



FY 2008

**FISCAL
RESPONSIBILITY
REPORT CARD**

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December 21, 2009

Honorable Members of the General Assembly and County Clerks:

Pursuant to the Fiscal Responsibility Report Card Act [35 ILCS 200/30-30 and 200/30-31] enclosed is the FY 2008 Fiscal Responsibility Report Card detailing the financial activity of Illinois' local governments.

The FY 2008 Fiscal Responsibility Report Card contains summarized financial data for counties, municipalities, townships, and special purpose districts in the State of Illinois. Highlighted in this report are the sources of revenue, programmatic expenditures, and fund balances retained by local governments in FY 2008. Also included are Individual Data Summaries for each unit of government which includes: an administrative profile summarizing each unit's revenue, expenditures, fund balances, and debt with per capita breakdowns; and fiscal indicators calculating averages and medians based on the population served or the financial position of the unit of government.

The FY 2008 Report Card contains illustrative text and information relating to the fiscal health and responsibility of Illinois' local governments. Also included are user-friendly data and statistical groupings regarding local government revenue. Additionally, several appendices provide more extensive graphical illustrations of FY 2008 revenue and expenditures as well as historical data comparisons for local governments.

The Comptroller's office will continue to offer Illinois' local government units easy access to this information through the availability of the toll-free Local Government Assistance Hotline to assist them in meeting their financial reporting requirements. Additionally, the office will continue to enhance the on-line filing program, Comptroller Connect, to improve the efficiency and accuracy of the financial data used to produce the Fiscal Responsibility Report Card.

It is my privilege to provide you and the taxpayers of Illinois with this comprehensive assessment of local governments' finances. I hope you find this information useful in future deliberation on issues that affect local governments.

Sincerely,

Daniel W. Hynes
Illinois State Comptroller

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INTRODUCTION

Pursuant to local government statutes [*Governmental Account Audit Act*¹, *Counties Code*², and *Municipal Code*³] the Office of the Comptroller collects Annual Financial Reports [AFRs] from approximately 5,200 local governments representing financial information for more than 6,700 primary and component units of government for FY 2008. The *Fiscal Responsibility Report Card Act*⁴ requires the Office of the Comptroller to provide a report to the General Assembly and County Clerks regarding the collection of revenue and the expenditures of local governments, excluding school districts, community colleges and other types of governments that do not collect property tax. The *FY 2008 Fiscal Responsibility Report Card* (referred throughout this document as the *Report Card*) is being distributed to the General Assembly and County Clerks in fulfillment of this requirement.

While the *Fiscal Responsibility Report Card Act*⁴ calls for an annual report detailing the financial activity of local governments, it also serves as a vehicle for assessing the fiscal health of Illinois' local governments and holding local officials accountable for their financial decisions. Data collected by the Comptroller is available in a standardized format and accessible to policy makers and the public as called for in the *Freedom of Information Act*⁵ and the *Public Records Act*.⁶

The *Report Card* contains descriptive text, research on issues relating to fiscal health and responsibility, and expenditure and revenue groupings based on government type. The *Report Card* contains user-friendly statistical information regarding the collection of local government revenue based on various revenue groupings and several appendices, one of which details the finances of the City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and the Metropolitan Water Reclamation District. Individual Data Summaries provide comparative data for similar units of government including summaries of total revenue, expenditures, fund balances, and debt.

The *Report Card* includes the Methodology, Governmental Funds for Revenue, Expenditures, and Fund Balance data for the FY 2008. The information in the *Report Card* is supported by the data in Appendices A – D, which were generated from the data contained in the Local Government Division Database.

LOCAL GOVERNMENTS IN ILLINOIS

The State of Illinois is comprised of over 8,400 units of local government, each of which is required to register with the Office of the Comptroller as prescribed by the *Local Government Registry Act*⁷. Additionally, Illinois statutes require approximately 5,200 units of local governments to submit Annual Financial Reports [AFRs], and in some cases a CPA audit to the Office of the Comptroller. The financial data reported on the AFR is used to prepare the *Report Card*, which the Office of the Comptroller submits annually to the General Assembly and Illinois' 102 County Clerks.

Following is a listing of the types of local governments in Illinois:

Government Type
Airport Authority
Cemetery District
City
Community College*
Conservation District
County
Drainage District*
Electric Agency
Exposition and Auditorium Authority
Fire Protection District
Forest Preserve District
Home Equity Program
Hospital District
Housing Authority*
Mass Transit District
Mosquito Abatement District
Multi Township Tax Assessment District
Museum District
Natural Gas Agency
Park District
Planning Agency
Port District
Public Building Commission

Government Type
Public Health District
Public Library District
Public Water District
Rescue Squad District
River Conservancy District
Road & Bridge District**
Road District
Sanitary District
School District*
Soil and Water Conservation District
Solid Waste Agency
Special Recreation
Street Lighting District
Surface Water District
T.B. Sanitarium District
Town
Township
Transportation Authority
Village
Water Authority
Water Commission
Water Reclamation District
Water Service District

*These units of government are not required to file annual financial data with the Office of the Comptroller.

**Financial data for all Road & Bridge Districts is included in the financial reports of its Township.

METHODOLOGY

The financial data in the *FY 2008 Fiscal Responsibility Report Card* and Individual Data Summaries has been generated from the Local Government Division Database, which contains non-audited, self-reported, financial data from 4,899 units of local governments via their FY 2008 Annual Financial Reports [AFRs] that were submitted by the *Report Card* deadline of November 10, 2009.

Reporting Governments

Illinois statutes define a unit of local government as a municipal corporation or political subdivision of the State of Illinois. The Governmental Accounting Standards Board [GASB] distinguishes the difference between primary and component [or dependent] units of government, determining the number of local governments in the state. The *Fiscal Responsibility Report Card Act*⁴, *Governmental Account Audit Act*¹, *Counties Code*², and the *Municipal Code*³, further prescribe local governments' reporting requirements to the Office of the Comptroller.

Based on Illinois statutes and the Governmental Accounting Standards Board [GASB], approximately 5,200 primary governments were required to file annual financial data with the Office of the Comptroller for FY 2008. All counties, municipalities, townships, and special purpose governments (with FY 2008 appropriations or expenditures over \$6,410) must file an Annual Financial Report [AFR]. Special purpose governments with appropriations or expenditures below \$6,410 are exempt from filing an AFR, but are required to file a Verification of Appropriation Form. There were 120 governments that were qualified to file the FY 2008 Verification of Appropriation Forms.

Exclusions

The FY 2008 compliance rate was 95% with 249 units of governments failing to comply with their annual financial reporting requirements.

The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the *FY 2008 All Government Governmental Fund Revenue, Expenditure and Fund Balance* sections. However, these governments have been excluded from their respective FY 2008 data tables and the Individual Data Summaries. The inclusion of these governments' data would considerably skew the averages and medians provided on the Individual Data Summaries and the data contained in the FY 2008.

In FY 2006, a new edit and review process was implemented to insure that the quality of the financial data submitted could be analyzed. The edit/review process was conducted to identify reporting errors such as the omission of necessary information, data entry errors, and incorrectly categorized financial data. If errors were identified, governments were notified in writing and sufficient time was allowed for governments to correct the mistakes and resubmit their report. There were 24 governments that did not properly respond to correspondence regarding their errors on their FY 2008 AFR and were thus excluded from their respective *Report Card* data tables and Individual Data Summaries.

Fiscal Responsibility Report Card

In the *Report Card*, governmental funds have been combined to indicate the total revenue, expenditures and fund balance for FY 2008.

The following indicate the funds, which constitute governmental funds:

- General
- Special Revenue
- Capital Project
- Debt Service
- Discretely Presented Component Units

Tables and Graphs

Appendices A – D includes all of the tables and graphs associated with the *Report Card*. In an effort to provide a more functional *Report Card*, several revenue and expenditure categories have been combined as shown below to simplify the presentation of this data in tables and graphs. The only exception to this modified/combined presentation can be found in the *All Government* tables and graphs, as each category is identified and its corresponding financial data provided.

REVENUE CATEGORIES	
CATEGORY	COMBINATION
Other Local Taxes	Local Sales Tax, Utility Tax, and Other Local Taxes
Other State Sources	State Gaming Tax and Other State Sources
Other Intergovernmental Sources	Federal Sources and Other Intergovernmental Sources
Miscellaneous	Licenses & Permits, Fines & Forfeitures, and Miscellaneous
EXPENDITURE CATEGORIES	
CATEGORY	COMBINATION
Public Safety	Corrections, Judiciary/Legal, and Public Safety
Social Services	Transportation/Public Works, Social Services, Culture/Recreation, Housing, and Environment
Other Expenditures	Public Utility, Depreciation, and Other Expenditures

FY 2007 Historical Data

The historical data tables in the Report Card represent data from units of government that have submitted data for FY 2007 by November 16, 2008. Governments that did not provide data for that year have been excluded from this comparison. The historical comparisons provide a useful tool when measuring governmental growth or reductions from year to year.

Individual Data Summaries

Pursuant to the *Fiscal Responsibility Report Card Act*⁴, the Office of the Comptroller has prepared a FY 2008 Individual Data Summary (see page 13 and 14 for a sample of an Individual Data Summary) for each local government that submitted an AFR before the *Report Card* deadline of November 10, 2009. Each Individual Data Summary is divided into two sections – the *Local Government Profile* and *Fiscal Indicators*.

Local Government Profile

The Local Government Profile contains basic information about the local government for which the Individual Data Summary has been prepared. The profile includes information collected from the AFR and maintained in the Local Government Division Database.

The Individual Data Summaries include per capita comparisons, based on the population reported by each unit of government. The reported population for counties and municipalities is more reliable than other government figures because their reported numbers can be verified through the U.S. Census Bureau.

Categorical Divisions

The Individual Data Summaries indicate average and median comparisons to similar governments. The segregation within each type of government is based on one of the following statutory considerations:

- **Counties**

Counties have three categories based on various administrative and financial reporting requirements triggered by the population served: counties with a population under 10,000; counties with a population between 10,000 and 275,000; and finally, those units with populations over 275,000 are segregated into a third category.

- **Municipalities**

Municipalities were also broken into three data categories: municipalities serving a population below 1,000; municipal governments with a population between 1,000 and 25,000; and municipalities with a population above 25,000.

- **Townships and Special Purpose Governments**

Townships and special purpose governments have been segregated into two groups, revenue less than or greater than \$850,000.

Fiscal Indicators

The Fiscal Indicators section lists a series of financial “indicators” or measurements designed to assess the basic fiscal position of each unit of government. The data on each Individual Data Summary is listed as it was reported to the Office of the Comptroller by the local government. Figures used to calculate the averages and medians are the sum of data reported by the local governments for each specific measurement included.

The Individual Data Summaries combine General and Special Revenue funds in the Fiscal Indicators section, with the exception of the Net Assets grouping which contains all governmental activity. Other fund categories [Capital Fund, Debt Service Fund, and Discretely Presented Components] are excluded because comparisons including these funds may be distorted by timing differences in capital spending and debt financing activities, which may result in large temporary fund balances. In addition, borrowing from capital projects and debt funds may be restricted by bond covenants.

The Fiscal Indicators are divided into five distinct groupings: General and Special Funds, Equity, Net Assets, Debt and Enterprise Funds.

The General and Special Revenue grouping indicates the revenue, expenditure, and beginning and ending fund balance along with their per capita breakdown. It also includes the difference between the government's revenue and expenditure along with the ratio of fund balance to expenditures for general and special revenue funds.

The Equity grouping of the Individual Data Summary indicates the amount of the reserved and unreserved fund balance for the local governments. Funds legally restricted to a specific project are considered a "reserved fund balance." All funds not legally restricted or dedicated to a specific project are considered an "unreserved fund balance."

The Net Assets grouping indicates the amount of the government's restricted and unrestricted net assets.

In the Debt Grouping, the debt amounts in the governmental and proprietary fund types have been combined to provide a comprehensive view of total debt. It also includes an analysis of the government's general obligation debt compared to the equalized assessed valuation [EAV].

The Enterprise Funds grouping details the financial activity in the fund established to account for operations financed and operated in a manner similar to private business enterprises [i.e. water, gas and electric utilities, and transit systems]. These amounts have been provided indicating revenue, expenditures and fund balance with various per capita breakdowns.

The following is a sample of an Individual Data Summary.

DANIEL W. HYNES COMPTROLLER www.soc.state.il.us 2008-09-01 10:00:00 AM	FISCAL YEAR 2008 FISCAL RESPONSIBILITY REPORT CARD DATA SUMMARY		
	TOWNSHIPS: Revenue Greater Than or Equal to \$50,000		
Local Government Profile			
Unit Name: SAMPLE GOVERNMENT	<div style="text-align: right; border: 1px solid black; padding: 2px;"> Blended Component Units </div>		
Unit Code: 000/000/01 County: ANY COUNTY	Number Submitted = 1 Road & Bridge		
Fiscal Year End: 3/31/2008			
Accounting Method: Modified Accrual			
Appropriation or Budget: \$8,771,787			
Equalized Assessed Valuation: \$635,169,556			
Population: 25,212			
Employees:			
Full Time: 11			
Part Time: 7			
Salaries Paid: \$544,866			
Fiscal Indicators			
General and Special Funds	<u>Amounts</u>	<u>Averages</u>	<u>Medians</u>
Beginning Fund Balance for FY 08:	\$5,212,972	\$2,159,400	\$1,685,024
Per Capita Beginning Fund Balance:	\$207	\$85	\$54
Revenue Collected During FY 08:	\$3,004,745	\$2,925,172	\$1,899,899
Expenditures During FY 08:	\$2,899,652	\$2,318,717	\$1,694,813
Per Capita Revenue:	\$119	\$90	\$62
Per Capita Expenditures:	\$115	\$84	\$59
Revenues over (under) Expenditures:	\$105,093	\$186,455	\$112,237
Ratio of Fund Balance to Expenditures:	183.44%	113.02%	101.42%
Ending Fund Balance for FY 08:	\$5,319,063	\$2,353,419	\$1,826,814
Per Capita Ending Fund Balance:	\$211	\$93	\$56
Equity	<u>Amounts</u>	<u>Averages</u>	<u>Medians</u>
Total Reserved Funds:	\$	\$9,875	\$
Total Unreserved Funds:	\$	\$25,107	\$
Net Assets	<u>Amounts</u>	<u>Averages</u>	<u>Medians</u>
Total Restricted Net Assets:	\$	\$914,517	\$18,816
Total Unrestricted Net Assets:	\$5,371,744	\$1,887,816	\$1,244,354

FISCAL YEAR 2008 FISCAL RESPONSIBILITY REPORT CARD

DATA SUMMARY

Debt

	<u>Amounts</u>	<u>Averages</u>	<u>Medians</u>
Outstanding Debt for FY 08:	\$	\$947,088	\$
Per Capita Debt:	\$	\$40	\$
General Obligation Debt over EAV:	0.00%	0.08%	0.00%

Enterprise Funds

	<u>Amounts</u>	<u>Averages</u>	<u>Medians</u>
Beginning Retained Earnings for FY 08:	\$	\$498,304	\$
Per Capita Beginning Retained Earnings for FY 08:	\$	\$19	\$
Revenue Collected During FY 08:	\$	\$142,468	\$
Expenditures During FY 08:	\$	\$52,364	\$
Per Capita Revenue:	\$	\$6	\$
Per Capita Expenditures:	\$	\$3	\$
Operating Income (loss):	\$	\$19,086	\$
Ratio of Retained Earnings to Expenditures:	0.00%	31.21%	0.00%
Ending Retained Earnings for FY 08:	\$	\$11,365	\$
Per Capita Ending Retained Earnings:	\$	\$5	\$

NOTE: The financial information used to compile this report is self-reported by individual local governments. While there may be mathematical errors or misclassified financial data, the Office of the Comptroller has attempted to reconcile these issues throughout the FY 2008 reporting cycle.

FY 2008 GOVERNMENTAL FUND REVENUE

Local governments in the State of Illinois collect various types of revenue through locally imposed taxes, proceeds from state taxes, intergovernmental partnerships, federal grant dollars, local fees, charges for services, and additional sources.

As *Table 1* indicates, 4,899 units of local governments collected \$22.1 billion in revenue in FY 2008. This represents a 747.6 million dollar revenue increase from the previous year when *All Governments* reported \$21.3 billion in FY 2007 [*Appendix C - Table 3*]. The FY 2008 financial data from 1,212 municipalities [excluding the City of Chicago] accounted for 38% or \$8.4 billion of *All Government Revenue*, while 95 Illinois counties collected approximately 15.6% or \$3.4 billion of *All Government Revenue* in FY 2008. The total combined revenue from townships, along with park, library, fire protection and special purpose districts combined totaled \$3.3 billion or 14.9% of *All Government Revenue* in FY 2008. The City of Chicago's \$5.5 billion in revenue accounted for 25.1% of *All Government Revenue* in FY 2008.

Local and State Taxes accounted for 71.7% of *All Government Revenue* in FY 2008. The largest source of revenue for all units of government was Property Tax, accounting for 31.1% of *All Government Revenue*. Approximately 4,475 of the 4,899 local governments in the FY 2008 data set reported collecting Property Taxes, indicating local governments' dependence on revenue from Property Taxes.

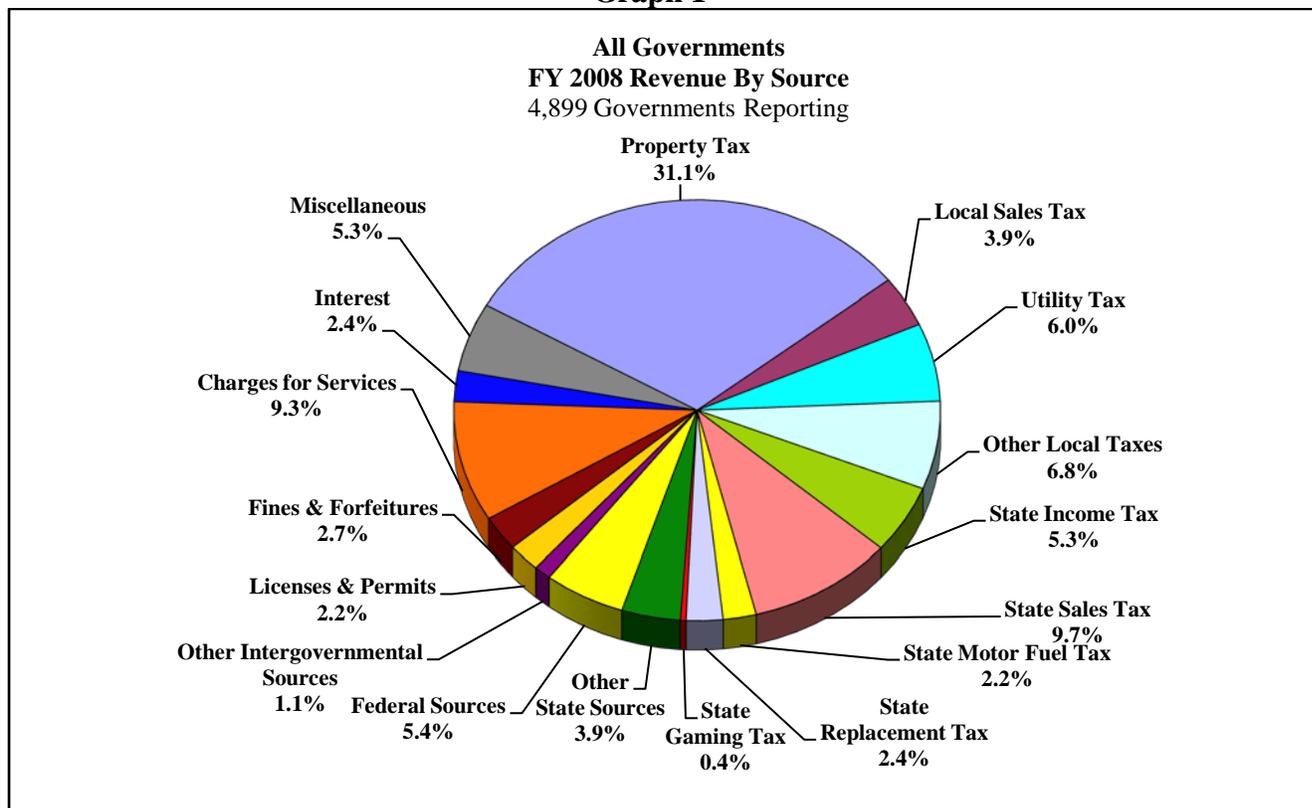
Table 1

FY 2008 Governmental Revenue		
Government Type	Total Number of Governments in Data Set	Total
<i>All Governments*</i>	4,899	\$22,070,030,629
<i>Counties</i>	95	\$3,446,467,708
<i>Municipalities*</i>	1,212	\$8,391,536,233
<i>Townships</i>	1,348	\$643,408,114
<i>Public Library Districts</i>	315	\$314,074,966
<i>Park Districts*</i>	314	\$1,129,389,710
<i>Fire Protection Districts</i>	776	\$566,087,079
<i>Special Purpose Districts*</i>	835	\$625,003,819
<i>City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District*</i>	4	\$6,954,063,000

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the *FY 2008 All Government Governmental Fund Revenue* section. However, these governments have been excluded from their FY 2008 Government Type tables.

Local governments have shown a small increase in their use of alternative sources of revenue to minimize reducing and/or eliminating key programs and services to their residents. The revenue categories Fines & Forfeitures, Charges for Services, and Licenses & Permits show evidence of this growth. These revenue categories increased by 3.5% between FY 2007 & 2008. This growth resulted in more than \$55 million in increased revenue for local governments throughout the state. Facing increased fees from the state, the elimination of certain shared taxes and reductions in tax distributions, local governments will continue to increase the usage of these categories to offset decreased revenue.

Graph 1



LOCAL TAXES

Local Taxes account for 47.8% of *All Government Revenue*. Local Taxes consist of revenue received through locally imposed taxes including: Property, Local Sales, Utility, and Other Taxes. In FY 2008, local governments collected \$6.9 billion in Property Taxes, \$860.7 million in Local Sales Taxes, \$1.3 billion in Utility Taxes, and \$1.5 billion in Other Local Taxes. *Table 2* details the amount of Local Taxes collected by local governments in FY 2008.

Property Tax⁸

Property Tax is an *ad valorem* tax levied on an assessed valuation of real property by the legislative body of a local government. Property Tax is the primary source of income for local governments. In FY 2008, Property Tax accounted for 31.1% of *All Government Revenue*, approximately \$6.9 billion.

Overwhelmingly, Property Taxes are used to fund basic governmental operations and services, such as infrastructure improvement, maintenance, and pensions. Non-home rule municipalities must have explicit statutory authority to impose Property Taxes for anything except the general corporate fund.

Local governments with the fewest taxing tools and programs are more dependent on Property Tax and local taxes than larger units of government with diverse revenue sources [shown in *Table 2*]. Counties and municipalities rely on Property Taxes for an average of 29.6% of their total revenue, while townships, libraries and fire protection districts rely on Property Taxes for an average of almost 80.2% of their total revenue.

For more information on FY 2008 county, municipal, township and special purpose district revenue see *Appendix A*.

Table 2

Local Taxes						
Government Type	Property Tax	Local Sales Tax	Utility Tax	Other Local Taxes	Total Local Taxes	% of Total Revenue
<i>All Governments*</i>	\$6,855,269,888	\$860,746,902	\$1,326,501,085	\$1,498,052,278	\$10,540,570,153	47.8%
<i>Counties</i>	\$1,077,826,497	\$90,020,530	\$164,591	\$31,821,146	\$1,199,832,764	5.4%
<i>Municipalities*</i>	\$2,333,652,868	\$496,775,372	\$476,619,494	\$331,534,195	\$3,638,581,929	16.5%
<i>Townships</i>	\$472,938,027	\$0	\$0	\$414,492	\$473,352,519	2.1%
<i>Public Library Districts</i>	\$269,204,256	\$0	\$0	\$83,173	\$269,287,429	1.2%
<i>Park Districts*</i>	\$642,004,275	\$0	\$0	\$523,206	\$642,527,481	2.9%
<i>Fire Protection Districts</i>	\$460,606,338	\$0	\$0	\$984,122	\$461,590,460	2.1%
<i>Special Purpose Districts*</i>	\$201,207,627	\$0	\$0	\$9,726,944	\$210,934,571	1.0%
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$1,397,830,000	\$273,951,000	\$849,717,000	\$1,122,965,000	\$3,644,463,000	16.5%

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the *FY 2008 All Government Governmental Fund Revenue* section. However, these governments have been excluded from their FY 2008 Government Type tables.

Local Sales and Use Taxes⁹

Local Sales and Use Taxes are imposed on the sale or consumption of goods. Approximately 147 counties and municipalities reported Local Sales Tax revenue in FY 2008, totaling \$586.8 million. This represents a revenue increase of \$46.3 million in local sales tax revenue from the previous year. The City of Chicago accounted for \$274 million or 31.8% of the total Local Sales Tax reported in the *Table 2 - All Governments*.

Home rule municipalities can levy a rate, in addition to the state-ordered sales tax rate in ¼ percent increments¹⁰. If a unit of local government does not have home rule powers, an additional local

sales tax can be imposed by referendum. Some municipalities with large central business districts or regional shopping centers may receive sufficient revenue from local sales to eliminate or substantially reduce the amount of Property Taxes levied.

County governments are authorized to impose, with voter approval, a countywide tax on sales of general merchandise for public safety.

Utility Tax¹¹

Utility Taxes are levied on gross receipts of public or privately owned utilities which provide electric, gas, water, or telephone service to residents. Utility Taxes represent \$1.3 billion, or 6% of *All Government Revenue* in FY 2008. This number has increased by 9.7% from FY 2007 when Utility Taxes represented \$1.2 billion, or 5.7% of *All Government Revenue*.

Approximately 632 municipalities imposed a Utility Tax in FY 2008, which accounted for approximately 5.7% of *All Municipal Revenue* [Appendix A – Table 3]. Municipalities are authorized without referendum to impose a Utility Tax of up to 5% of a utility’s gross sales within the municipality. There are no restrictions on the use of these tax dollars.

Other Local Taxes¹²

This source consists of local taxes imposed on the sale or consumption of selected goods and services, such as motor fuel, alcohol and tobacco products, and taxes on business entities other than public utilities. Local governments reported receiving \$1.5 billion from Other Local Taxes in FY 2008. The City of Chicago reported \$1.1 billion in Other Local Taxes in FY 2008.

STATE SOURCES

Revenues received from various state, federal, and intergovernmental agencies are reported on the Annual Financial Report [AFR] as Intergovernmental Receipts and Grants. The majority of the financial data reported in this revenue category comes from various state sources such as State Gaming Tax, State Income Tax, State Sales Tax, State Motor Fuel Tax, and State Replacement Tax. In FY 2008, local governments collected \$5.3 billion in State Sources, accounting for 23.9% of *All Government Revenue*.

Table 3 details the State Sources collected by local governments in FY 2008.

State Income Tax¹³

State Income Taxes are revenues shared with local governments. The tax was enacted in 1969; the current rate is 3% for individuals and 4.8% for corporations. The statutes direct an amount equal to one-tenth of the net revenue realized from the State Income Tax to be shared with local units of government. This “sharing” of the state’s income tax revenue takes the form of monthly transfers to counties and municipalities through the state’s Local Government Distributive Fund.

State Income Tax represented \$1.2 billion, or 5.3% of *All Government Revenue*. State Income Taxes are only available to municipalities and counties and are distributed proportionately by population. Municipal governments receive 8.9% and counties receive 4.2% of their total income from this source. In FY 2008, the City of Chicago received \$268.8 million or 23% of the total revenue from State Income Taxes.

For more information on municipal and county revenue see *Appendix A*.

Table 3

State Sources								
Government Type	State Income Tax	State Sales Tax	State Motor Fuel Tax	State Replacement Tax	State Gaming Tax	Other State Sources	Total State Sources	% of Total Revenue
<i>All Governments*</i>	\$1,165,664,347	\$2,144,652,566	\$485,651,813	\$537,537,464	\$81,820,785	\$862,616,508	\$5,277,943,483	23.9%
<i>Counties</i>	\$145,784,979	\$294,618,478	\$172,310,722	\$65,789,777	\$254,791	\$251,399,189	\$930,157,936	4.2%
<i>Municipalities*</i>	\$751,031,768	\$1,441,473,399	\$224,986,246	\$113,679,290	\$80,725,094	\$156,909,430	\$2,768,805,227	12.5%
<i>Townships</i>	\$18,369	\$17,160	\$23,002,796	\$47,867,708	\$12,581	\$11,779,291	\$82,697,905	0.4%
<i>Public Library Districts</i>	\$0	\$0	\$0	\$5,684,549	\$0	\$5,396,000	\$11,080,549	0.1%
<i>Park Districts*</i>	\$0	\$0	\$0	\$26,417,647	\$1,608	\$9,875,744	\$36,294,999	0.2%
<i>Fire Protection Districts</i>	\$2,231	\$6,964	\$0	\$10,286,733	\$1,786	\$3,090,693	\$13,388,407	0.1%
<i>Special Purpose Districts*</i>	\$0	\$24,913,565	\$129,049	\$10,727,760	\$824,925	\$55,742,161	\$92,337,460	0.4%
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$268,827,000	\$383,623,000	\$65,223,000	\$257,084,000	\$0	\$368,424,000	\$1,343,181,000	6.1%

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the FY 2008 All Government Governmental Fund Revenue section. However, these governments have been excluded from their FY 2008 Government Type tables.

State Sales Tax¹⁴

Sales and Use Taxes are imposed on the sale or consumption of goods. The State Sales Tax was first enacted at a rate of 2% in 1933. Since then, the rate and base of taxable items have changed numerous times, with the last change occurring as part of sales tax reform measures adopted in January 1990.

The current State Sales Tax rate of 6.25% is applied against a uniform tax base with the state retaining 5% and returning the remaining 1.25% to point-of-sale municipal and county governments. Home rule units can impose an additional sales tax rate without limitation.

The Illinois Sales Tax consists of two pairs of taxes that have two subparts: the Retailer's Occupation Tax [ROT] and Use Tax and the Service Occupation Tax and Service Use Tax. The ROT is imposed on retailers' gross receipts from the sale of tangible personal property, while the Use Tax is imposed on individuals using tangible personal property. The Service Occupation Tax and Service Use Tax are similar to the ROT and Use Tax but apply to tangible property as an incident to the rendering of service for or by any governmental body, not-for-profit organization, foundation, institution, etc.

In addition to municipalities and counties, mass transit districts and some water reclamation districts have the ability to impose additional sales taxes. The sales tax rate is higher in Cook, DuPage, and Madison counties due to the additional collection of sales taxes for mass transit, water, and recreation services.¹⁵

Revenue from State Sales Taxes represented \$2.1 billion, or 9.7% of *All Government Revenue* in FY 2008. Illinois' municipalities are heavily reliant on State Sales Taxes, accounting for \$1.4 billion or 17.2% of *All Municipal Revenue* [Appendix A – Table 3]. The City of Chicago collected \$274.6 million or 12.8% of State Sales Tax in FY 2008. State Sales Tax accounted for \$294.6 million or 8.5% of *All County Revenue* in FY 2008 [Appendix A – Table 2]. The RTA accounted for \$109 million or 5.1% of State Sales Tax revenue.

State Motor Fuel Tax¹⁶

The State Motor Fuel Tax is distributed to local governments in the form of shared revenue, grants, entitlements, or payments in lieu of taxes. The tax is imposed on the privilege of operating motor vehicles on public highways or waterways in Illinois. The state imposes a 19-cent per gallon tax on motor fuel and 21.5-cent per gallon on diesel fuel. Distributors and suppliers pay this tax and pass it on to consumers as part of the pump price.

All state revenue from this tax is deposited into the Motor Fuel Tax Fund from which a specific percentage [54.4% after administrative costs for the Departments of Revenue and Transportation have been deducted from total collection¹⁷] is returned to local governments after deductions for associated costs. The funds, distributed back to the local governments units are apportioned as follows:

- Municipalities receive 49.1%
- Cook County receives 16.74%
- Other 101 counties receive 18.27%
- Townships and road districts receive 15.89%

The uses of motor fuel tax funds are statutorily restricted to purposes relating to maintenance and construction of transportation and related facilities. State Motor Fuel Tax accounted for \$485.7 million or 2.2% of *All Government Revenue* in FY 2008. This represents a \$30.8 million dollar decrease from the previous year when State Motor Fuel Tax accounted for \$516.5 million in *All Government Revenue* in FY 2007 [Appendix C - Table 3].

State Replacement Tax¹⁸

Before 1970, property taxes were levied on personal property [cars, furniture, etc.] and real property [land and buildings] for both individuals and businesses. The 1970 Illinois Constitution abolished the individual personal Property Tax and gave the legislature until 1979 to abolish the business personal Property Tax and replace the revenue lost by units of local government with a new tax or set of taxes. In 1979, the General Assembly replaced the Personal Property Tax on businesses with an Income Tax on corporations and an Invested Capital Tax on public utilities. These funds were distributed based on shares of Personal Property Tax collections in 1976 for units in Cook County and on the 1977 share for the remaining counties.

In FY 2008, local governments reported receiving \$537.5 million in State Replacement Taxes, representing 2.4% of *All Government Revenue*. This amount has increased by \$4.2 million since FY

2007 when State Replacement Tax accounted for \$533.3 million in *All Government Revenue* [Appendix C - Table 3].

State Gaming Taxes

Three different Gaming Taxes can be distributed to local governments:

The Charitable Games Tax¹⁹ is a 3% tax on gross proceeds received from the operator license fees of charitable games. The revenue is deposited into the Illinois Gaming Law Enforcement [IGLE] Fund, one-third of which is annually distributed to municipalities and counties for law enforcement purposes.

Pull Tabs and Jar Games Tax²⁰ are revenue received from the operator license fees and the 5% tax on gross proceeds of pull-tabs and jar games. These revenues are divided equally between the Common School Fund and the Illinois Gaming Law Enforcement [IGLE] Fund. One-third of the fund is distributed annually for law enforcement purposes to municipalities and counties in proportion to the number of licenses issued in each municipality or county.

Riverboat Gambling Taxes and License Fees²¹ allow local governments to collect 50 percent of the admission tax collections, subject to appropriation, of the municipality or county in which the licensee operates. Twenty-five percent of the wagering tax revenue collected from each licensee is issued, subject by appropriation, to the local government designated as its home dock.

Local governments reported collecting \$81.8 million in Gaming Taxes in FY 2008, representing 0.4% of *All Government Revenue*. Municipalities received \$80.7 million and all other governments, excluding public library districts, reported receiving the remaining \$1.1 million. This amount has decreased by \$31.8 million from FY 2007 when State Gaming Taxes accounted for \$113.6 million in *All Government Revenue* [Appendix C - Table 3].

Other State Sources

Funds from the state, other than the statutorily mandated taxes, are classified as Other State Sources. Generally, funds reported in this category represent grants received from the state. Other State Sources accounted for \$862.6 million, or 3.9% of *All Government Revenue* in FY 2008.

FEDERAL SOURCES

Traditionally, this revenue source represents grants for which a unit of government applies or qualifies. In FY 2008, local governments reported receiving \$1.2 billion from the federal government [shown in *Table 4*]. More than \$796 million of this federal assistance was received by the City of Chicago; all other units of government combined received \$393 million in FY 2008.

OTHER INTERGOVERNMENTAL SOURCES

Funds received from other local governments typically come from a joint funded program. In FY 2008, more than 560 units of governments reported receiving funds from intergovernmental sources, other than Federal sources, representing \$248.8 million, or 1.1% of all receipts. This represents an \$31.1 million dollar decrease from FY 2007 when Other Intergovernmental Sources accounted for \$279.9 million in *All Government Revenue* [Appendix C - Table 3].

Table 4

Intergovernmental Sources				
Government Type	Federal	Intergovernmental	Total Intergovernmental Sources	% of Total Revenue
<i>All Governments*</i>	\$1,190,170,369	\$248,789,656	\$1,438,960,025	6.5%
<i>Counties</i>	\$253,665,988	\$113,578,113	\$367,244,101	1.7%
<i>Municipalities*</i>	\$110,272,959	\$89,189,920	\$199,462,879	0.9%
<i>Townships</i>	\$4,466,642	\$3,115,452	\$7,582,094	0.0%
<i>Public Library Districts</i>	\$239,240	\$2,853,829	\$3,093,069	0.0%
<i>Park Districts*</i>	\$1,366,437	\$10,333,841	\$11,700,278	0.1%
<i>Fire Protection Districts</i>	\$8,951,867	\$3,155,162	\$12,107,029	0.1%
<i>Special Purpose Districts*</i>	\$11,380,236	\$20,558,339	\$31,938,575	0.1%
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$799,827,000	\$6,005,000	\$805,832,000	3.7%

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the FY 2008 All Government Governmental Fund Revenue section. However, these governments have been excluded from their FY 2008 Government Type tables.

OTHER SOURCES

Other Sources include all other revenue sources not derived from taxes including the following: Licenses & Permits, Fines & Forfeitures, Charges for Services, Interest, and Miscellaneous. Other Sources accounted for \$4.8 billion or 21.8% of all FY 2008 revenue. Charges for Services were the largest portion of Other Sources, representing \$2 billion or 9.3% of all revenue. *Table 5* details the amount of Other Sources collected by local governments in FY 2008.

Table 5

Other Sources							
Government Type	Licenses & Permits	Fines & Forfeitures	Charges For Services	Interest	Miscellaneous	Total Other Sources	% of Total Revenue
<i>All Governments*</i>	\$476,522,364	\$591,632,290	\$2,046,936,462	\$525,087,578	\$1,172,378,274	\$4,812,556,968	21.8%
<i>Counties</i>	\$59,663,286	\$152,174,832	\$504,201,547	\$97,777,055	\$135,416,187	\$949,232,907	4.3%
<i>Municipalities*</i>	\$295,553,881	\$157,175,467	\$666,548,791	\$225,852,684	\$439,555,375	\$1,784,686,198	8.1%
<i>Townships</i>	\$712,597	\$570,450	\$29,755,981	\$23,660,828	\$25,075,740	\$79,775,596	0.4%
<i>Public Library Districts</i>	\$43,355	\$3,347,059	\$3,302,701	\$14,519,058	\$9,401,746	\$30,613,919	0.1%
<i>Park Districts*</i>	\$839,849	\$241,794	\$341,703,058	\$28,426,863	\$67,655,388	\$438,866,952	2.0%
<i>Fire Protection Districts</i>	\$150,641	\$47,342	\$41,524,126	\$16,690,581	\$20,588,493	\$79,001,183	0.4%
<i>Special Purpose Districts*</i>	\$3,980,755	\$146,346	\$219,310,258	\$41,089,509	\$25,266,345	\$289,793,213	1.3%
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$115,578,000	\$277,929,000	\$240,590,000	\$77,071,000	\$449,419,000	\$1,160,587,000	5.3%

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the FY 2008 All Government Governmental Fund Revenue section. However, these governments have been excluded from their FY 2008 Government Type tables.

FY 2008 GOVERNMENTAL FUND EXPENDITURES

Expenditures represent the amounts local governments spend for various programs and/or services. Local governments should report financial data for at least two expenditure categories, including General Government [the expenses incurred for general operation of the unit of government] and the category which best describes the purpose/function [or program] the government provides.

Previously, many small and special purpose districts combined all expenditures into either the General Government category or a specific special purpose category, skewing the programmatic data. Over the past few years, we have seen improvements in the number of governments using various expenditure categories to indicate the programs and services they provide to their taxpayers.

In FY 2008, *All Governments Expenditures* totaled nearly \$25 billion as detailed in *Table 6*. This represents an almost \$2 billion dollar increase from FY 2007 when *All Governments Expenditures* totaled \$23 billion [*Appendix C - Table 4*].

In FY 2008, municipalities [excluding City of Chicago] expended \$9.1 billion, accounting for 36.5% of *All Governments Expenditures*. The City of Chicago's \$6.8 billion expenditures accounted for 27.4% of total local government expenditures.

Table 6

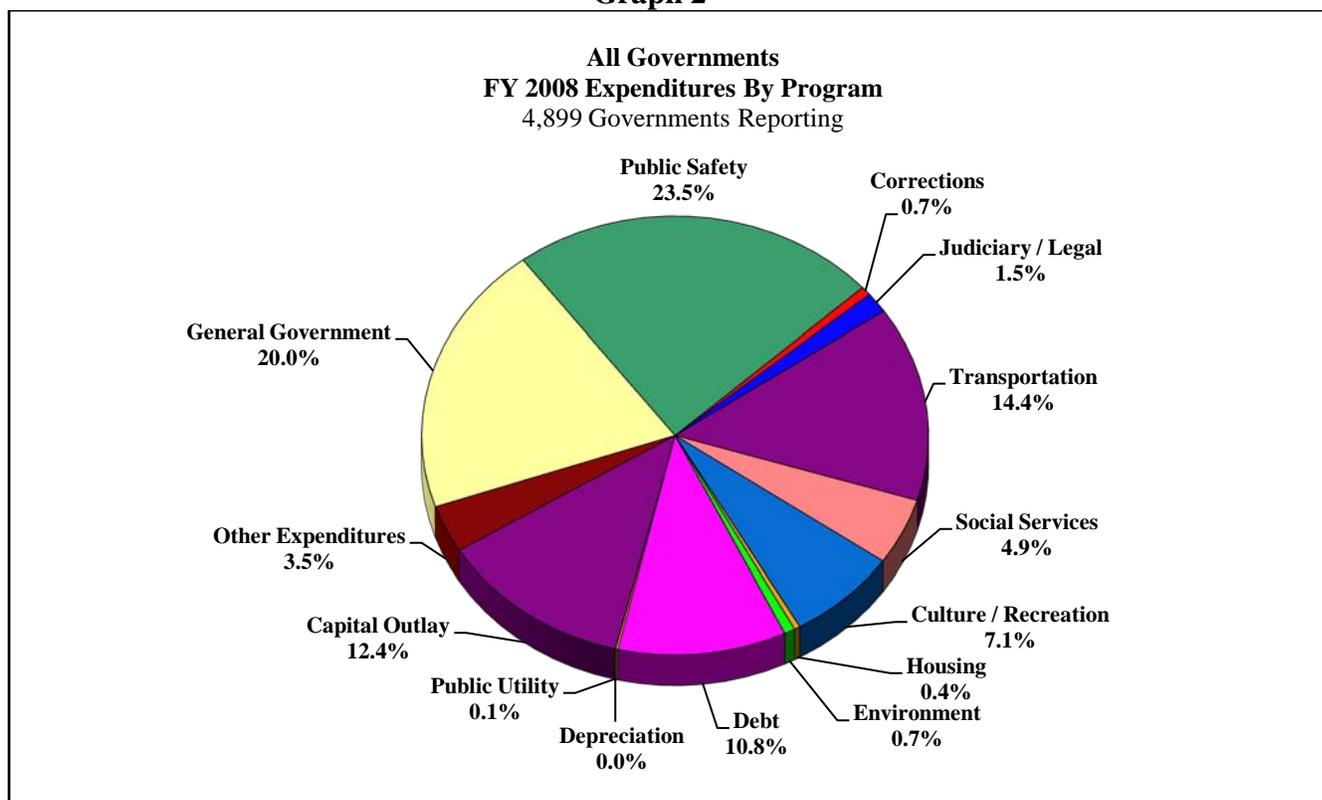
FY 2008 Governmental Expenditures		
Government Type	Total number of Governments in Data Set	Total
<i>All Governments*</i>	<i>4,899</i>	<i>\$24,955,135,678</i>
<i>Counties</i>	<i>95</i>	<i>\$3,594,522,570</i>
<i>Municipalities*</i>	<i>1,212</i>	<i>\$9,110,618,635</i>
<i>Townships</i>	<i>1,348</i>	<i>\$618,051,379</i>
<i>Public Library Districts</i>	<i>315</i>	<i>\$306,691,828</i>
<i>Park Districts*</i>	<i>314</i>	<i>\$1,282,288,145</i>
<i>Fire Protection Districts</i>	<i>776</i>	<i>\$557,036,277</i>
<i>Special Purpose Districts*</i>	<i>835</i>	<i>\$736,095,844</i>
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	<i>4</i>	<i>\$8,749,831,000</i>

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the *FY 2008 All Government Governmental Fund Expenditure* section. However, these governments have been excluded from their FY 2008 Government Type data tables.

The largest expenditure category for local governments was Public Safety, accounting for 23.5% [shown in *Graph 2*] of *All Government Expenditures* in FY 2008. General Government accounted for 20% of *All Government Expenditures*.

The categories with the largest growth from FY 2007 were Debt Service [22.3%], Environment [20.7%], and Other [14%]. Depreciation was the category with the largest decrease [-68.9%] from FY 2007.

Graph 2



General Government

General Government expenditures should indicate the administrative costs for the day-to-day operation of a unit of local government. Included in these costs are legislative and judicial branch expenditures and administrative costs of the Chief Executive Officer and other top-level auxiliary and staff agencies in the administrative branch. These expenditures can also include Financial Administration [for the local governments financial divisions], General Administrative Buildings [not related to specific functions and agencies, such as police stations, libraries, jails, etc.], and Central Administration.

For many units of government, the population served, the type of programs/services offered, the amount of funding available, and the personnel required determine the local governments' administrative expenses. For instance, a unit of government with a large population will require a significant number of employees to deliver its programs and services, in turn increasing the amount of General Government expenditures.

Small units of government may have a high percentage of their funds spent on General Government because of a lack of resources to develop a programmatic budget or accounting system. However, in educational training efforts, the Local Government Division has instructed local government officials to take additional steps to report expenditures into various programmatic expenditure categories provided on the AFR.

General Government was the second largest spending category in FY 2008, accounting for \$5 billion [shown in *Table 7*] or 20% [shown in *Graph 2*] of *All Government Expenditures*. Municipalities accounted for \$1.5 billion or 29.6% of the total General Government expenditures. In FY 2008, the City of Chicago expended \$1.8 billion or 36.1% of the total General Government, illustrating the significant administrative expenses associated with serving a large population with numerous programs and services.

Public Safety*

Public Safety includes expenditures for the protection of persons and property, primarily through police and fire protection services. Protective building inspection is also included in the category. In addition, several special purpose districts, such as mosquito abatement or soil and water conservation districts report a substantial amount of their annual expenditures in Public Safety.

Public Safety continues to be the largest expenditure category for local governments, accounting for \$5.9 billion [shown in *Table 7*], or 23.5% of *All Government Expenditures*. Municipalities spent \$3.1 billion for Public Safety, accounting for 52.6% of all Public Safety expenditures.

Corrections*

The Corrections category includes costs related to the confinement and correction of adults and minors serving time in local jails. Associated costs in the corrections category include probation, parole, and pardon activities. County governments are generally charged with responsibility for this programmatic expenditure; however some municipal governments may provide data for corrections. Expenditures for programs related to corrections represented \$165.5 million [shown in *Table 7*] or 0.7% of total FY 2008 spending. This represents an increase of over \$13 million from FY 2007 when *All Governments* spent \$152.4 million in this category [*Appendix C - Table 4*].

Judiciary and Legal*

Expenditures for the judicial activities of local governments include costs associated with criminal courts, grand jury, public defender, civil courts, and maintenance of the law library. County governments are usually charged with responsibility for these programs.

Expenditures for judiciary represented \$374.2 million or 1.5% of total FY 2008 spending [shown in *Table 7*]. This represents an increase of over \$20 million from FY 2007 when *All Governments* spent \$354.2 million in this category [*Appendix C - Table 4*]. In FY 2008, Counties reported \$367 million or 98.1% of Judiciary and Legal expenses, while various government types reported the remaining \$7.2 million.

<p>*The categories Public Safety, Corrections, and Judiciary/Legal have been merged together into a Public Safety category with the exception of <i>All Government</i> tables and charts.</p>

Transportation and Public Works

Transportation and Public Works expenditures include: streets and highways [maintenance, operation, repair and construction], airports [operation, construction, support], parking meters [purchase, maintenance, collection], and facilities [construction, maintenance, operation]

Transportation and Public Works was the third largest expenditure in FY 2008, totaling \$3.6 billion [shown in *Table 7*], or 14.4% [shown in *Graph 2*] of *All Government Expenditures*. More than 2,600 units of government reported expenditures in the Transportation and Public Works expenditure category. *All Government Expenditures* has increased by more than \$356 million since FY 2007 where governments reported spending \$3.2 billion in this category [*Appendix C - Table 4*].

Social Services

The category Health and Welfare was redefined and named Social Services in FY 2004. Social service expenditures are related to the preservation and improvement of public health, public assistance, and institutional care for economically disadvantaged individuals. Welfare, public health, hospitals and operations and cemeteries are all included under this expenditure category.

Social Services expenditures were reported by more than 1,400 units of government in FY 2008 and totaled \$1.2 billion [shown in *Table 8*] representing 4.9% of *All Government Expenditures*.

Table 7

FY 2008 Governmental Expenditures					
Government Type	General Government	Public Safety	Corrections	Judiciary / Legal	Transportation
<i>All Governments*</i>	\$4,997,874,856	\$5,865,319,332	\$165,484,933	\$374,236,521	\$3,587,217,716
<i>Counties</i>	\$728,997,430	\$536,515,041	\$165,385,193	\$367,003,365	\$407,739,012
<i>Municipalities*</i>	\$1,477,550,528	\$3,086,326,824	\$98,990	\$7,155,386	\$1,281,334,295
<i>Townships</i>	\$210,873,036	\$2,071,067	\$0	\$38,475	\$214,554,667
<i>Public Library Districts</i>	\$36,208,176	\$9,600	\$0	\$403	\$256
<i>Park Districts*</i>	\$290,451,013	\$3,353,251	\$0	\$4,262	\$2,981,516
<i>Fire Protection Districts</i>	\$109,314,563	\$334,155,485	\$750	\$17,142	\$854
<i>Special Purpose Districts*</i>	\$119,256,110	\$10,736,064	\$0	\$17,488	\$72,503,116
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$2,025,224,000	\$1,892,152,000	\$0	\$0	\$1,608,104,000

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the *FY 2008 All Government Governmental Fund Revenue* section. However, these governments have been excluded from their FY 2008 Government Type tables.

Culture and Recreation

Culture and Recreation includes programs and services for cultural and recreational activities maintained for the benefit of local government residents and visitors. These activities may include the administration, operation, and maintenance costs associated with the parks, libraries, museums, civic centers, swimming pools, and other cultural and recreational entities. Special purpose governments such as libraries and parks list the majority, if not all, of their spending in this category.

In FY 2008, 1,478 local governments recorded Culture and Recreation expenditures. Local governments spent \$1.8 billion, or 7.1% of *All Government Expenditures* on Culture and Recreation in FY 2008 [shown in *Table 8*]. *All Government Expenditures* has increased by more than \$113 million since FY 2007 where governments reported spending \$1.7 billion in this category [*Appendix C - Table 4*]. Public library districts reported 65.6% of their FY 2008 expenditures in Culture and Recreation while park districts reported 40% of their FY 2008 expenditures in this category.

Housing

Housing was introduced as an expenditure category on the FY 2000 AFR. This category was added to allow local governments to indicate their programmatic expenditures in public and private housing as well as community development. Housing covers the operational and construction costs to support housing and redevelopment projects. In addition, the costs for governments to provide housing for needy or disabled persons are included in the category. Approximately 81 counties and municipalities reported \$90.7 million or 97% of total Housing expenditures in FY 2008.

Environment

An expenditure category added in FY 2000, Environment reflects the costs for the provisions and maintenance of clean land and water supplies. In FY 2008, 415 local governments spent \$172.2 million, or 0.7% of total Environment expenditures, to maintain or improve the environment [as shown in *Table 8*]. *All Government Expenditures* has increased by more than \$29.5 million since FY 2007 where governments reported spending \$142.7 million in this category [*Appendix C - Table 4*].

Debt Service

Debt Service includes interest and principal payments on general long-term obligations and interest amounts applicable to other debt instruments. Total spending for Debt Service was \$2.7 billion in FY 2008, or 10.8% of *All Government Expenditures*. Between FY 2007 & 2008, *All Governments* reported a 22.3% increase in Debt Service expenditures.

Table 8

FY 2008 Governmental Expenditures					
Government Type	Social Services	Culture / Recreation	Housing	Environment	Debt Service
<i>All Governments*</i>	\$1,226,020,688	\$1,772,141,578	\$93,460,294	\$172,244,178	\$2,685,339,222
<i>Counties</i>	\$569,843,907	\$45,493,072	\$24,331,578	\$15,157,454	\$200,404,281
<i>Municipalities*</i>	\$233,092,518	\$557,696,589	\$66,331,110	\$133,450,102	\$757,305,947
<i>Townships</i>	\$90,197,067	\$9,031,150	\$645,302	\$593,770	\$22,032,509
<i>Public Library Districts</i>	\$371,344	\$201,313,084	\$0	\$0	\$26,726,471
<i>Park Districts*</i>	\$273,941	\$512,566,060	\$0	\$4,767	\$238,105,096
<i>Fire Protection Districts</i>	\$782,545	\$500	\$6,000	\$500	\$32,680,606
<i>Special Purpose Districts*</i>	\$146,862,366	\$72,513,123	\$2,146,304	\$23,037,585	\$108,338,312
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$184,597,000	\$373,528,000	\$0	\$0	\$1,299,746,000

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the FY 2008 All Government Governmental Fund Revenue section. However, these governments have been excluded from their FY 2008 Government Type tables.

Public Utilities

Public Utilities category is intended to capture expenditures for the administrative costs of any publicly owned water, electric, transit or other utility companies. The category was added in FY 2000. In FY 2008, local governments spent \$32.8 million for Public Utilities, with municipalities spending \$28.4 million or 86.6% of the total Public Utility expenditures.

Depreciation

Depreciation is defined as the portion of the cost of fixed assets, other than wasting assets, to be recorded as an expense during the fiscal year. In FY 2008, local governments reported spending \$4.9 million in this category. This represents a 68.9% decrease from FY 2007.

Capital Outlay

Capital Outlay was added in FY 2000 and is defined as the costs associated with capital programs such as construction and/or the cost to purchase land, structures, and equipment. In previous years local governments included costs associated with construction and land acquisition in the expenditure category for which the projects were being completed. The addition of this category allows for easier identification of local governments annual expenditures for capital projects.

In FY 2008, 2,041 units of government reported spending \$3.1 billion or 12.4% of total expenditures for capital projects, making this the fourth largest expenditure in the fiscal year. *All Government Expenditures* has increased by \$175.7 million since FY 2007 where governments reported spending \$2.9 billion in this category [Appendix C - Table 4].

Table 9

FY 2008 Governmental Expenditures				
Government Type	Public Utility	Depreciation	Capital Outlay	Other
<i>All Governments*</i>	\$32,834,717	\$4,948,082	\$3,101,855,985	\$876,157,576
<i>Counties</i>	\$308,139	\$2,010,780	\$457,537,533	\$73,795,785
<i>Municipalities*</i>	\$28,442,878	\$2,789,466	\$1,135,200,160	\$343,843,842
<i>Townships</i>	\$3,690	\$137,709	\$61,916,370	\$5,956,567
<i>Public Library Districts</i>	\$0	\$0	\$41,042,978	\$1,019,516
<i>Park Districts*</i>	\$0	\$0	\$220,626,115	\$13,922,124
<i>Fire Protection Districts</i>	\$0	\$10,127	\$76,672,378	\$3,394,827
<i>Special Purpose Districts*</i>	\$4,080,010	\$0	\$167,022,451	\$9,582,915
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$0	\$0	\$941,838,000	\$424,642,000

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the *FY 2008 All Government Governmental Fund Revenue* section. However, these governments have been excluded from their FY 2008 Government Type tables.

Other Expenditures

Other Expenditures should be used to record expenditures that do not fit into any other expenditure program. In FY 2008, Other Expenditures totaled nearly \$876.2 million or 3.5% of total spending. *All Government Expenditures* has increased by more than \$107.7 million since FY 2007 where governments reported spending \$768.4 million in this category [*Appendix C - Table 4*].

FY 2008 GOVERNMENTAL FUND BALANCE

Fund balance is defined as the difference between current year expenditures and current year revenue; including the previous year fund balance. A unit of local government's fund balance can be used to measure the overall financial condition of a unit of local government.

The FY 2008 *All Governments – Current Year Ending Fund Balance* for local governments was \$15 billion, a \$665.6 million dollar decrease from the beginning fund balance. All government types reported an increase from their beginning fund balance to their ending fund balance. The City of Chicago, Chicago Park District, Regional Transit Authority (RTA), and Metropolitan Water Reclamation District all reported a decrease.

Table 10

FY 2008 Governmental Fund Balance						
Government Type	Previous Year Fund Balance	Current Year Ending Fund Balance	Difference Between Previous and Current Year Fund Balance	Total Expenditures	Ratio of Fund Balance to Expenditures	Months of Reserve
<i>All Governments*</i>	\$15,626,864,414	\$14,961,312,421	(\$665,551,993)	\$24,955,135,678	60%	8
<i>Counties</i>	\$3,001,141,853	\$3,010,780,713	\$9,638,860	\$3,594,522,570	84%	10
<i>Municipalities*</i>	\$5,924,852,435	\$6,108,042,437	\$183,190,002	\$9,110,618,635	67%	8
<i>Townships</i>	\$694,460,896	\$738,987,166	\$44,526,270	\$618,051,379	120%	13
<i>Public Library Districts</i>	\$321,001,423	\$380,026,283	\$59,024,860	\$306,691,828	124%	13
<i>Park Districts*</i>	\$668,757,658	\$716,282,753	\$47,525,095	\$1,282,288,145	56%	6
<i>Fire Protection Districts</i>	\$383,662,616	\$411,954,232	\$28,291,616	\$557,036,277	74%	8
<i>Special Purpose Districts*</i>	\$908,485,533	\$918,986,837	\$10,501,304	\$736,095,844	125%	15
<i>Cook County, City of Chicago, Chicago Park District, RTA, and Metropolitan Water Reclamation District</i>	\$3,724,502,000	\$2,676,252,000	(\$1,048,250,000)	\$8,749,831,000	31%	5

*The City of Chicago, Chicago Park District, Regional Transit Authority (RTA) and Metropolitan Water Reclamation District's financial data have been included in the FY 2008 *All Government Governmental Fund Revenue* section. However, these governments have been excluded from their FY 2008 Government Type tables.

The Office of the Comptroller has done extensive research both on fund balances as an indicator of fiscal health or stress and on the legality of "high" fund balances. A healthy fund balance is a leading indicator of sound fiscal health and various local government organizations/associations advise and offer recommendations regarding fund balances. The Government Finance Officers Association [GFOA] recommends that local governments, "at minimum...maintain an unreserved fund balance in the General Fund of no less than 5 – 15% of general revenues or no less than two months of regular expenditures."

In addition, it is also recommended that units of government dependent on property taxes maintain a fund balance equal to three to six months of their spending. However, various factors determine the fund balance a unit of local government should retain. A local government's reliance on property taxes, the timeframe in which local governments receive state or county revenue, and the diversity of

its revenue sources are some factors to be considered in determining the amount a unit of local government should retain in its fund balance.

The Annual Financial Report [AFR] collects information regarding local governments' spending and fund balance [previous & current year] to measure the Ratio of Fund Balance to Expenditures, which is contained on the Individual Data Summaries. Ratio of Fund Balance to Expenditures represents the amount of general and special fund expenditures divided by the fund balance. The ratio of fund balance to expenditures for *All Governments* in FY 2008 was 60%, representing a reserve of nearly eight months. It should also be noted that each type of government, with the exception of Counties, Municipalities, and Special Purpose Districts, reported a higher ratio of fund balance to expenditures, compared to FY 2007 reporting.

CHART OF ACCOUNTS

Following is a detailed, line-by-line description of the AFR. If you need further instruction to complete the AFR document, you should refer to the *How to Fill Out the FY 2008 Annual Financial Report (AFR) and Frequently Asked Questions*.

ASSETS/LIABILITY/EQUITY

Assets:

- 101 Cash and cash equivalent:** Available bank deposits (checking accounts, NOW accounts, saving accounts, money market accounts) and currency, coin, checks and money orders on hand, including petty cash and amounts held by fiscal agents.
- 102 Investments:** Securities (certificates of deposit, treasury bills, repurchase agreements, etc.) and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. Amounts should exclude real estate used or held for future use in governmental operations as reported in the General Fixed Assets Account Group.
- 115 Receivables:** Amounts not yet collected or other amounts that are not included in these detailed descriptions.
- 109 Inventories:** Materials and supplies on hand for future consumption or resale. Goods held for resale rather than for use in operations.
- 111 Fixed assets:** Land, buildings, improvements and equipment with a life expectancy of greater than one year.
- 112 Other assets:** Any tangible or intangible asset, the benefit of which will be realized in the future and that has not been reported in another account.
- 113 Amount available for retirement of long-term debt:** The amount of assets available in debt service and/or funds for the retirement of general long-term debt.
- 114 Amount to be provided for payment of long-term debt:** The amount to be provided from taxes or other general revenues to retire outstanding general long-term debt or other long-term obligations.
- 120 TOTAL ASSETS:** The sum of Codes 101 through 114.

Liabilities:

- 122 Payables:** Amounts owed on open accounts to private persons or organizations for goods and services furnished to a government. Also includes vouchers payable which have been pre-audited and approved for payment but which have not been paid. This code should not be used to represent expenditures made during the reporting year, only salaries still owed.
- 132 Deferred revenue:** Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met. Under the modified accrual basis of accounting, such amounts are measurable but not available (for units using the accrual method of accounting).
- 133 Debt service payable - principal:** Current liabilities for the principal portion of the government's debt instruments such as bonds, notes, leases, installment purchase agreements, other obligations and all special assessment bonds should be shown in their respective funds. Long-term amounts should be classified as long-term liabilities in appropriate fund types or included in the long-term debt Account Group.
- 134 Debt service payable – interest:** Current liabilities for the interest portion of the government's debt instruments such as bonds, notes, leases, installment purchase agreements, and other obligations. All special assessment bonds should be shown in the Proprietary Funds column (Includes Enterprise, Internal Service and Fiduciary columns).

- 128 **Other Liabilities:** Record all liabilities not listed under other categories. Include accrued wages, vacation and sick pay.
- 121 **TOTAL LIABILITIES:** For Comptroller Connect Internet users who use the Cash-No Assets Accounting method, this will be your only entry in Liabilities. It will be calculated down to Code 135.
- 135 **TOTAL LIABILITIES:** The sum of Codes 125 through 133.

Equity:

- 136 **Fund balance – reserved:** The portion of a fund balance segregated to indicate resources legally restricted for future year payments. Fund balance may be reserved for advances to other funds, debt service, employee retirement systems, encumbrances, endowments, fixed assets held for resale, inventories, nonrecurring loans receivable, and prepaid items.
- 137 **Fund balance – unreserved:** The total designated and undesignated unreserved fund balance. The designated unreserved fund balance indicates tentative managerial plans to utilize financial resources in a future period that may never be legally authorized or result in expenditures. The designated unreserved fund balance should be clearly distinguished from the reserved fund balance. The undesignated unreserved fund balance indicates the remaining portion of the unreserved fund balance.
- 138 **Retained earnings – reserved:** A portion of retained earnings segregated in accordance with the terms of a revenue bond indenture for current debt service, operations and maintenance, or bond renewal and replacement.
- 139 **Retained earnings – unreserved:** The total designated and undesignated unreserved retained earnings. The designated unreserved retained earnings indicate tentative managerial plans to utilize financial resources in a future period that may never be legally authorized or result in expenditures. The designated unreserved retained earnings should be clearly distinguished from the reserved retained earnings.
- 140 **Contributed capital:** Permanent fund capital contributed to a proprietary fund by sources such as the general government resources, customers, subdivision developers and builders, or other governments.
- 141 **Investment in general fixed assets:** A general fixed assets account, which represents the government's equity in general fixed assets.
- 142 **TOTAL EQUITY:** The sum of Codes 136 through 142.
- 145 **TOTAL LIABILITIES AND EQUITY:** The sum of Codes 135 and 142.

ALTERNATIVE ASSET & LIABILITY

Current Assets:

- 101 **Cash and cash equivalent:** Available bank deposits (checking accounts, NOW accounts, saving accounts, money market accounts) and currency, coin, checks and money orders on hand, including petty cash and amounts held by fiscal agents.
- 102 **Investments:** Securities (certificates of deposit, treasury bills, repurchase agreements, etc.) and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. Amounts should exclude real estate used or held for future use in governmental operations as reported in the General Fixed Assets Account Group.
- 115 **Receivables:** Amounts not yet collected or other amounts that are not included in these detailed descriptions.
- 109 **Inventories:** Materials and supplies on hand for future consumption or resale. Goods held for resale rather than for use in operations.

Non-Current Assets:

- 116 Capital assets/Net of depreciation:** The depreciated value of any land, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, easements, and works of art and historical treasures.
- 117 Other Capital Assets:** All other capital assets reported at historical cost, including the capitalized interest and ancillary charges.
- 120 TOTAL ASSETS:** The sum of Codes 101 through 117.

Current Liabilities:

- 122 Payables:** Amounts owed on open accounts to private persons or organizations for goods and services furnished to a government. Also includes vouchers payable which have been pre-audited and approved for payment but which have not been paid. This code should not be used to represent expenditures made during the reporting year, only salaries still owed.
- 132 Deferred revenue:** Amounts for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met. Under the modified accrual basis of accounting, such amounts are measurable but not available (for units using the accrual method of accounting).

Non-Current/Long-Term Liabilities:

- 129 Due Within One Year:** All Non-Current/Long-Term Liabilities due during the reporting fiscal year.
- 130 Due Beyond One Year:** All Non-Current/Long-Term Liabilities due beyond the reporting fiscal year.
- 131 Other Non-Current/Long-Term Liabilities:** All other Non-Current/Long-Term Liabilities that do not meet the criteria of Codes 129 or 130.
- 135 TOTAL LIABILITIES:** The sum of Codes 122 through 131.

Net Assets:

- 143 Investments in Capital Assets/Net of Related Debt:** Capital assets, including restricted capital assets, reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets.
- 148 Net Assets – Restricted:** Those net assets with limits on their use, externally imposed by creditors, grantors, contributors or laws and regulations of other governments.
- 149 Net Assets – Unrestricted:** Those net assets that have no explicit restriction on their use.
- 146 TOTAL NET ASSETS:** The sum of Codes 143 through 149.
- 147 TOTAL LIABILITIES & NET ASSETS:** The sum of Codes 135 and 146.

REVENUES

Local Taxes:

- 201 Property tax:** Ad valorem taxes levied on an assessed valuation of real property.
- 202 Sales tax:** Local taxes imposed upon the sale or consumption of goods in addition to the state imposed sales tax.
- 203 Utility tax:** Taxes levied in proportion to gross receipts on public or privately owned public utilities that provide electric, gas, water and/or telephone service. Utility taxes have been divided into four categories:
- 203a Electric Utilities**
 - 203b Water Utilities**
 - 203c Communications Utilities**
 - 203d Other**
- 204 Other Taxes:** Locally assessed taxes imposed on the sale or consumption of selected goods and services, such as motor fuel, alcohol products, tobacco products, income taxes assessed on either individuals or corporations and any other gross receipts and taxes on businesses other than public utilities.

Intergovernmental:

- 211 State income tax:** Revenues from the state government in the form of grants, entitlements, shared revenues, or payments in lieu of taxes which are derived from the state income tax. Includes funds that the state provides from the Local Government Distributive Fund.
- 212 State sales tax:** Revenues from the state government in the form of grants, entitlements, shared revenues, or payments in lieu of taxes which are derived from the State Sales tax. The state redistributes 1.5% from the 7.5% sales tax that the state collects based on local consumption.
- 213 State motor fuel tax:** Revenues from the state government in the form of grants, entitlements, shared revenues, or payments instead of taxes that are derived from the State Motor Fuel tax. The monies that the state redistributes from the Motor Fuel tax are based on local consumption and other grant formulas.
- 214 State replacement tax:** Revenues from the state government in the form of grants, entitlements, shared revenues, or payments instead of taxes that are derived from the State Personal Property Replacement tax.
- 205 Gaming Income:** The amount of revenue received from Riverboat Gaming, Racing Privilege Tax, Charitable Games Tax or Pull-Tabs and Jar Games Tax.
- 215 Other state sources:** Revenues from the state government in the form of grants, entitlements, shared revenues, or payments instead of taxes, which are derived from any state sources other than those listed above. State Sources have been separated into the following ten categories:
- 215a General Support:** Funds for administrative costs for developing, implementing or supporting program.
 - 215b Public Welfare:** State aid for public welfare purposes; medical care and related administration under public assistance programs, federal categorical assistance (through AFDC); non-categorical assistance; and administration of local welfare. Include revenue from state governments for increased benefits under the SSI program.
 - 215c Health and/or Hospitals:** State aid or grants for local health programs; maternal and child health; alcohol, drug abuse, and mental health; environmental health; nursing aid; hospital financing (including construction); and hospitalization of patients in

- local government hospitals. Exclude State aid medical care under public assistance programs such as Medicaid and those costs recorded under Public Welfare (215b)
- 215d Streets and Highways:** Grants distributed from the State other than funds distributed from under the Motor Fuel tax law. Funds from the Motor Fuel Tax distribution formula should be included under Motor Fuel Tax (213). Exclude all funds for mass transit that should be recorded under Mass Transit (215i)
- 215e Culture and Recreation:** Revenue distributed for cultural or recreation facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, parks, libraries, museums, zoos, camping areas, refreshment stands, fit shops, etc).
- 215f Housing and Community Development:** State aid or grants for construction or operation of public housing. Includes rent subsidy programs; repair and renovation of existing houses; and rural, urban and community development.
- 215g Water Supply System:** State aid or grants for maintenance, operation, and construction of public water supply systems, water purification plants, etc.
- 215h Electric/Gas Power System:** State aid or grants for maintenance, operation, and construction of public electric power generating plants or natural gas supply and related transmission or distribution systems.
- 215i Mass Transit:** State aid or grants for maintenance, operation, and construction of public mass transit systems.
- 215j Other State Sources:** All other state aid or grants that are not classified under any other category.
- 225 All federal sources:** Revenues from the federal government in the form of grants, entitlements, shared revenues, or payments instead of taxes. Federal revenues and receipts have been separated into the following ten categories:
- 225a General Support:** Federal aid or grants for the administration costs of the government.
- 225b Public Welfare:** Federal aid for categorical programs (AFDC); medical assistance programs (Medicaid) even if received by a public hospital; care in nursing homes not associated with hospitals; food stamp administration; child welfare services; low-income energy assistance; social land community services block grants; refugee assistance; work incentives program (WIN); and related administration.
- 225c Health and/or Hospitals:** Federal aid for alcohol; drug abuse, and mental health; communicable disease control; maternal and child health; special supplemental food program (WIC); environmental health; and care of veterans in state hospitals, including construction of facilities.
- 225d Streets and Highways:** Federal aid distributed from the Federal Highway Trust or other funds for approved projects and for highway safety.
- 225e Culture and Recreation:** Federal aid or grants distributed for cultural or recreation facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, parks, libraries, museums, zoos, camping areas, refreshment stands, fit shops, etc).
- 225f Housing and Community Development:** Federal aid or grants for construction or operation of public housing; rent subsidy programs; and rural, urban and community development.
- 225g Water Supply System:** Federal aid for maintenance, operation, and construction of public water supply systems, water purification plants, etc.

- 225h **Electric/Gas Power System:** Federal aid for maintenance, operation, and construction of public electric power generating plants or natural gas supply and related transmission or distribution systems.
- 225i **Mass Transit:** Federal aid for maintenance, operation, and construction of public mass transit systems.
- 225j **Other State Sources:** Federal aid or grants that are not classified under any other category.
- 226 **Other intergovernmental:** Revenue from other governments in the form of grants, entitlements, shared revenues, or payments instead of taxes, which are derived from any sources other than those listed above.

Other Local Sources:

- 231 **All licenses and permits:** Revenue from businesses, occupations or non-business activities, which must be licensed before doing business within the government's jurisdiction or before an activity (motor vehicle operation, hunting, marriage or pet ownership), may be conducted within the government's jurisdiction.
- 233 **Fines and forfeitures:** Moneys derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations and for the neglect of official duty; moneys derived from confiscating deposits held as performance guarantees.
- 234 **Charges for services:** Revenue received from specific services or regulation the local governments charge individuals, groups or business. The category has been separated into the following 11 functions:
 - 234a **Water Utilities:** Revenue from operations of public water supply systems, such as sale of water to residential, industrial, and commercial customers (including bulk water for resale by other private or public water utilities); connection and "tap" fees; sprinkler fees; meter inspection fees; late payment penalties and other revenues from operations.
 - 234b **Gas Utilities:** Revenue from operations of public gas supply systems, such as sale of natural gas to residential, commercial, and industrial customers (including natural gas for resale by other private or public gas supply utilities); connection fees; and other revenues from operations.
 - 234c **Electric Utilities:** Revenue from operations of electricity supply systems, such as sale of electricity to residential, commercial, and industrial customers including: electricity for resale by other private or public gas supply utilities; connection fees; and other revenues from operations.
 - 234d **Transit Utilities:** Revenue from operations of public mass transportation systems (rapid transit, subway, bus, street railway, and commuter rail services), such as fares, charter fees, advertising income, and other revenues from operations.
 - 234e **Sewer Utility:** Charges for sewage collection and disposal, including sewer connections.
 - 234f **Refuse and Disposal Charge:** Fees for garbage collection and disposal; operation of landfills; sale of recyclable materials; cleanup of hazardous wastes; and sale of electricity, gas, steam, or other by-products of waste resource recovery or congeseration facilities.
 - 234g **Parking:** Revenue from on-street and off-street parking meters and charges and rentals from locally owned parking lots or public garages.
 - 234h **Housing:** Gross rentals, tenant charges, and other revenue from operation of public housing projects; and fees for housing mortgage insurance (e.g., FHA-insured loans).

- 234i **Highway or Bridge Tolls:** Fees from toll roads, bridges, and ferries; rents and other revenue from consigns; and other charges for use of toll facilities.
- 234j **Culture and Recreation:** Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, parks, libraries, museums, zoos, etc); auxiliary facilities in public recreation areas (camping areas, refreshment stands, fit shops, etc); lease or use fees from stadiums or convention centers; and rentals from concessions at such facilities.
- 234k **Other:** Charges for any other services not provided in other categories.
- 235 **Interest:** Amounts earned from investments held by the government. Include interest income from Enterprise, Internal Service, and Fiduciary funds in this account) previously recorded in Interest Income.
- 236 **Miscellaneous:** Amounts earned or charged by the government for purposes other than those described above.
- 240 **TOTAL RECEIPTS/REVENUES:** The sum of Codes 201 through 236.

EXPENDITURES AND EXPENSES

- 251 **General Government:** Expenditures for the legislative branch of government; also, expenditures made by the Chief Executive Official and other top level auxiliary and staff agencies in the administrative (executive) branch of the government. The general government function has been separated into the following four categories:
 - 251a **Financial Administration:** Expenditures and expenses for financial divisions such as auditor, comptroller, treasurer, central accounting, budgeting purchasing, tax administrations, and revenue collection. Cost of insurance and debt issuance, human resources, and generally paid from this resource.
 - 251b **General Administrative Buildings:** Construction, equipment, maintenance, and operation of general public buildings not related to specific functions or agencies (excludes police stations, firehouses, libraries, jails, hospitals, and courthouses).
 - 251c **Central Administration:** Government-wide executive, administrative and staff service agencies other than financial, judicial, legal, and federal or state legislative activities.
 - 251d **Other:** All other administrative provisions included but not limited to, provisions and operation of publicly-owned commercial facilities not classified under particular functions or utilities; or legislative bodies and related activities involved in the making, enacting, and repeal of laws.
- 252 **Public safety:** Expenditures for the protection of persons and property. The majority of sub-accounts under Public Safety are police protection, fire protection and protective inspection. This category has been separated into the following four functions:
 - 252a **Police:** Cost of police departments including all forensic services, police communications, building or other facilities used exclusively for police purposes.
 - 252b **Fire:** Cost of prevention, avoidance, and suppression of fires and provision of ambulance, medical, rescue, or auxiliary services provided by fire protection agencies.
 - 252c **Regulation-Building Inspection:** Cost of regulation and inspection of private establishments for the protection of the public or to prevent hazardous conditions NOT classified under another major function.
 - 252d **Other:** All other costs related to public safety that is not classified in other functions.
- 253 **Corrections:** Expenditures for the confinement and correction of adults and minors convicted of offenses against the law and pardon, probation and parole activities. Include costs for probation

officers and non-residential halfway houses. This function generally only applies to counties. It may apply to a few municipalities.

254 Judiciary and Legal: Expenditures for the judicial activities of the government, including criminal courts, grand jury, public defender, civil courts and the law library. Include the cost of legal departments, general counsels, and attorneys providing government-wide services.

255 Transportation and Public Works: The sub-accounts for Transportation and Public Works are Highways, Streets, Airports and Parking - Expenditures for roadways and walkways according to the type of facility involved. However, roadways and walkways in parks are not charged to this account but to appropriate accounts under the function of Culture and Recreation. Transportation and related Public Works have been separated into the following five functions:

255a Streets and Highways: Maintenance, operation, repair, and construction of non-toll highways, streets, roads, alleys, sidewalks, bridges, tunnels, ferry boats, viaducts, and related structures. Include the cost for snow and ice removal.

255b Airports: Provisions, operation, construction, and support of airport facilities serving the public-at-large.

255c Parking Meters: Purchase and maintenance of parking meters, on street and off street parking lots, and collection of monies from them.

255d Parking Facilities: Provision, construction, maintenance, and operation of local government public parking facilities operated on a commercial basis.

255e Other: All other transportation or public works projects related to transportation that are not included in other functions.

256 Social Services: Public welfare and public health services for assistance and health care. This function has been separated into the following five categories:

256a Welfare: Administration of medical and cash assistance, general relief, vendor and other welfare programs. Grants or cash payments made directly to individuals contingent upon their need. Payment under public welfare programs made directly to private vendors. Provision, construction and maintenance of nursing homes and welfare institutions owned and operated by a government for the benefit of veterans or needy persons.

256b Health (Other than Hospitals): Provision of services for the conservation and improvement of public health, other than hospital care and financial support of health programs. Public health administration, laboratories, public education, vital statistics, research, and other general health activities fall under this category.

256c Hospitals and Operations: Hospital facilities providing in-patient medical care and institutions primarily for care and treatment of disabled which are directly administered by government. Also covers direct payment for acquisition or construction of hospitals whether or not the government will operate the completed facility.

256d Cemeteries: Provision or maintenance, improvement or upkeep of public cemeteries. Also includes any costs with acquiring the cemetery.

256e Other: All other costs associated with services not provided in other categories.

257 Culture and Recreation: Expenditures for cultural and recreational activities maintained for the benefit of residents, citizens and visitors. Culture and Recreation has been separated into the following three categories:

C257a Library: Provisions and support of public libraries facilities maintained for the benefit of residents and visitors. Include the costs for building, books, and subscriptions.

- C257b Parks:** Provisions and support of park districts for the benefit of residents and visitors. Include roads, golf courses, playgrounds, tennis courts, beaches, swimming pools, and museums that the park district administers.
 - C257c Other:** Provisions and support of recreational and cultural-scientific facilities maintained for the benefit of residents and visitors. Include golf courses, playgrounds, tennis courts, beaches, swimming pools, museums, zoos, convention centers, etc.
- 258 Housing:** Construction, operation, and support of housing and redevelopment projects and other activities to promote or aid public and private housing and community development. Urban renewal and slum clearance; redevelopment and rehabilitation of substandard or deteriorated facilities and areas; rural redevelopment; and revitalization of commercial areas all fall under this category.
- 275 Environment:** Provisions and maintenance of clean land and water supplies. The function has been separated into the following three categories:
 - 275a Sewage:** Provision, maintenance, and operation of sanitary and storm sewer systems and sewage disposal and treatment facilities. Construction and maintenance of sanitary sewer lines; sewer cleaning; lift or pump stations and other sewer related projects.
 - 275b Solid Waste Management:** Collection, removal, and disposal of garbage, refuse, hazardous and other solid wastes, and cleaning of streets, alleys and sidewalks.
 - 275c Other:** All other environmental activities related to maintaining clean land, air and water supplies, not listed in other categories.
- 259 Debt:** Amount paid for outstanding debt in the current fiscal year. This function has been separated into the following two categories:
 - 259a Interest:** Amount of interest paid on outstanding debt.
 - 259b Principal:** Amount of principal paid on outstanding debt.
- 271 Public Utility Company:** A public service such as water, electric, or mass transportation built and maintained by a government for the purpose of providing services for a charge to the residents. **Do not include payments for utility bills. Utility payments should be listed in General Government (Code 251).** This function is divided into four categories:
 - 271a Water:** Operation, maintenance, and construction of public water supply systems. Also includes the production, acquisition, and distribution of water to the general public or to other public or private utilities, for residential, commercial, and industrial use.
 - 271b Electric/Gas:** Operation, maintenance, and construction of public electric power or natural gas systems, including production, acquisition, and distribution of electricity or gas to the general public or to other public or private utilities, for residential, commercial, and industrial use.
 - 271c Transit:** Operation, maintenance, and construction of public mass transit systems.
 - 271d Other:** All other utility costs not listed in other functions.
- 272 Depreciation:** The portion of the cost of fixed assets, other than wasting assets, to be recorded as an expense during the fiscal year. Assets that are purchased in governmental fund types cannot be depreciated.
- 280 Capital Outlay:** Costs associated with capital programs such as construction and/or the cost to purchase land, structures, and equipment.
- 260 Other:** Expenditures and expenses for miscellaneous activities which cannot be properly reported elsewhere.
- 270 TOTAL:** The sum of all expenditures and expenses.

FUND BALANCE

- 301 Excess of receipts/revenue over (under) disbursements /expenditures:** The difference of Code 240 minus Code 270.
- 302 Operating transfers-in:** All interfund transfers-in, other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended in a recurring or routine manner).
- 303 Operating transfers-out:** All interfund transfers-out, other than residual equity transfers (e.g., legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended in a recurring or routine manner).
- 304 Bond proceeds:** All revenues from bonds sold by the unit of government.
- 305 Other (attach explanation):** Other financing sources resulting from transactions that are liabilities recorded in the general long-term debt accounting group, such as capital leases.
- 306 Net increase (decrease) in fund balance:** The sum of Codes 301, 302, 304, and 305, minus 303.
- 307 Previous year fund balance:** Beginning fund balance, which is determined by calculating the difference between fund assets and fund liabilities of all governmental and similar trust funds at the beginning of the fiscal year. This figure should be equal to C310 from the previous year's AFR.
- 308 Other (attach explanation):** Amounts attributable to such items as residual equity transfers, appropriate prior-period adjustments allowed for certain changes in accounting principles and changes in reserves for inventories accounted for under the purchase method.
- 310 Current year ending fund balance:** The sum of Codes 306, 307, and 308. The amount of funds available at the end of the fiscal year.

STATEMENT OF INDEBTEDNESS

The outstanding debt amounts from all fund types are combined on this page. Debt should be separated into the following five categories:

GENERAL OBLIGATION BONDS: Bonds that are backed by the full faith and credit of the unit of government.

REVENUE BONDS: Bonds whose principal and interest are payable exclusively from earnings on a fund established to account for operations financed and operated to provide services.

ALTERNATE REVENUE BONDS: Bonds other than General Obligation Bonds or Revenue Bonds.

CONTRACTUAL COMMITMENTS: Any general long-term debt entered into by contractual obligation. Includes all contractual commitments with a term of one year or more, such as lease purchase agreements, installment contracts, notes, etc.

OTHER: Any general long-term debt that is not included in the categories listed above.

NOTE: For General Obligation, Revenue and Alternate Bonds the following division of functions should be provided:

- Water
- Electric
- Transportation
- Housing
- Other

Outstanding Beginning of Year Debt (First Column): Record the amount of debt the government had in the beginning of the fiscal year.

Issued Current Fiscal Year (Second Column): Record all new debt issued during the current fiscal year.

Retired Current Fiscal Year (Third Column): Record all debt paid during the current year. Note: This number should be listed as a positive number.

Outstanding End of Year Debt (Fourth Column): Equals debt outstanding for the government.

CAPTIAL OUTLAY

✓ ***NOTE: This page is structured differently from the rest of the Annual Financial Report. The columns represent object codes within the Capital Projects Fund. The rows represent functions for expenditures within the Capital Projects Fund.***

CONSTRUCTION IN PROGRESS: Costs associated with construction of capital projects including centralized engineering, design and planning, and contract supervision activities whose major purpose is to support public capital projects. For purposes of this report, construction should be considered as an object code expenditure under the Capital Projects Fund.

LAND, EQUIPMENT AND EXISTING STRUCTURES: Cost for all tangible property that is secured with Capital Project Funds.

601 – 617 Numerous Functions: Refer to the Expenditures section to determine how each individual function should be reported.

ENDNOTES

1. 50 ILCS 310/1-9 - [*Government Account Audit Act*].
2. 55 ILCS 5/6-31001-31011 - [*County Code*].
3. 65 ILCS 5/8-8-2 - [*Municipal Code*].
4. 35 ILCS 200/30 - 30 and 200/30/31 - [*Fiscal Responsibility Law*].
5. 5 ILCS 140/3 - [*Freedom of Information Act*].
6. 15 ILCS 405/16.1 - [*Public Records Act*].
7. 15 ILCS 405/23.7 - [*Comptroller Act: Local Government Registry*].
8. 35 ILCS 200/ - [*Property Tax Code*].
9. 35 ILCS 105/1 ff. - [*Use Tax*]; 120/1 ff. - [*Retailers' Occupation Tax*]; 110/1 ff. [*Service Use Tax*]; and 115/1 ff. - [*Service Occupation Tax*].
10. 65 ILCS 5/8-11-1 - [*HR Municipal Service Occupation Tax*]; 65 ILCS 5/8-1006 [*HR Municipal Service*]. 65 ILCS 5/8-11-1.7 [*Taxation of occupation or privileges*].
11. 35 ILCS 610/2a.1 Telephone and Telegraph Companies; 615/2a.1 Gas Distribution Companies; 620/2a.1 Electric Companies; and 625/3 Water Companies [*Messages Tax Act*].
12. Other common local government taxes include: Amusement Tax, Hotel/Motel Tax, Motor Vehicle Leasing Tax, Replacement Vehicle Tax, Motor Home Tax, and Coin-Operated Devices Tax. 5 ILCS 5/ - [*Income Tax Act*].
13. 35 ILCS 5/ [*Income Tax Act*].
14. 35 ILCS 105/1 ff. [*Use Tax*]; 120/1 ff. [*Retailers' Occupation Tax*]; 110/1 ff. [*Service Use Tax*]; and 115/1 ff. - [*Service Occupation Tax*].
15. 70 ILCS 3615/4.03 [*Regional Transportation Authority [RTA] Retailers' Occupation Tax, RTA Service Occupation Tax and RTA Use Tax*] 70 ILCS 3610/5.01 [*Metro-East Mass Transit District [MED] Retailers' Occupation Tax, MED Service Occupation Tax, and MED Use Tax*].
16. 35 ILCS 505/1 ff. [*Motor Fuel Tax*].
17. Illinois Department of Revenue: Annual Report of Collections and Distributions: FY 2003.
18. 35 ILCS 5/201 [*Income Tax Act: Personal Property Replacement Tax*].
19. 230 ILCS 30/1 to 30/15 - [*Charitable Games Act*].
20. 230 ILCS 20/ - [*Illinois Pull Tabs and Jar Games Act*].
21. 230 ILCS 10/ - [*Riverboat Gambling Act*].

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APPENDICES A - D

APPENDIX A – FY 2008 GOVERNMENTAL FUND REVENUE: Tables 1 - 8

APPENDIX B – FY 2008 GOVERNMENTAL FUND EXPENDITURES: Tables 1 - 8

APPENDIX C – FY 2007 HISTORICAL REVENUE & EXPENDITURES: Tables 1-6

APPENDIX D – FY 2008 CITY OF CHICAGO, CHICAGO PARK DISTRICT, REGIONAL TRANSIT AUTHORITY (RTA) and METROPOLITAN WATER RECLAMATION DISTRICT:
Tables 1 – 8

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FY 2008 Governmental Fund Revenue Appendix A

Table 1

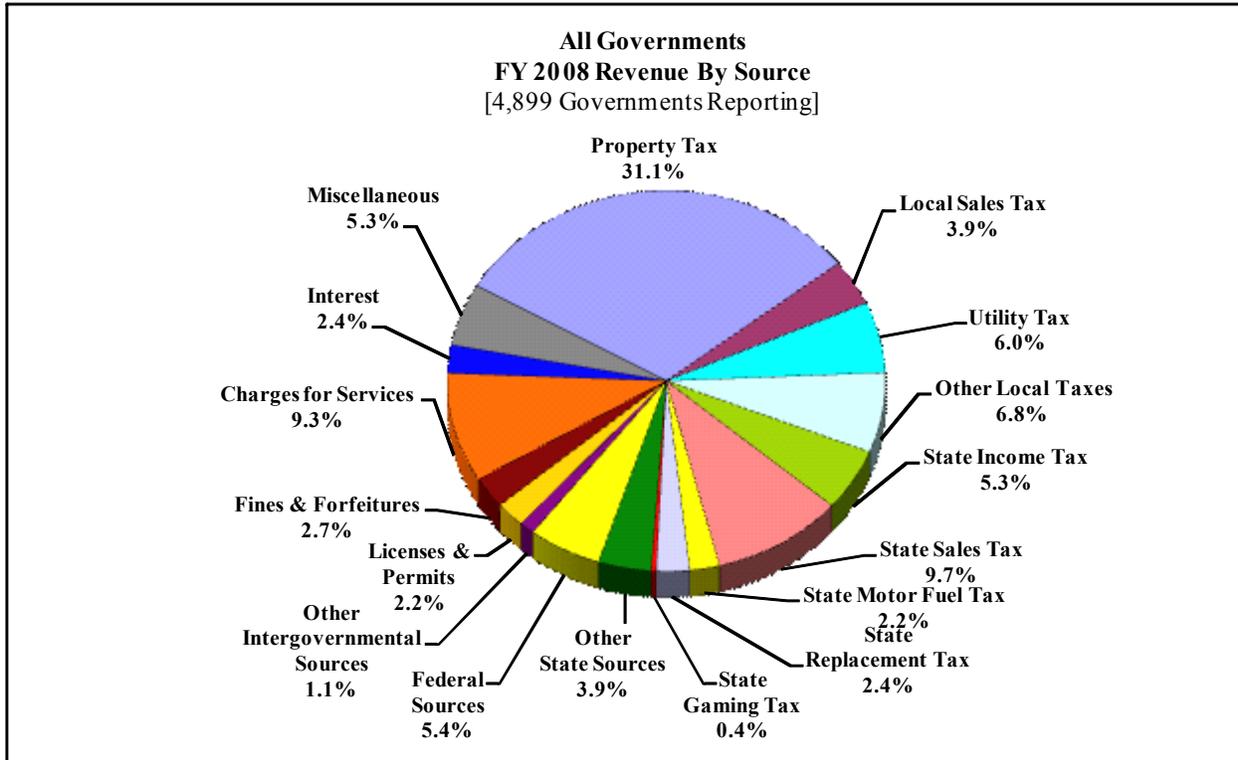
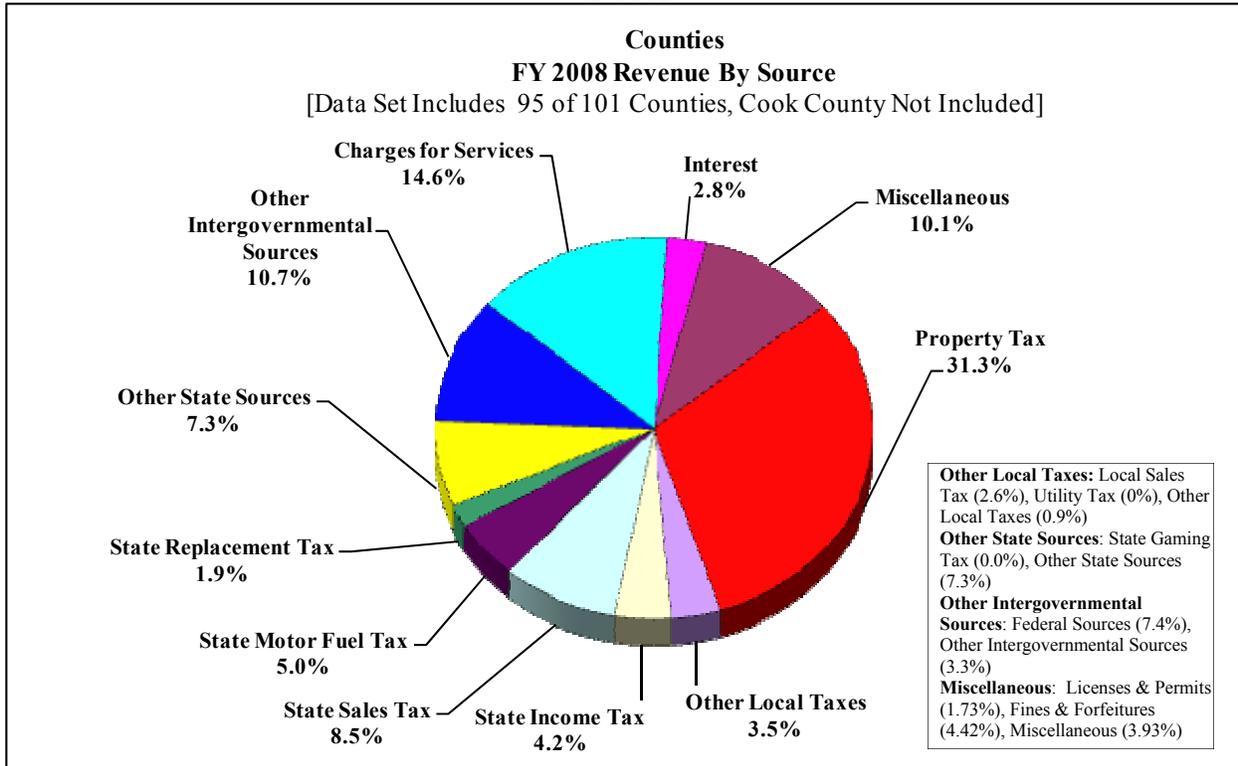


Table 2



FY 2008 Governmental Fund Revenue Appendix A

Table 3

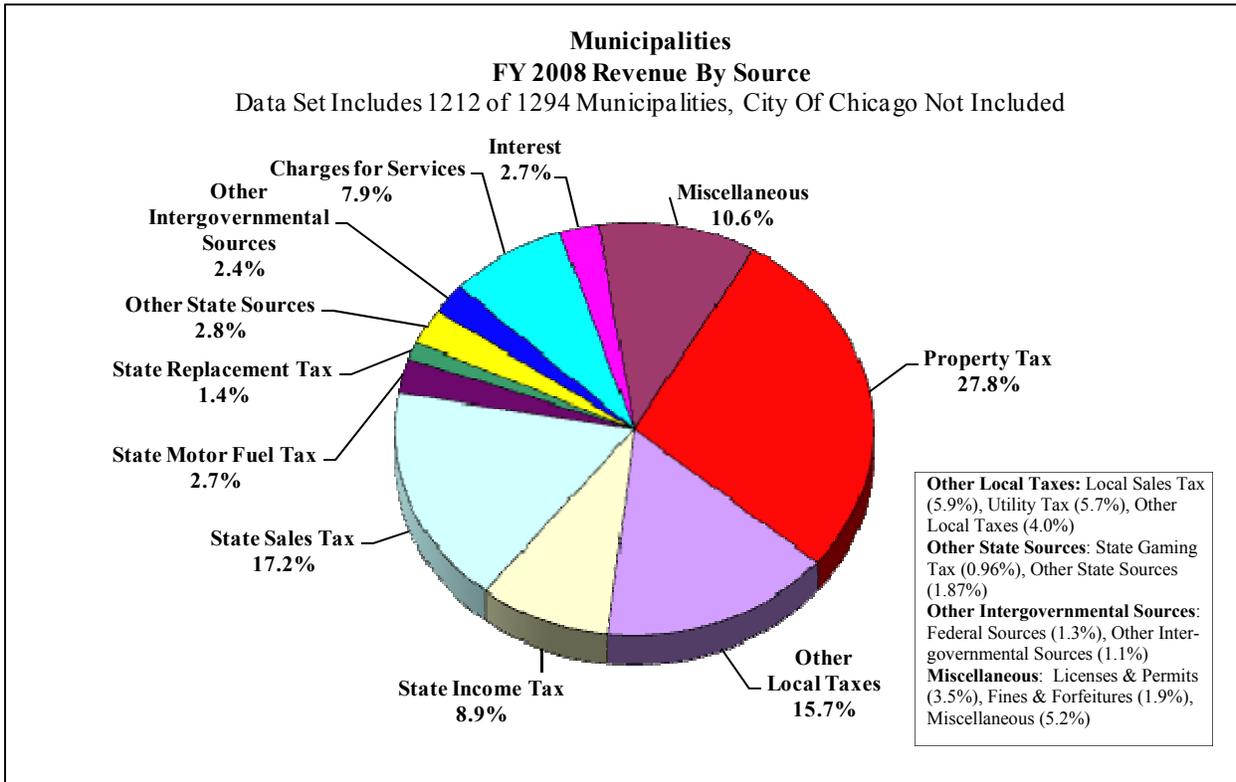
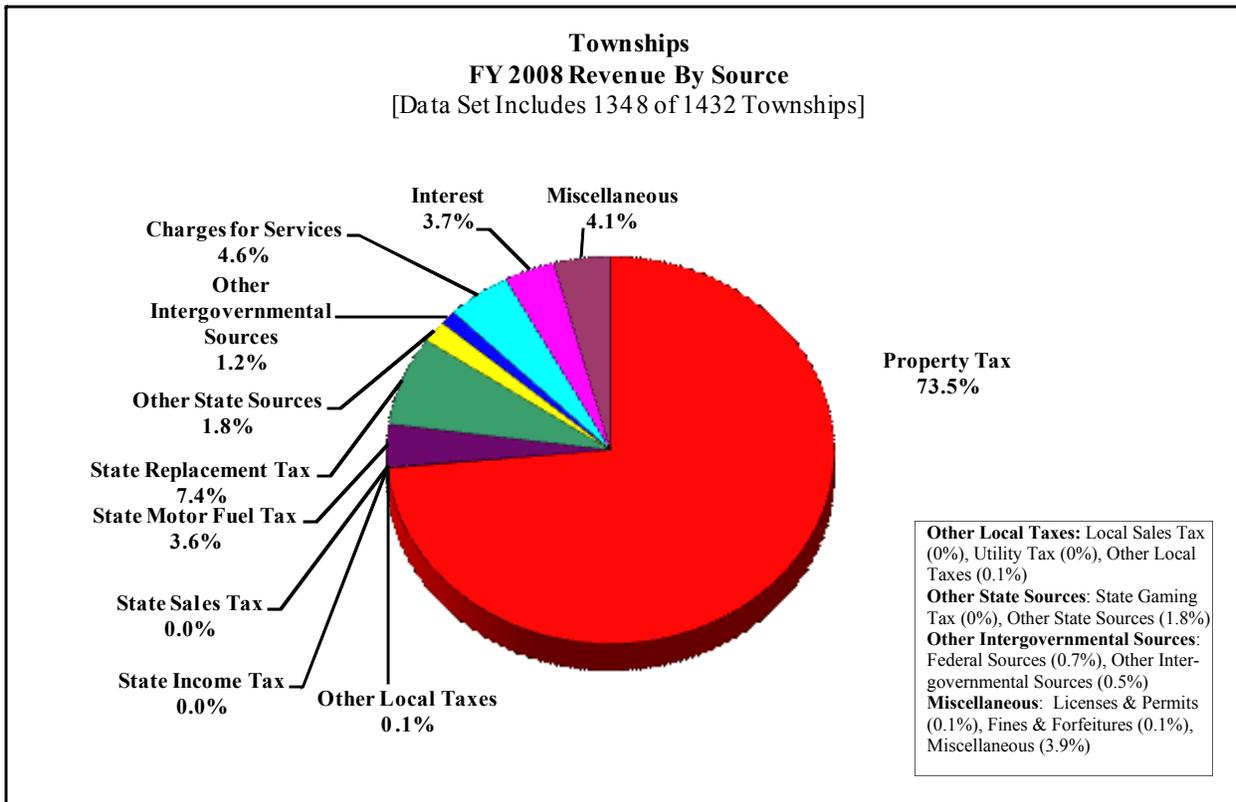


Table 4



FY 2008 Governmental Fund Revenue Appendix A

Table 5

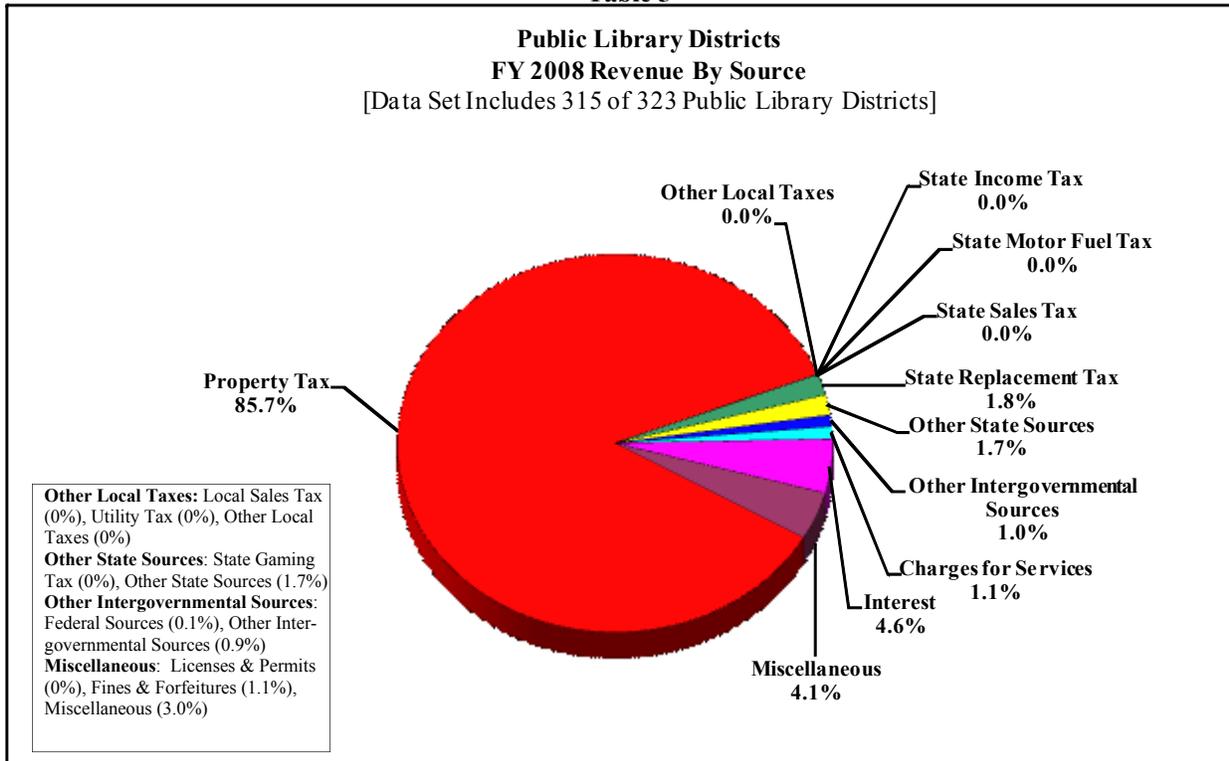
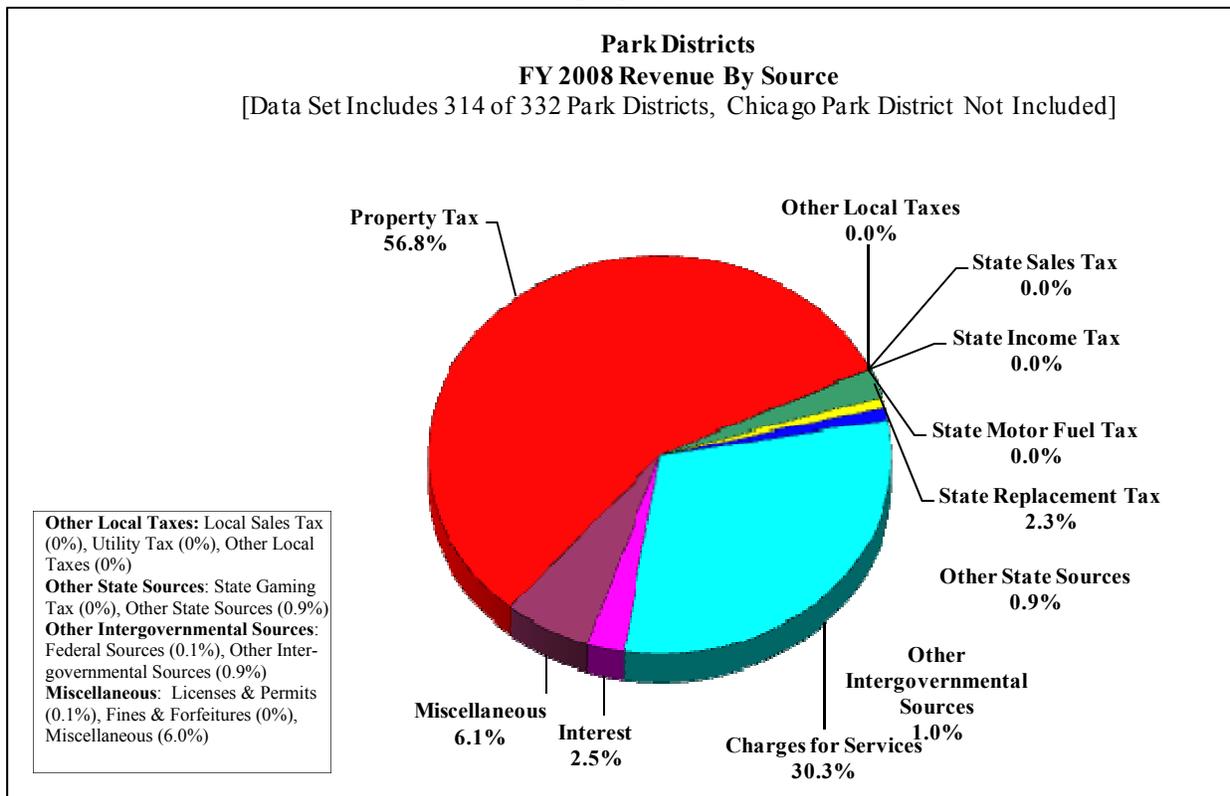


Table 6



FY 2008 Governmental Fund Revenue Appendix A

Table 7

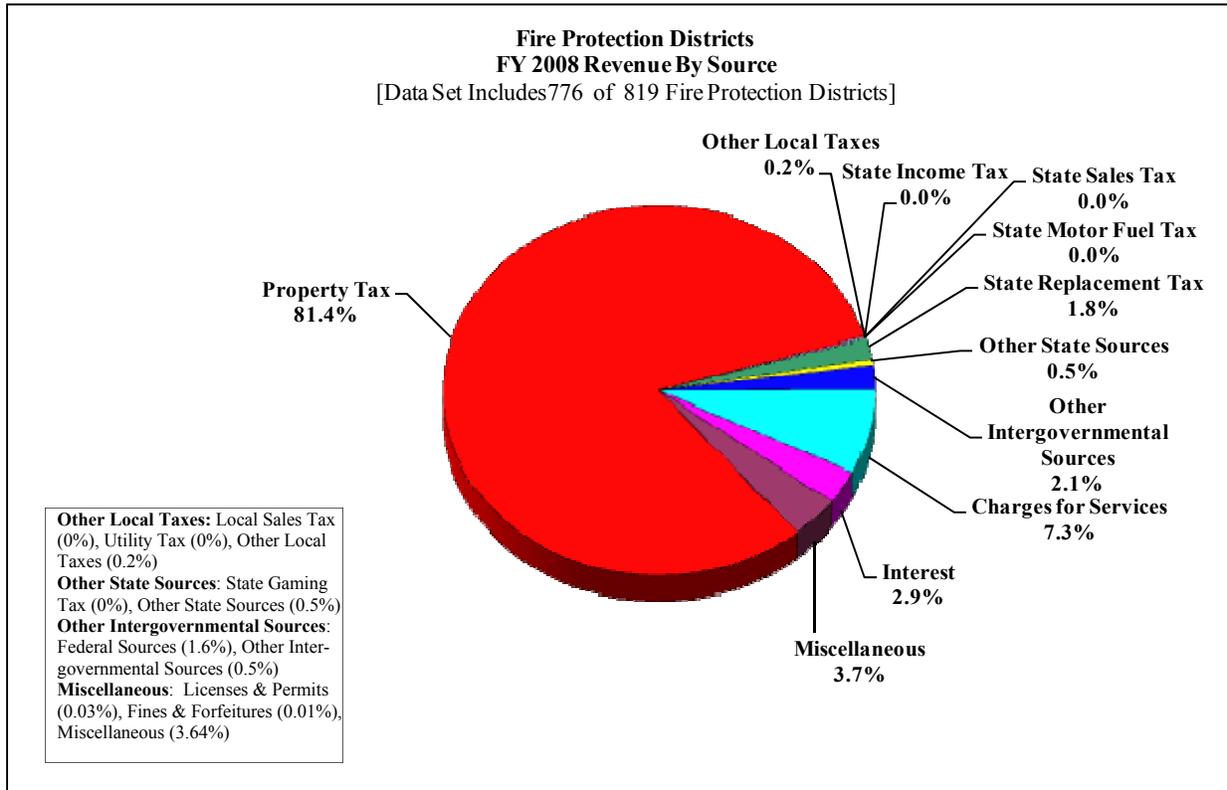
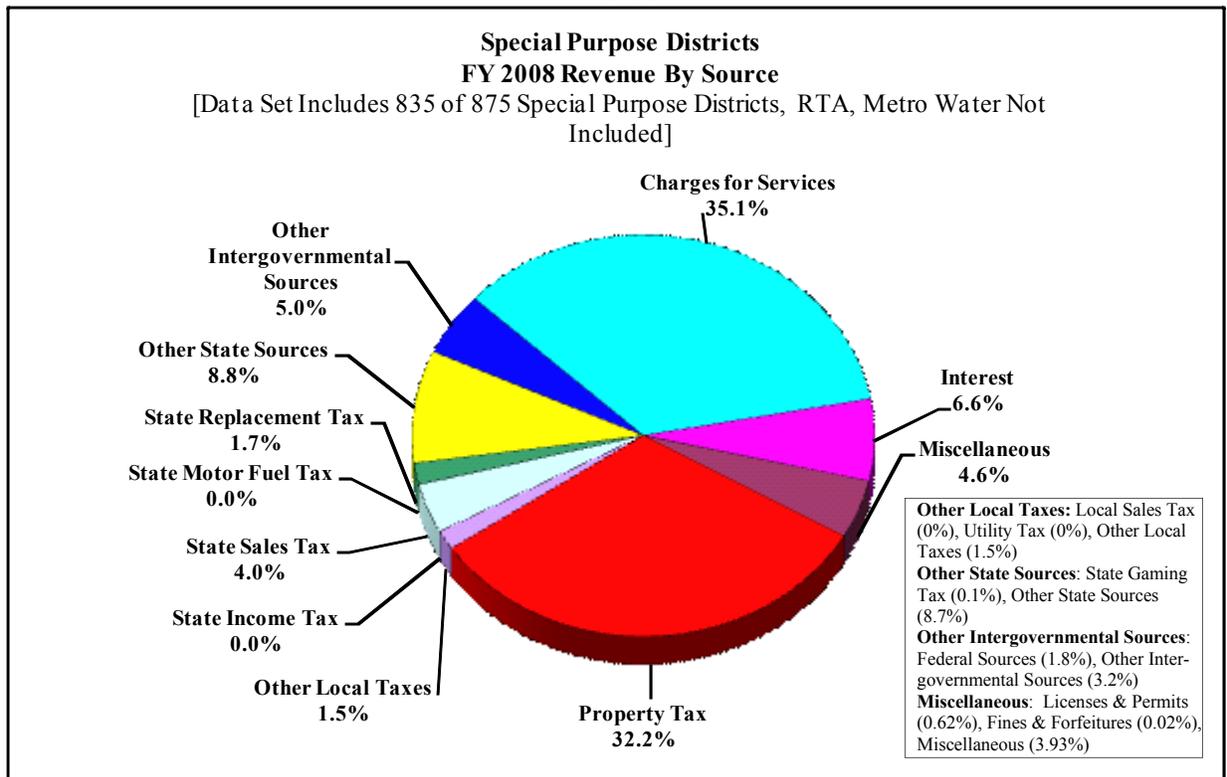


Table 8



FY 2008 Governmental Fund Expenditures Appendix B

Table 1

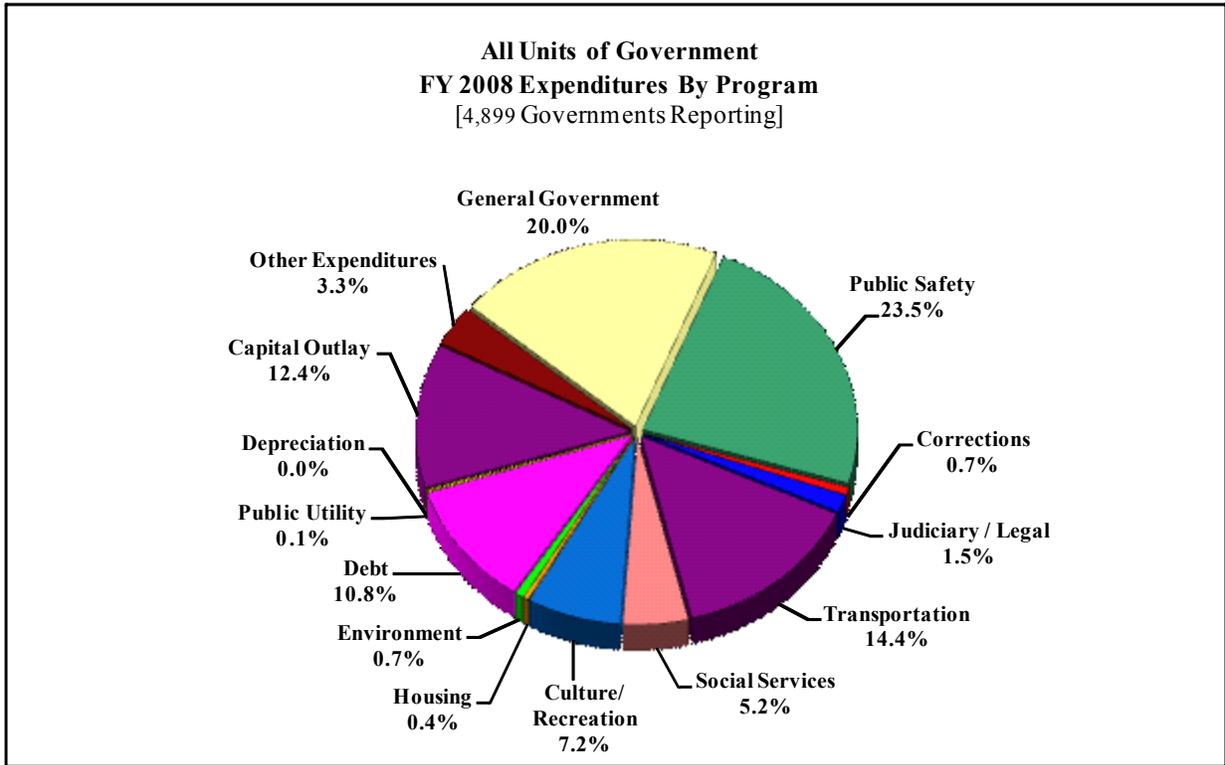
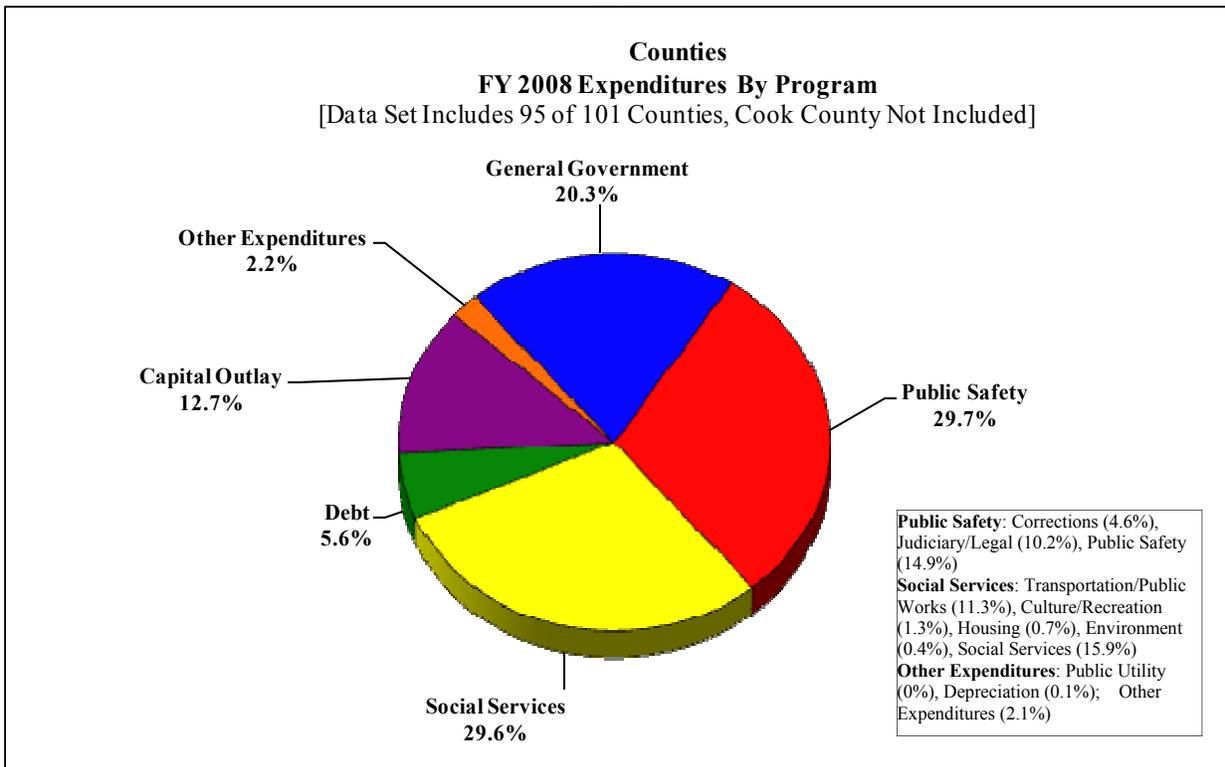


Table 2



FY 2008 Governmental Fund Expenditures Appendix B

Table 3

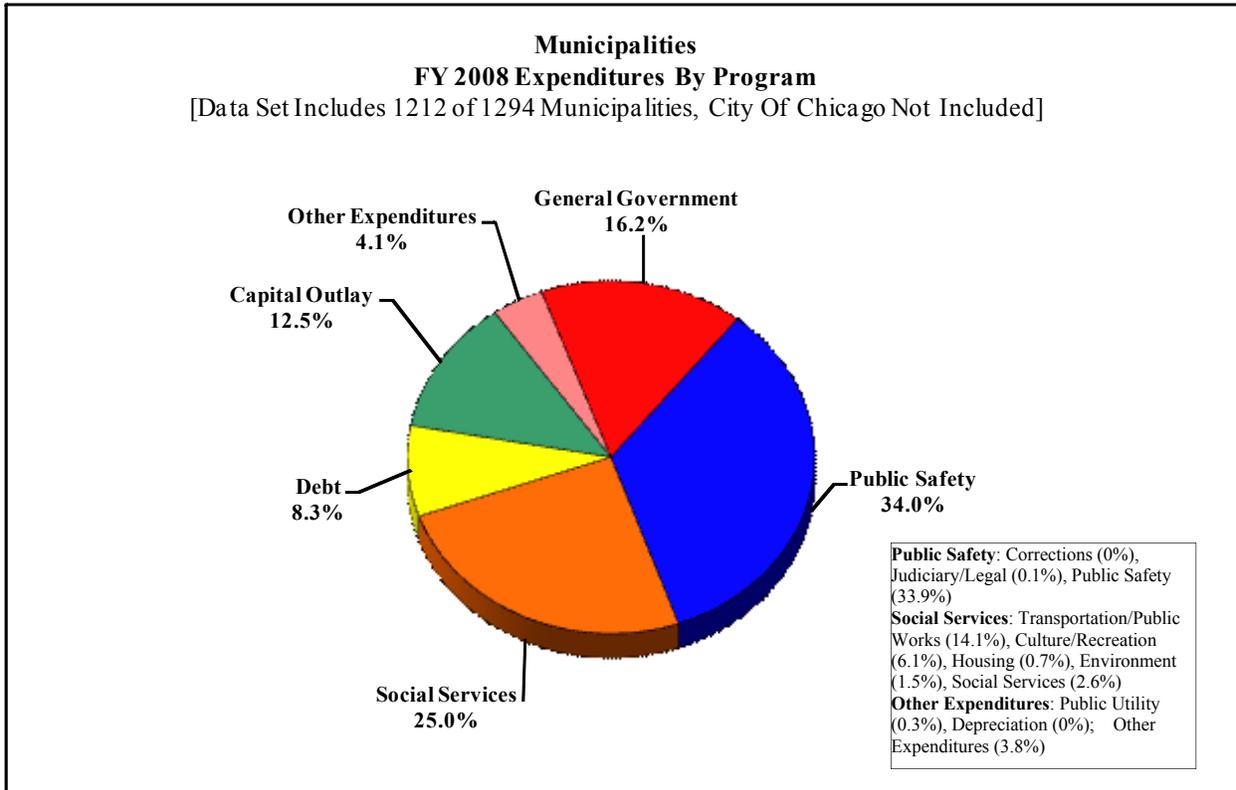
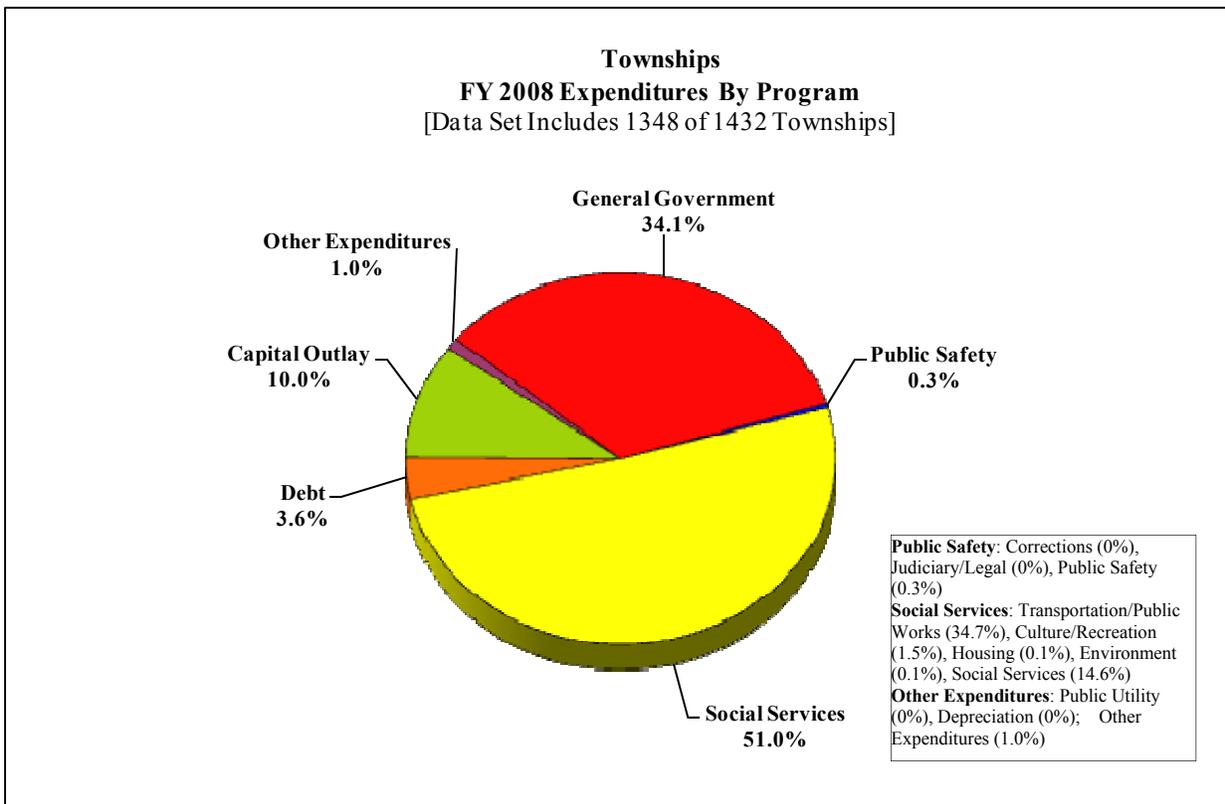


Table 4



FY 2008 Governmental Fund Expenditures Appendix B

Table 5

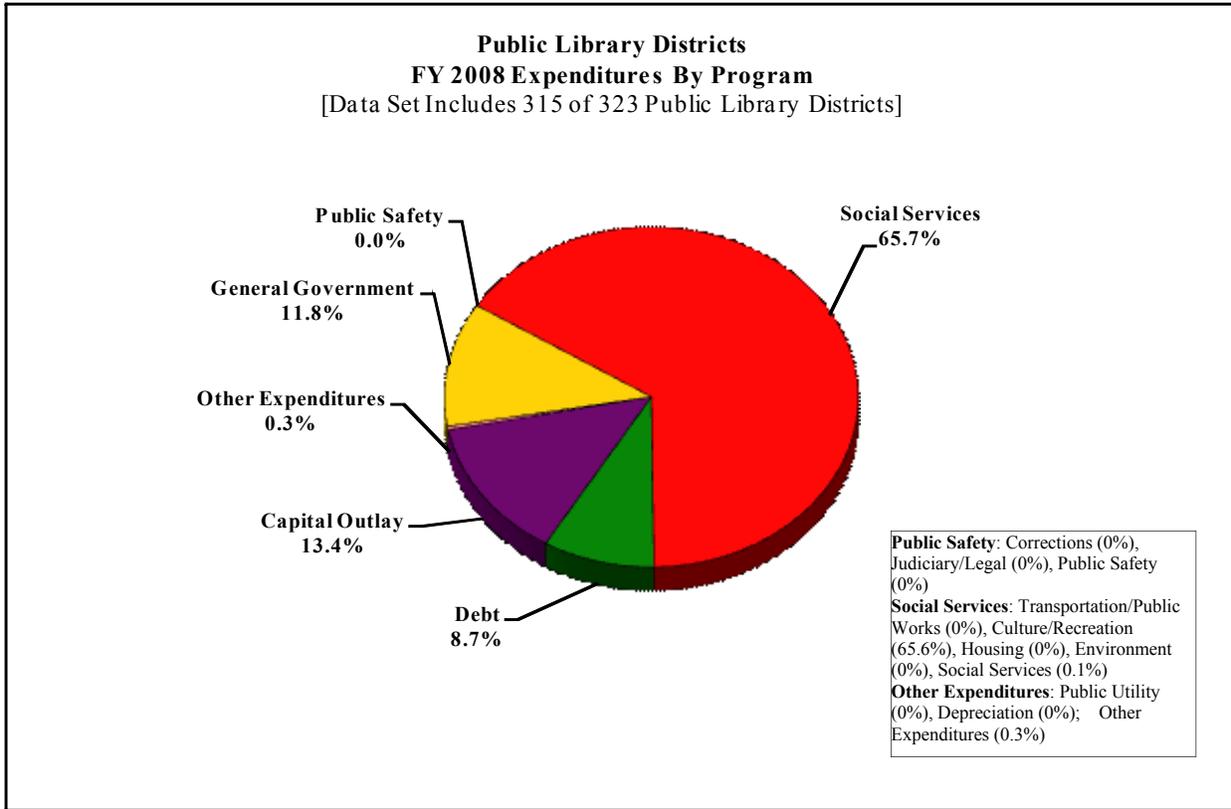
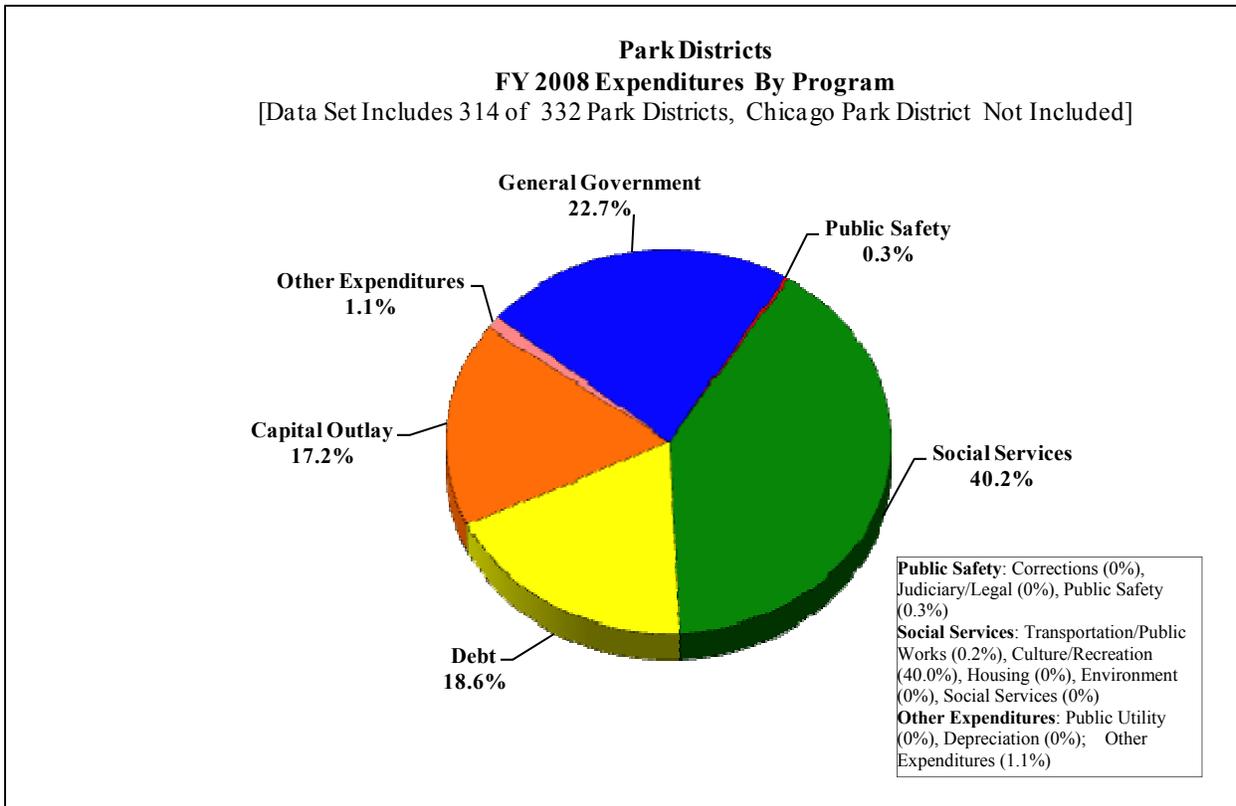


Table 6



**FY 2008 Governmental Fund Expenditures
Appendix B**

Table 7

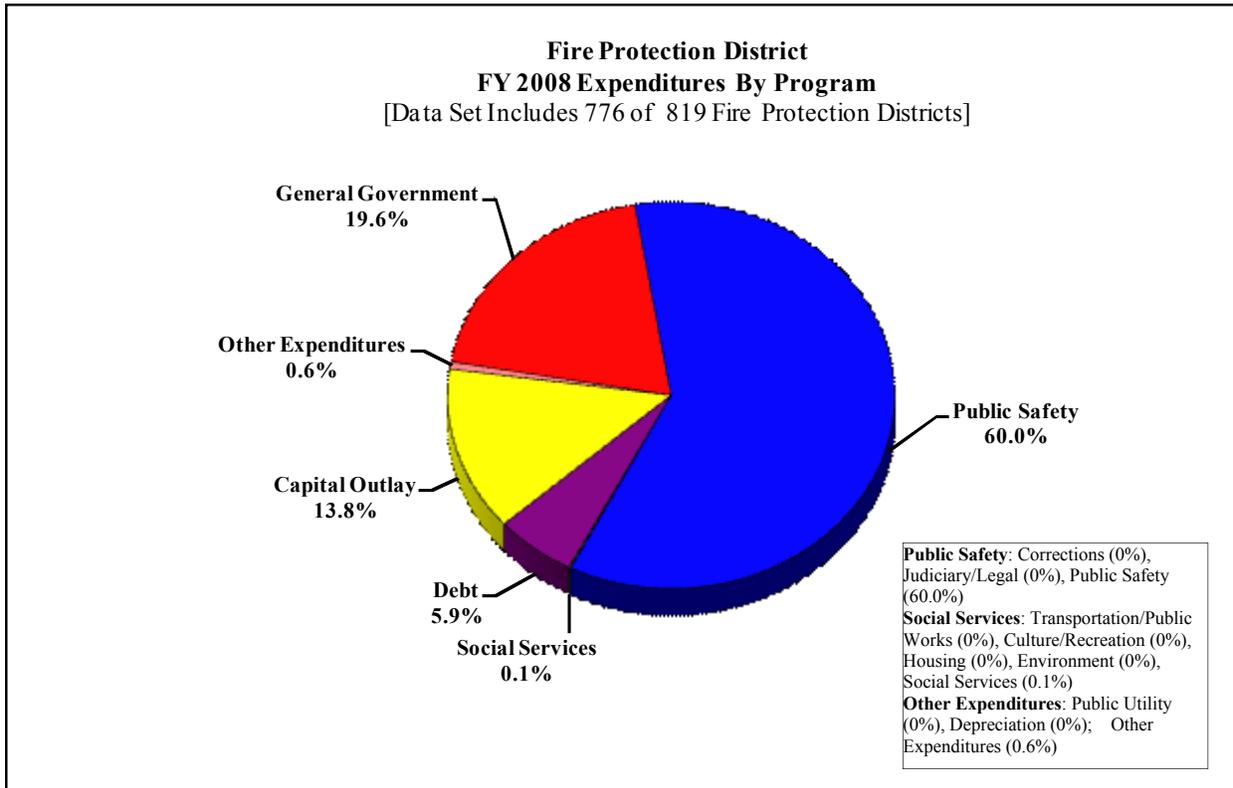
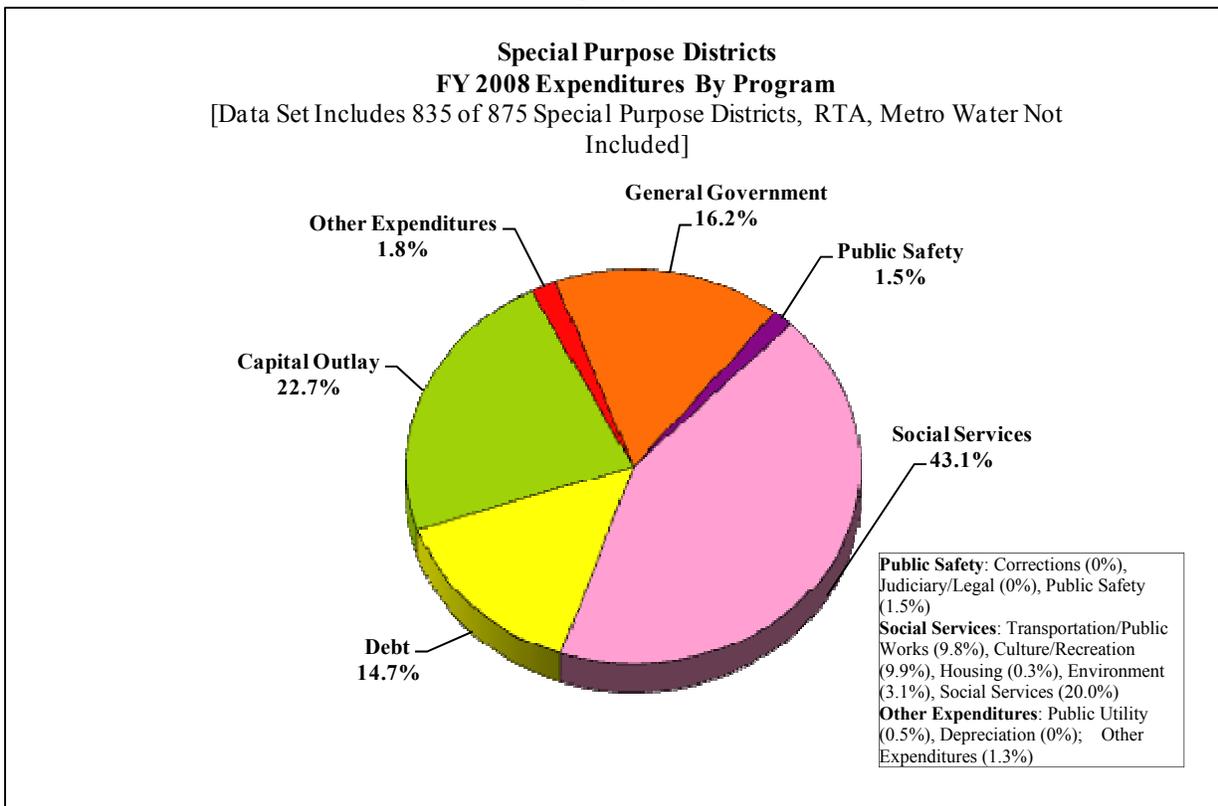


Table 8



FY 2007 Historical Appendix C

Table 1

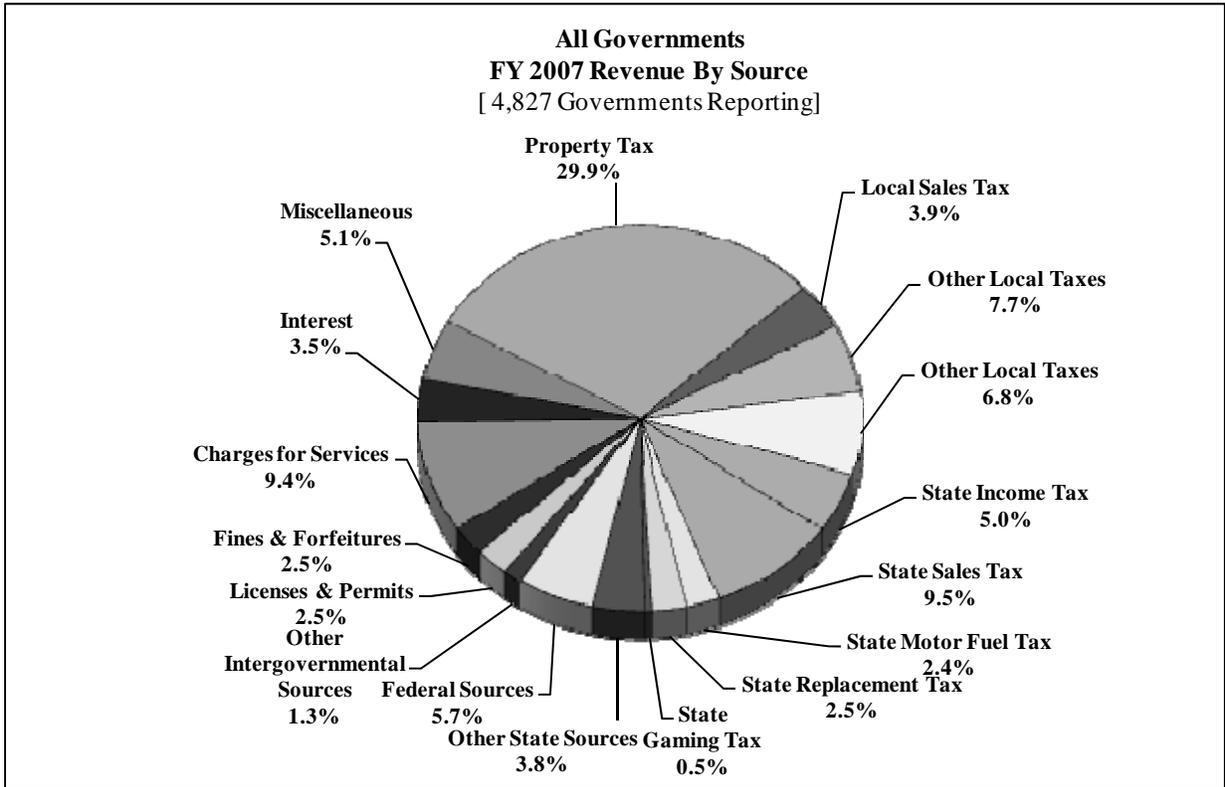
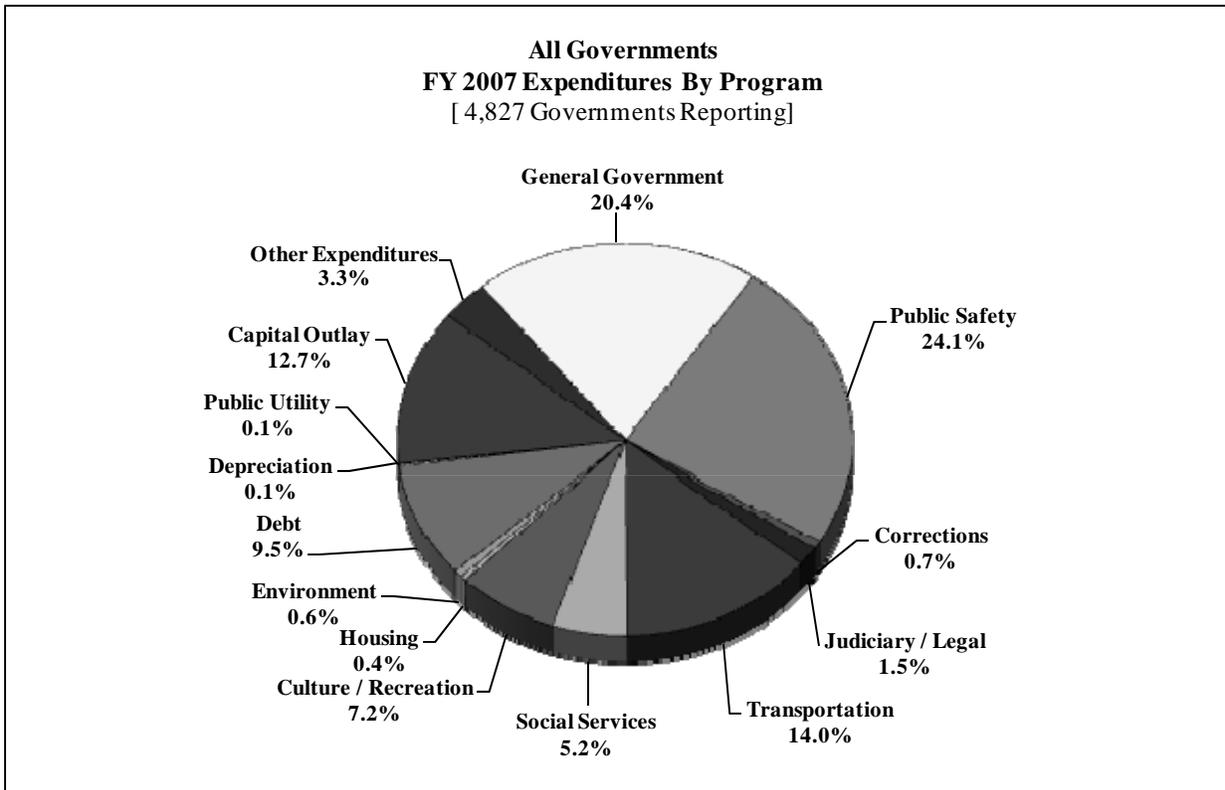


Table 2



**FY 2007 Historical
Appendix C**

**Table 3
All Government Revenue**

FY 2007 Sources	Revenue Amounts
Property Tax	\$ 6,375,830,347
Local Sales Tax	\$ 833,529,323
Utility Tax	\$ 1,208,697,581
Other Local Taxes	\$ 1,458,847,713
State Income Tax	\$ 1,070,203,890
State Sales Tax	\$ 2,026,705,498
State Motor Fuel Tax	\$ 516,459,391
State Replacement Tax	\$ 533,296,831
State Gaming Tax(es)	\$ 113,613,016
Other State Sources	\$ 810,320,065
Federal Sources	\$ 1,206,989,215
Other Intergovernmental	\$ 279,853,593
Licenses & Permits	\$ 527,286,966
Fines & Forfeitures	\$ 534,304,938
Charges for Services	\$ 1,998,193,848
Interest	\$ 747,073,171
Miscellaneous	\$ 1,081,198,082
Total Revenues	\$ 21,322,403,468

**Table 4
All Government Expenditures**

FY 2007 Programs	Expenditure Amounts
General Government	\$ 4,685,728,436
Public Safety	\$ 5,540,093,112
Corrections	\$ 152,359,900
Judiciary / Legal	\$ 354,207,432
Transportation	\$ 3,230,809,542
Social Services	\$ 1,204,074,879
Culture / Recreation	\$ 1,659,117,450
Housing	\$ 91,251,735
Environment	\$ 142,708,581
Debt	\$ 2,195,322,295
Public Utility	\$ 32,918,476
Depreciation	\$ 15,923,398
Capital Outlay	\$ 2,926,152,315
Other Expenditures	\$ 768,444,735
Total Expenditures	\$ 22,999,112,286

**FY 2007 Historical Data
City of Chicago
Appendix C**

Table 5

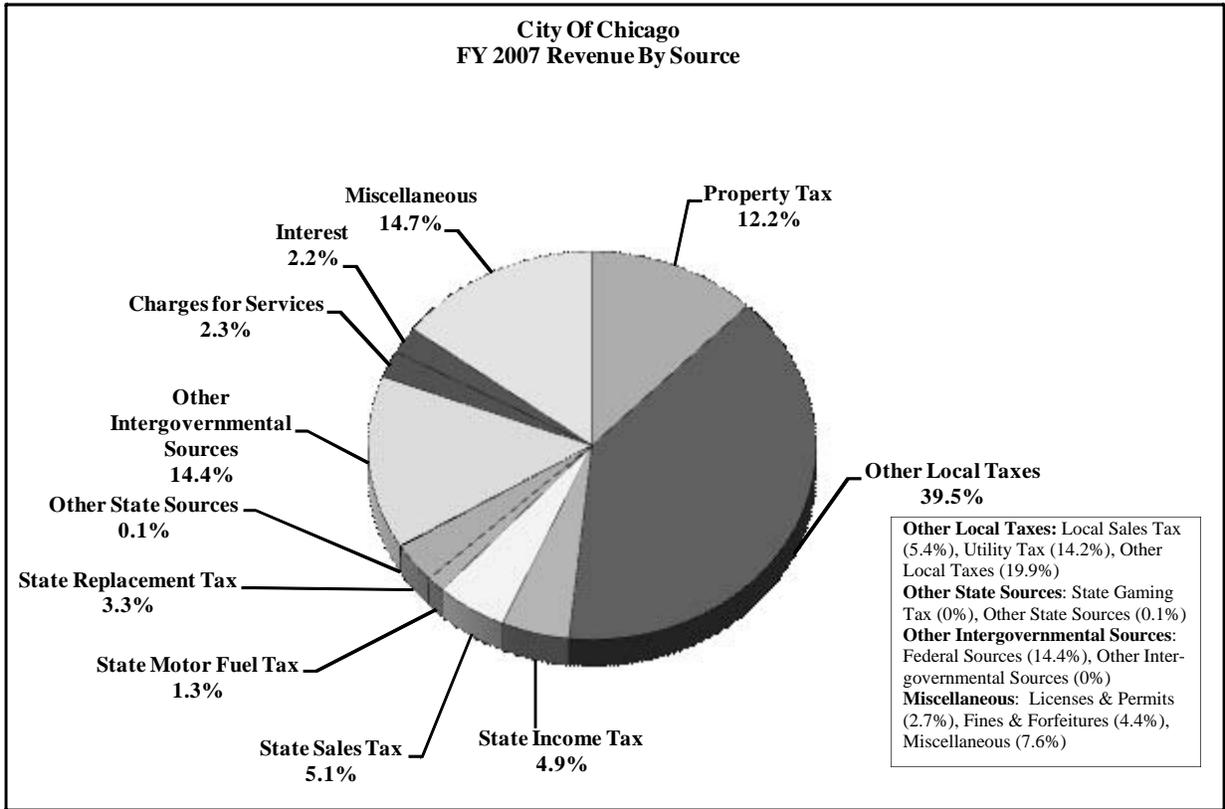
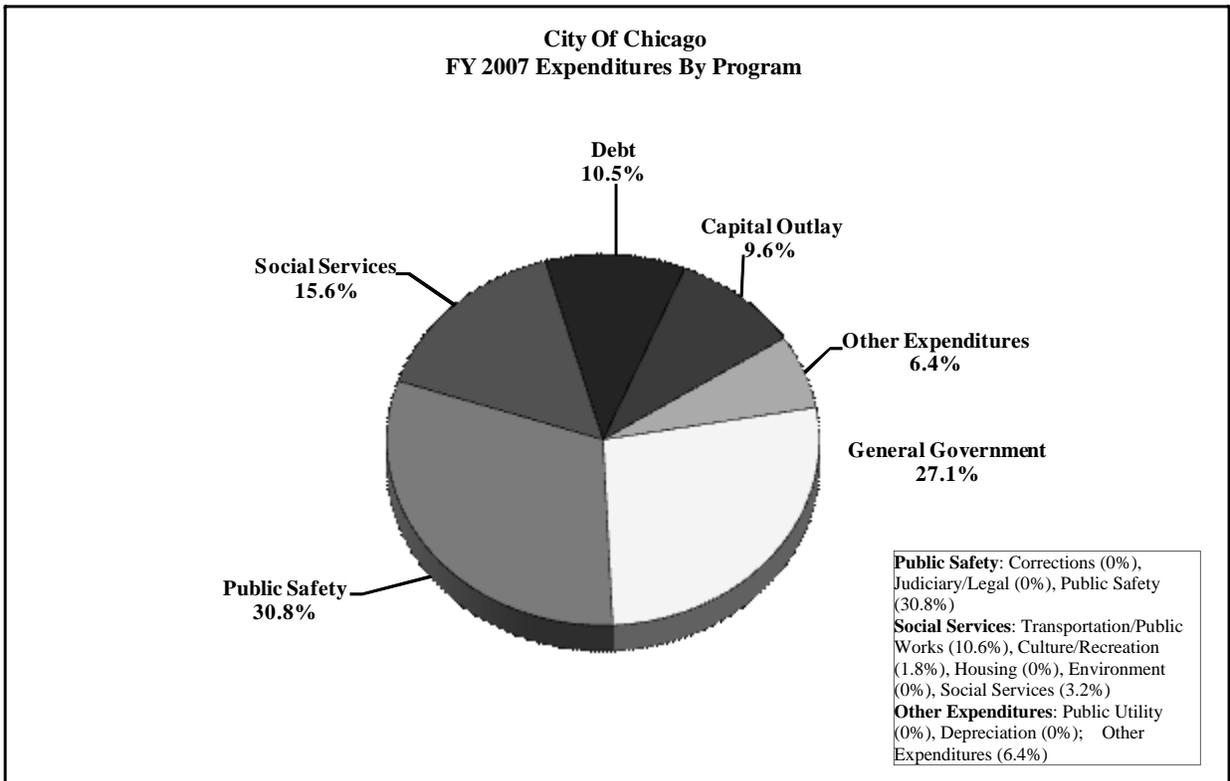


Table 6



**FY 2007 Historical Data
Chicago Park District
Appendix C**

Table 7

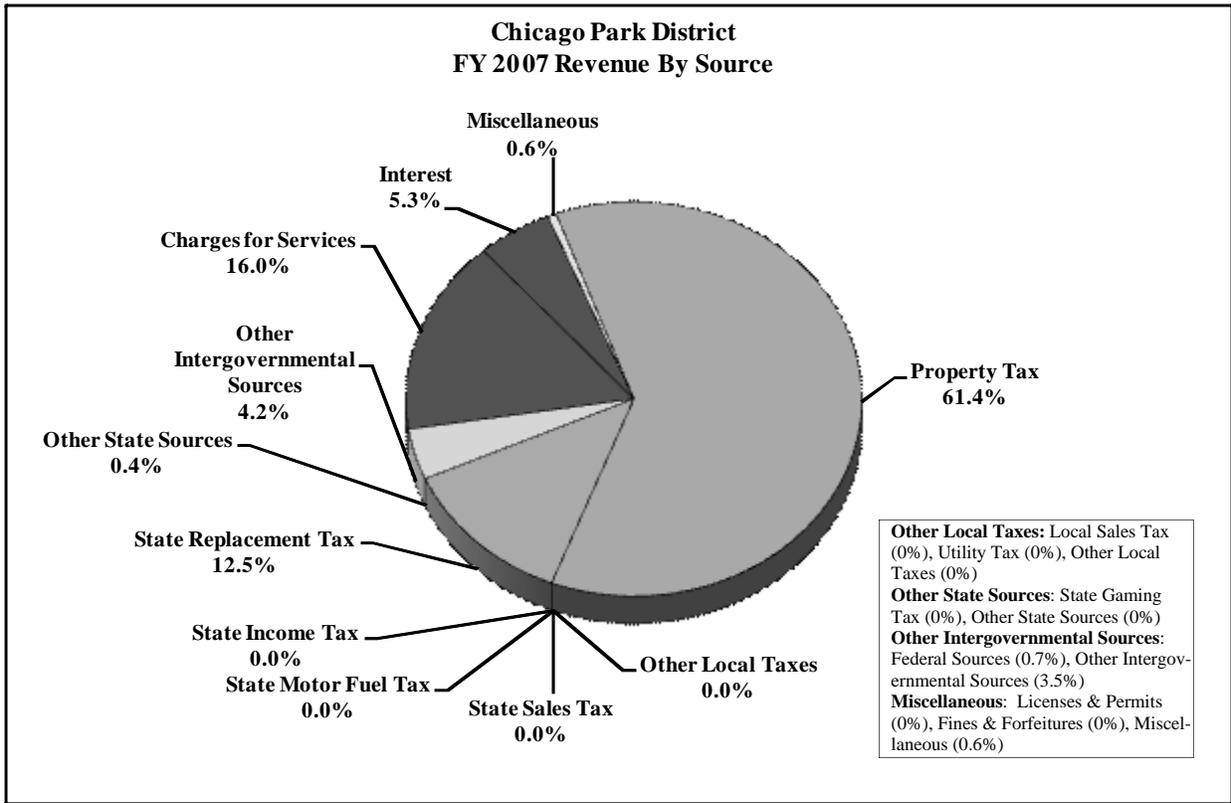
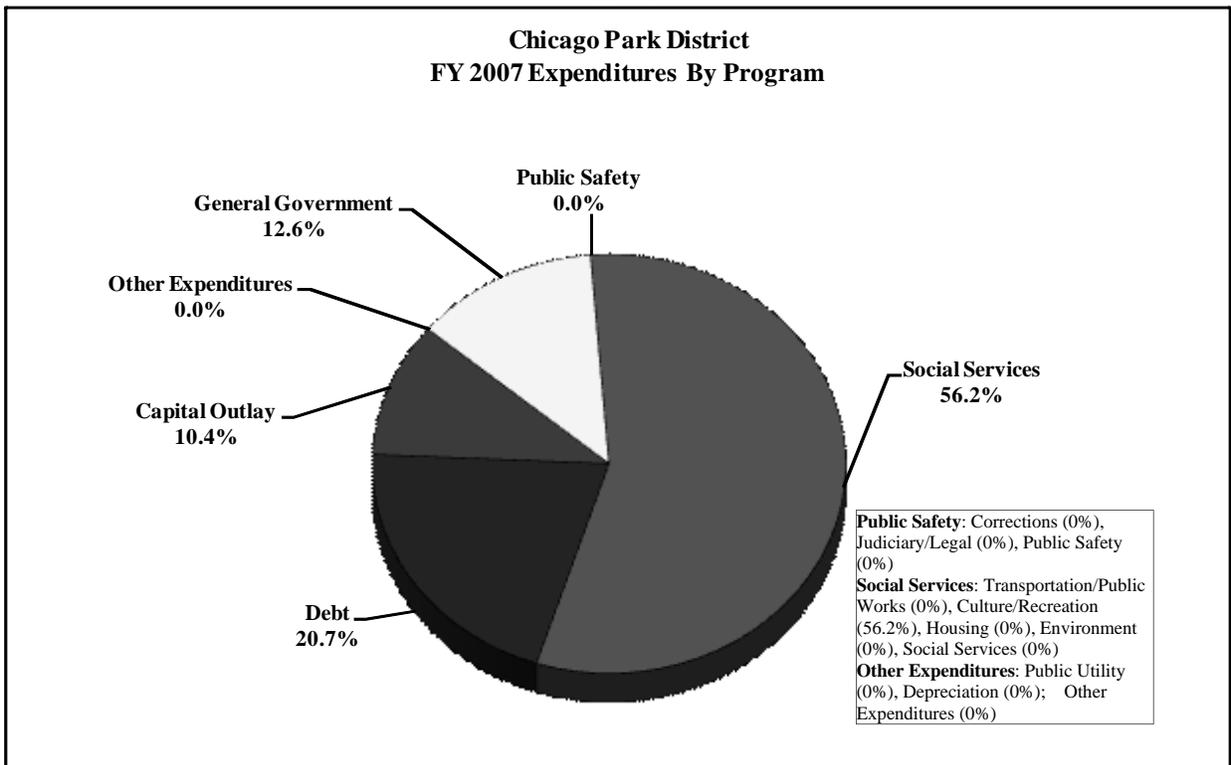


Table 8



**FY 2007 Historical Data
Regional Transit Authority
Appendix C**

Table 9

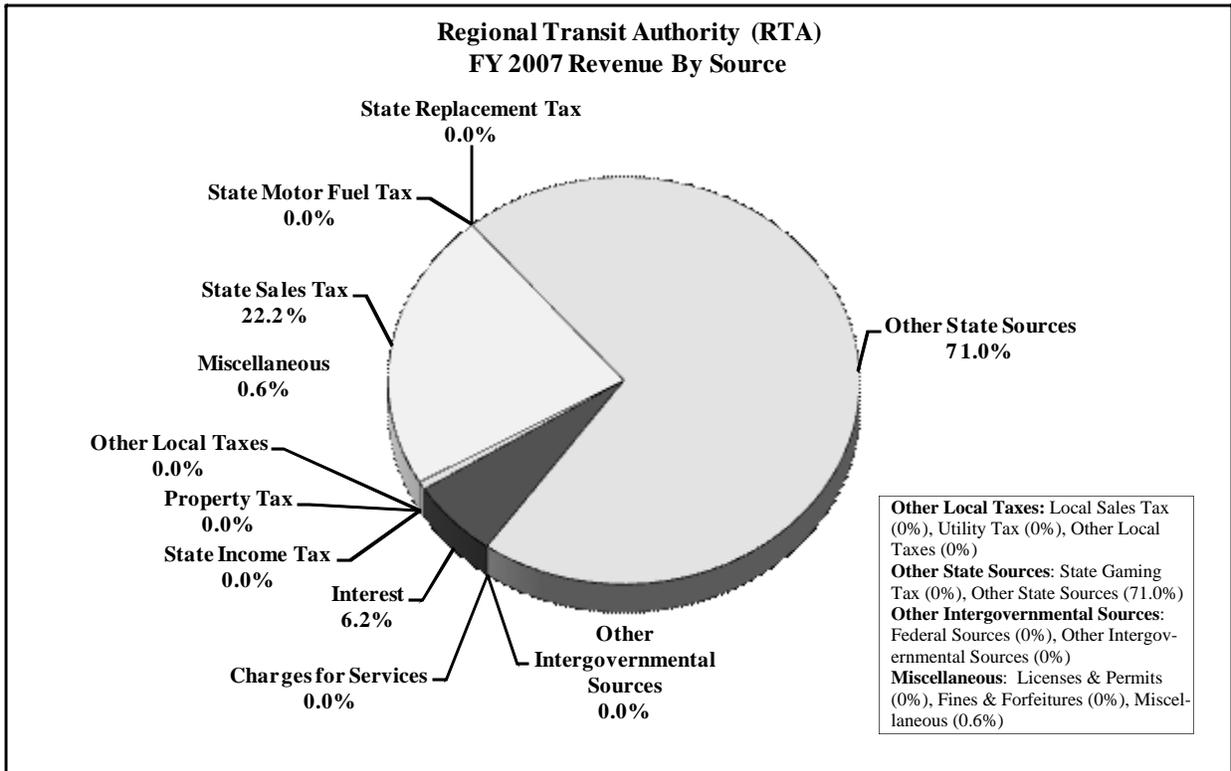
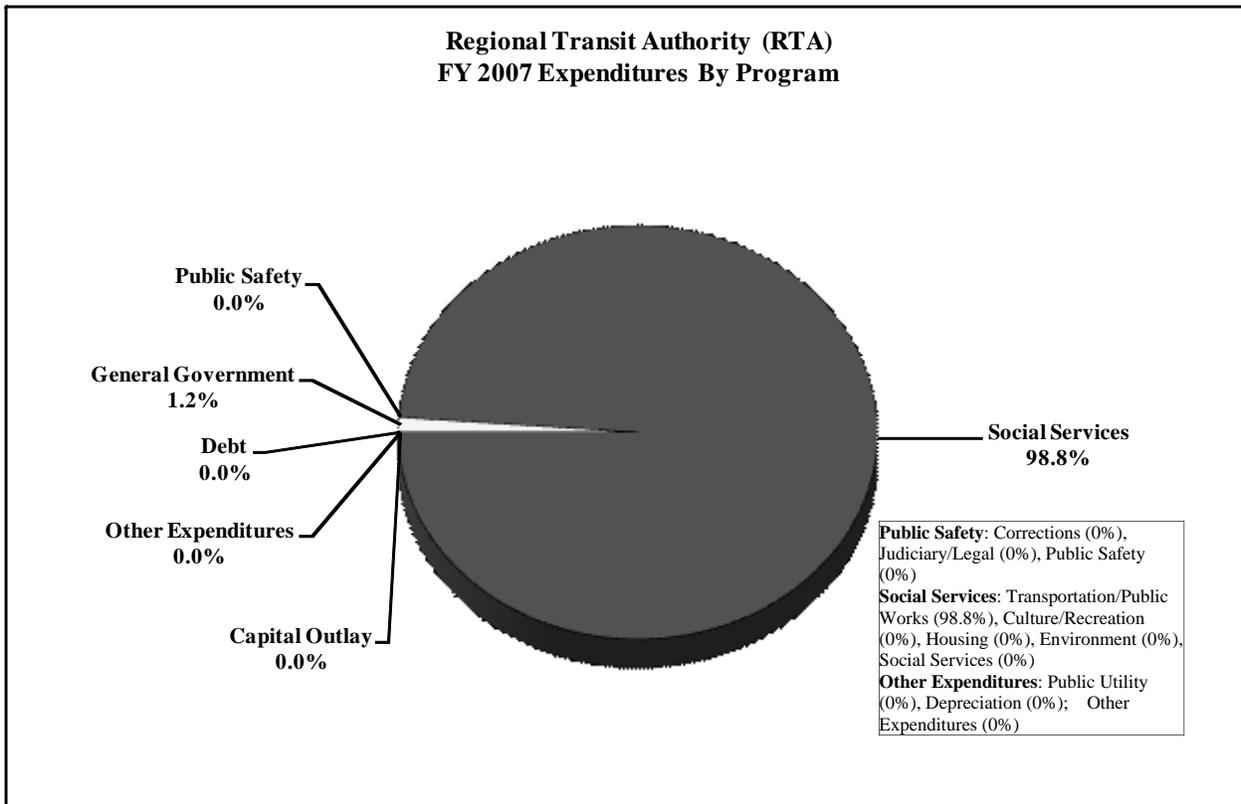


Table 10



**FY 2007 Historical Data
Metropolitan Water Reclamation District
Appendix C**

Table 11

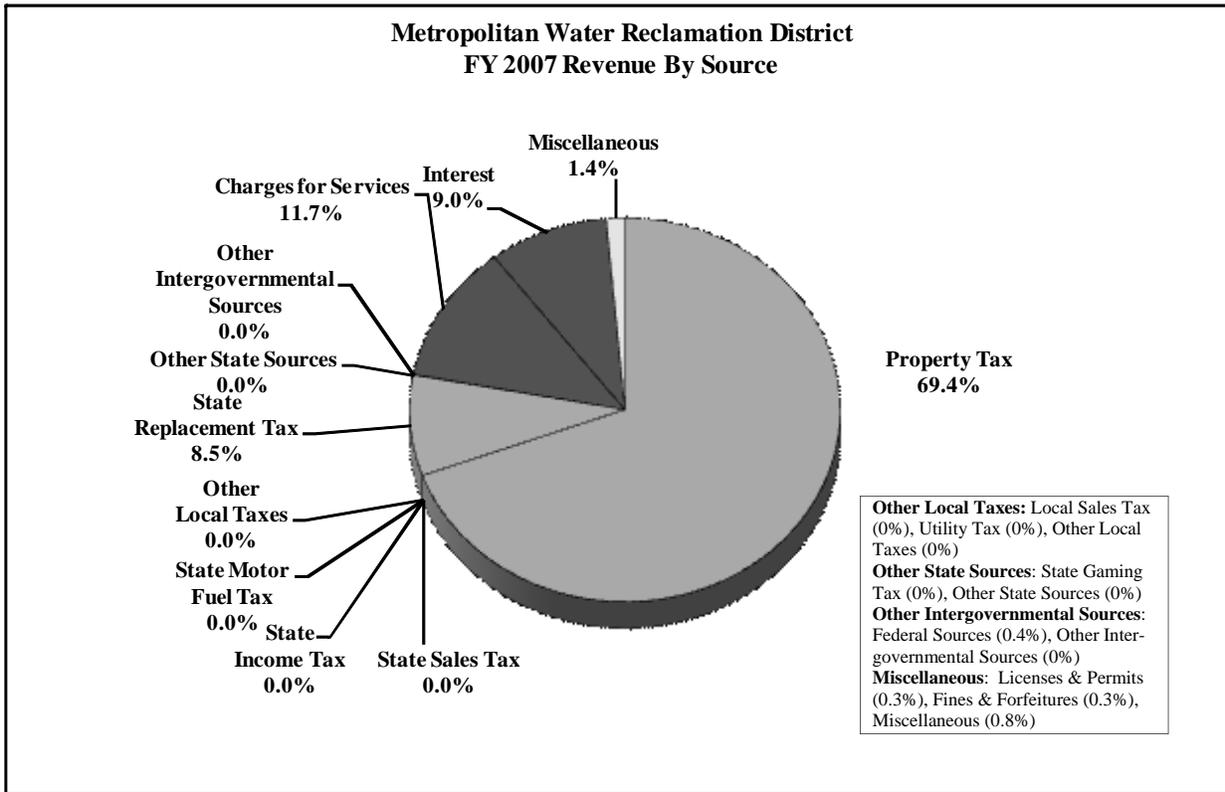
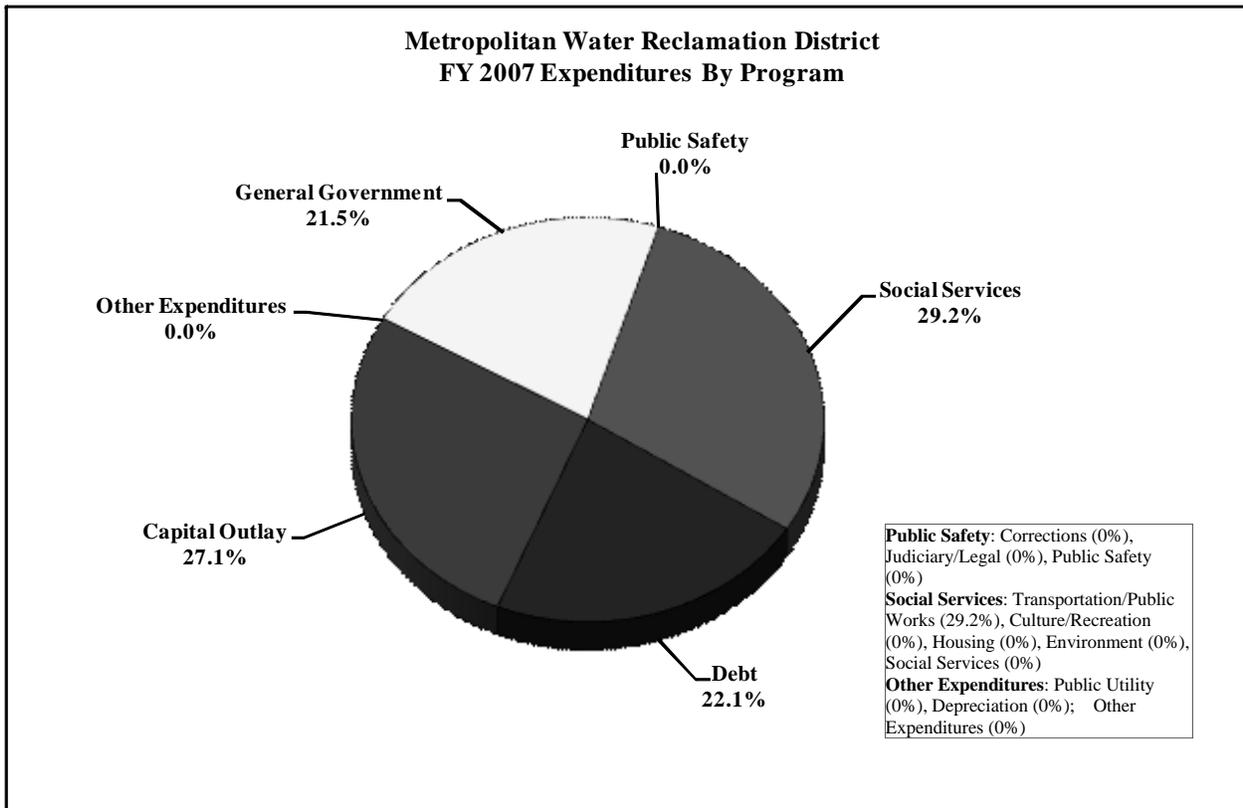


Table 12



**FY 2008
City of Chicago
Appendix D**

Table 1

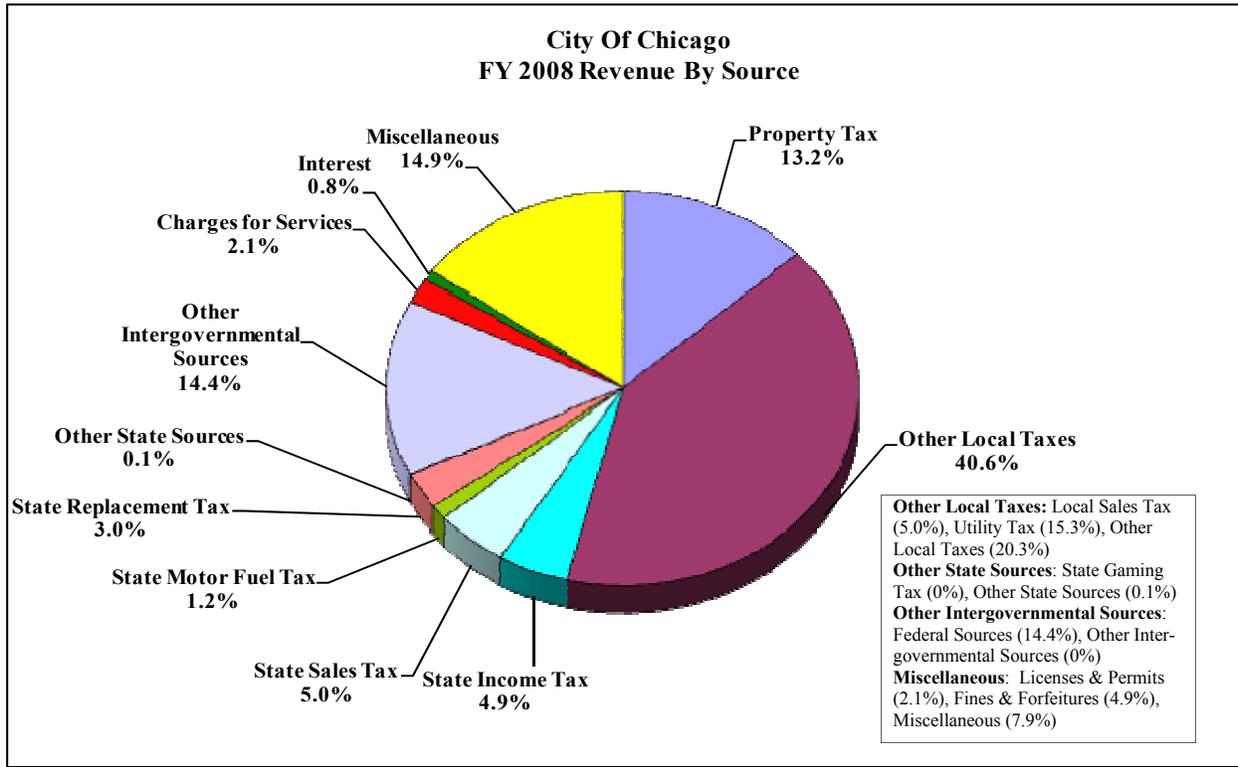
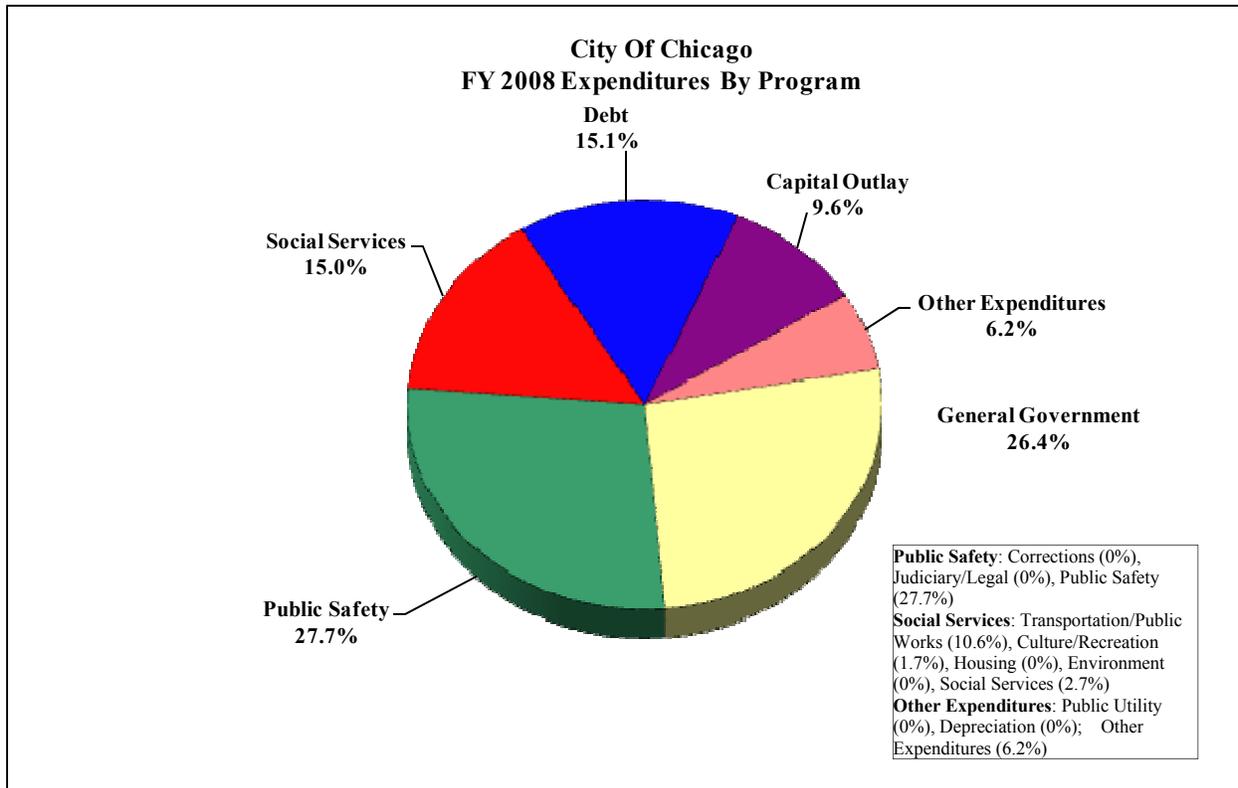


Table 2



**FY 2008
Chicago Park District
Appendix D**

Table 3

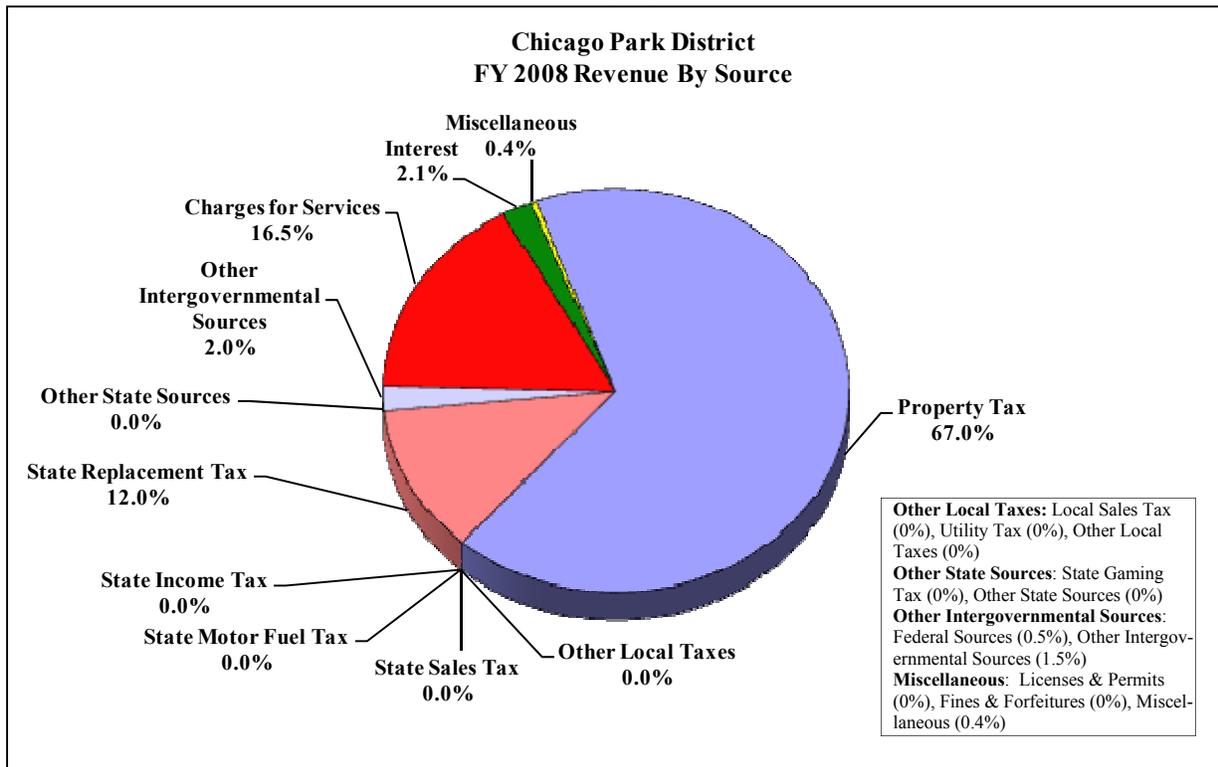
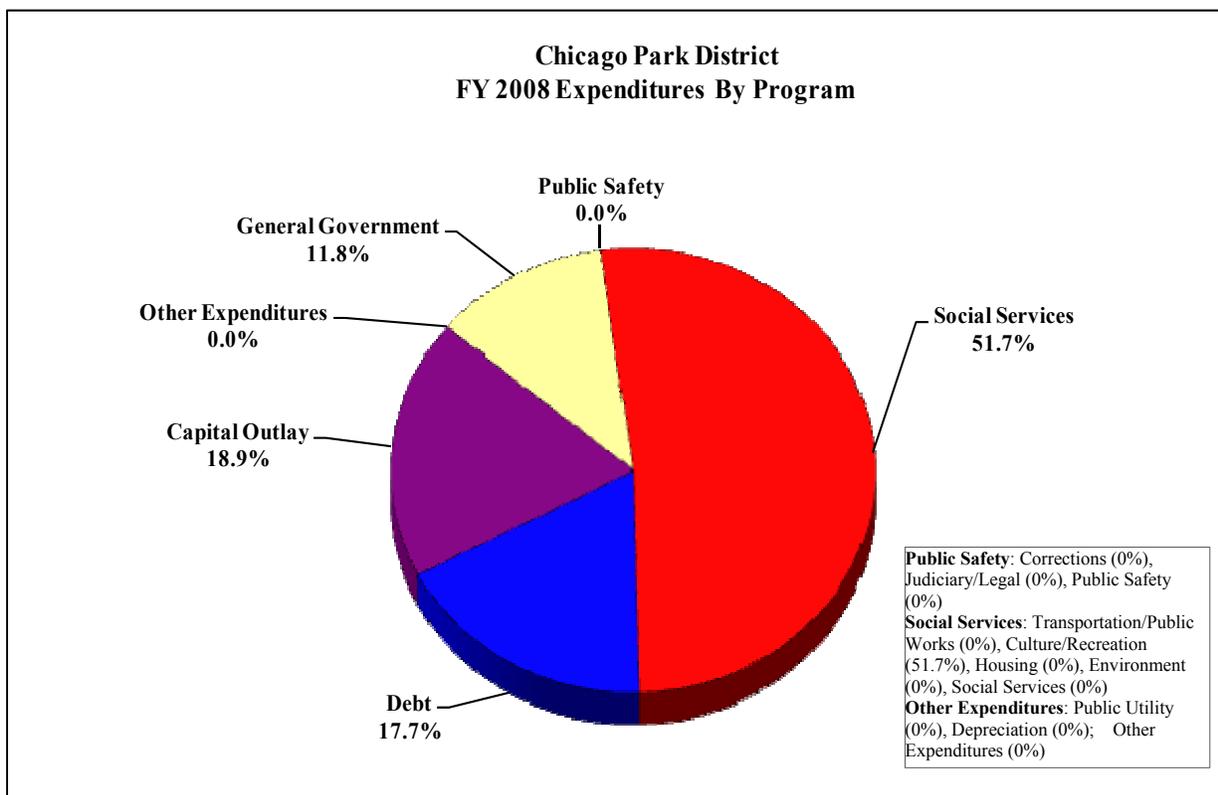


Table 4



**FY 2008
Regional Transport Authority
Appendix D**

Table 5

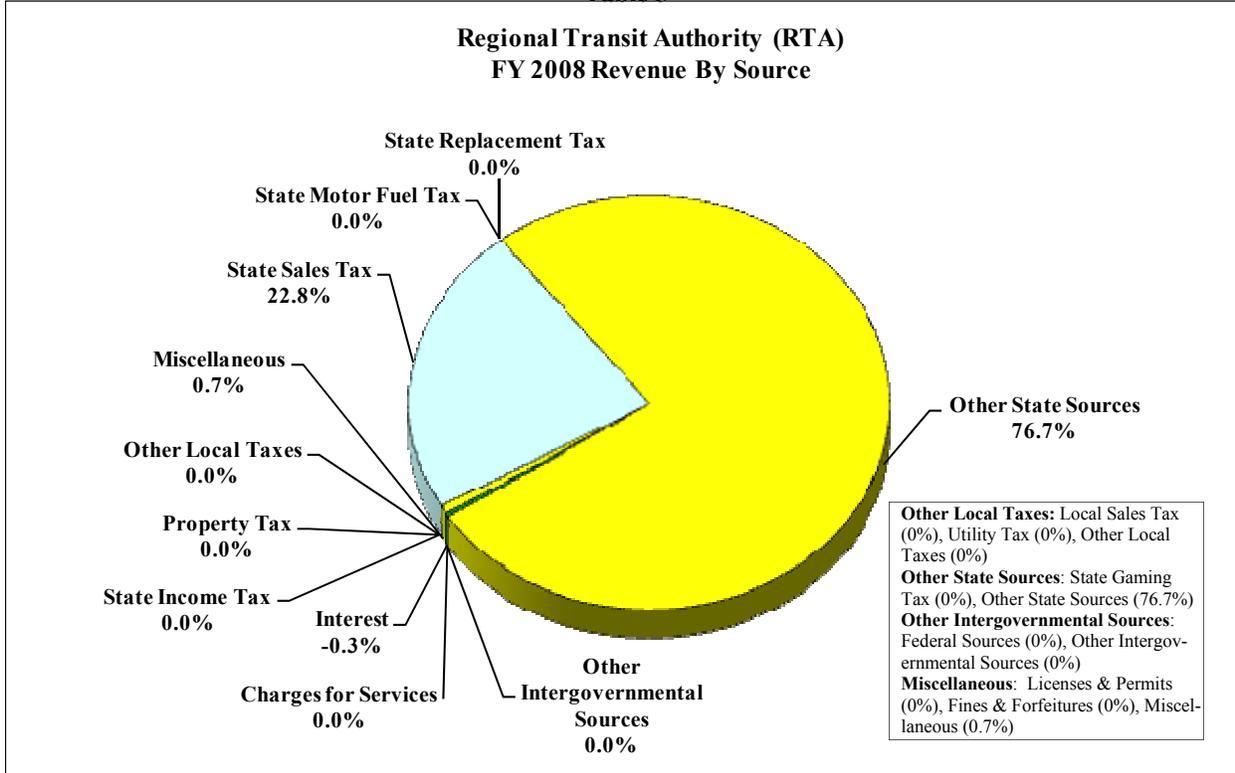
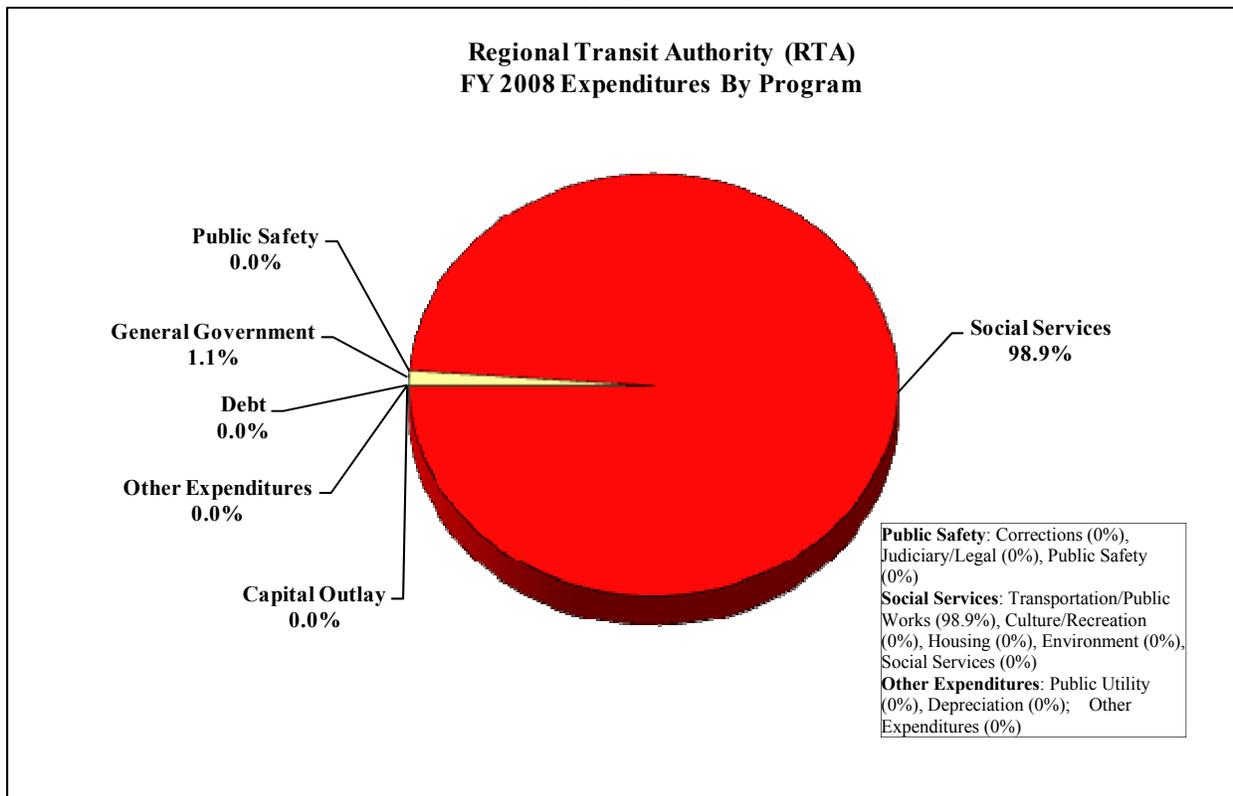


Table 6



**FY 2008
Metropolitan Water Reclamation District
Appendix D**

Table 7

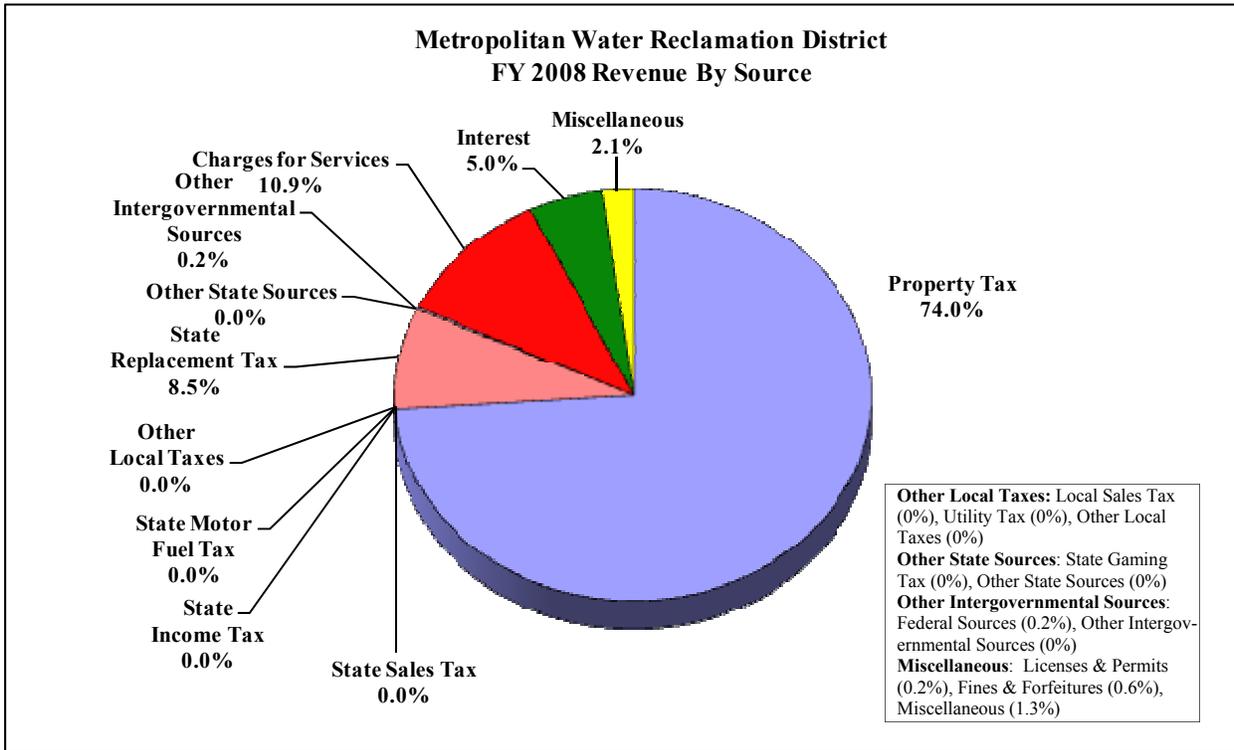


Table 8

