Revenue Fund for five consecutive days. This is the first time this has happened since March of 1997. Given that the General Revenue Fund balance (\$288 million) is \$407 million below last year at this time, more payment delays are expected in the coming months. ■

Local Government Line concluded, from page 15

with the updated mailing address, telephone number and contact information for the CEO, CFO and unit of government.

Where can I find the Tax Increment Finance Forms?

Any person needing any type of Local Government form, provided it is one they can use, may call the Hotline and we will send it to them. They can also log on to the Comptrollers' web site ([www.ioc.state.il.us](http://www.ioc.state.il.us)) and download most of these forms from the Local Government page. ■

Cover Story concluded, from page 11

alliances. For example, Chicago Metropolis 2020, a project sponsored by The Commercial Club of Chicago, is dedicated to the social and economic enhancement of the Chicago metropolitan region through legislative and private sector initiatives from a wide range of civic, political, and business leaders.

In addition, Governors State University and the South Suburban Mayors and Managers Association developed the

Regional Action Project/2000+ (RAP/2000+) in order to strengthen regional ties in the southern Chicago area. This grassroots initiative is designed to facilitate communication and information sharing in this part of the metropolis. One method that RAP/2000+ has utilized is the establishment of a Web site, LincolnNet ([www.lincolnet.net](http://www.lincolnet.net)), where community members, elected officials, businesses, and civic organizations can exchange ideas. The goal of LincolnNet is to be as inclusive as possible, incorporating urban, suburban, and rural communities into an environment in which cooperation and problem-solving can be fostered.

The scope of such new initiatives is growing. Instead of limiting discussion to the six-county area around Chicago, attention is now being given to a sixteen-county area encompassing parts of northeast Illinois, southeast Wisconsin, and northwest Indiana.

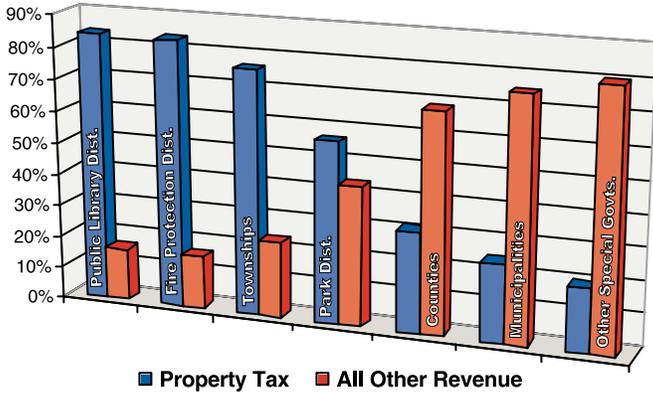
The regional ventures will not, in and of themselves, reduce the number of local governments. However, by involving more than just governmental entities, these new cooperative efforts may help to solve common problems, realize cost savings, and enhance the lives of residents. ■

Types of Local Government by State, 1997

State	Counties	Municipalities	Townships	Special Districts	School Districts	TOTAL
Alabama	67	446	0	491	127	1,131
Alaska	12	149	0	14	0	175
Arizona	15	87	0	304	231	637
Arkansas	75	491	0	639	311	1,516
California	57	471	0	3,010	1,069	4,607
Colorado	62	269	0	1,358	180	1,869
Connecticut	0	30	149	387	17	583
Delaware	3	57	0	257	19	336
Florida	66	394	0	526	95	1,081
Georgia	156	535	0	473	180	1,344
Hawaii	3	1	0	15	0	19
Idaho	44	200	0	789	114	1,147
Illinois	102	1,288	1,433	3,068	944	6,835
Indiana	91	569	1,008	1,236	294	3,198
Iowa	99	950	0	433	394	1,876
Kansas	105	627	1,370	1,524	324	3,950
Kentucky	119	434	0	637	176	1,366
Louisiana	60	302	0	39	66	467
Maine	16	22	467	229	98	832
Maryland	23	156	0	241	0	420
Massachusetts	12	44	307	413	85	861
Michigan	83	534	1,242	332	584	2,775
Minnesota	87	854	1,794	406	360	3,501
Mississippi	82	295	0	395	164	936
Missouri	114	944	324	1,497	537	3,416
Montana	54	128	0	600	362	1,144
Nebraska	93	535	455	1,130	681	2,894
Nevada	16	19	0	153	17	205
New Hampshire	10	13	221	165	166	575
New Jersey	21	324	243	281	552	1,421
New Mexico	33	99	0	653	96	881
New York	57	615	929	1,126	686	3,413
North Carolina	100	527	0	325	0	952
North Dakota	53	363	1,341	764	237	2,758
Ohio	88	941	1,310	592	666	3,597
Oklahoma	77	592	0	552	578	1,799
Oregon	36	240	0	959	258	1,493
Pennsylvania	66	1,023	1,546	1,919	516	5,070
Rhode Island	0	8	31	76	4	119
South Carolina	46	269	0	310	91	716
South Dakota	66	309	956	302	177	1,810
Tennessee	93	343	0	490	14	940
Texas	254	1,177	0	2,182	1,087	4,700
Utah	29	230	0	384	40	683
Vermont	14	49	237	112	279	691
Virginia	95	231	0	156	1	483
Washington	39	275	0	1,202	296	1,812
West Virginia	55	232	0	362	55	704
Wisconsin	72	583	1,266	696	442	3,059
Wyoming	23	97	0	478	56	654

Source: U.S. Bureau of the Census, *Census of Governments 1997*.

**FY 1999 Property Taxes Compared to Other Revenues  
(Excluding school districts, Chicago, Cook County)**



ernments. The state sales tax totaled \$1.227 billion or 12.9% of all governmental fund revenues (local government sales taxes totaled \$310 million).

More than 70 municipal governments that have home rule power impose an additional sales tax in .25% increments. Four other municipalities (Rosemont, Joliet, Rockford and East Peoria) are also authorized to collect sales taxes. The Regional Transportation Authority, Metro East Transit District and the DuPage Water Commission are authorized to collect sales taxes.

Several years ago counties were authorized to impose a sales tax for crime prevention, detention, or other public safety purposes in 0.25% increments. Currently twelve counties collect this tax: Boone, Carroll, Champaign, Knox, LaSalle, Marion, Peoria, Pike, Richland, Stephenson, Vermilion, and Woodford.

Although the sales tax is considered a regressive tax that has its biggest impact on those with fewer financial resources, it seems to be the tax of choice when creating new governments. In June of 1999, new legislation authorized a large park district in the Metro-East area (St. Clair, Madison, Jersey and Clinton Counties). If the public approves the park district, it will also be funded through a local collection of sales tax.

**Multi-year Review**

An examination of data for governments that submitted reports for FY 1997-1999 indicates that many of the revenue categories have had an annual growth rate higher than the rate of inflation

**Total Local Government Revenues by Source  
(Excluding school districts, Chicago and Cook County)**

	FY 1997	FY 1998	FY 1999	Annual Growth Rate
Property Tax	\$2,801,956,928	\$3,023,731,186	\$3,110,406,978	5.36%
Sales Tax	1,289,503,939	1,376,497,837	1,443,993,848	5.82%
Utility Tax	224,187,152	230,570,752	253,618,396	6.36%
Other Local Tax	235,211,578	239,664,892	251,131,691	3.33%
State Income	517,403,601	570,898,179	599,081,367	7.60%
Motor Fuel	286,740,831	285,314,424	315,125,455	4.83%
Replacement	158,692,496	181,927,048	186,436,504	8.39%
Other State Sources	277,090,232	261,926,516	319,400,319	7.36%
Federal	212,959,679	229,944,000	207,562,775	-1.28%
Intergovernmental	242,122,283	234,600,923	239,434,660	-0.56%
Licenses	208,368,947	224,461,577	252,089,139	9.99%
Fines	209,928,286	226,503,170	245,096,810	8.05%
Charges	727,584,076	759,765,439	810,000,324	5.51%
Interest	318,055,412	366,549,178	347,503,003	4.53%
Miscellaneous	482,534,307	501,788,049	635,702,266	14.78%
Total	\$8,192,339,747	\$8,714,143,171	\$9,216,583,535	6.07%

Source: Office of the Comptroller.

erenda, are legally allowed to do so.

Municipal and county governments receive 1.25% of the 6.25% that the state collects for sales taxes. The payments to local governments are determined by the point of purchase. In FY 1999, local and state sales taxes combined totaled \$1.5 billion in revenues for local gov-

**Fiscal Forum**

Last month's question concerned the issue of the prevalence of gaming in Illinois. The question and the response from our readers are presented below:

Has Illinois reached a gaming saturation point where people will no longer wager more of their income and where there is stagnation in the revenues derived from gambling?

YES . . . . 64%

NO . . . . . 36%

This month's question concerns local governments and the Internet.

Have you accessed a local government WEB site

- In the last year?
- In the last month?
- In the last week?
- Never have.

Would you use local government sites if they provided a service over the Internet (e.g., pay property taxes, buy a pet license, pay a parking ticket, etc.)?

YES  NO

To respond to these questions, simply log onto the Comptroller's Web site at [www.ioc.state.il.us](http://www.ioc.state.il.us).

(3.68% since FY 1997). The following table shows growth over the last three years for governments that have reported data for all three fiscal years. The major increase (14.78%) is in the miscellaneous category. Revenue sources recorded in the miscellaneous category include investment taxes collected by fire protection districts, assessments collected by drainage districts, and other types of use taxes that do not neatly fit under the other existing tax categories. This amount also includes revenues from gaming which have increased substantially since the introduction of dockside gambling. (The miscellaneous category will probably be reduced in future years because the revised Annual Financial Report form will include new, separate categories for revenues such as gaming taxes and assessments).

Almost every other revenue source has growth greater than the rate of inflation. License fees are up almost 10%, state income tax payments are up 7.6%, utility taxes are up over 6%, and sales and property taxes are up over 5%. ■

The logo features the word "LOCAL" in a large, blue, serif font, with the letter "O" containing a blue sphere with a white highlight. Below "LOCAL" is the phrase "Government Line" in a red, serif font. The entire logo is set against a background of two overlapping, glowing blue spheres.

# LOCAL Government Line

## A Closer Look at the Comptroller's Local Government Division

### Providing Local Government Training

In addition to collecting financial data from units of local government, the Comptroller is responsible for providing education and training programs to local officials to help them meet their reporting obligations. Over the past several years, the ever-evolving dynamics of governing at the local level have prompted the Comptroller's Office to expand the scope of its training resources.

Changes in technology, accounting rules, information sharing, disclosure requirements, and the public's increasing demand for government accountability are just a few of the issues local governments face in the 21st century. The mission of the Comptroller's training programs is to show local governments how employing current accounting practices and technology can improve effectiveness and efficiency and facilitate cooperation among local, state and federal levels of government.

Training programs sponsored by the Comptroller's Office offer sessions which include related intergovernmental topics, accounting, and policy changes that affect local governments such as GASB No. 34 changes, Illinois FIRST reporting and TIF District reporting.

The Office of the Comptroller is increasingly serving as an information clearinghouse for local, state, and federal governments, local government organizations, and academic institutions. The usefulness of the information provided, however, is

contingent upon accurate reporting on the part of local governments.

Prior to the 2000 training conferences, the most recent training programs offered by the Comptroller's Office were held in 1997. During the next two years, there was a marked decline in compliance and reporting accuracy by local governments. In 1999, the Comptroller's staff worked with local governments to develop education and training programs that would address the most common problems encountered by local officials, and provide answers to their most frequently asked questions. This commitment to providing comprehensive educational and training programs to local officials reflects the emphasis that Comptroller Hynes has placed on forging a cooperative and productive relationship between local governments and the Comptroller's Office.

Though the primary focus of the training is annual financial reporting, supplemental information is offered as well. The training programs are designed for all local government officials including finance directors, treasurers, clerks, auditors, accountants, and other professionals employed by units of local government.

In the past year, training was provided to more than 2,000 local government officials and accounting professionals. Helping to improve computer skills, educating officials on accounting standards, providing access to information and technology are just a few of the issues for which local governments sought assistance.

Through various outreach efforts and the Comptroller's Local Government Advisory Board, the Office is kept informed about the changing needs of local governments and local officials. Attending local government conferences, meetings, and training programs allows the Comptroller's staff to

remain well informed of the specific training needs of local governments. Presentations, information booths, articles for local government publications, and speaking engagements provide the opportunity to keep local officials up-to-date on upcoming events, policy changes, and training programs sponsored by the office.

Suggestions, ideas, and comments about local government training and outreach efforts are welcome. Additionally, more information about the current training programs offered is available by contacting the Local Government Assistance Hotline at (877)304-3899.

### Regional Offices

To fulfill his commitment to reaching out to individual local governments to assist them with their financial reporting, Comptroller Hynes has started a program that combines the establishment of regional field offices with a new internship opportunity for college students around Illinois.

Regional offices are now open in Carbondale, Edwardsville, Springfield and Peoria, and additional regional offices are planned for East-Central and Northwestern Illinois. The network of offices will supplement the toll-free Local Government Assistance Hotline [(877) 304-3899], and statewide local government training seminars, as well as phone calls and letters from the Chicago office.

Regional office staff members cooperate with County Clerks, Auditors and Treasurers to find and assist units of local government that are unregistered or delinquent in filing audits or annual financial reports (AFRs). They search records at the county courthouse to piece together financial reports for delinquent governments, a process that is considerably less expensive to taxpayers than paying outside auditors. Staff are now beginning to help local governments convert from paper to Comptroller Connect Internet Filing, a process with the potential to save local government officials time and money.

### Comptroller Corps

The Comptroller Corps internship program, meanwhile, provides students at Illinois col-

leges and universities an opportunity to earn credit while assisting the IOC's regional office staff. Students with backgrounds in accounting, political science, government, regional planning, communications, public policy, public administration and other relevant fields are encouraged to participate. Interns from Southern Illinois University, Bradley University, Eureka College, and the University of Illinois at Urbana-Champaign are already working with IOC field staff. The interns are getting real-world experience in state and local government, along with networking and research opportunities. Local governments can receive hands-on assistance with their AFRs and registration forms from the interns. Interns will do everything from organize files of audits at the county courthouse to convert Certificates of Publication of Treasurers' Reports into AFRs. Taxpayers get increased accountability from local governments without having to pay the interns. The student workers receive academic credit, not a salary.

The regional field offices and the Comptroller Corps internship program are part of Comptroller Hynes' commitments to fiscal accountability, involving young people in government and making government more user-friendly. Regional office staff are available to assist smaller units of government in the completion of AFRs, discuss participation in the Comptroller Corps internship program, or speak to civic groups about the reports and information on local government finances which are available to the public.

**Regional Field Staff and Phone Numbers**

**Southern Illinois (Southern Illinois University at Carbondale)**

Miki Pavelonis . . . . . (618) 453-5717  
John Redenour . . . . . (618) 453-8222

**Metro East / South-West Illinois (Southern Illinois University at Edwardsville)**

Todd Stonewater . . . . . (618) 650-5865

**Springfield-Taylorville-Quincy (IOC Office at 325 West Adams in**

**Springfield) . . . . .**

Melissa Hansen-Comerford . . . (217) 785-1105

**Peoria-Rock Island-Macomb (Tri-County Regional Planning in Peoria)**

G. Allen Mayer . . . . . (309) 671-4956

**A Day at the Hotline**

The Local Government Assistance Hotline Number is: (877) 304-3899

In March 2000, the Comptroller's Office initiated the Local Government Assistance Hotline. With a toll-free telephone call, local governments can now request general information, discuss compliance problems, and obtain assistance with completing their financial reports. Prior to the launch of the hotline, many local officials from small, financially strapped governments were reluctant to make the lengthy, long-distance calls necessary to work out their reporting problems. Others simply did not know which staff person to contact for their particular question or problem. The seemingly simple measure of establishing a one-stop, toll-free line of communication has proven to be an important method of assisting local governments.

During the past nine months, the hotline has received more than 3,000 calls. It is staffed from 8:00 AM to 4:30 PM. If the hotline operator is already assisting another government, it rings four times before rolling over to voice mail. Callers can leave a message, and the call will generally be returned within two hours.

**Hotline Facts**

**The most difficult messages to return:**

Callers who forget to leave their names or phone numbers.

**The most frequently asked question: How can I get the Comptroller Connect Internet application to print?**

In general, if you are using Netscape Navigator as a browser you won't be able to print unless you also have Internet Explorer, which you can use to print the report. Internet Explorer users will have to say "yes" to installing Crystal Smart Viewer for Java. Since this question involves the interaction of particular software and hardware combinations, users are asked to call for specific guidance.

**The question we like to answer most: What is my password to log on to the Internet application?**

By simply looking in our internal Local Government Database we can provide a local official with the Internet filing password for the unit of government.

**The question we like to answer least: Why did I get a delinquent notice?**

All AFRs are due 180 days after a government's fiscal year end. Any local government failing to file is considered delinquent. All local governments can request a 60-day extension, if they need additional time to submit their AFR or audit. Delinquent notices are sent out 30 days after the actual due date.

**What is an Annual Financial Report (AFR) or Audit?**

An AFR is a financial report developed by the Office of the Comptroller to collect data on local government revenues, expenditures, and fund balances. An audit is the examination of the financial transactions, affairs, or conditions of a government unit by a licensed public accountant.

**Is my government eligible to use the AFR Short Form?**

Any unit of government without assets or debt and using no more than two fund types (typically general and special revenue, or discretely presented component unit fund columns), is eligible to use the short form.

**Why did you return my AFR?**

AFRs are returned when the Local Government Division staff find potential errors. Staff cannot update or correct this information without the local official's legal approval.

**How do I register my government?**

By contacting the Local Government Division, a local government can request a blank registration form. A registration form must be filled out in accordance with State statute (15 ILCS 405/23.7) which requires every legal unit of government to register with the Comptroller's Office.

**How do I change our address?**

A local official may call the hotline or fill out a new registration form, providing us

*LOCAL GOVERNMENT LINE continued, page 12*

# LOCAL GOVERNMENT and Technology

“The single most dramatic change in government management taking place today is the rapidly increasing—and increasingly adept—use of information technology.” This quote, given by Richard Greene in *Governing* magazine (6/99), illustrates the growing importance of technological literacy in administration. Over the past few years the control of Information Technology (IT) in governmental offices has become more centralized, which illustrates that it is gaining recognition as an important aspect of state government. A growing number of states are creating strong Chief Information Officer (CIO) positions and are building strategic plans for information technology. CIOs and others in charge of technology decisions for states are now involved in the political process, rather than just evaluating technology. Local units of government are utilizing the advances in information technology in a variety of ways. The results have been more effective administration methods and governments that are more accessible to the public.

idea that springs to mind is the Internet. The Internet has had a massive effect on communications in every facet of people’s lives, from personal relations to governmental administrations. Local governments use the Internet to create Web pages for a number of diverse issues—for exam-

ing agendas and minutes.

Champaign County offers access to its genealogical records via the Internet. On this site it is possible to research county cemetery records, church records (including baptisms, marriages, and deaths), and old maps. The Rock Island Park District’s site features a complete listing of all its amenities. Those who are interested can find out everything from where to swim or play golf or tennis, to where to find the best spots to have picnics or watch the sun set.

The Internet also facilitates the participation of citizens in government. Supervisor Donna Schaefer of McHenry Township notes that she gets a number of inquiries about township government via the Web site. “So many people work during the day, it’s a good way they can access us and ask questions 24 hours a day.” (*Township Perspective*, 9/00). The Village of Romeoville recently featured a survey on its Web site regarding a proposed off-track betting facility in the village. Residents were able to read the details of the proposition, including tentative location, hours of operation, and anticipated revenue for the village, and then vote on whether or not

they supported the facility.

The Illinois Office of the Comptroller not only makes state and local fiscal informa-

## WEB Sites of Interest to Local Government Officials

ORGANIZATION	WEB SITE ADDRESS
<b>State Government</b>	
State of Illinois	<a href="http://www.state.il.us">www.state.il.us</a>
Secretary of State "Illinois Gateway"	<a href="http://www.sos.state.il.us">www.sos.state.il.us</a>
Office of the Comptroller	<a href="http://www.ioc.state.il.us">www.ioc.state.il.us</a>
Comptroller Connect - AFR Filing	<a href="http://www.ioc.state.il.us/afrr/login/index1.cfm">www.ioc.state.il.us/afrr/login/index1.cfm</a>
Office of the Treasurer	<a href="http://www.state.il.us/treas">www.state.il.us/treas</a>
Office of the Attorney General	<a href="http://www.ag.state.il.us/">www.ag.state.il.us/</a>
Illinois Supreme and Appellate Courts	<a href="http://www.state.il.us/court">www.state.il.us/court</a>
Department of Commerce and Community Affairs	<a href="http://www.commerce.state.il.us">www.commerce.state.il.us</a>
Department of Revenue	<a href="http://www.revenue.state.il.us">www.revenue.state.il.us</a>
Department of Central Management Services	<a href="http://www.state.il.us/cms">www.state.il.us/cms</a>
Illinois Federal Clearinghouse	<a href="http://www.state.il.us/state/fedclear/">www.state.il.us/state/fedclear/</a>
General Assembly Website w/ Illinois Compiled Statutes	<a href="http://www.legis.state.il.us">www.legis.state.il.us</a>
Illinois Intergovernmental Cooperation Commission	<a href="http://www.legis.state.il.us/commission/igcc/igcc_home.html">www.legis.state.il.us/commission/igcc/igcc_home.html</a>
<b>Associations</b>	
Illinois Municipal League	<a href="http://www.impl.org">www.impl.org</a>
Township Officials of Illinois	<a href="http://www.toi.org">www.toi.org</a>
Illinois Association of Fire Protection Districts	<a href="http://www.iafpd.org">www.iafpd.org</a>
Illinois Association of Park Districts	<a href="http://www.ilparks.org">www.ilparks.org</a>
Illinois Municipal Treasurer's Association	<a href="http://www.lincolnnet.net/imta">www.lincolnnet.net/imta</a>
Illinois CPA Society, Govt. Accounting Executive Committee	<a href="http://www.icpas.org">www.icpas.org</a>
Government Finance Officers Association	<a href="http://www.gfoa.org">www.gfoa.org</a>
National League of Cities	<a href="http://www.nlc.org/">www.nlc.org/</a>
U.S. Conference of Mayors	<a href="http://www.usmayors.org/uscm/">www.usmayors.org/uscm/</a>
National Association of Counties	<a href="http://www.naco.org">www.naco.org</a>
National Association of Towns and Townships	<a href="http://www.natat.org/natat/Default.htm">www.natat.org/natat/Default.htm</a>
National Association of Regional Councils	<a href="http://www.narc.org">www.narc.org</a>
National Center for Small Communities	<a href="http://www.natat.org/hcsc/Default.htm">www.natat.org/hcsc/Default.htm</a>
International City/County Management Association	<a href="http://www.icma.org">www.icma.org</a>
Taxpayers' Federation of Illinois	<a href="http://www.taxpayfedil.org/">www.taxpayfedil.org/</a>
<b>National</b>	
U.S. Census Bureau	<a href="http://www.census.gov/govs/www/index.html">www.census.gov/govs/www/index.html</a>
Catalog of Federal Domestic Assistance	<a href="http://www.cfda.gov/">www.cfda.gov/</a>
U.S. State and Local Gateway	<a href="http://www.statelocal.gov/">www.statelocal.gov/</a>
Federal Customer Center - One Stop Shopping	<a href="http://www.hud.gov/fedcentr.html">www.hud.gov/fedcentr.html</a>
Public Technology Inc - E Government Information	<a href="http://www.pti.nw.dc.us/">www.pti.nw.dc.us/</a>
State and Local Government on the Net - Resources Guide	<a href="http://www.piperinfo.com/state/index.cfm">www.piperinfo.com/state/index.cfm</a>
Center on Budget and Policy Priorities	<a href="http://www.cbpp.org">www.cbpp.org</a>
Citizens League	<a href="http://www.citizensleague.net">www.citizensleague.net</a>
Council and Tax and Fiscal Policy	<a href="http://www.jointventure.org">www.jointventure.org</a>
Thomas (status of federal legislation)	<a href="http://thomas.loc.gov/">thomas.loc.gov/</a>
<b>Local</b>	
Individual Illinois Local Governments	<a href="http://www.impl.org/websites.htm#Municipal%20web%20sites">www.impl.org/websites.htm#Municipal web sites</a>

But what, exactly, is the definition of technology? When one considers the various ways in which the term can be applied, undoubtedly the first

example, for spreading information on recycling programs, updating citizens on road closures, or posting township board meet-

tion available on the Internet, but its Local Government Division also offers units of government the opportunity to file their Annual Financial Reports (AFRs) electronically with a program known as Comptroller Connect. This eliminates much of the cumbersome paperwork that inevitably results when units of government file nearly 6,000 paper reports. It makes filing the reports simple and instantaneous, and therefore creates more accountability on behalf of the governments making the reports.

Howard Held, an auditor with Scheffel and Company in Highland, Illinois, has worked with paper AFRs in the past, and was pleasantly surprised with how simple it was to file his reports using Comptroller Connect. The staff person whom he assigned to enter this year's reports had never even seen a paper AFR before, but she was able to enter the financial data quickly and easily over the Internet. "The efficiency of Comptroller Connect helped us eliminate some administrative time that would have otherwise been spent on AFRs," says Held. While Comptroller Connect has been successful in facilitating the submission of AFRs, some governments still prefer to prepare their reports the old-fashioned way, with pen and paper. Those units of government that do opt to file paper reports are able to download the necessary forms directly from the Web site.

The Local Government Division also uses the Web site for education and outreach. Since the Local Government Division is the State's watchdog on the financial status of local governments, the Web site features the statutes and acts that affect the units of government throughout the state. Information on the successful Local Government Education Training Conferences, which were held earlier this

year, was made available over the Net. Local officials were given the opportunity to learn about the conferences, choose their areas of interest and most convenient date and location, and even register for the conferences themselves through the IOC Web site. In addition, information on Tax Increment Finance (TIF) reporting is also available on this site, as well as the forms required to complete the filing.

One major challenge facing the Local Government Division's attempts at outreach is the infamous "digital divide." In Illinois there is a large gap between urban and rural areas when it comes to the availability of the Internet. A survey issued by the Local Government Division earlier this year showed that more than half (51.7%) of local governments do not have access to the Internet. When sorted by region, the survey showed that 59 percent of downstate (generally rural) units of government did not have access, while only 33 percent of those located in the Chicago metropolitan area lacked access. Those units of government that do have Internet access have displayed an overwhelming interest in filing their Annual Financial Reports in this manner - 88 percent of those governments said they would use the Internet. The digital divide is a difficult issue to rectify because of the cost of providing the tools and training needed to increase technological acumen in those areas that need it most. Colorado has set a good example with its "Rural Technology Enterprise Zone Act", which is a statewide plan designed to provide Internet access to rural communities in that state. Hopefully in the near future the State of Illinois will be able to address this discrepancy in Internet availability and increase Internet access in rural areas.

The Internet is not the only aspect of technology that has increased administrative efficiency. There are other, less obvious

ways in which products of the technological revolution have made the jobs of government officials easier. For example, in Nevada a county public works department utilizes global positioning system technology for more accurate surveying techniques. Using a more consistent, precise system results in a smaller margin of error for measurements. The state of Arizona allows its citizens the opportunity to bypass long lines at the Arizona Motor Vehicle Division with a system that electronically processes vehicle registration over the telephone. Callers work with an interactive system that gives them voice prompts to push buttons on the phone keypad. They receive a confirmation number as proof of registration and the MVD database is updated instantly, with the registration fees being charged to the caller's credit card. And a public works department in Little Rock, Arkansas, cleared up traffic congestion problems by installing a radio interconnect system to coordinate the timing of traffic lights. Radio is much cheaper and more efficient than laying down cables, which is the usual method of controlling lights, and it enables workers to control the signals up to 30 miles away.

By incorporating technological advances into their administrations, local governments become more capable of meeting the responsibilities and the demands placed upon them. Technology has enabled the government to become more efficient in a number of fields, from education and outreach to the analysis of local government finances. It has also allowed citizens the opportunity to become more involved in governmental processes. The technological revolution is progressing in leaps and bounds, and local units of government are utilizing this progress to develop new and creative solutions for their distinct responsibilities. ■

[www.ioc.state.il.us](http://www.ioc.state.il.us)

# Vital Statistics

The Heartbeat of Illinois' Finance

## General Funds Cash Balance Ends October at \$599 Million

The General Funds cash balance ended October at \$599 million, \$332 million or 35.7% below last October. All of the decline can be attributed to the General Revenue Fund, which dropped \$407 million while the three school funds' cumulative balance increased \$75 million. Since the beginning of the fiscal year the General Funds balance has declined by \$918 million with the General Revenue Fund falling \$709 million.

Three factors help explain this year's significant decline in the General Funds balance. First, the General Funds balance typically declines between the beginning of the fiscal year and the end of October. In fact, in nine of the last ten fiscal years this has been the case, with an average decrease of \$198 million over that ten-year period. Second, \$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. Third, the rate of spending from current year appropriations is approximately \$179 million ahead of last year's pace.

### General Funds Revenues Through Four Months Up 4.2% Over FY 2000

Through four months of fiscal year 2001, General Funds revenues totaled \$7.412 billion, \$296 million or 4.2% higher than last year. Of the \$296 million year-over-year increase in revenue, income taxes accounted for \$153 million or 51.7%. Individual income tax receipts are up \$124

million or 5.8% while corporate receipts have increased \$29 million or 13.6%. Other sources of revenue that have recorded increases through October include: federal sources (up \$130 million or 10.5%); riverboat gambling transfers (up \$46 million or 37.4%); investment income (up \$32 million or 47.8%); inheritance taxes (up \$25 million or 19.8%); and Cook County intergovernmental transfers (up \$23 million or 21.5%).

The increases in federal source revenue and the intergovernmental transfers can be attributed to timing. Increased riverboat gambling transfers are due primarily to increased activity as a result of dockside gambling. The increase in investment income stems from both higher interest rates and higher available cash balances earlier in the fiscal year.

The only major sources of revenue to the General Funds which have decreased through October are public utility taxes (down \$21 million or 5.7%), sales taxes (down \$1 million or 0.1%) and other transfers in. The decline in public utility taxes is due primarily to a decrease in electricity tax receipts. The decrease in other transfers in (down \$111 million or 40.7%) is due to the fact that last fiscal year \$76 million had been transferred from the Income Tax Refund Fund and \$56 million had been transferred from the University of Illinois Hospital Services Fund to the General Revenue Fund. Through four months of fiscal year 2001, only \$22.4 million has been transferred from the

University of Illinois Hospital Services Fund. The \$1 million decrease in sales tax receipts reflects the loss of an estimated \$75 to \$90 million due to the temporary exemption of motor fuel sales from the tax base.

### General Funds Spending Through Four Months Up 10.5% Over FY 2000

Through October, General Funds cash spending totaled \$8.330 billion, \$794 million or 10.5% above last year. The \$794 million increase includes a \$108 million decrease in lapse period spending, a \$590 million increase in spending from current year appropriations, and a \$312 million increase in transfers out.

Awards and grants spending increased \$359 million or 7.5% while operations increased \$180 million or 8.5% and transfers out jumped \$312 million or 50.8% (including the \$260 million Illinois FIRST transfer). After four months of fiscal year 2001, expenditures have exceeded revenues by \$918 million resulting in a decrease in the available cash balance from \$1.517 billion at the beginning of the fiscal year to \$599 million at the end of October.

Of the \$359 million increase in grant spending, Public Aid is up \$169 million or 11.6% through October while the Department of Human Services has increased by \$72 million or 7.5%. Awards and grants education spending is up \$86 million with the State Board of Education up \$25 million or 1.8% while higher education grants have increased \$33 million or 15.1% and teachers retirement grants are up \$28 million or 13.0%.

Spending for operations totaled \$2.297 billion through October, \$180 million higher than comparable expenditures last year. Higher education operations are up 8.1% or \$44 million, while all other operations increased \$136 million (8.6%).

### Good News! - Bad News!

First the good news! With the books closed for fiscal year 2000, Illinois has recorded its fourth consecutive balanced General Funds budget. Lapse period spending of \$740 million from an available balance of \$1.517 billion at the end of June, leaves the General Funds with a positive budgetary balance of \$777 million - well above last year's record

*VITAL STATISTICS continued, page 12*

# OCTOBER 2000

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

	Oct. 2000	Four Months			
		FY 2001	Change From Prior Year		%
			\$	%	
<b>Total General Funds</b>					
Available Balance	\$ 986	\$ 1,517	\$ 166	12.3	%
Revenues	1,797	7,412	296	4.2	
Expenditures	2,184	8,330	794	10.5	
Ending Balance	\$ 599	\$ 599	\$(332)	(35.7)	%
<b>General Revenue Fund</b>					
Available Balance	\$ 498	\$ 997	\$ (19)	(1.9)	%
Revenues	1,546	6,335	227	3.6	
Expenditures	1,756	7,044	615	9.6	
Ending Balance	\$ 288	\$ 288	\$(407)	(58.6)	%
<b>Common School Special Account Fund</b>					
Available Balance	\$ 225	\$ 69	\$ 1	1.5	%
Revenues	119	496	(1)	(0.2)	
Expenditures	113	334	(164)	(32.9)	
Ending Balance	\$ 231	\$ 231	\$ 164	244.8	%
<b>Education Assistance Fund</b>					
Available Balance	\$ 239	\$ 415	\$ 205	97.6	%
Revenues	72	351	58	19.8	
Expenditures	248	703	355	102.0	
Ending Balance	\$ 63	\$ 63	\$(92)	(59.4)	%
<b>Common School Fund</b>					
Available Balance	\$ 25	\$ 36	\$ (21)	(36.8)	%
Revenues	172	564	(185)	(24.7)	
Expenditures	180	583	(209)	(26.4)	
Ending Balance	\$ 17	\$ 17	\$ 3	21.4	%

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)

	Oct. 2000	Four Months			
		FY 2001	Change From Prior Year		%
			\$	%	
<b>Revenues:</b>					
State Sources:					
Cash Receipts:					
Income Taxes:					
Individual	\$ 510	\$ 2,247	\$ 124	5.8	%
Corporate	25	242	29	13.6	
Total, Income Taxes	\$ 535	\$ 2,489	\$ 153	6.5	%
Sales Taxes	481	1,998	(1)	(0.1)	
Other Sources:					
Public Utility Taxes	81	347	(21)	(5.7)	
Cigarette Taxes	33	133	0	0.0	
Inheritance Tax (gross)	55	151	25	19.8	
Liquor Gallonage Taxes	9	43	8	22.9	
Insurance Taxes and Fees	1	52	3	6.1	
Corporation Franchise Tax and Fees	16	50	8	19.0	
Investment Income	26	99	32	47.8	
Cook County IGT	54	130	23	21.5	
Other	17	79	(11)	(12.2)	
Total, Other Sources	\$ 292	\$ 1,084	\$ 67	6.6	%
Total, Cash Receipts	\$ 1,308	\$ 5,571	\$ 219	4.1	%
Transfers In:					
Lottery Fund	\$ 38	\$ 140	\$ 11	8.5	%
State Gaming Fund	33	169	46	37.4	
Protest Fund	2	3	1	50.0	
Other Funds	66	162	(111)	(40.7)	
Total, Transfers In	\$ 139	\$ 474	\$(53)	(10.1)	%
Total, State Sources	\$ 1,447	\$ 6,045	\$ 166	2.8	%
Federal Sources:					
Cash Receipts	\$ 350	\$ 1,335	\$ 144	12.1	%
Transfers In	0	32	(14)	(30.4)	
Total, Federal Sources	\$ 350	\$ 1,367	\$ 130	10.5	%
Total, Revenues	\$ 1,797	\$ 7,412	\$ 296	4.2	%

## GENERAL FUNDS ANALYSIS OF EXPENDITURES (Dollars in Millions)

	Oct. 2000	Four Months			
		FY 2001	Change From Prior Year		%
			\$	%	
<b>Expenditures:</b>					
Awards and Grants:					
Public Aid	\$ 414	\$ 1,625	\$ 169	11.6	%
Elem. & Sec. Education:					
State Board of Education	413	1,386	25	1.8	
Teachers Retirement	61	244	28	13.0	
Total, Elem. & Sec. Education	\$ 474	\$ 1,630	\$ 53	3.4	%
Human Services	238	1,033	72	7.5	
Higher Education	49	251	33	15.1	
All Other Grants	133	582	32	5.8	
Total, Awards and Grants	\$ 1,308	\$ 5,121	\$ 359	7.5	%
Operations:					
Other Agencies	\$ 390	\$ 1,709	\$ 136	8.6	%
Higher Education	167	588	44	8.1	
Total, Operations	\$ 557	\$ 2,297	\$ 180	8.5	%
Transfers Out	\$ 189	\$ 926	\$ 312	50.8	%
All Other	\$ 0	\$ 22	\$(35)	(61.4)	%
Vouchers Payable Adjustment	\$ 130	\$(36)	\$(22)	N/A	%
Total, Expenditures	\$ 2,184	\$ 8,330	\$ 794	10.5	%

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

	Oct. 2000	Four Months			
		FY 2001	Change From Prior Year		%
			\$	%	
<b>Personal Services:</b>					
Regular Positions	\$ 193	\$ 769	\$ 27	3.6	%
Other Personal Services	21	85	5	6.3	
Total, Personal Services	\$ 214	\$ 854	\$ 32	3.9	%
Contribution Retirement	40	158	5	3.3	
Contribution Social Security	14	56	3	5.7	
Contribution Group Insurance	53	210	35	20.0	
Contractual Services	40	197	6	3.1	
Travel	2	9	0	0.0	
Commodities	11	46	0	0.0	
Printing	1	2	0	0.0	
Equipment	2	21	0	0.0	
Electronic Data Processing	4	22	2	10.0	
Telecommunications	3	21	6	40.0	
Automotive Equipment	1	6	0	0.0	
Other Operations	172	695	91	15.1	
Total, Operations	\$ 557	\$ 2,297	\$ 180	8.5	%

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

	Oct. 2000	Four Months			
		FY 2001	Change From Prior Year		%
			\$	%	
<b>State Board of Education:</b>					
General State Aid	\$ 248	\$ 757	\$(18)	(2.3)	%
Categoricals	165	629	43	7.3	
Other	0	0	0	0.0	
Public Aid	414	1,625	169	11.6	
Human Services	238	1,033	72	7.5	
Higher Education:					
Student Assistance Commission	49	149	23	18.3	
Community College Board	0	86	3	3.6	
Other	0	16	7	77.8	
Teacher's Retirement	61	244	28	13.0	
Children and Family Services	71	272	(16)	(5.6)	
Aging	20	76	(5)	(6.2)	
Revenue	4	20	0	0.0	
All Other	38	214	53	32.9	
Total, Awards and Grants	\$ 1,308	\$ 5,121	\$ 359	7.5	%

## Focus On Spending concluded, from page 9

1999 indicates that many of the expenditure categories grew faster than the rate of inflation (3.68%) from 1997.

The following table shows growth over the last three years for governments that have reported data for all three fiscal years. The table shows that all expenditure categories, except health and welfare and public works and transportation, have grown faster than the rate of inflation. The fastest growing category is corrections (12.39%), which has grown four times faster than the rate of inflation.

**Total Local Government Expenditures by Category  
(Excluding school districts, Chicago, Cook County)**

Expenditure Category	FY 1997	FY 1998	FY 1999	Annual Growth Rate
General Government	\$1,783,976,840	\$1,922,337,575	\$2,174,466,230	10.40%
Public Safety	1,825,087,566	1,981,783,238	2,111,205,696	7.55%
Correction	79,606,509	91,164,337	100,563,457	12.39%
Judiciary	169,586,025	191,864,331	206,848,835	10.44%
Public Works/Trans.	1,457,405,172	1,418,392,983	1,532,433,364	2.54%
Health/Welfare	446,358,926	464,138,550	474,284,786	3.08%
Culture/Recreation	711,519,146	734,218,231	801,931,247	6.16%
Development	547,814,305	545,528,686	612,629,549	5.75%
Debt Service	818,014,203	859,570,149	933,878,769	6.85%
Other Exp.	529,000,755	593,073,259	661,528,295	11.83%
Total	\$8,368,369,448	\$8,802,071,340	\$9,609,770,229	7.16%

Source: Office of the Comptroller.

Although the crime rate has gone down, many counties are spending to maintain their jail facilities. One of the largest costs associated with correctional facilities is personal services and related costs. The second largest expense is the maintenance of many facilities that are very old.

The other expenditures category has also shown a significant increase, up 11.83%. The majority of reported expenditures in this category are for capital improvements. (This category will probably be reduced in future years because the revised Annual Financial Report form will have a new, separate category to record capital improvement expenditures). ■

## COMPTROLLER DANIEL W. HYNES

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

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