



## LOCAL GOVERNMENTS SPENDING BEYOND THEIR MEANS Expenditure Growth Exceeds Revenue Growth in Northeastern Illinois in 2000-2003

CHICAGO – Local government expenditures per capita in northeastern Illinois grew at a rate nearly double that of available revenue between FY2000 and FY2003, according to a report released today by the Civic Federation. Unless reversed, the difference in the 7.8% growth rate of revenue and 14% growth of expenditures indicates significant financial stress in the future.

The study provides a bird's eye view of the finance, personnel, and long-term debt trends of Chicago-area local governments, from counties to municipalities to school districts and townships in northeastern Illinois. The report analyzed 1,099 local governments for the fiscal years 2000 and 2003 using financial data reported annually to the State Comptroller and Illinois State Board of Education. It is a follow-up to a Civic Federation report published in 2003 and illustrates the continuation of worrying trends in government finance identified in the previous study.

“The financial condition of local governments across northeastern Illinois is likely to get worse before it gets better unless government officials work to rein in spending,” said Laurence Msall, President of the Civic Federation. “Our data show several signs of trouble ahead with local government expenditures growing at five times the rate of the population, rising debt levels, and expenditures outpacing revenues.”

The long-term debt burden for local governments in the region as measured by long-term debt per capita rose by one third or from \$3,219 to \$4,287 between FY 2000 and FY2003. Msall said, “The Civic Federation supports the use of long-term debt when it is appropriately used to pay for capital projects, stretching out payments over a significant period of time so that everyone enjoying the benefit contributes to paying for it. However, a rising amount of debt per capita is an effective warning sign of fiscal stress if the rate of growth for the debt is rising faster than revenues are being allocated to pay for it.”

Although the aggregate fund balance ratio for governments in the six-county area remained substantial, it declined by 7% (from 31.6% to 24.6%) over the four-year period, reflecting the fact that many governments significantly reduced the sizes of their reserves. This correlates with the trend of accelerating expenditure growth without matching revenue growth and it is therefore likely that governments dipped into their contingency funds to cover increased spending. A fund balance ratio is an indicator of how much cash a government has reserved to pay for contingencies.

The report also found that while most local school districts and municipalities were facing considerable financial pressure, townships and special taxing districts reported especially large fund balance ratios with special districts showing an *increase* from 56.2% to 57.9%. A fund balance ratio that is too large (50% or more) indicates that a government should consider using the excessive fund balance to pay off debt and other liabilities or directing the revenue streams feeding into the fund to other priorities.

The continuation and expansion of the negative financial trends facing our local governments suggests that the current area budget woes are likely to continue without strong counter-action from local government officials. In its analysis, the Civic Federation report recognizes three methods of remedying the situation: increasing revenues, transferring fund balances, and implementing spending controls. The last is the best method to both remedy current ills and prevent their future escalation. It is imperative that local governments in northeastern Illinois embrace fiscal responsibility and investigate methods of curbing future expenditures in order to avoid future budget crises.

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# **Local Government Finance in Northeastern Illinois: FY 2000-FY2003**

**The Civic Federation  
September 18, 2006**

## FOREWORD

The Civic Federation acknowledges and thanks all of the principals involved in researching and preparing *Local Government Finance in Northeastern Illinois: FY2000-FY2003*: Roland Calia and Scott Metcalf, who co-authored the report and Lise Valentine, Civic Federation Research Director and Sarah Wetmore, Civic Federation Research and Communications Advisor, who edited and revised the report. We would also like to thank Atakan Guven, Research and GIS Analyst at Chicago Metropolitan 2020, for preparing the maps in the Executive Summary.

The Civic Federation would like to express its sincere appreciation to **the McCormick Tribune Foundation** for generously providing funding for this project and to the offices of the Illinois State Comptroller Dan Hynes and the State Board of Education for their cooperation and assistance in the collection of much of the data in this report.

### About The Civic Federation

The Civic Federation is an independent, nonpartisan government research organization founded in 1894.

The Federation's membership includes business and professional leaders from a wide range of Chicago area corporations, professional service firms and institutions.

The Civic Federation seeks to assist public policy opinion leaders in the Chicago area and to advance issues such as property tax reform, tax simplification, privatization and joint purchasing with the objective of improving governmental efficiency and financial accountability.

### *Mission Statement*

To maximize the quality and cost effectiveness of government services in the Chicago region by:

- Serving as a technical resource, providing nonpartisan research and information;
- Promoting rational tax policies and efficient delivery of quality government services; and
- Offering solutions which guard against excessive taxation, enhance financial reporting, and improve the quality of public expenditures.

For more information about the Civic Federation, please visit our Web site at [www.civiced.org](http://www.civiced.org).

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## EXECUTIVE SUMMARY

*Local Government Finance in Northeastern Illinois: FY2000-FY2003* is a macro-level overview of expenditure, revenue, fund balance, personnel, and long-term debt trends of local governments in the six-county region encompassing Cook, Lake, DuPage, Kane, McHenry, and Will Counties. The report presents trends for the 1,099 local governments that consistently reported financial data to the Illinois State Comptroller or the Illinois State Board of Education in both FY2000 and FY2003. This report is a follow-up to *A Snapshot of Local Government Finance in Northeastern Illinois* published in January 2003. That report examined local government fiscal trends for the years FY1997 and FY2000.

*Local Government Finance in Northeastern Illinois: FY 2000-FY2003* includes information from the following types of local government:

- Counties;
- Forest preserve districts;
- Townships;
- Municipalities;
- Elementary, secondary, and unit school districts;
- Park districts; and
- “Other” special purpose districts, including such units of government as sanitary, library, fire protection, hospital, and mosquito abatement districts.

<b>Local Governments in Northeastern Illinois*</b>	
<b>Type of Government</b>	<b>Number</b>
Counties	6
Townships	109
Forest Preserve Districts	5
Municipalities	245
School Districts	290
Park Districts	157
Other Special Districts	287
<b>Total</b>	<b>1,099</b>

\*Governments reporting data to the State  
Comptroller or Illinois State Board of Education

Information about the region’s fourteen community college districts is also included in a chapter of this report. However, the summary chapter (All Local Governments) does not incorporate that information because it is not exactly comparable to the data available for the other units of government. More specifically, information provided by Illinois Community College Board reports does not include complete information about all four Governmental Funds revenues and expenditures or any information about fund balances or debt.

## Summary of Findings

There are seven principal findings of *Local Government Finance in Northeastern Illinois: FY 2000-FY2003*:

1. **The rate of growth in local government expenditures on a per capita basis between FY2000 and FY2003 outstripped the corresponding per capita rate of growth for revenues.** Per capita measures illustrate changes in revenues, expenditures, debt, or other fiscal indicators relative to changes in population. While revenues per capita grew at a rate of 7.8%, expenditures per capita rose by 14.0%. This is a “red flag,” suggesting that local governments could be entering into a situation of fiscal stress in FY2004 or beyond. Such a situation could only be remedied through increasing revenues, transferring fund balances, or implementing spending controls.

A review of the large local government budgets analyzed by the Civic Federation reveals that many in fact did experience fiscal stress in the early 2000s. Cook County faced deficits in FY2004 (\$100 million), FY2005 (\$73 million), and FY2006 (\$95 million). The city of Chicago reported a \$125.5 million deficit in FY2004, a \$220 million in FY2005, and a \$114 million deficit in FY2006. Cook County responded to the deficit pressures by implementing new taxes and fees, including raising cigarette taxes to two dollars a pack. Chicago has responded by reducing staffing and raising taxes and fees. DuPage County increased property taxes for the first time in ten years in its FY2006 budget to meet rising program costs. The Chicago Public Schools faced multi-million dollar deficits every year between FY2004 and FY2006, forcing it to lay off staff, cut vacancies, seek additional State funding, and implement some management efficiencies.

2. **Local government per capita expenditures grew at a rate that was over five times faster than population growth in the six-county northeastern Illinois region.** Population grew by 2.7% at the same time expenditures per capita grew by 14.0%. A growing disparity between expenditure and population growth means that a smaller number of citizens are being asked to shoulder ever larger fiscal burdens. This can be a warning sign of future fiscal distress if revenue growth is not keeping pace with expenditure growth.
3. **Property tax revenues were the most significant source of local government revenues in FY2003,** accounting for 44.5% or \$11.8 billion of the \$26.5 billion in total revenues. This is an increase from FY2000, when property taxes accounted for \$10.2 billion or 42.5% of total local government revenues of \$23.9 billion.
4. **In the aggregate, local governments reported large fund balance ratios in FY2000 and FY2003,** though there were wide variations among different types of government. However, the aggregate fund balance ratio declined from 31.6% to 24.6% over the four-year period analyzed as many governments reduced the sizes of their reserves.

The fund balance ratio is the amount of unreserved fund balance divided by expenditures for general operations and is an indicator of how much a government has reserved for contingencies. The Government Finance Officers Association (GFOA) recommends that it is



prudent for governments to maintain a 5% to 15% fund balance ratio. The Civic Federation endorses the GFOA standard but also cautions governments against maintaining excessive reserves. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams (and tax burden) feeding the fund to bring income more in line with current spending requirements.

5. **Both townships and special districts reported fund balance ratios in excess of 50% in both FY2000 and FY2003, earning “High” ratings.** The aggregate township fund balance ratio fell from 75.3% to 63.4%, while the special districts reported an increase in the fund balance ratio from 56.2% to 57.9%. Absent extraordinary circumstances, continued maintenance of excessive fund balances (over 50% of annual operating expenses) indicates unnecessary and inequitable tax burden for existing tax payers.
6. **The number of government employees, as measured by a count of full-time equivalent (FTE) positions, increased slightly between FY2000 and FY2003,** rising by 2.9% from 212,130 to 218,377. Approximately 77.0% of all FTEs in the region were employed by school districts and municipal governments.
7. **The long-term debt burden for local governments in the region, as measured by long-term debt per capita, rose significantly by 33.2% or from \$3,219 to \$4,287 between FY2000 and FY2003.** Long-term debt was defined in the report as General Obligation and Special Revenue debt outstanding at the end of each fiscal year. Long-term debt is appropriately issued to pay for capital projects with a long life; stretching payments out for twenty to thirty years ensures that everyone enjoying the benefit contributes to paying for it. However, a rising amount of debt per capita can be a warning sign of fiscal stress if the rate of growth for that debt is rising faster than revenues are being allocated to pay for it.

## ALL LOCAL GOVERNMENTS

This chapter provides a summary of financial data and indicators for all major local governments in the six-county region of northeastern Illinois except community college districts. It includes information from the following types of local government:

- Counties;
- Forest preserve districts;
- Townships;
- Municipalities;
- Elementary, secondary, and unit school districts;
- Park districts; and
- “Other” special purpose districts, including such units of government as sanitary, library, fire protection, hospital, and mosquito abatement districts.

Information about the region’s community college districts is included in a chapter of the full report. However, this chapter does not incorporate that information because it is not exactly comparable to the data available for the other units of government. More specifically, information provided by Illinois Community College Board reports does not include complete information about all four Governmental Funds revenues and expenditures nor any information about fund balances or debt.

The State of Illinois Fiscal Responsibility Report Card Act requires most local governments to file an annual financial report with the Office of the State Comptroller.<sup>1</sup> The comptroller uses the data provided to compile data on taxes, receipts expenditures, and expenses and provides those summaries in annual reports. School districts and community college districts are required to report similar financial information to the Illinois State Board of Education and the Illinois Community College Board respectively.

This study analyzed financial trends for 1,099 local governments that reported data to the Illinois State Comptroller or the Illinois State Board of Education. Data was included only for those jurisdictions reporting data in both FY2000 and FY2003. As some governments failed to report information in one or both fiscal years, the list of governments analyzed is not comprehensive. However, it does represent the vast majority of local governments in the region and thus provides a reasonable basis for comparison. The number of governments reporting data are shown in the exhibit below.

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<sup>1</sup> 65 ILCS 5/3-11-24, 5/8-8-1 to 8-8-10; 55 ILCS 5/6-31003; 50 ILCS 310-0.01. Governments that appropriate less than \$5500 in FY2003 are exempt from the statutory requirement.

<b>Local Governments in Northeastern Illinois*</b>	
<b>Type of Government</b>	<b>Number</b>
Counties	6
Townships	109
Forest Preserve Districts	5
Municipalities	245
School Districts	290
Park Districts	157
Other Special Districts	287
<b>Total</b>	<b>1,099</b>

\*Governments reporting data to the State Comptroller or Illinois State Board of Education

### Financial Summary

Summary financial statistics for local governments in northeastern Illinois are presented in the following sections. Data for the 809 non-school districts are drawn from the FY2000 and FY2003 *Illinois Fiscal Responsibility Report Cards* published by the Office of the State Comptroller. Figures for the 290 school districts are derived from the financial data contained in the *Illinois School District Annual Financial Reports* that all school districts in the state reported to the Illinois State Board of Education (ISBE) for the same fiscal years. The population figures in the report are those provided by the individual governments in their reports to the State Comptroller except for the Cook County figures, which were obtained from its *Comprehensive Annual Financial Reports*. Because of differences in computation, these figures differ slightly from U.S. Census Bureau statistics. In FY2000 the six-county region's population was reported as just over 8.0 million. Four years later the population had risen by 2.7% to 8.3 million. The exhibit breaks out Cook County's population versus that of the five collar counties of DuPage, Kane, Lake, McHenry, and Will.

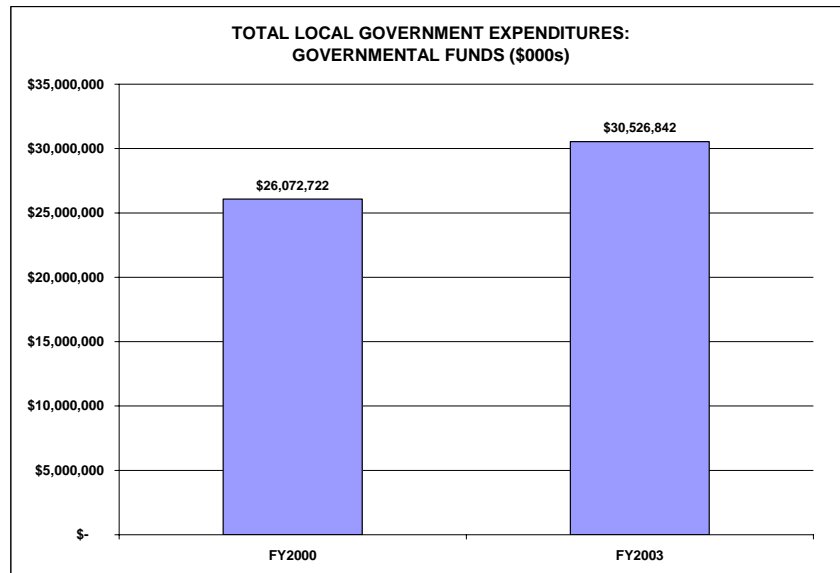
<b>Population of Northeastern Illinois</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
Cook County	5,376,741	5,376,741	-	0.0%
Collar Counties	2,714,623	2,933,605	218,982	8.1%
<b>All Counties</b>	<b>8,091,364</b>	<b>8,310,346</b>	<b>218,982</b>	<b>2.7%</b>

This chapter does not include information about the governments' Proprietary Funds, which report their business-type activities. However, Proprietary Fund data and analysis is included in the chapters on counties, municipalities, and sanitary districts, three types of governments that often have large Proprietary Funds.

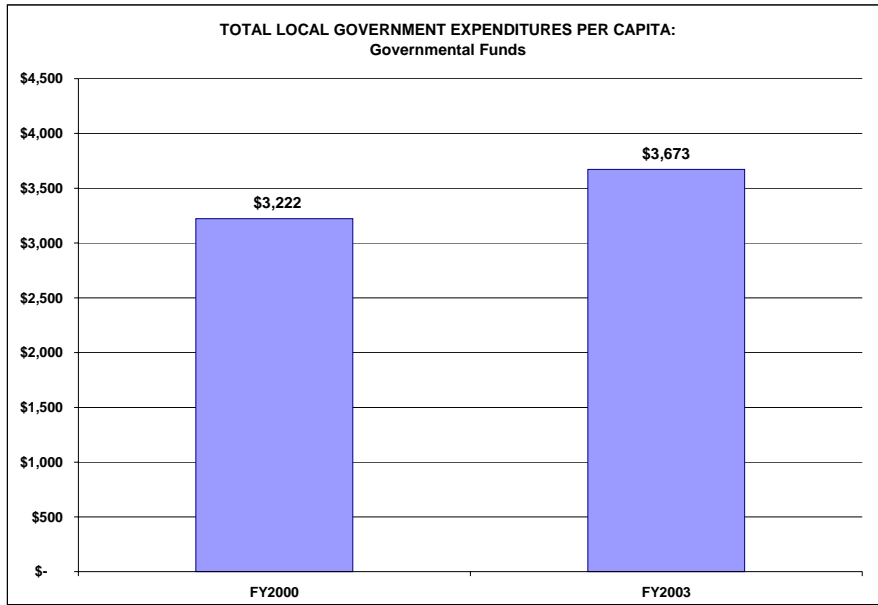
## Total Local Government Expenditures: Governmental Funds

The exhibits that follow present spending for the four Governmental Funds – the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures. These funds account for the general operations and activities of a government.

Total local government expenditures for the Governmental Funds increased by 17.1% between FY2000 and FY2003 from \$26.0 billion to \$30.5 billion. Governmental Fund spending rose 6.3 times as fast as the region's population (17.1% versus 2.7%).

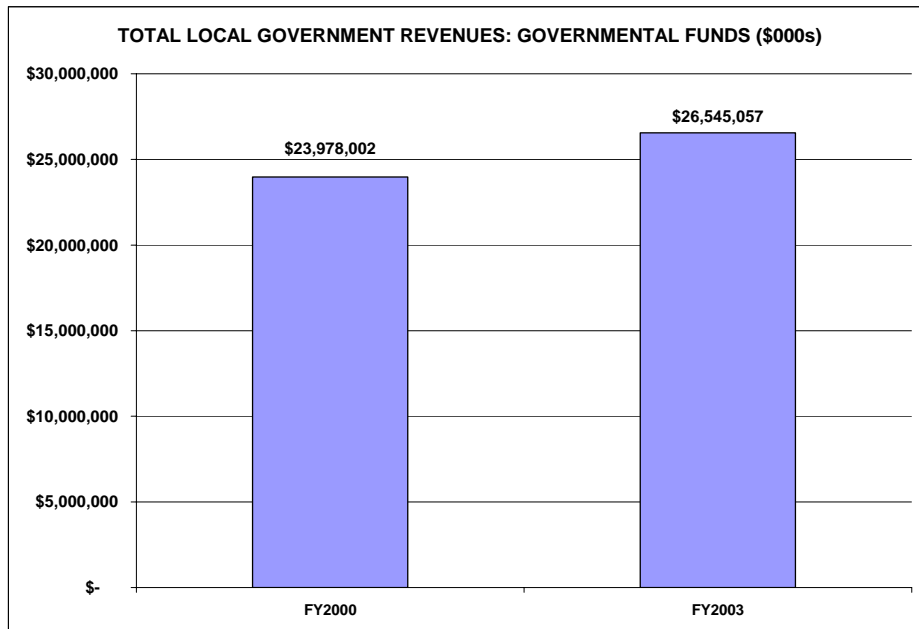


The next exhibit shows total Governmental Fund expenditures on a per capita basis, illustrating how revenues increased relative to changes in population. Governmental Fund expenditures per capita grew by 14.0% during the four-year period analyzed, rising from \$3,222 to \$3,673.



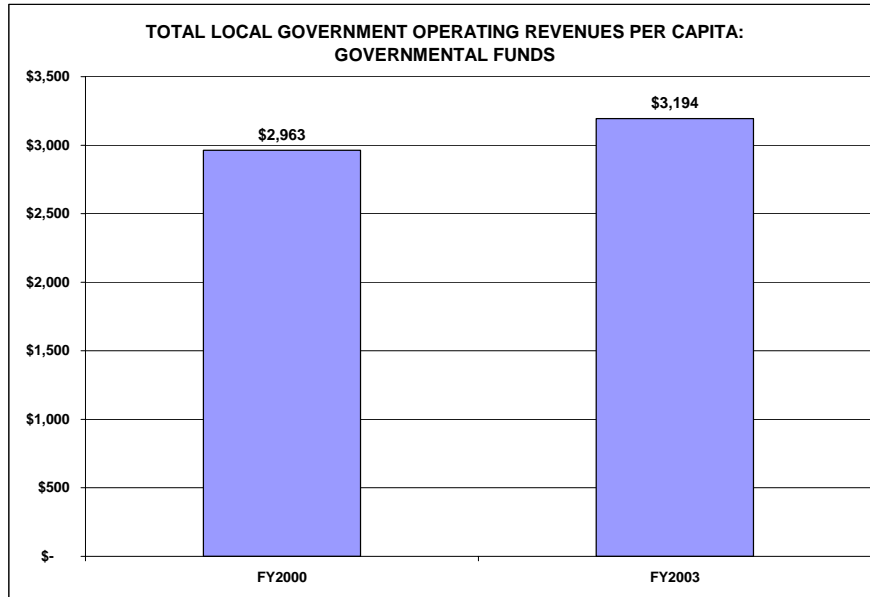
**Total Local Government Revenues: Governmental Funds**

The next exhibit presents trend information for local government revenues in FY2000 and FY2003 for the Governmental Funds. Governmental Fund revenues rose by 10.7% during the four-year period analyzed, representing a \$2.5 billion increase from \$23.9 billion to \$26.5 billion.

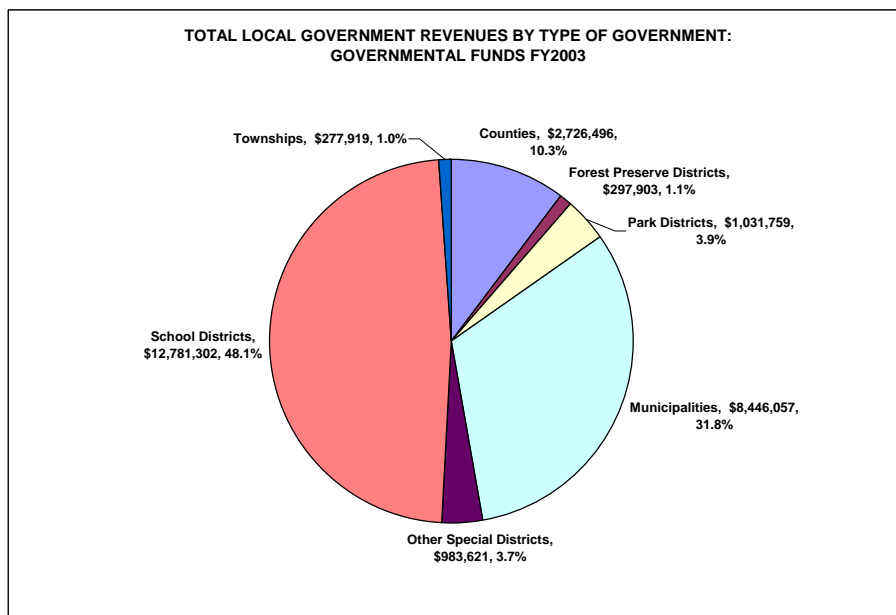


The next exhibit shows changes in revenues relative to changes in population for the Governmental Funds. Governmental Fund revenues per capita rose by 7.8% over the four-year

period of this study from \$2,963 to \$3,194. This contrasts with a 2.7% region-wide population increase.

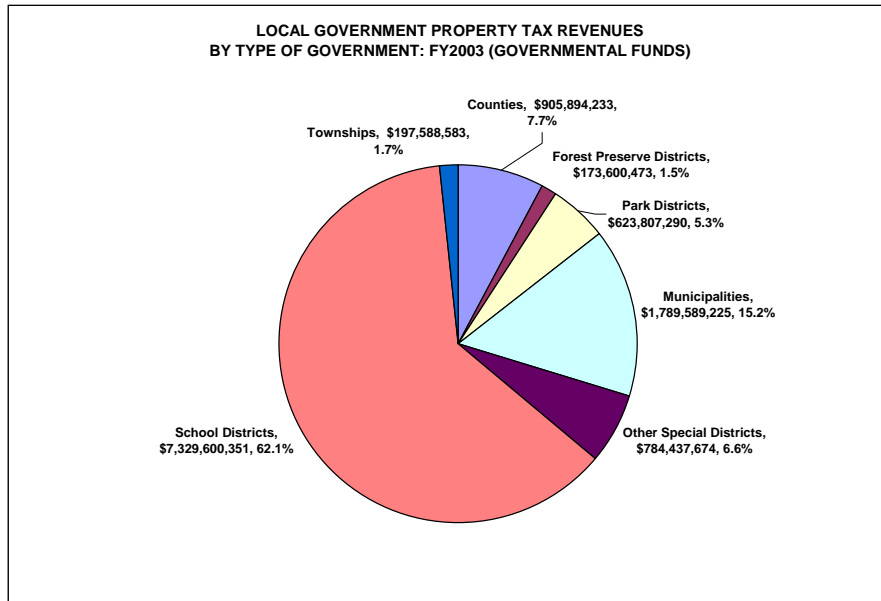


The distribution of operating revenues by type of government for FY2003 is shown below. Approximately 48.1% or \$12.7 billion of all operating revenues were school district revenues. The next largest distributions of operating revenues were earmarked for municipalities, with \$8.4 billion or 31.8% of the total and counties, which reported 10.3% or \$2.7 billion.



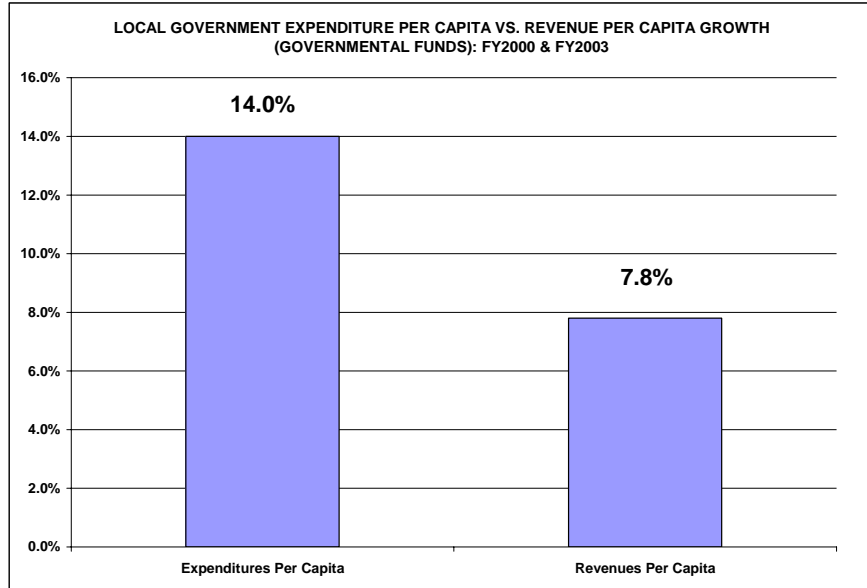
Property taxes are the most significant revenue source for local governments. The next exhibit illustrates the share of all Governmental Fund property tax revenues each type of government used. The overwhelming majority of property tax revenues are devoted to school districts.

Approximately \$7.3 billion out of \$11.8 billion in property tax revenues, or 62.1% of the total, were devoted to the schools. Municipalities and counties together consumed another 22.9% of total real estate tax revenues.



### Governmental Fund Expenditure Growth vs. Revenue Growth

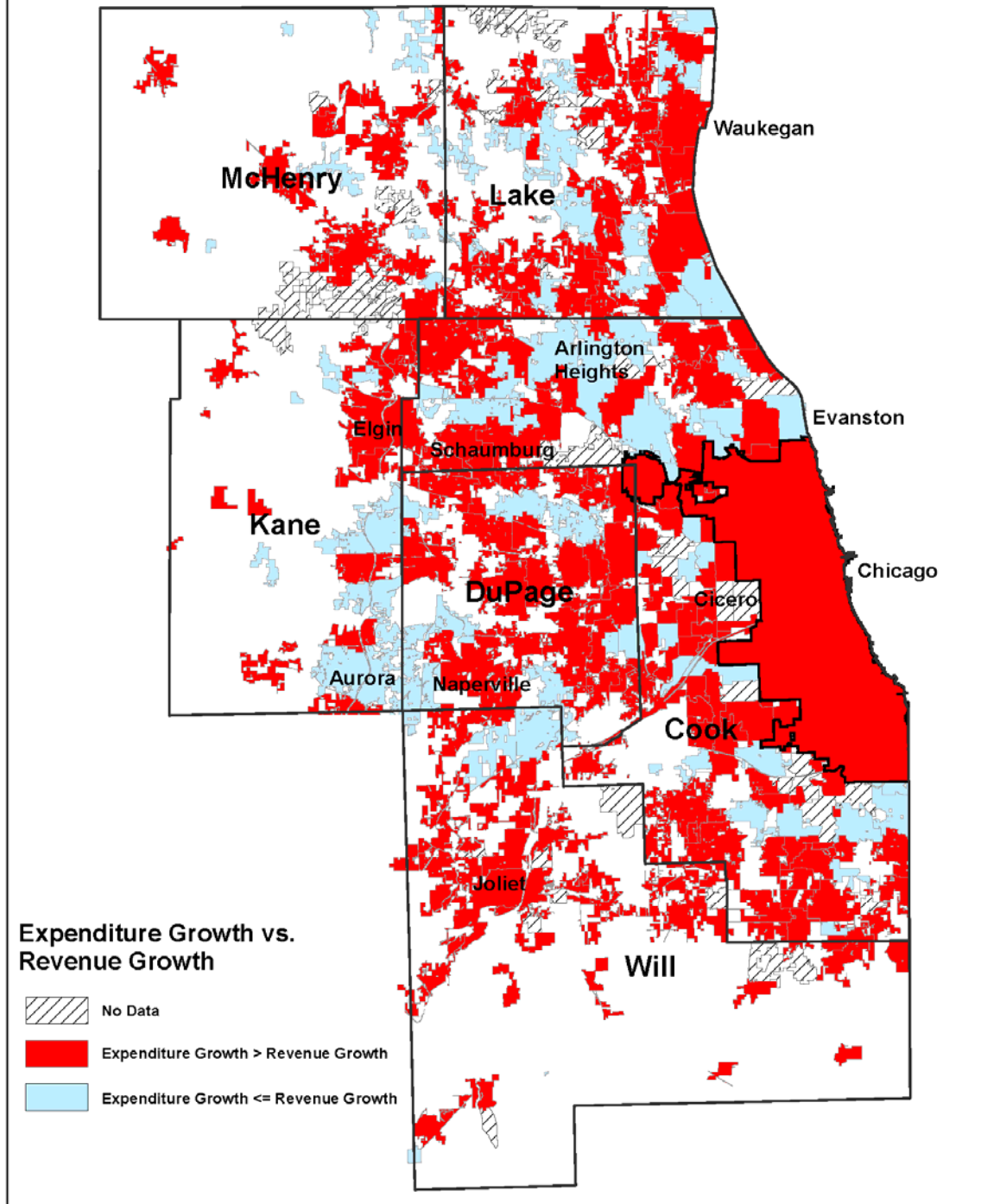
A comparison of local government expenditure and revenue per capita growth rates shows that expenditures grew faster than revenues between FY2000 and FY2003. Spending for the Governmental Funds grew by 14.0%, whereas revenue growth per capita for those same funds rose only 7.8%. This suggests that in the aggregate, local governments were entering into a situation which if not remedied in subsequent years would lead to fiscal stress as resources would be insufficient to fund budget priorities.



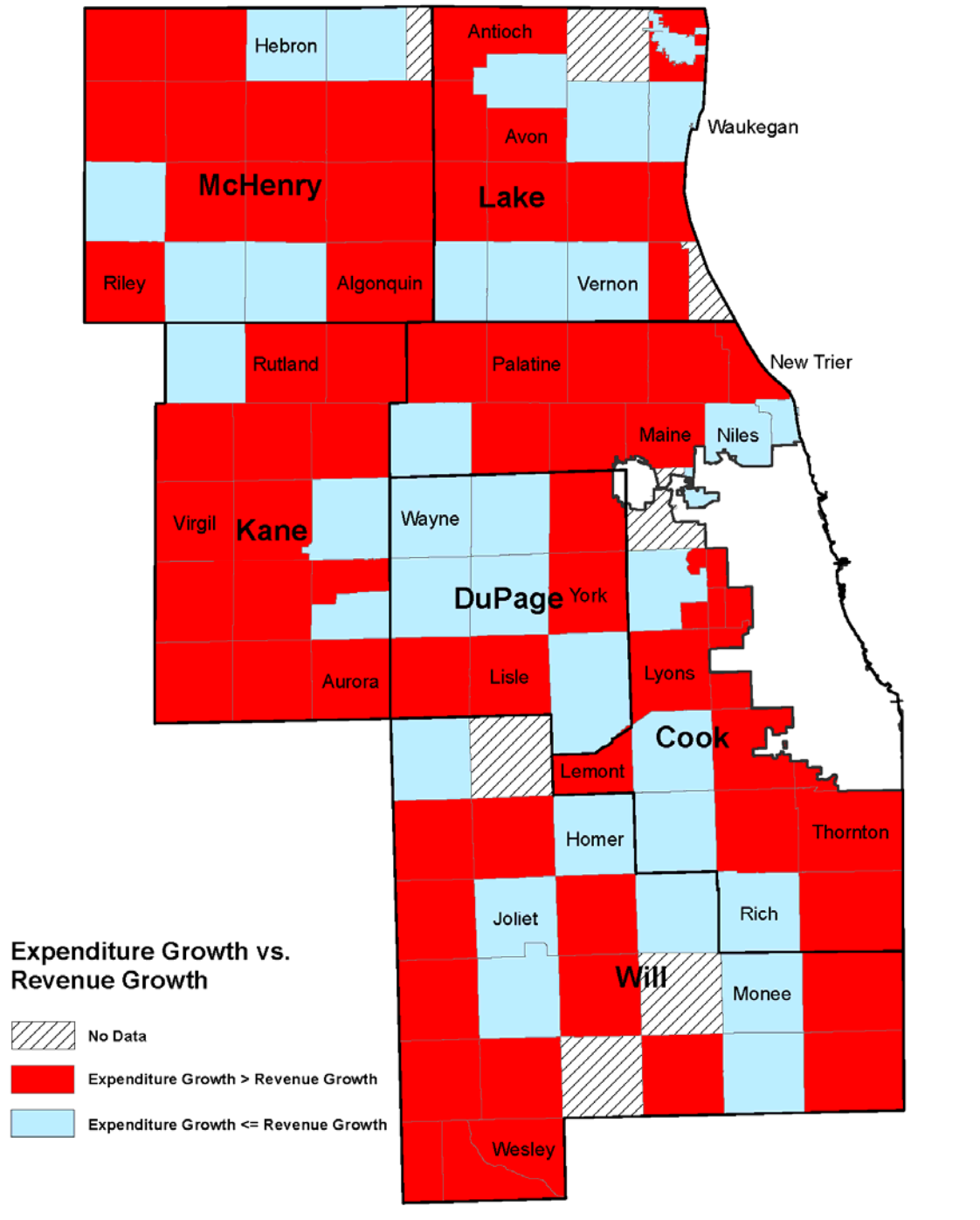
The following two pages illustrate expenditure growth as compared to revenue growth in the municipal and township governments of northeastern Illinois. Governments whose expenditures grew faster than revenues between 2000 and 2003 are shown in red.



Revenue Growth vs. Expenditure Growth, 2000 - 2003  
Six County Municipalities



**Revenue Growth vs. Expenditure Growth, 2000 - 2003**  
Six County Townships



### **Fund Balance: FY2000 and FY2003**

The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

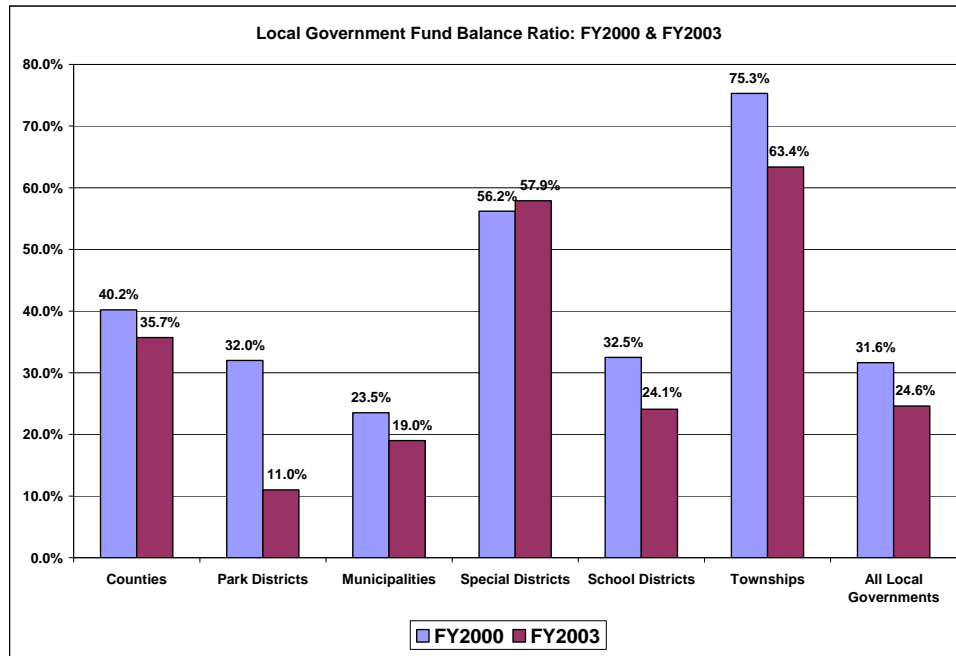
The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

As the exhibit shows, all types of local government except special districts reported declines in their fund balance ratios between FY2000 and FY2003. Overall, the local governments reported a decline from a 31.6% ratio in FY2000 to a 24.6% ratio four years later. This changed the fund balance rating for the governments from “Substantial” to “Adequate.” In dollar amounts, the local governments reported an aggregate unreserved fund balance of \$6.4 billion and expenditures of \$20.4 billion in FY2000 and an unreserved fund balance of \$5.8 billion and expenditures of \$23.8 billion in FY2003. The decline in fund balance ratio likely reflects governments reducing their reserves as expenditure growth outstripped revenue growth over the course of the four years studied. Other fund balance ratio report highlights include:

- Townships and special districts both reported fund balance ratios in excess of 50% in both years analyzed, earning their ratios a “High” rating;
- The special districts reported an increase in fund balance ratio from 56.2% to 57.9% between FY2000 to FY2003;

- Park districts experienced the largest decline in fund ratio, which dropped from 32.0% in FY2000 to 11.0% four years later. Most of the decrease was due to the reported negative fund balance for the Chicago Park District in FY2003.<sup>2</sup>

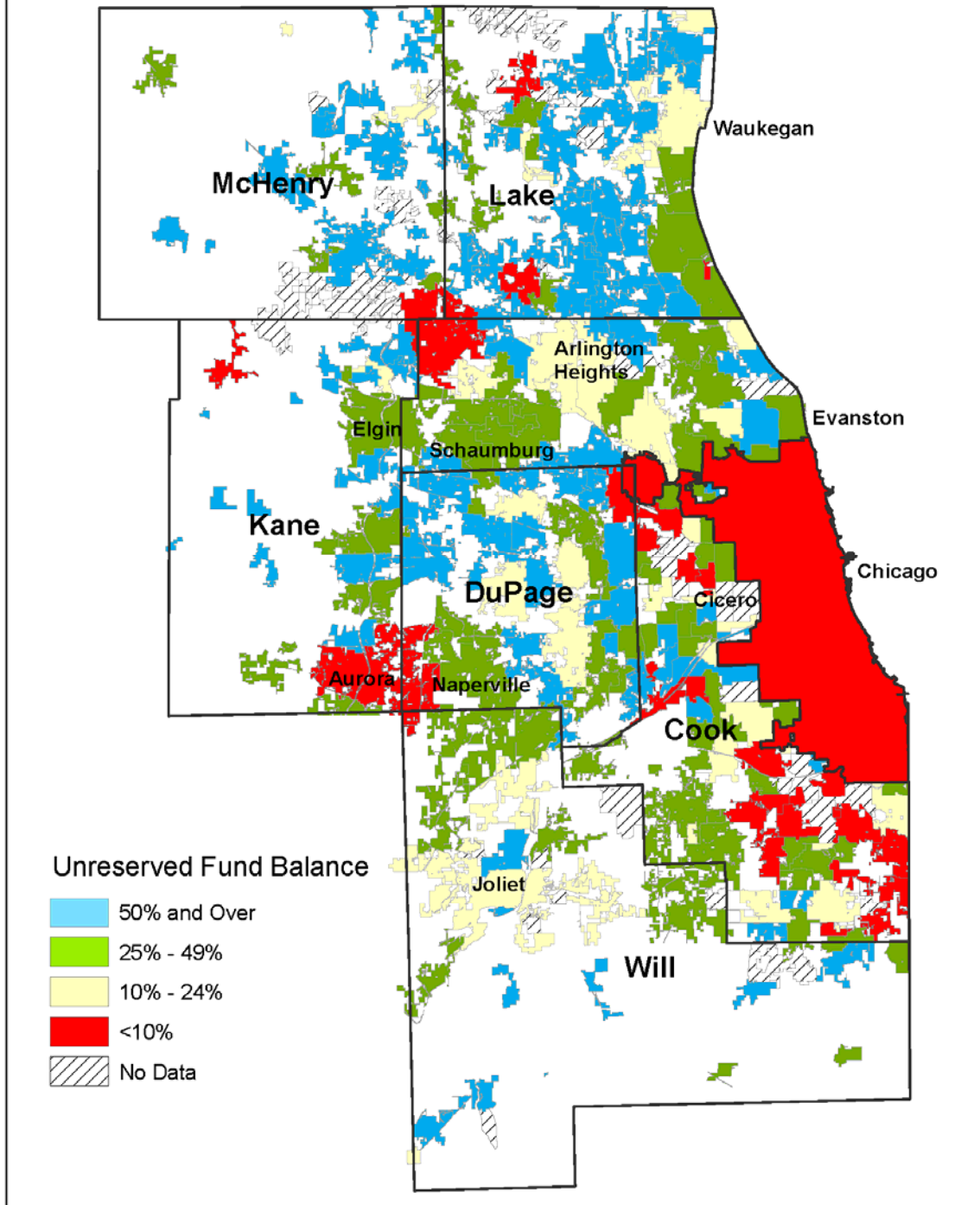


The following two pages illustrate unreserved fund balance in the municipal and township governments of northeastern Illinois in 2003. Governments with unreserved fund balances equal to less than 10% of General and Special Revenue Fund operating expenditures are shown in red.

<sup>2</sup> The negative fund balance occurred because the Chicago Park District eliminated its Working Cash Fund and transferred all assets and liabilities of that fund into its General Fund. Interfund receivables and payables were eliminated with the transfer. The fund balance of the former Working Cash Fund was then shown as a reserved fund amount under the fund balance of the General Fund. The reserved amount for this and contributions for other organizations exceeded the amount of fund balance available for that year, thereby producing a deficit situation.

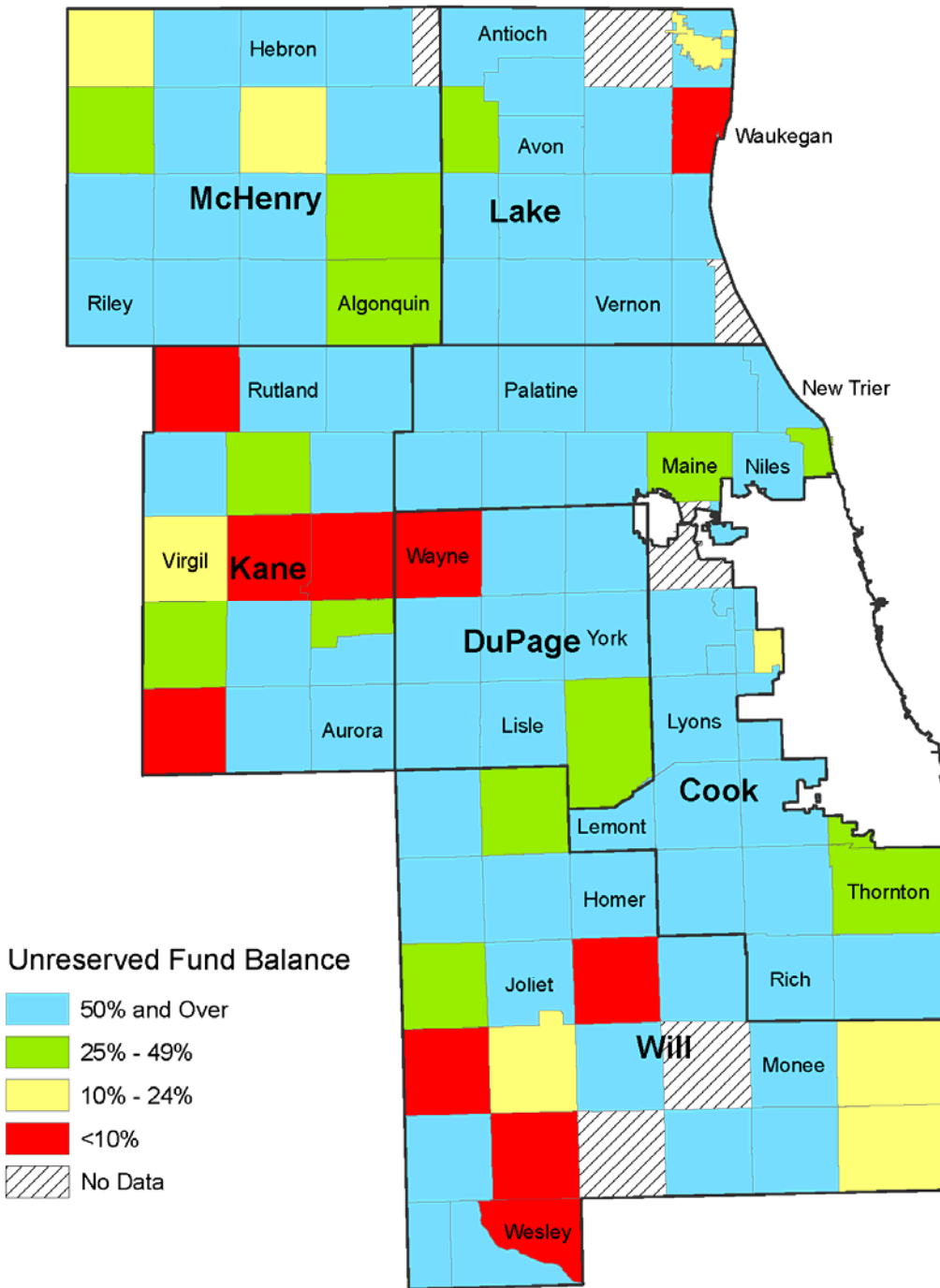
# Unreserved Fund Balance in 2003

Six County Municipalities



# Unreserved Fund Balance in 2003

Six County Townships



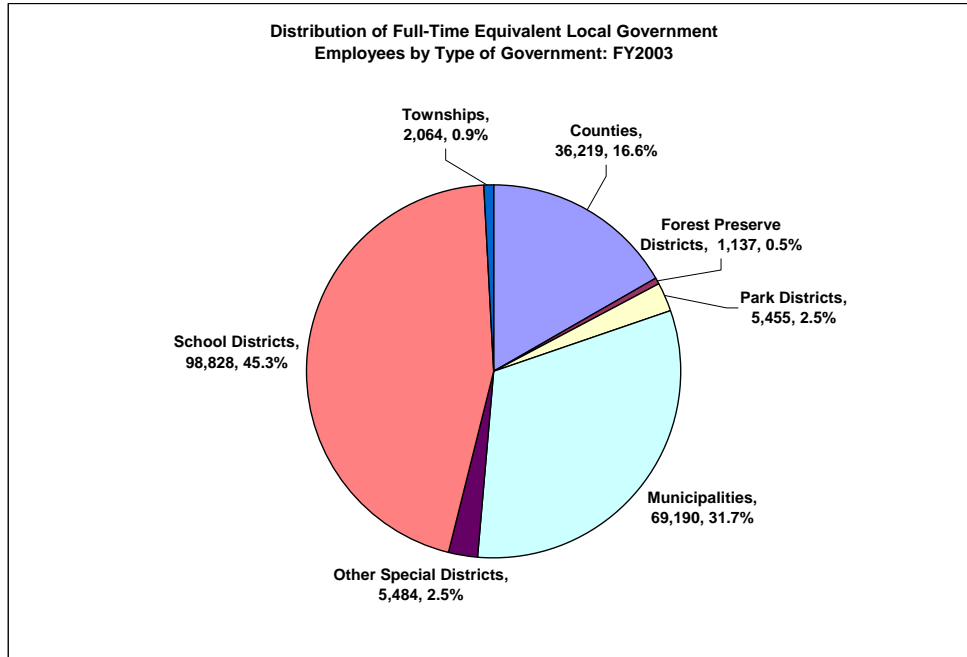
## Personnel Trends

The number of local government employees rose by 2.9% between FY2000 and FY2003, an increase of 6,247 full-time equivalent (FTE) positions from 212,130 to 218,377.

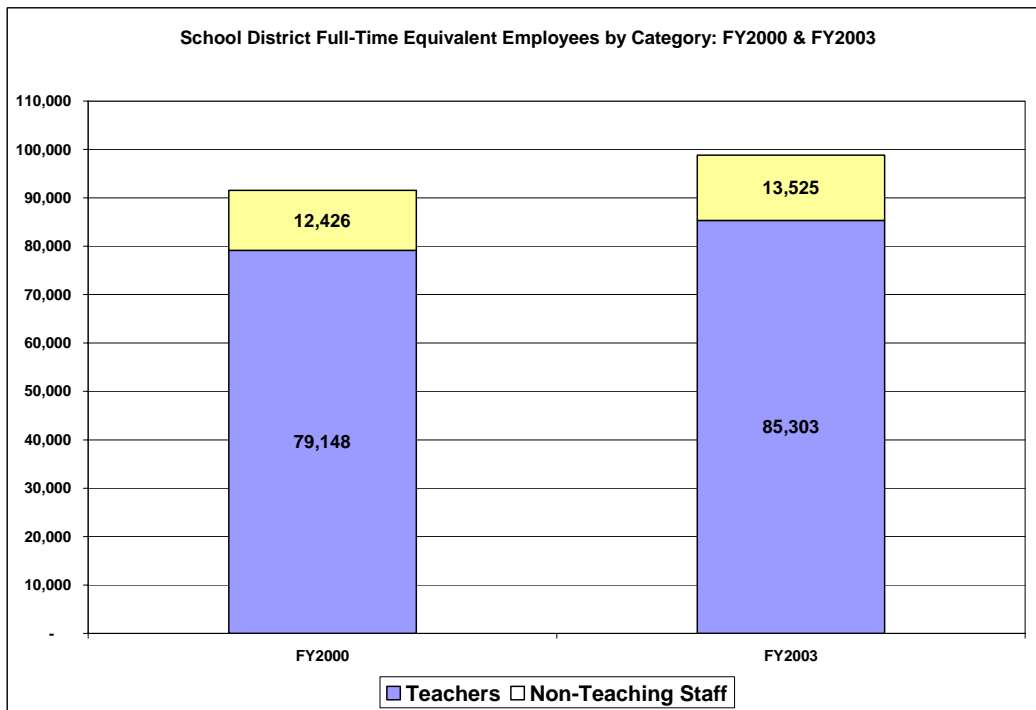
The number of FTE positions decreased for municipalities, counties, park districts, townships, and forest preserve districts. The largest decrease was in forest preserve districts, which reported a 33.4% fall in the number of FTEs due primarily to massive staff reductions by the Cook County Forest Preserve District. The reverse situation was true for school districts and other special districts. The number of school FTEs rose by 7.9% from 91,574 to 98,828. Special district employment increased from 5,213 to 5,484 or 5.2%.

<b>Local Government Employees: FY2000 &amp; FY2003</b>				
<b>Type of Government</b>	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
School Districts	91,574	98,828	7,254	7.9%
Municipalities	69,413	69,190	(223)	-0.3%
Counties	36,650	36,219	(431)	-1.2%
Other Special Districts	5,213	5,484	271	5.2%
Park Districts	5,483	5,455	(28)	-0.5%
Townships	2,089	2,064	(25)	-1.2%
Forest Preserve Districts	1,708	1,137	(571)	-33.4%
<b>Total</b>	<b>212,130</b>	<b>218,377</b>	<b>6,247</b>	<b>2.9%</b>

The next exhibit shows the distribution of local government employees by type of government in FY2003. It shows that the plurality of employees—45.3% of the total—worked for school districts. The region’s municipal governments employed the second largest number of FTEs or 31.7% of the total. The six county governments were next with 16.6% of the all employees or 35,219 FTEs.



The next exhibit shows the number of full-time equivalent employees in the school districts in the six-county region of northeastern Illinois in FY2000 and FY2003 by category. In both years approximately 86% of all FTEs were educators. The remaining employees were administrative and support staff.





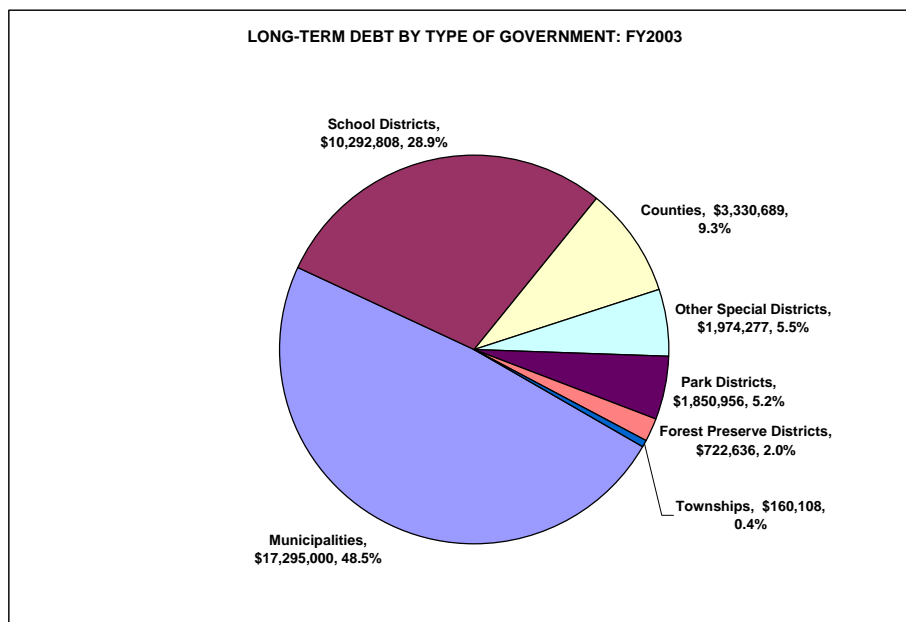
## Total Local Government Long-Term Debt Trends

Every category of local government registered increases in long-term debt issuance between FY2000 and FY2003. Governments issue long-term debt to pay for capital assets.

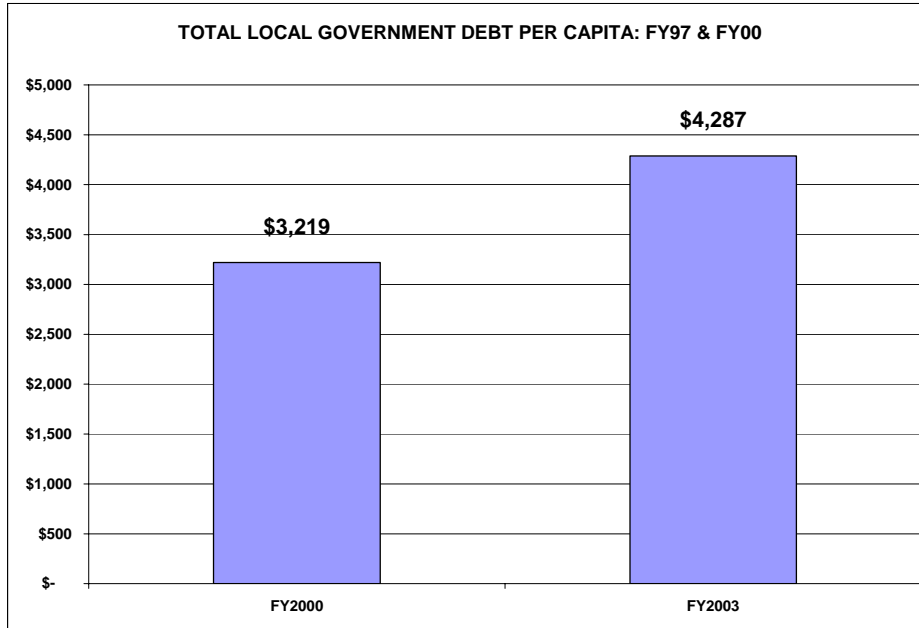
Overall, general obligation and revenue debt increased by \$9.5 billion or 36.8%. Increases for all types of government were far in excess of the region's 2.7% rate of population growth. The largest percentage increase in long-term debt issuance during the four-year period came from school districts, which reported a 45.3% increase. Townships ranked second as their debt rose by 41.6%, although the amount of total debt was relatively small. The municipal long-term debt burden registered the third largest percent increase, rising by 36.6% from \$12.6 billion to nearly \$17.3 billion. The county debt burden increase was fourth, rising by 35.8%.

TOTAL LOCAL GOVERNMENT GENERAL OBLIGATION & SPECIAL REVENUE DEBT: FY2000 & FY2003 (\$000s)				
Type of Government	FY2000	FY2003	\$ CHG	% CHG
Municipalities	\$ 12,660,000	\$ 17,295,000	\$ 4,635,000	36.6%
School Districts	\$ 7,084,729	\$ 10,292,808	\$ 3,208,079	45.3%
Counties	\$ 2,451,828	\$ 3,330,689	\$ 878,861	35.8%
Other Special Districts	\$ 1,597,028	\$ 1,974,277	\$ 377,249	23.6%
Park Districts	\$ 1,445,995	\$ 1,850,956	\$ 404,961	28.0%
Forest Preserve Districts	\$ 697,373	\$ 722,636	\$ 25,263	3.6%
Townships	\$ 113,058	\$ 160,108	\$ 47,050	41.6%
<b>TOTAL</b>	<b>\$ 26,050,011</b>	<b>\$ 35,626,474</b>	<b>\$ 9,576,463</b>	<b>36.8%</b>

Municipalities issued 48.5% of all local government debt in FY2003, by far the largest percent of the total. The next biggest group of issuers was the school districts, which issued 28.9% or \$10.2 billion in debt. The six counties in the Chicagoland region accounted for 9.3% of the long-term debt issued. The remaining governments combined issued a total of 13.2% or \$4.7 million in debt in FY2003.



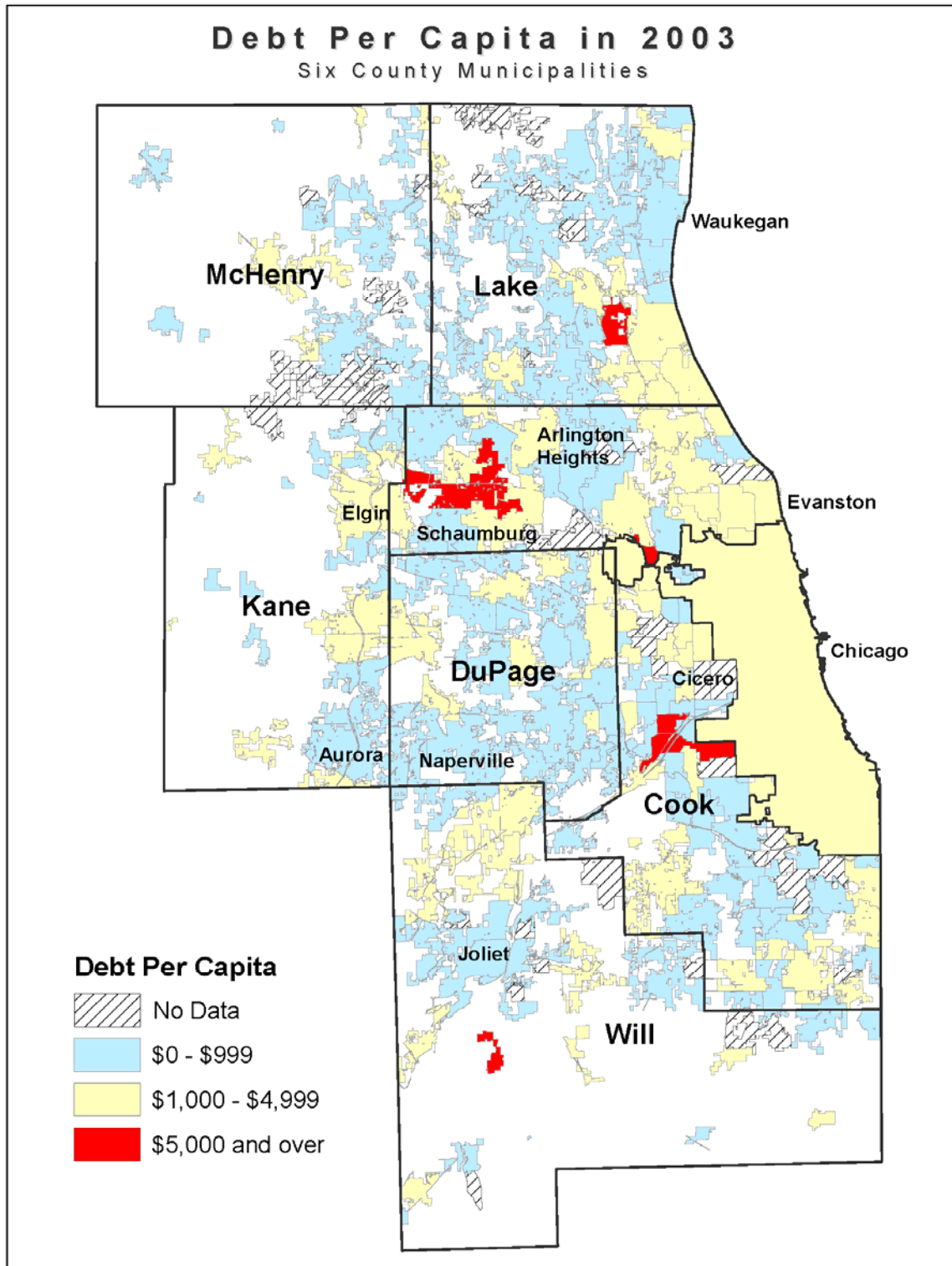
In per capita terms, long-term local government debt rose by 33.2% between FY2000 and FY2003 from \$3,219 to \$4,287. This rise was propelled in large part by the large increases in debt burden of municipalities and school districts during the four-year review period.



The following two pages illustrate debt per capita for the municipal and township governments of northeastern Illinois in 2003. Governments whose debt per capita was \$5,000 or more are shown in red.

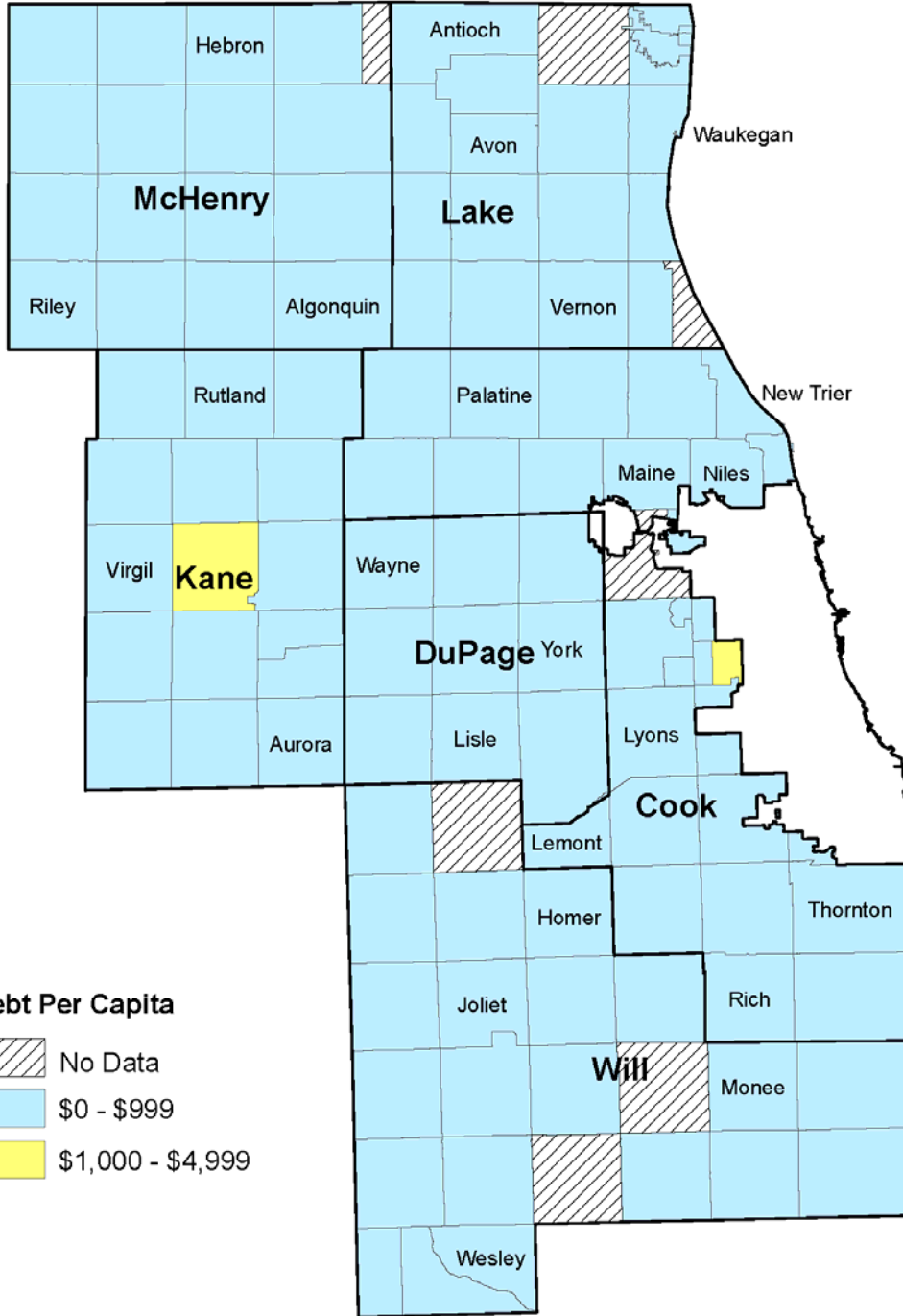
# Debt Per Capita in 2003

Six County Municipalities






# Debt Per Capita in 2003

Six County Townships



## Debt Per Capita

-  No Data
-  \$0 - \$999
-  \$1,000 - \$4,999

## COUNTIES

The Illinois Constitution creates two classes of county: Cook and all others. Two constitutional articles contain language pertaining to county-level government. Article VI contains language pertaining to the structure, selection, and operation of the circuit court, circuit clerks, and state's attorneys. Article VII contains language pertaining to the structure, powers, and duties of counties including Cook.

Counties perform a number of functions that have a direct impact on the lives of citizens. First and foremost, they are responsible for significant law enforcement activities, including the operation of the circuit courts, the sheriff's office, the state's attorney's and public defender's offices, and the county jails. Counties play a key role in assessing property, collecting property taxes, and disbursing tax monies to local units of government. They are also responsible for:

- Elections;
- Public health, including the operation of county hospitals;
- Recording of vital records such as deaths, births, and property deeds;
- County road systems; and
- Zoning in unincorporated areas.

### **The Structure of County Government in Illinois**

Article VII of the constitution requires that each county elect a sheriff, county clerk, and treasurer. Counties may choose to either elect or appoint a coroner, recorder, assessor, auditor, and such other offices as provided by law or county ordinance. All countywide elected officials serve for a four-year term. Any county office may be created or eliminated and the terms of office and manner of selection changed by countywide referendum. County offices other than sheriff, county clerk, and treasurer may be eliminated and the terms of office and manner of election changed by an act of the General Assembly. Offices other than sheriff, county clerk, treasurer, coroner, recorder, assessor, and auditor may be eliminated and the terms of office and manner of election changed by an act of the county board.

Article VI of the constitution details the powers and duties of those offices concerned with the administration of justice: the circuit court, the circuit court clerk, and the state's attorney. Even though county voters elect these officials and county boards of commissioners approve their budgets, they are considered state officials of the judicial branch of government. Thus, counties are legally not a co-employer of judicial branch employees and do not have control over number, salary, or employment conditions of circuit court personnel.<sup>3</sup>

The six counties are governed by boards of commissioners elected from single member or multimember districts. The DuPage and Kane County Board chairs, the Will County executive, and the president of the Cook County Board of Commissioners are elected on a countywide basis. The other county boards select a chair from their membership.

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<sup>3</sup> 127 IL2d 453.

COUNTY	BOARD OF COMMISSIONERS
Cook	Seventeen-member board of commissioners elected from single member districts. The president is elected countywide, and may also be elected as a commissioner (and always has been).
DuPage	Twenty-five-member board of commissioners. Twenty-four commissioners, with four elected from each of six districts. The county board chair is elected countywide.
Kane	Twenty-six-member board of commissioners. Twenty-five members are elected by district. The county board chair is elected countywide.
Lake	Twenty-three-member board of commissioners elected by district; board chair elected from membership.
McHenry	Twenty-four-member board of commissioners with four elected from each of six districts; the board chair is elected from membership.
Will	Twenty-seven-member board. Three members are elected from each of nine districts. The county executive is elected countywide.

### **The Unique Status of Cook County**

Cook County has a unique status under the Illinois Constitution and in Illinois law. It is the only Illinois county to have adopted home rule status. Home rule counties may exercise any power and perform any function unless expressly prohibited by the General Assembly or the constitution. As a home rule unit, Cook County has the power, subject to approval by referendum, to change its form of government, except in the prescribed methods of electing its county board.

Article VII of the state constitution specifies the method of election of the president of the Cook County Board of Commissioners and members of the board. Anyone seeking election countywide as president of the Cook County Board may also simultaneously seek election as a member of the county board. In practice, all county board presidents have also held a board seat. However, a candidate may be elected to the presidency without also winning a county board seat.<sup>4</sup>

For much of the county's history, board members were elected at-large from two districts, a majority group from one district in the city of Chicago and a smaller group from the other district in suburban Cook County. In 1994, the method of election was changed to provide for electing commissioners from single-member districts, as the constitution permits. Currently, the board has seventeen members.

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<sup>4</sup> See also Cook County Ordinance 10-15-73, p. 4769. Cook, DuPage, Kane, and Will Counties are the only counties to elect their chief executives.

## Financial Summary

Summary statistics for the six counties in northeastern Illinois are presented in the following sections. The data do not include information for component units such as forest preserve districts.<sup>5</sup>

There are 102 counties in Illinois. The six counties in northeastern Illinois have eight million residents, approximately 67% of the state's total population of twelve million. While Cook County reported no population change between FY2000 and FY2003 in its audited financial statements, the five collar counties reported an 8.1% increase from 2.7 million to 2.9 million in their reports to the state comptroller.

<b>County Population Changes: FY2000- FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
<b>Cook County</b>	<b>5,376,741</b>	<b>5,376,741</b>	<b>-</b>	<b>0.0%</b>
DuPage County	904,161	925,188	21,027	2.3%
Lake County	644,000	678,500	34,500	5.4%
Will County	502,266	586,704	84,438	16.8%
Kane County	404,119	457,122	53,003	13.1%
McHenry County	260,077	286,091	26,014	10.0%
<b>Subtotal Collar Counties</b>	<b>2,714,623</b>	<b>2,933,605</b>	<b>218,982</b>	<b>8.1%</b>
			-	
<b>Total All Counties</b>	<b>8,091,364</b>	<b>8,310,346</b>	<b>218,982</b>	<b>2.7%</b>

## Expenditures: Trends and Distribution by Category

Data are presented separately for Governmental and Proprietary Funds. Data from these funds cannot be combined because they use different bases of accounting. The Governmental Funds, which account for most operations of a typical government, employ the modified accrual basis of accounting. However, the Proprietary Funds, which account for activities that are financed and operated in a manner similar to a private business such as airports and parking garages, use full accrual accounting. This non-uniformity in accounting methods makes accurate comparisons impossible.

The following exhibits present trend information on expenditures from all six county governments in northeastern Illinois. The data were drawn from the FY2000 and FY2003 *Illinois Fiscal Responsibility Report Cards* published by the state comptroller.<sup>6</sup>

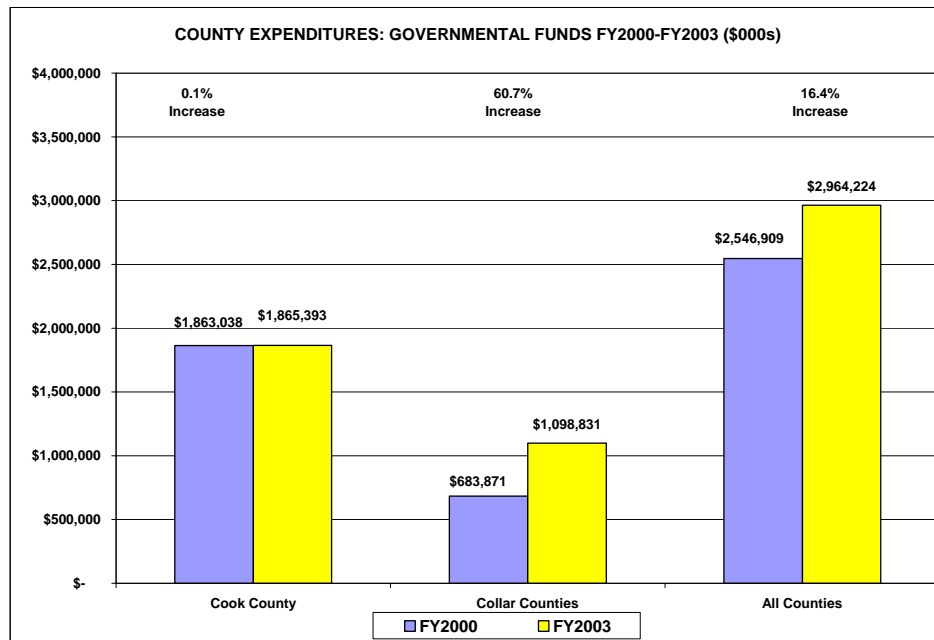
<sup>5</sup> Forest Preserve District data and analysis is presented in a following chapter of this report.

<sup>6</sup> Cook County 2000 expenditure figures were taken from the FY2000 *Cook County Comprehensive Annual Financial Report* as Cook County did not report data to the State Comptroller that year.

## Governmental Fund Expenditures

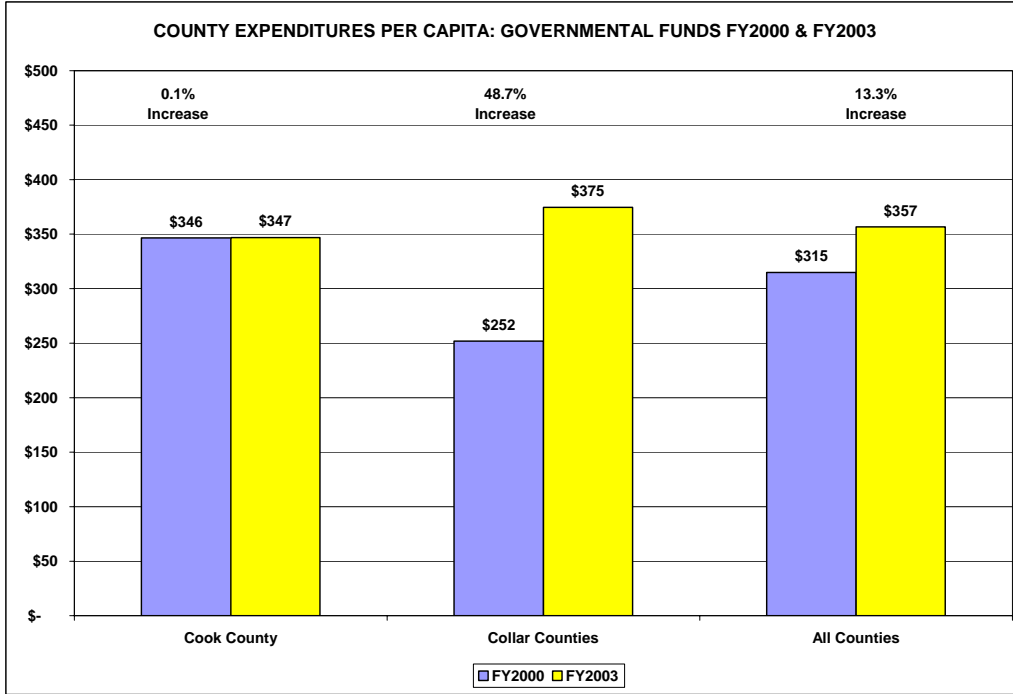
The exhibits that follow present spending for the four Governmental Funds—the General, Special Revenue, Debt Service, and Capital Projects Funds. They include both operating and capital expenditures.

The expenditures of county Governmental Funds rose by 16.4% during the four-year period, an increase from approximately \$2.5 billion to \$2.9 billion. Cook County expenditures represented the largest single portion of all regional county expenditures: 73.1% in FY2000 and 62.9% four years later. All county expenditures increased over six times as fast as population, rising 16.4% while population rose by 2.7%. However, it must be noted that Cook population remained flat, while collar county population grew by 8.1%. Collar county expenditures grew at a much faster rate between FY2000 and FY2003 than Cook County expenditures: 60.7% versus 16.4%.

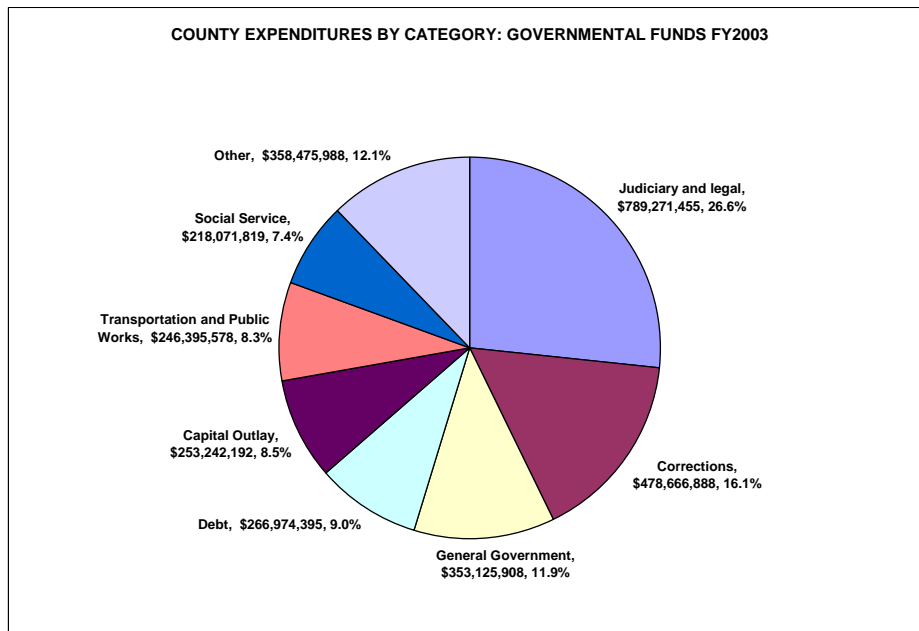


County per capita expenditures for all four Governmental Funds are presented below. They show a 13.3% increase in Governmental Fund spending. The increase in Cook County per capita spending was much smaller than the increase for the collar counties, rising by 0.1% (from \$346 to \$347) compared to 48.7% (\$252 to \$375).





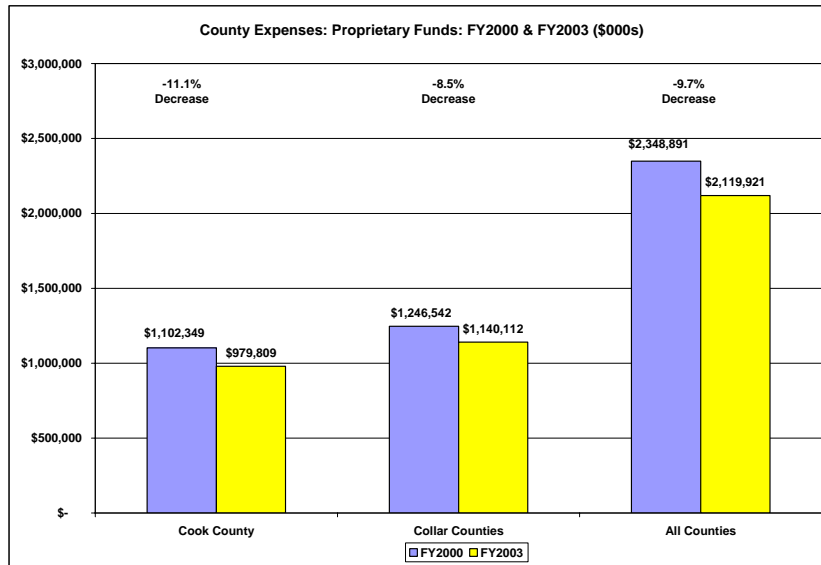
The pie chart below shows county operating expenditures in FY2003.<sup>7</sup> Judicial and legal activities, primarily the operation of court systems and related activities, used nearly 27% of all operating expenditures for a total of \$789.2 million. Correctional activities consumed 16.1% of all expenditures or \$478.6 million. Approximately \$353.1 million, or 11.9% of the total, was spent on General Government (i.e. administration).



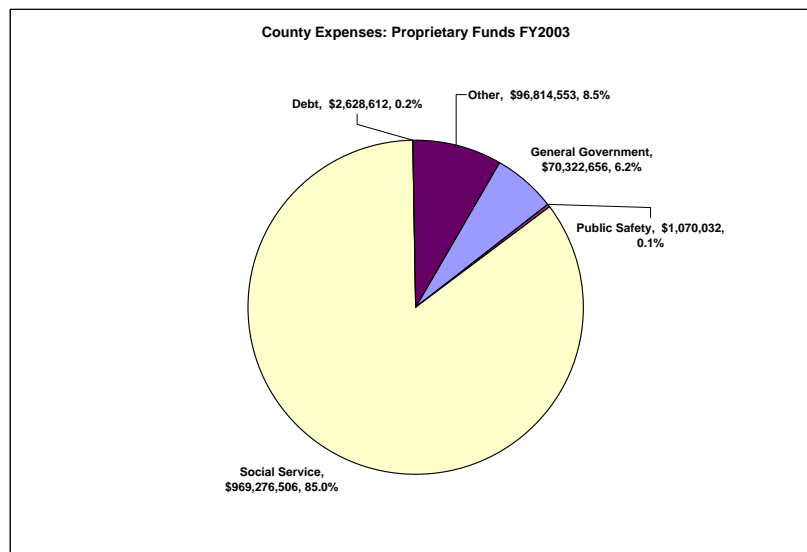
<sup>7</sup> Cook County Hospital is funded through the County's Proprietary Fund. Therefore, expenses for that operation are not recorded here. Health expenditures for the other counties are reported in their Governmental Funds.

## Proprietary Fund Expenses

Proprietary Fund expenses for all six counties in northeastern Illinois are presented in the next exhibit. Cook County's Health Facilities Proprietary Funds accounted for the vast majority of these types of expenses in FY2000 and FY2003. These funds consist primarily of resources for Cook County Hospital, Oak Forest Hospital, Provident Hospital, and the Cook County Department of Public Health. Overall, county Enterprise Fund expenses declined by 9.7% during the four-year period of this study, falling from \$2.3 billion to \$2.1 billion. Cook County Enterprise Fund expenses dropped by 11.1%, while collar county expenses fell by 8.5%.



The overwhelming majority of county Proprietary Fund expenses were earmarked for social services, especially public hospitals. In FY2003, fully 85.0% or \$969.2 million were provided to social service programs.



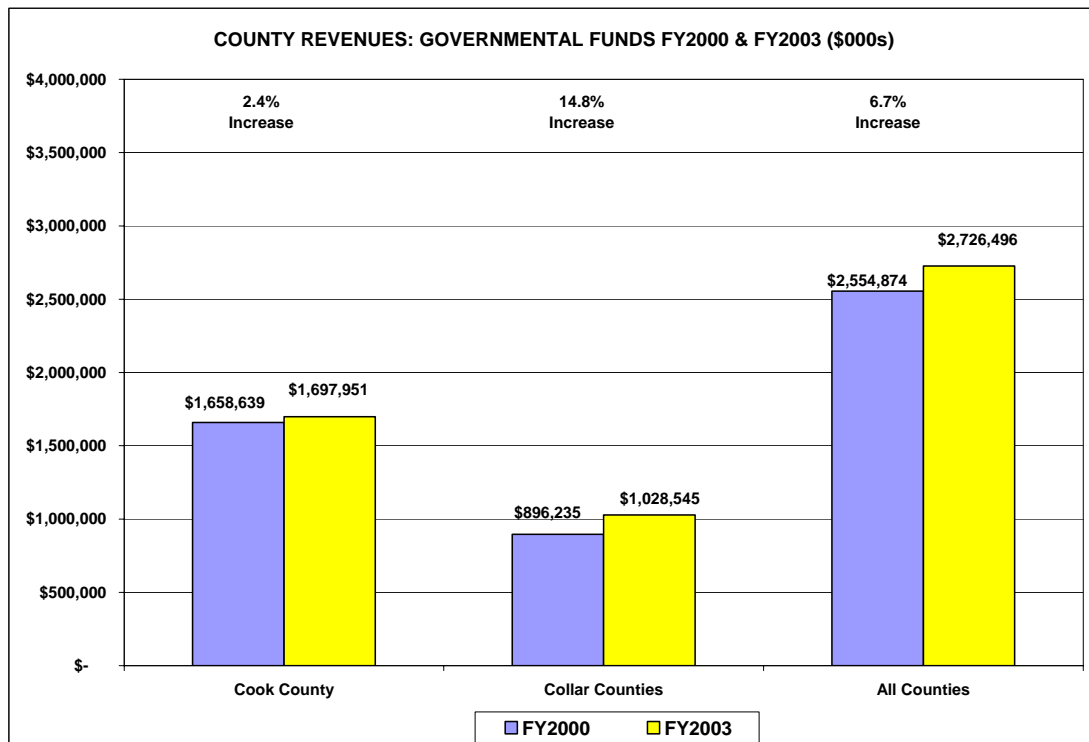
## Revenue Trends and Distribution by Major Category

Data are presented separately for Governmental and Proprietary Fund expenditures and revenues. They cannot be combined because they use different bases of accounting. The Governmental Funds, which account for most operations of a typical government, employ the modified accrual basis of accounting. However, the Proprietary Funds, which account for activities that are financed and operated in a manner similar to a private business such as airports and parking garages, use full accrual accounting. This non-uniformity in accounting methods makes accurate comparisons impossible.

### Governmental Fund Revenues

The exhibits that follow present information about spending for the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures.

County revenues from the four Governmental Funds increased by 6.7% between FY2000 and FY2003, which is a \$171.6 million increase from \$2.5 billion to \$2.7 billion. Revenue growth for Cook County rose by 2.4% during the period of the study; this is much smaller than the 14.8% increase for the other five counties in the region.

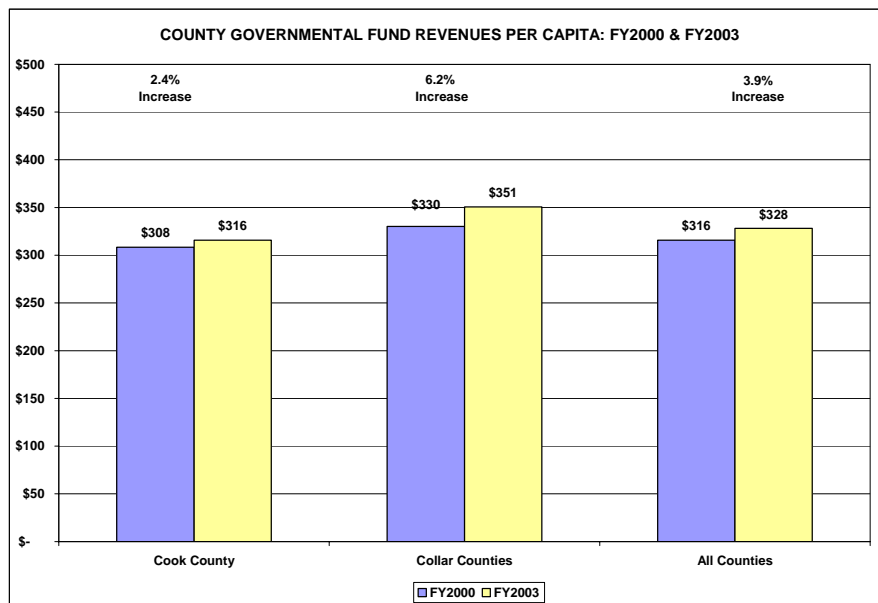


County revenues derive from a wide variety of federal, state, and local sources. The unique home rule status of Cook County ensures that it has access to a greater diversity of revenue sources than other counties. The following exhibit presents information about major categories of county

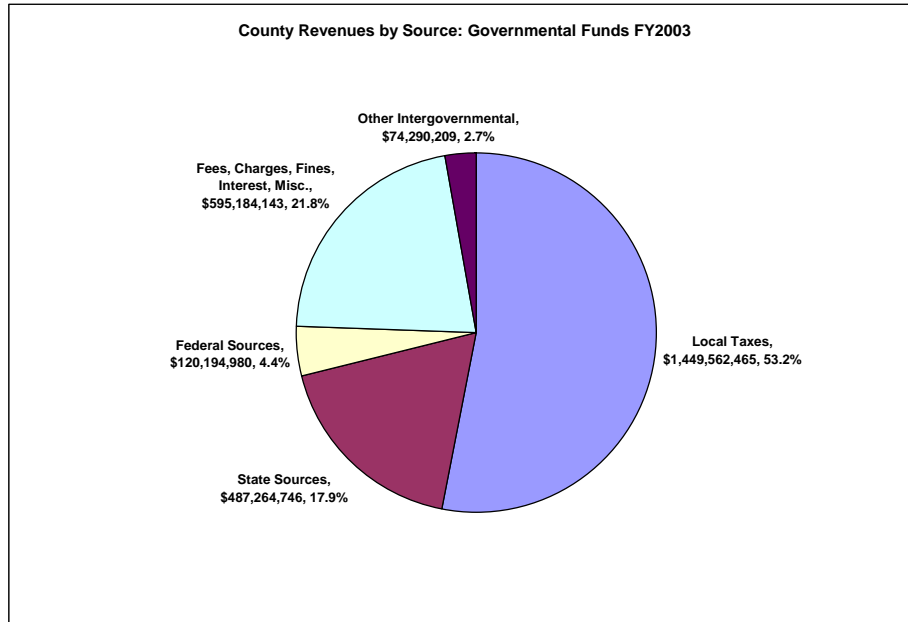
Governmental Fund revenues for FY2000 and FY2003. Property taxes were the largest single revenue source in both years. In FY2003 counties collected \$905.8 million in property taxes. Charges for services, including patient fees and court fees, ranked next with \$369.0 million collected in FY2003—a large 32.9% increase. Revenues generated from other local taxes, including various home rule taxes imposed by Cook County, rose from \$259.2 million in FY2000 to \$295.9 million four years later.

<b>County Revenues by Type: Governmental Funds FY2000 &amp; FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>\$ CHG</b>	<b>% CHG</b>
Property Tax	\$ 853,429,139	\$ 905,894,233	\$ 52,465,094	6.1%
Charges for services	\$ 277,788,003	\$ 369,091,105	\$ 91,303,102	32.9%
Other local taxes	\$ 279,224,874	\$ 295,953,258	\$ 16,728,384	6.0%
Sales tax (local)	\$ 226,260,421	\$ 247,714,974	\$ 21,454,553	9.5%
Other state sources	\$ 123,069,410	\$ 166,525,494	\$ 43,456,084	35.3%
State motor fuel tax	\$ 147,339,103	\$ 151,491,096	\$ 4,151,993	2.8%
Federal revenue	\$ 97,777,001	\$ 120,194,980	\$ 22,417,979	22.9%
Miscellaneous	\$ 84,194,776	\$ 100,719,775	\$ 16,524,999	19.6%
States sales tax	\$ 98,285,323	\$ 93,442,651	\$ (4,842,672)	-4.9%
Fines and forfeitures	\$ 63,699,211	\$ 81,825,053	\$ 18,125,842	28.5%
Other Intergovernmental	\$ 92,684,888	\$ 74,290,209	\$ (18,394,679)	-19.8%
State replacement tax	\$ 53,254,045	\$ 38,548,749	\$ (14,705,296)	-27.6%
State income tax	\$ 32,960,767	\$ 34,321,506	\$ 1,360,739	4.1%
Interest	\$ 100,861,069	\$ 22,805,170	\$ (78,055,899)	-77.4%
All licenses and permits	\$ 20,386,009	\$ 20,743,040	\$ 357,031	1.8%
Gaming income	\$ 3,660,293	\$ 2,935,250	\$ (725,043)	-19.8%
<b>TOTAL</b>	<b>\$ 2,554,874,332</b>	<b>\$ 2,726,496,543</b>	<b>\$ 171,622,211</b>	<b>6.7%</b>

Over the four years of this study, County Governmental Fund revenues per capita rose from \$316 to \$328 or by 3.9%. Revenues per capita increased at a rate that exceeded the region's 2.7% population growth.

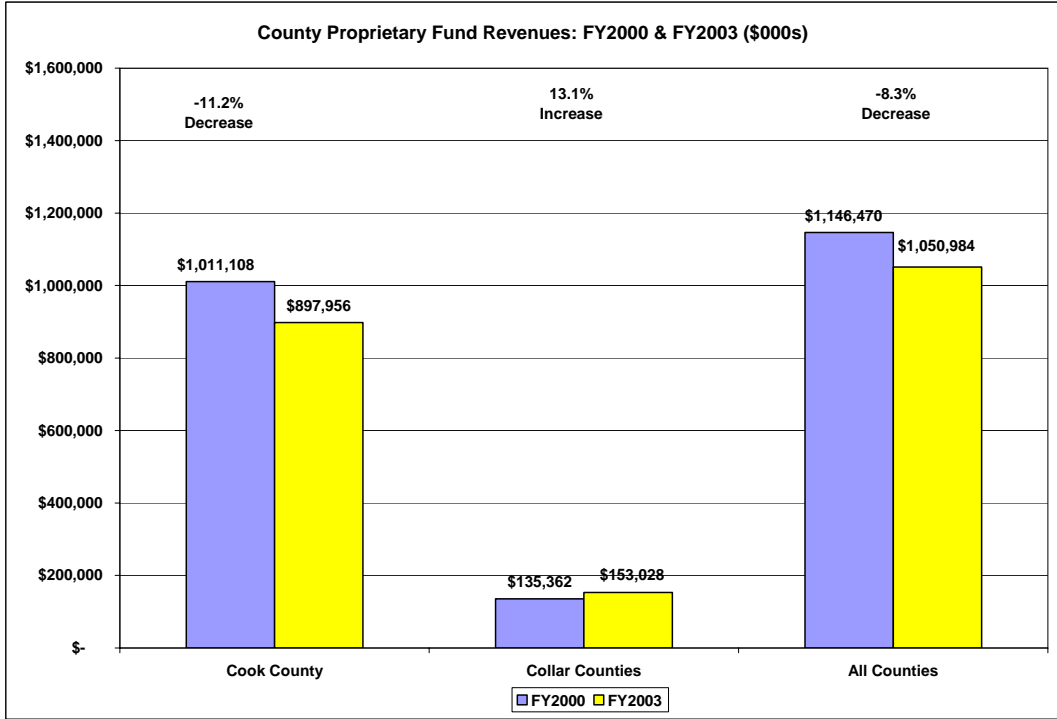


Local taxes constituted 53.2% of all county revenues in FY2003. Approximately 21.8% of all county revenues, \$595.1 million, were generated from fees, charges, and fines and other local sources. State source revenues provided \$487.2 million. Federal and miscellaneous unspecified intergovernmental revenue sources provided 4.4% and 2.7% of all operating revenues each.

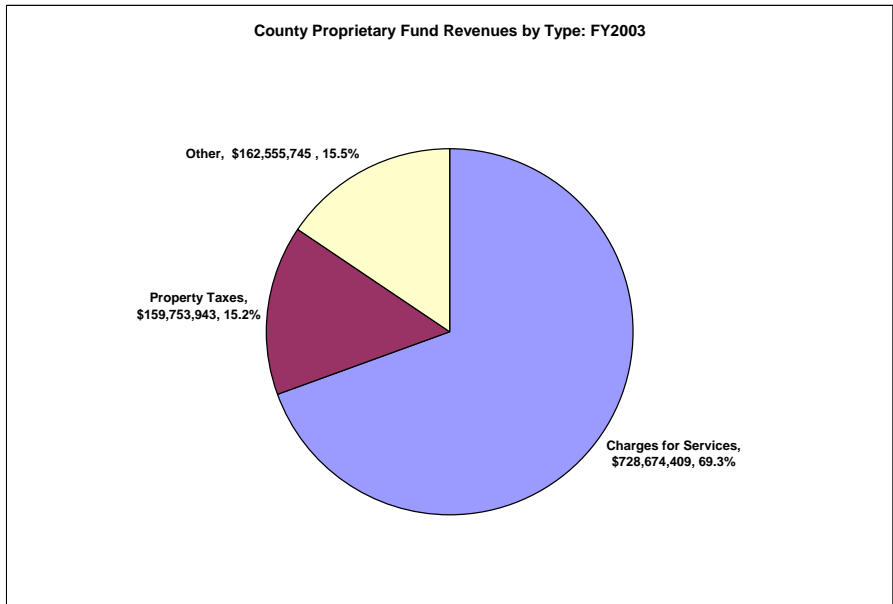


### Proprietary Fund Revenues

County Proprietary Fund revenues declined from \$1.1 billion to \$1.0 billion between FY2000 and FY2003, a decrease of \$95 million or 8.3%. Cook County revenues, primarily from county medical center patient fees, accounted for over 85% of all revenues in both years.

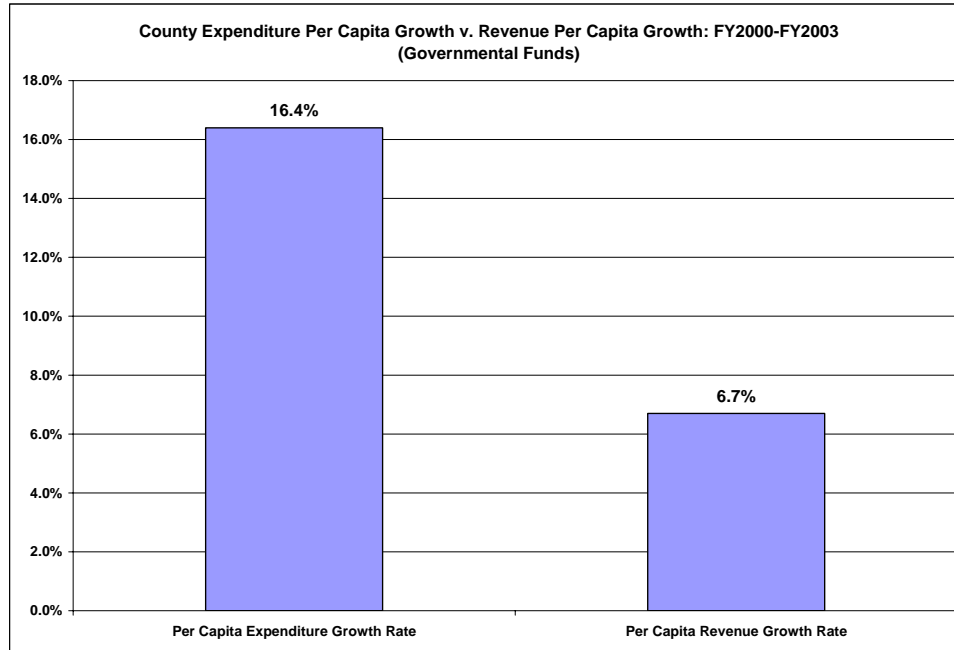


County Proprietary Fund revenues derived primarily from charges for services; 69.3% were from this source in FY2003. Property taxes accounted for the next largest sum with 15.2% of the total or \$159.7 million. The “Other” category, which accounted for 15.5% of all Proprietary Fund revenues, included sales taxes, federal revenues, and interest earnings.



## Governmental Fund Expenditure Growth vs. Revenue Growth

County per capita revenue growth lagged far behind expenditure growth rates from FY2000 to FY2003. While expenditures rose by 16.4% during the four-year period of this study, revenues only grew by 6.7%. This suggests that counties were entering into a financial situation which, if not remedied in subsequent years, would lead to fiscal stress as resources would be insufficient to fund budget priorities.



## Fund Balance: FY2000 and FY2003

The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

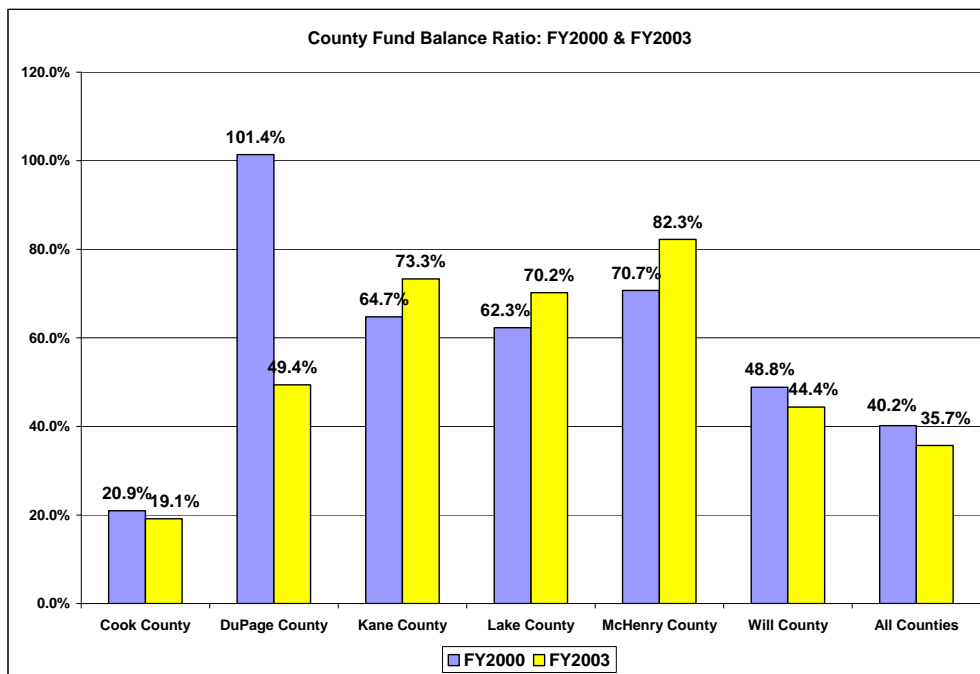
- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

As the exhibit shows, the counties in the region in the aggregate posted a “Substantial” fund balance ratio in both FY2000 and FY2003. However, the ratios for individual counties were quite different.

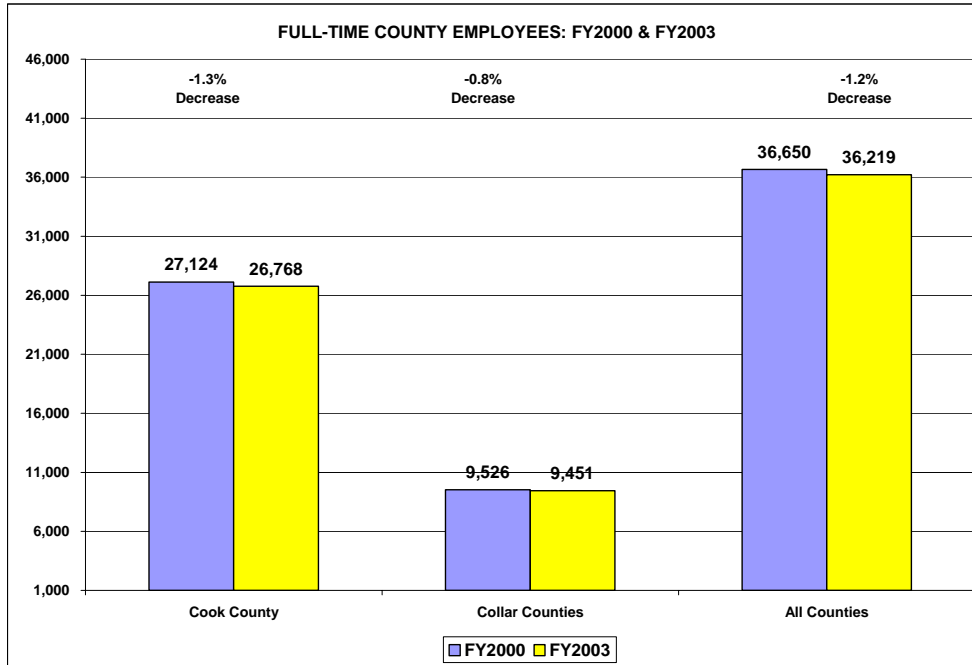
- Cook County reported a 20.9% fund balance ratio in FY2000 and 19.1% four years later. This rating is “Adequate.”
- DuPage County reported the highest ratio of all six counties with a 101.4% ratio in FY2000 and a steep drop to a 49.4% ratio four years later as the County drew down its fund balance. This earned DuPage County a “High” rating.
- Kane and Lake Counties had similar fund balance ratios in the “High” range. Both counties reported increases in their fund balance ratios in FY2003, putting their ratios above 67%.
- Will County’s ratio dropped slightly from 48.8% to 44.4% four years later, placing the ratio in the “Substantial” category.
- McHenry County’s fund balance ratio rose from 70.7% in FY2000 to 82.3% in FY2003, placing it in the “High” category.





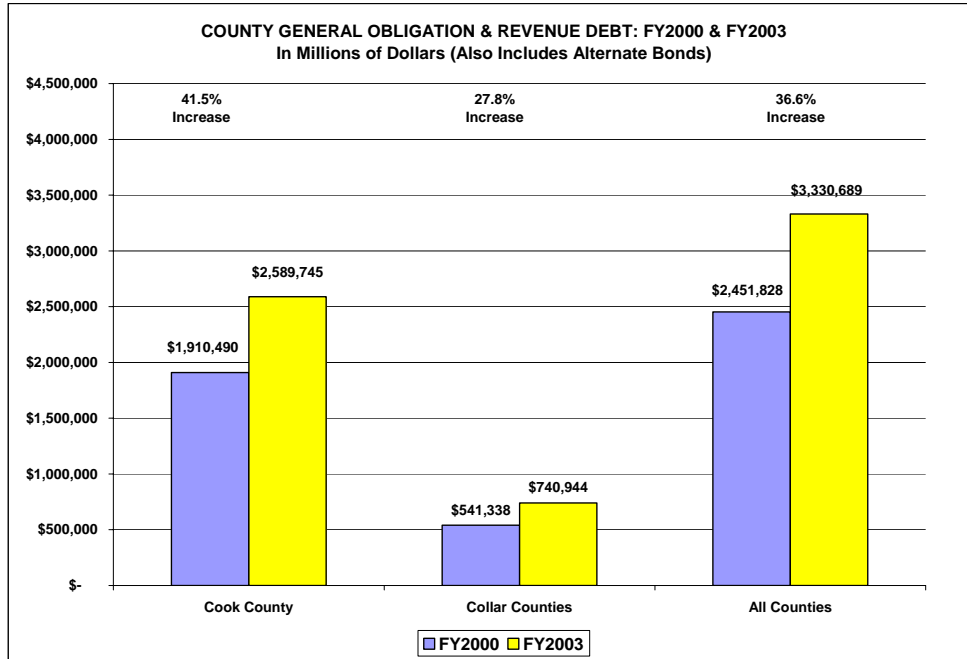
## Personnel Trends

The number of full-time county employees fell by 1.2% between FY2000 and FY2003. This represented a 431 position decrease from 36,650 full time equivalent (FTE) positions to 36,219. The percentage of all county employees working for Cook County dropped slightly from 74.0% to 73.9% in this period (27,124 to 26,768).

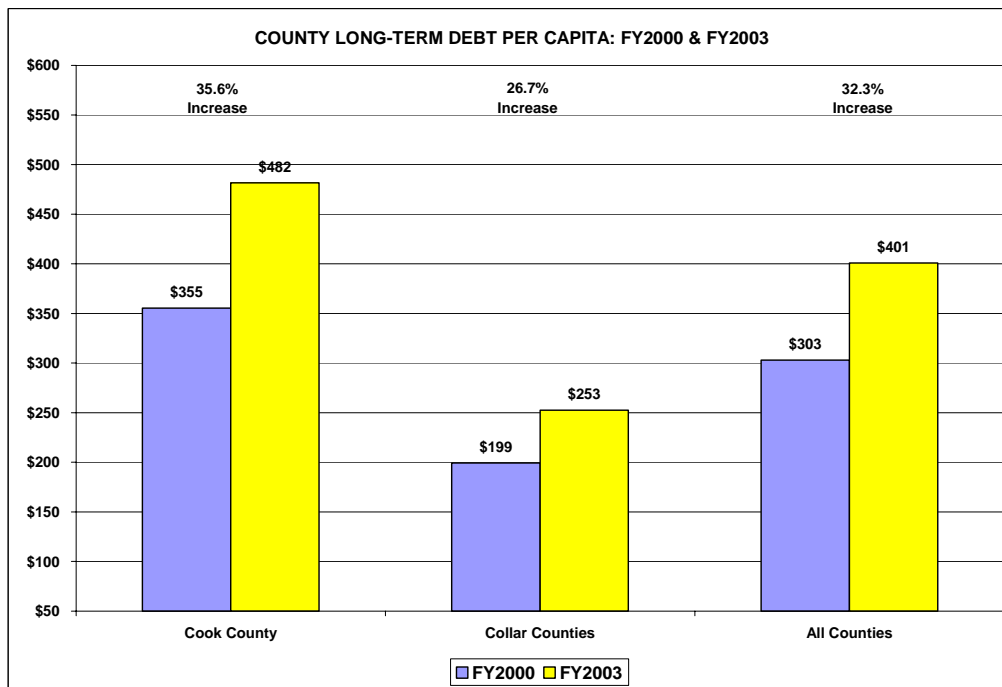


## Long-Term Debt Trends

The six counties in northeastern Illinois had \$3.3 billion in outstanding General Obligation and Revenue debt in FY2003. This was an \$878.8 million or 36.6% increase from FY2000. Cook County long-term debt rose 41.5% from \$1.9 billion to \$2.5 billion during the four-year period reviewed. This was a much faster rate of growth than the 27.8% increase reported for the five suburban collar counties. However, Cook County accounted for over 77% of all county debt outstanding in FY2000 and FY2003.



The last exhibit shows county long-term debt per capita. Cook County General Obligation and Revenue debt rose by 35.6%. Collar county debt also increased, though by the lesser amount of 26.7%. Long-term debt outstanding at year's end increased by 32.3% for the entire region, rising from \$303 to \$401.



## FOREST PRESERVE DISTRICTS

Forest preserve districts conserve open lands and provide recreational facilities and programs for area residents. More specifically, they are responsible for the maintenance and operation of lakes, picnic groves, golf courses, swimming pools, equestrian trails, snowmobile trails, and other recreational facilities and venues. These governments have the power to plan, establish, and maintain recreational programs, to levy property taxes, and to issue debt. As non-home rule units of government, they are subject to tax caps on property tax extension increases.

Five of the six counties in northeastern Illinois have a forest preserve district. The districts are governed either by a separate elected board of commissioners (e.g., DuPage County) or by the county board of commissioners acting in a separate legal capacity as the forest preserve board. McHenry County has a conservation district that performs many of the functions of a forest preserve district. Data for that district is included in the chapter on special districts.

### Financial Summary

Summary statistics for the municipalities in northeastern Illinois are presented in the following sections. The data include information on expenditures and revenues from forest preserve district Governmental Funds. Data are presented separately for the Cook County Forest Preserve Districts and the four collar county districts.

Population figures for the forest preserve districts are the same as those for the counties with which the districts are coterminous. Between FY2000 and FY2003, the regional population living within these forest preserve district boundaries rose by 2.5%, and the population living within the boundaries of collar county forest preserve districts increased by 7.8%.

<b>Forest Preserve District Population Changes: FY2000- FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
<b>Cook County FPD</b>	5,376,741	5,376,741	-	0.0%
<b>Collar County Districts</b>	2,454,902	2,647,514	192,612	7.8%
<b>All Districts</b>	<b>7,831,643</b>	<b>8,024,255</b>	<b>192,612</b>	<b>2.5%</b>

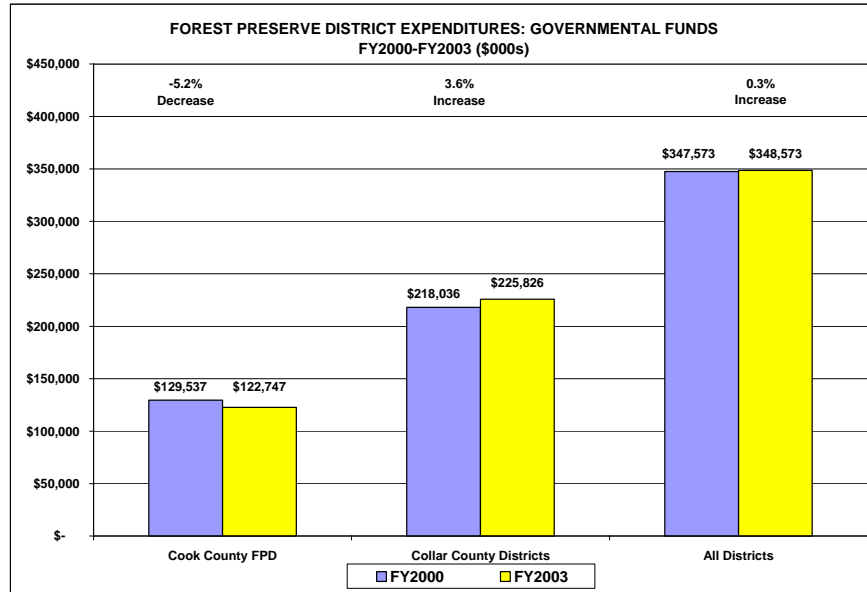
Data are presented separately for Governmental and Proprietary Fund expenditures and revenues. They cannot be combined because they use different bases of accounting. The Governmental Funds, which account for most operations of a typical government, employ the modified accrual basis of accounting. However, the Proprietary Funds, which account for activities that are operated like a business such as landfills and parking garages, use full accrual accounting. This non-uniformity in accounting methods makes accurate comparisons impossible.

### Expenditures: Trends and Distribution by Major Category

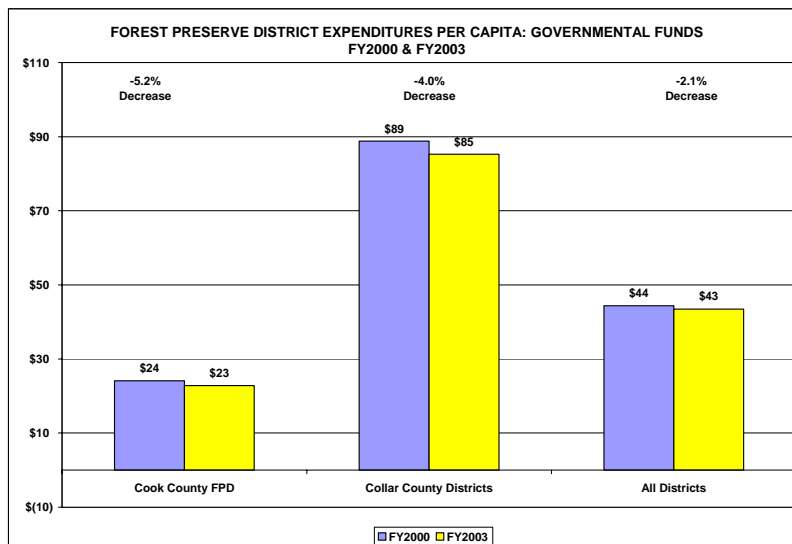
The next three exhibits present information on the amount spent by all forest preserve districts in the region in their Governmental Funds. The data are drawn from the FY2000 and FY2003 Illinois Fiscal Responsibility Report Cards published by the Office of the State Comptroller.

## Governmental Fund Expenditures

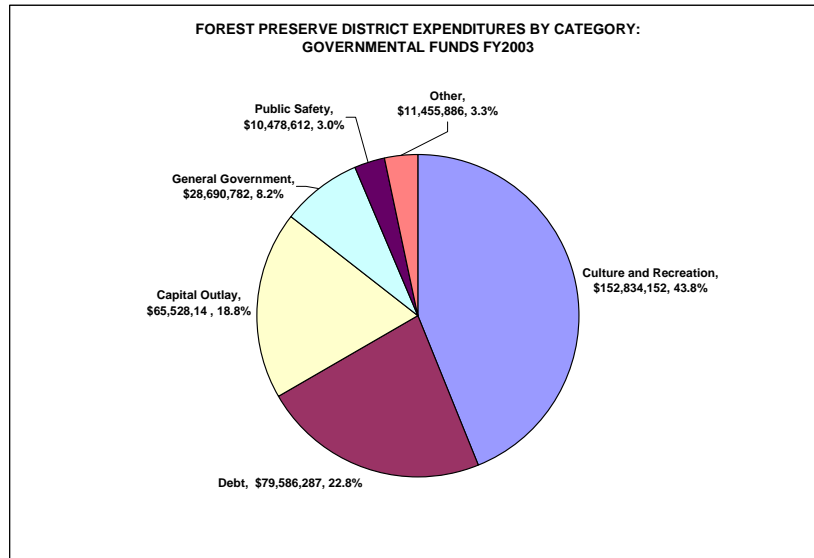
Governmental Fund expenditures rose by \$1.0 million or 0.3% between FY2000 and FY2003. These figures represent spending for the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures. The Cook County Forest Preserve District reported a decrease of 5.2% during this four-year time period, primarily because of staff reductions. The collar county forest preserve districts reported a 3.6% increase in spending from \$218.0 million to \$225.8 million.



Forest preserve district Governmental Fund per capita expenditure trends decreased by 2.1% over the four-year period of this study. During the same period, Cook County Forest Preserve District per capita spending declined by 5.2% from \$24 to \$23, and collar county forest preserve district Governmental Fund spending decreased by 4.0% from \$89 to \$85.

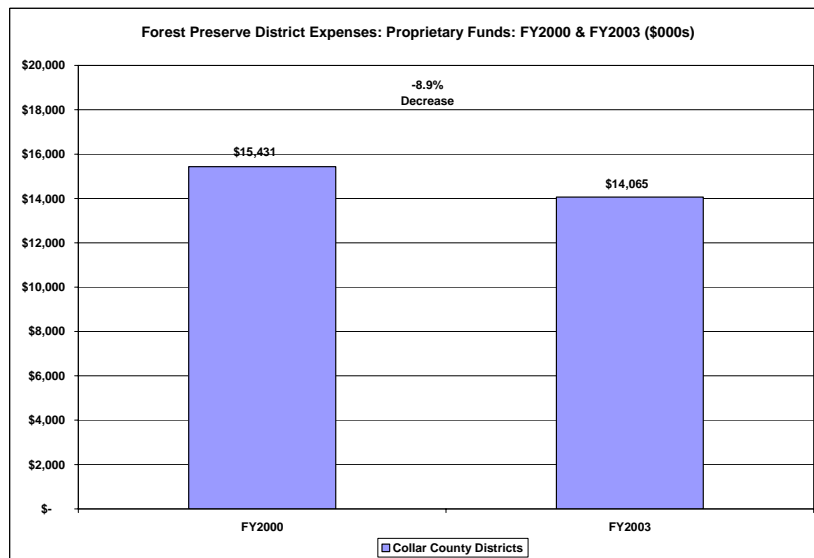


The most significant portion of forest preserve district expenditures are earmarked for culture and recreation with 43.8% of all operating expenditures devoted to those types of activities. Debt service consumes the next largest amount of expenditures, 22.8% of the total. Lesser percentages are expended on general government (i.e. administrative operations), public safety, and capital outlay. The “Other” category includes transportation, public works, and legal services.

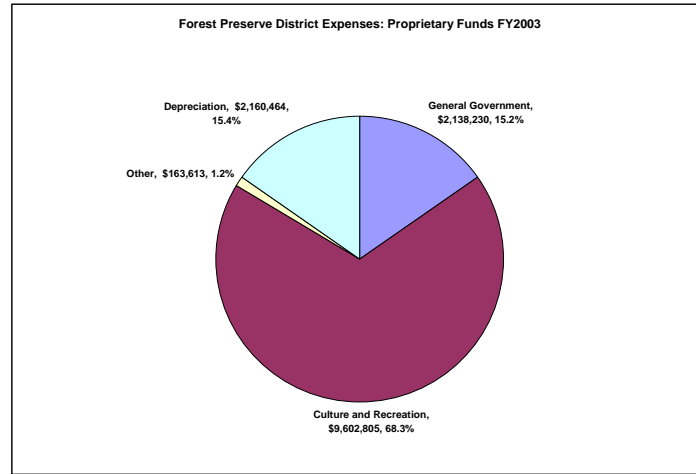


Proprietary Fund Expenses

The next exhibit presents data on forest preserve district Proprietary Fund expenses. The Cook County Forest Preserve District reported no Proprietary Fund expenditures. Over the four-year period of this study, expenses for collar county forest preserve district business-type enterprises decreased from \$15.4 million to \$14.0 million or by 8.9%.



Culture and recreation was the number one forest preserve district Proprietary Fund expense in FY2003 at 68.3% or \$9.6 million. It was followed by depreciation expenses at 15.4% and general government expenses at 15.2% of the total.

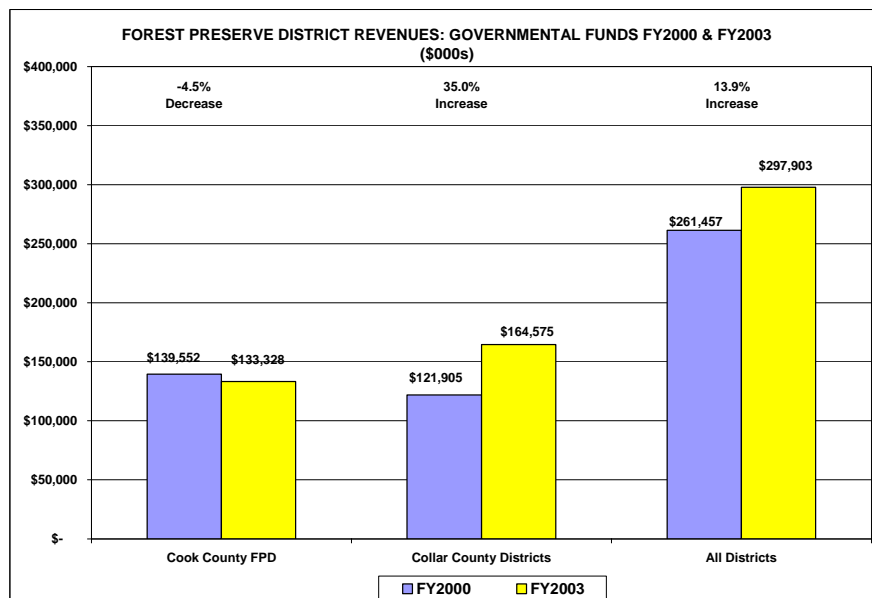


### Revenue Trends and Distribution by Major Category

The next group of exhibits presents information about forest preserve district revenue trends for the four Governmental Funds and Proprietary Funds.

#### Governmental Fund Revenues

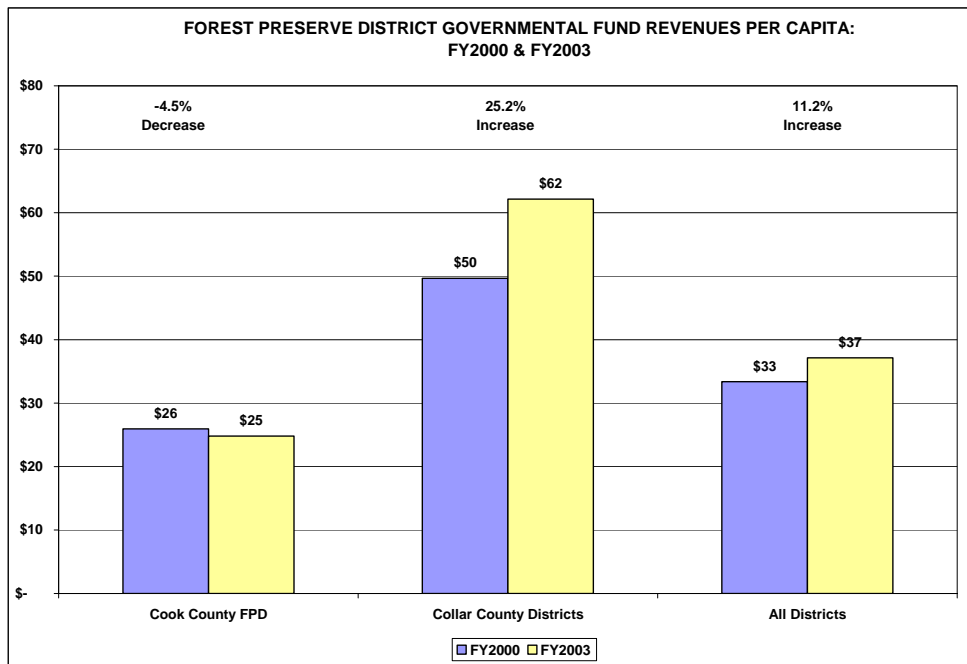
Governmental Fund revenues rose by 13.9% or from \$261.4 million to \$297.9 million between FY2000 and FY2003. In dollar terms, this represents a \$36.4 million increase. In this four-year period, Cook County Forest Preserve District revenues fell by 4.5%, while revenues for collar county districts rose by 35.0%.



Property taxes and charges for services are the two most significant sources of forest preserve district Governmental Fund revenues, accounting for 73.4% of all revenues in FY2003.

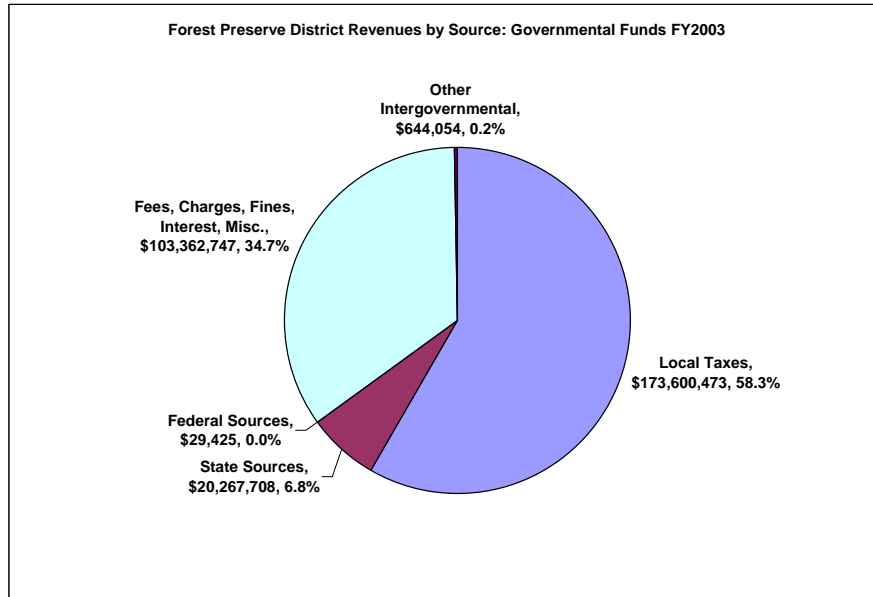
<b>Forest Preserve District Revenues by Type: Governmental Funds FY2000 &amp; FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>\$ CHG</b>	<b>% CHG</b>
Property Tax	\$ 146,503,951	\$ 173,600,473	\$ 27,096,522	18.5%
Charges for services	\$ 39,870,672	\$ 45,192,345	\$ 5,321,673	13.3%
Miscellaneous	\$ 37,411,764	\$ 27,635,483	\$ (9,776,281)	-26.1%
Interest	\$ 24,760,885	\$ 24,814,717	\$ 53,832	0.2%
Other state sources	\$ 1,466,058	\$ 13,010,077	\$ 11,544,019	787.4%
State replacement tax	\$ 7,258,811	\$ 7,257,631	\$ (1,180)	0.0%
Licenses and permits	\$ 1,502,837	\$ 5,676,062	\$ 4,173,225	277.7%
Other Intergovernmental	\$ 2,143,497	\$ 644,054	\$ (1,499,443)	-70.0%
Fines and forfeitures	\$ 53,873	\$ 44,140	\$ (9,733)	-18.1%
Federal revenue	\$ 485,642	\$ 29,425	\$ (456,217)	-93.9%
<b>Total</b>	<b>\$ 261,457,990</b>	<b>\$ 297,904,407</b>	<b>\$ 36,446,417</b>	<b>13.9%</b>

Revenues per capita for forest preserve district Governmental Funds increased by 11.2% between FY2000 and FY2003, rising from \$33 to \$37. Collar county forest preserve district per capita revenues rose by 25.2% or from \$50 to \$62. However, Cook County Forest Preserve District revenues per capita decreased during this time period by 4.5%, declining from \$26 to \$25.



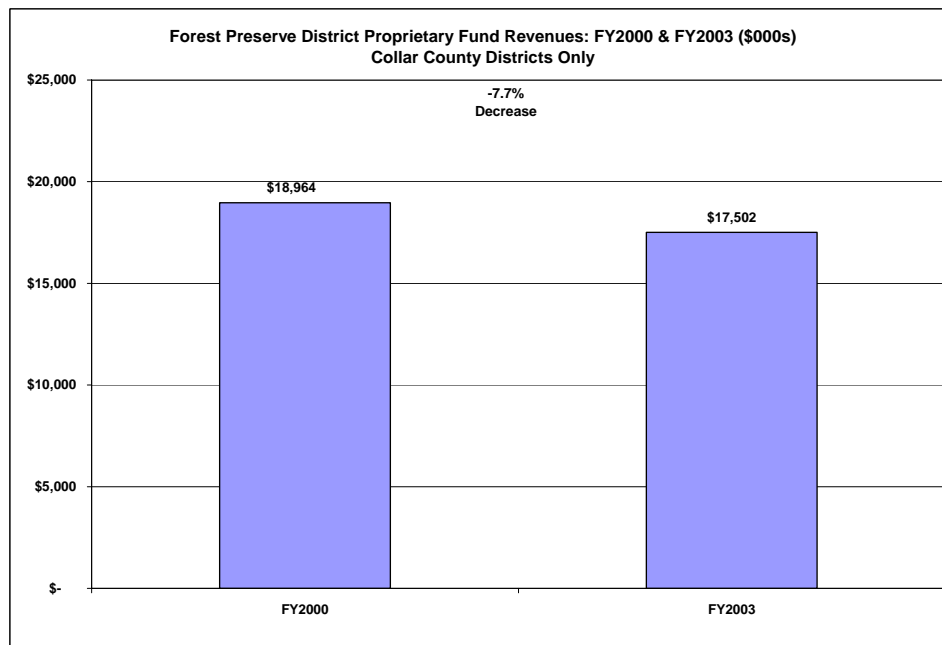
Forest preserve district revenues derive from five major sources: local taxes; other local sources such as fees, charges, fines, and interest; state sources; federal sources; and other intergovernmental sources. Approximately 58.3% or \$173.6 million of district revenues in FY2003 were derived from local taxes, primarily property taxes. Other local sources such as fees

generated 34.7% or \$103.3 million. State source revenues, 6.8% of the total, were the third largest source of revenues.



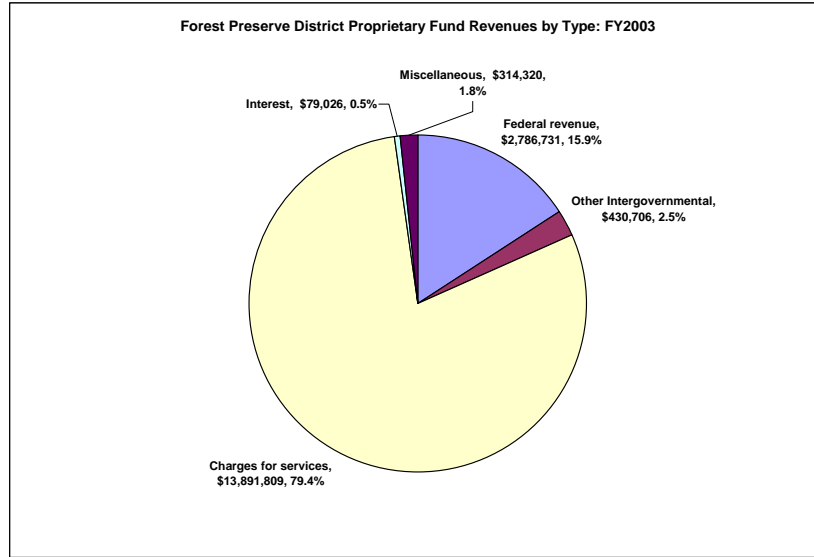
Proprietary Fund Revenues

The next exhibit shows Proprietary Fund revenues in FY2000 and FY2003 for the collar county forest preserve districts. For these districts, Proprietary Fund revenues decreased by 7.7%, falling from \$18.9 million to \$17.5 million. The Cook County Forest Preserve District did not have Proprietary Funds in either year analyzed.



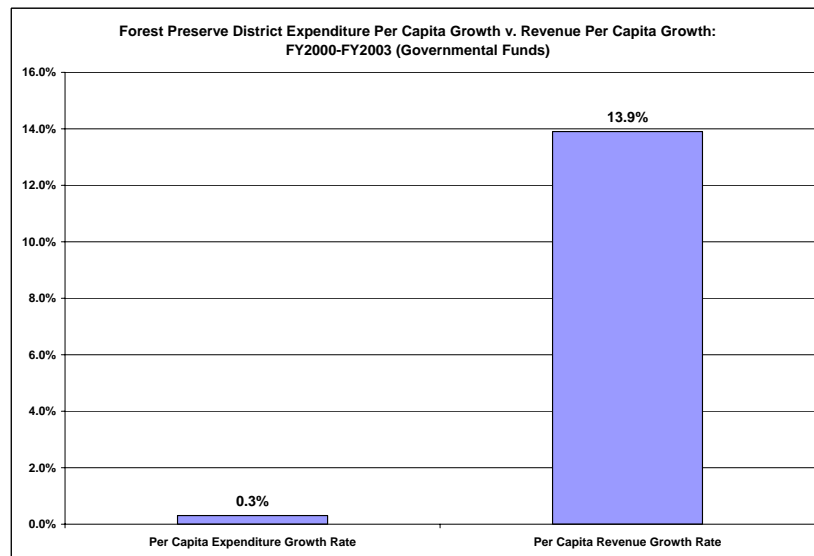


Proprietary Fund revenue primarily derived from charges for services in FY2003. Approximately 79.4% of the \$17.5 million collected from Proprietary Fund revenues, nearly \$13.4 million, came from this source.



### Governmental Fund Expenditure Growth vs. Revenue Growth

Forest preserve district revenues grew at a much faster rate than expenditures between FY2000 and FY2003, as the next exhibit demonstrates. During this four-year period, revenues per capita grew by 13.9%, while expenditures rose by only 0.3%. The slow rate of growth in spending can be attributed in large part to spending reductions by the Cook County Forest Preserve District. Overall, the comparison suggests that forest preserve districts were in an excellent financial situation at the close of the period.



## **Fund Balance: FY2003**

The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

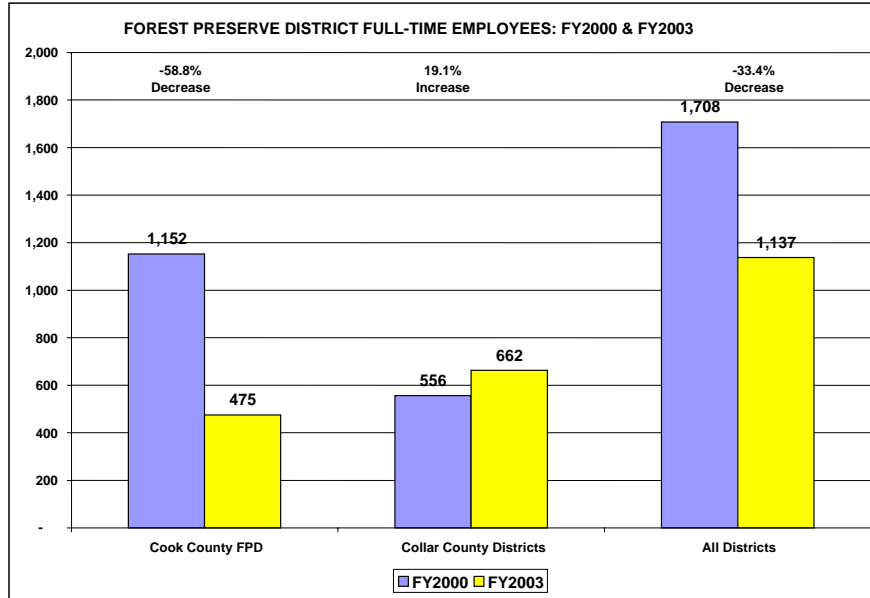
The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

Accurate fund balance data are available only for FY2003, when the districts in the aggregate posted a “High” current fund balance ratio of 53.5%. In that same year, the Cook County Forest Preserve District reported a 56.5% ratio and the collar county districts reported 53.5%.

## **Personnel Trends**

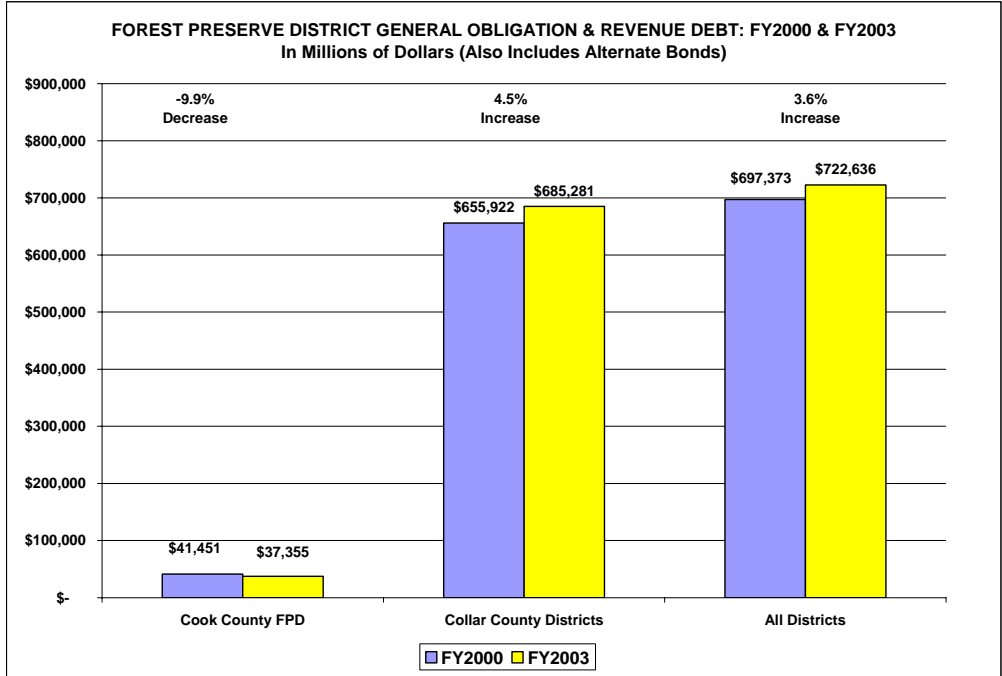
The number of full-time forest preserve district employees decreased substantially by 33.4% between FY2000 and FY2003 from 1,708 to 1,137. The decrease was due to a 58.8% reduction in the number of full-time Cook County Forest Preserve District employees. The district reduced its FTEs from 1,152 to just 475. Collar county forest preserve districts reported a 19.1% increase in personnel.



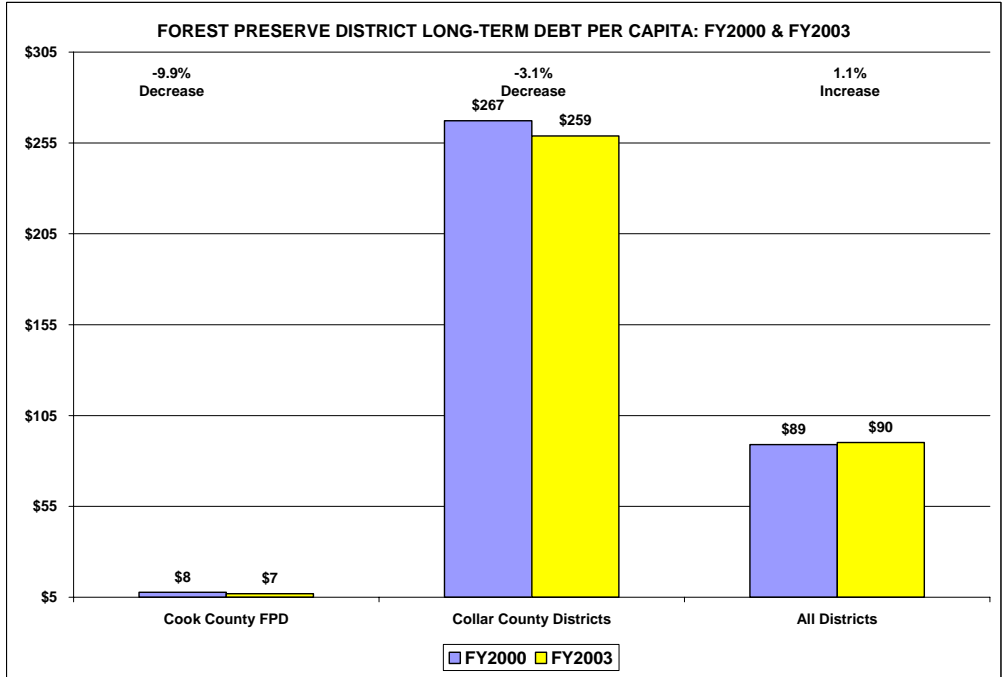
### Long-Term Debt Trends

The next exhibit shows increases in forest preserve district General Obligation and Special Revenue debt outstanding at the end of the year for FY2000 and FY2003. The biggest percentage increase in long-term debt was the 4.6% increase for the collar county forest preserve districts; this represented a \$29.3 million rise from \$655.9 million to nearly \$685.3 million. The Cook County Forest Preserve District reported a 9.9% decrease in debt, reducing that government’s debt outstanding burden from \$41.4 million to \$37.3 million.<sup>8</sup> Overall, the region’s forest preserve district debt rose by 3.6%, an increase of approximately \$25.2 million.

<sup>8</sup> In 2004, however, the Cook County Forest Preserve District issued \$100 million in General Obligation bonds.

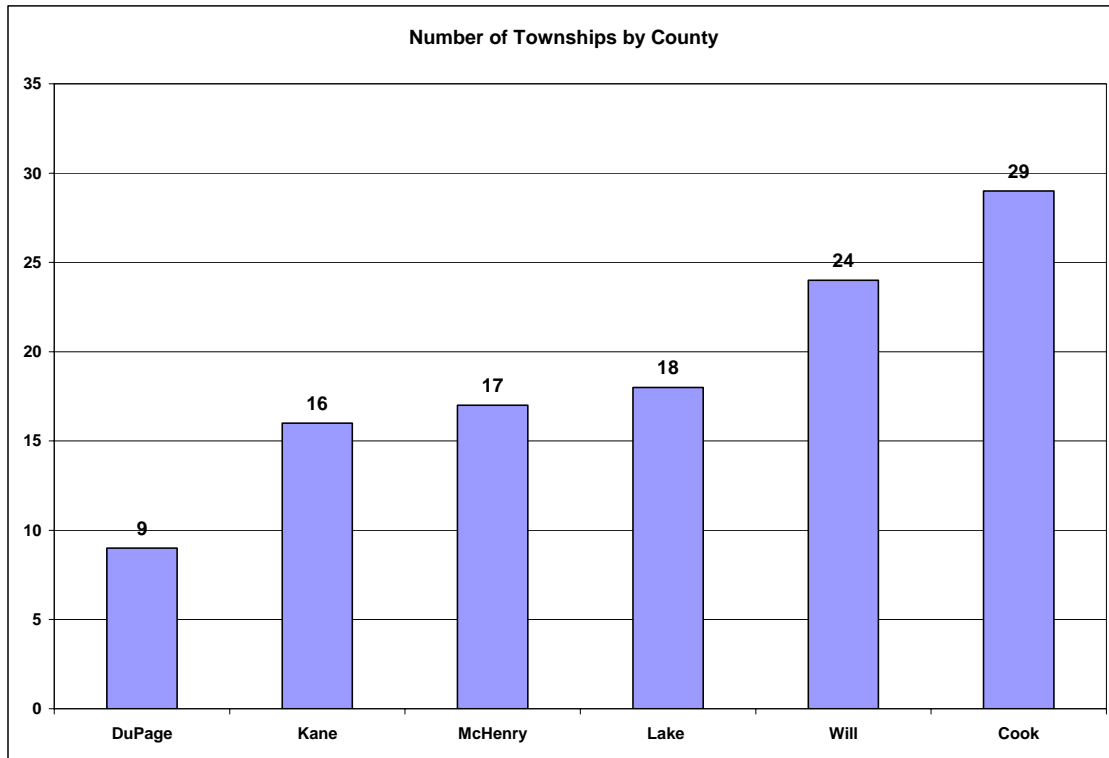


The next exhibit shows General Obligation and Special Revenue debt per capita for the Cook County Forest Preserve District, collar county districts, and the entire northeastern Illinois region. Regionally, debt per capita rose by just 1.1% from \$89 to \$90. Cook County Forest Preserve District debt decreased from \$8 to \$7. The collar county forest preserve districts, which accounted for the vast majority of the debt issued, reported a 3.1% decrease over the four-year period studied. Per capita long-term debt in those jurisdictions declined from \$267 to \$259.



## TOWNSHIPS

Townships are subdivisions of counties and are found in twenty northeastern and Midwestern states. They were originally rural units of government but can be found today in urban as well as rural areas of the country. Eighty-seven of the 102 counties in Illinois are subdivided into townships, including the counties in the northeastern Illinois region. There are a total of 1,431 townships statewide and 113 in the six-county region.<sup>9</sup>



Illinois townships have three primary functions: 1) to determine the value of property for taxation; 2) to maintain certain roads; and 3) to distribute assistance to poor residents not eligible for other welfare programs. They may offer additional services if residents approve, including health services, public cemetery maintenance, waterworks, sewage services, and refuse collection. In Cook County, the County Assessor is responsible for the assessment of property; township assessors primarily provide information and taxpayer assistance services.

All townships are governed by an elected supervisor, board of trustees, assessor, and clerk. Some townships also elect a collector and other officials.

Townships in Illinois derive their legal authority from the state constitution. Article VII, Section 5 provides that the General Assembly shall provide by law for formation of townships in any county when approved by countywide referendum. Two or more townships may be consolidated or merged if the voters in each affected township approve in a referendum. All townships in a

<sup>9</sup> U.S. Census Bureau. *Census of Governments 2002*, pp. 29-30.

county also may be dissolved by a vote of the people.<sup>10</sup> However, no township has been dissolved since 1932. Since the 1970s, there have been four unsuccessful efforts to abolish townships, including a 1994 vote in McHenry County in which voters defeated a township dissolution measure by a margin of 3-1.<sup>11</sup>

In Cook County, the boundaries of the townships of Berwyn, Cicero, Evanston, Oak Park, and River Forest are coterminous with those of the municipalities of the same name. Cicero is unique in that the township government combines elements of a township and municipal government; as such, it is a general-purpose government like any other municipality. There are also eight townships within the city limits of Chicago which function solely for property tax assessment purposes.

In recent years, townships have attracted controversy. Many argue that they are anachronisms performing duplicative functions that could be easily and more efficiently conducted by municipal or county officials. Defenders of townships argue that townships are close to the people they serve and provide services to populations that would not otherwise be served by government programs.

A recent Associated Press study found that townships across Illinois had accumulated huge cash reserves and failed to deliver services cost-effectively. In 1999, more than three hundred of the state's townships collected so much cash that they could refrain from collecting taxes and still have enough cash to pay bills for the two following years. The study also found that townships spent almost a dollar on salaries and administration for every dollar in services they delivered, a figure two times the overhead of other local governments. In addition, elected officials in ninety-seven townships in 1999 ignored state law requiring them to file financial reports to the State Comptroller's Office.<sup>12</sup>

## **Financial Summary**

Summary statistics for the townships in northeastern Illinois are presented in the following sections. Of the 113 townships in the six-county region, 109 reported fiscal information to the State Comptroller's Office in FY2000 and FY2003. The data presented include information on expenditures and revenues from township Governmental Funds and Proprietary Funds. For purposes of analysis, data are presented separately for the Town of Cicero (which is uniquely a township and a municipal government), the remaining suburban townships in Cook County, the collar county townships, and all townships in the six-county region. This analysis excludes Chicago because township government no longer operates within the city boundaries.

Population figures for the region's townships reporting information to the state comptroller are presented below. Between FY2000 and FY2003, the total regional population living within these township boundaries rose by 7.5%, the population living within the boundaries of suburban Cook

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<sup>10</sup> Illinois Constitution. Article VII, Section 5 – Local Government.

<sup>11</sup> John Kelley and Christopher Wills, "Stacking the Deck: Laws, Political Clout Make it Difficult to Oppose Township Government," in the *Peoria Journal Star*, December 22, 2000.

<sup>12</sup> John Kelley and Christopher Wills, "Study Shows Townships Fat with Surplus," in the *Peoria Journal Star*, December 20, 2000.

County townships increased by 3.0%, and the population of collar county townships rose by 12.1%. Cicero’s population remained the same.

<b>Township Population Changes: FY2000- FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
<b>Cicero</b>	85,616	85,616	-	0.0%
<b>Cook County Townships</b>	2,269,520	2,337,486	67,966	3.0%
<b>Collar County Townships</b>	2,367,260	2,653,296	286,036	12.1%
<b>All Townships</b>	<b>4,722,396</b>	<b>5,076,398</b>	<b>354,002</b>	<b>7.5%</b>

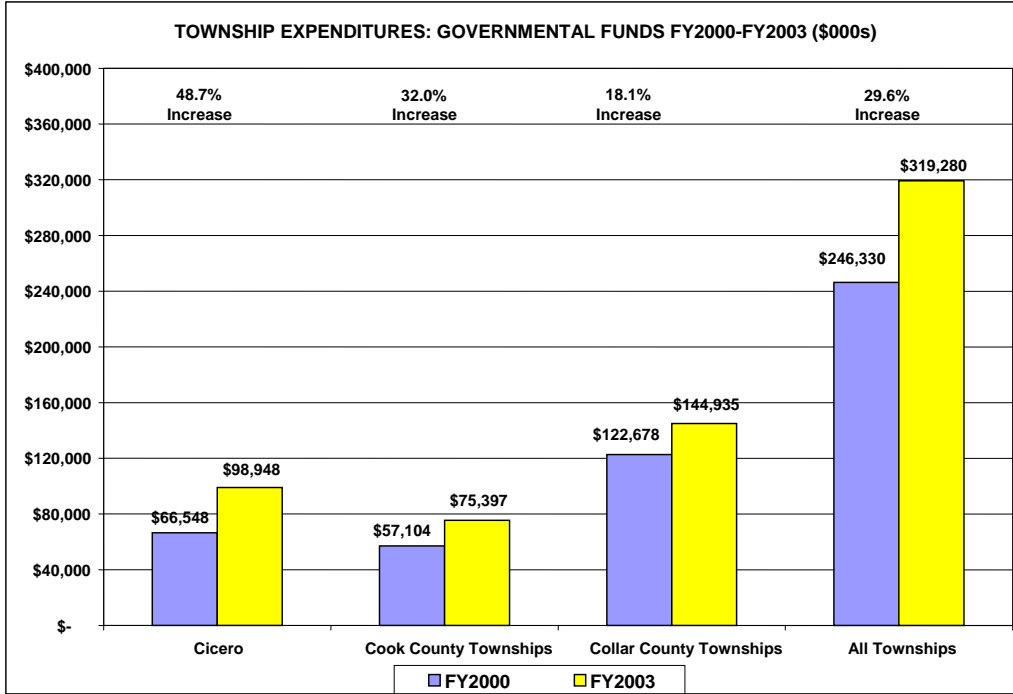
**Expenditures: Trends and Distribution by Major Category**

Data are presented separately for Governmental and Proprietary Fund expenditures and revenues. They cannot be combined because they use different bases of accounting. The Governmental Funds, which account for most operations of a typical government, employ the modified accrual basis of accounting. However, the Proprietary Funds, which account for activities that are financed and operated in a manner similar to a private business such as airports and parking garages, use full accrual accounting. This non-uniformity in accounting methods makes accurate comparisons impossible.

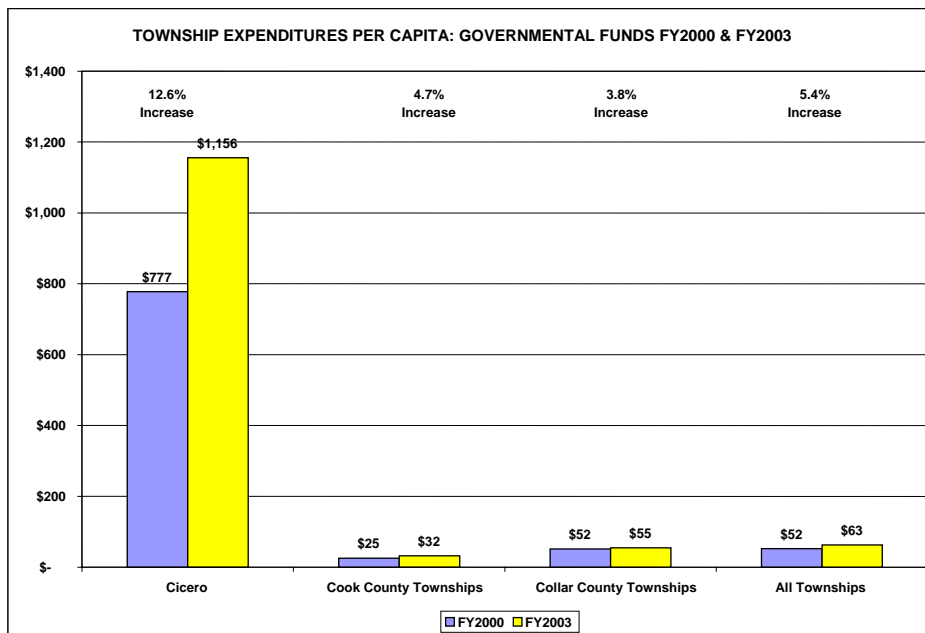
Governmental Fund Expenditures

These figures represent spending for the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures. Township expenditures for the Governmental Funds rose by 18.8% between FY2000 and FY2003, a \$72.9 million increase from \$246.3 million to \$319.2 million. Several informative statistics emerge from an analysis of the total expenditure figures:

- Township expenditures rose more nearly four times faster than the region’s township population (29.6% versus 7.5%);
- Cicero township’s portion of total expenditures rose from 27.0% in FY2000 to 31.0% four years later; and
- Expenditures for Cicero grew at a much faster rate (48.7%) than the rate of growth for all of the townships (29.6%).

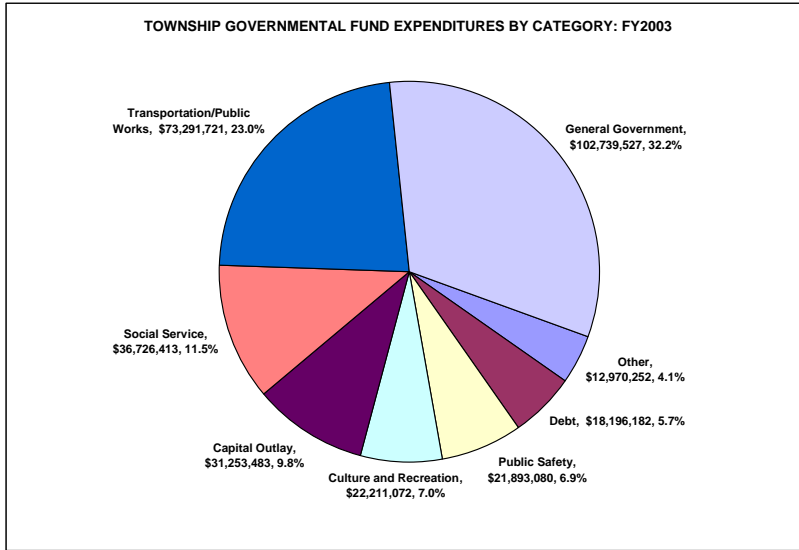


Per capita township spending for the all township Governmental Funds increased by 5.4% between FY2000 and FY2003 from \$52 to \$63. Collar county township spending rose by just 3.8% during the four years studied, and Cook County suburban township spending increased by 4.7%. The outlier was, of course, Cicero, which combines township and municipal functions. The dollar amount spent per capita in Cicero was much higher than for the other categories: \$777 in FY2000 and \$1,156 four years later.



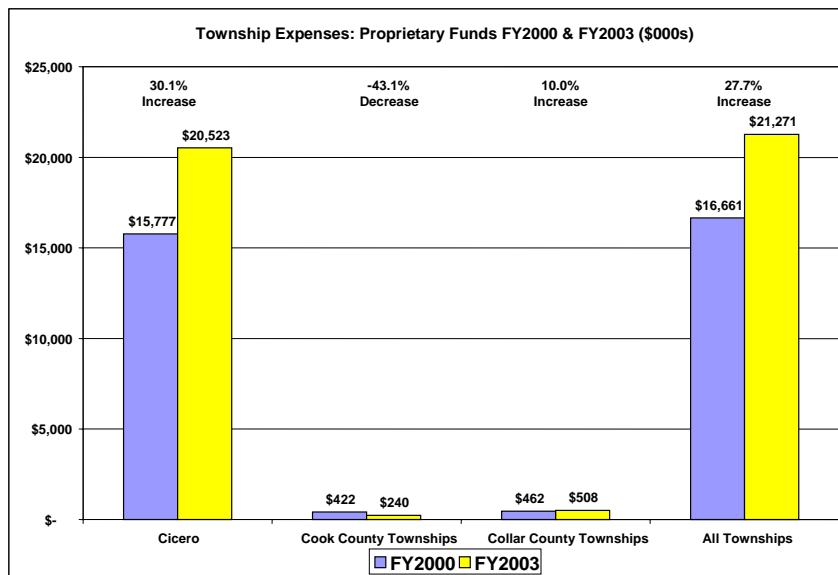


Township operating expenditures in FY2003 were devoted overwhelmingly to General Government or the administrative operations of government (32.3% or \$102.7 million) and Transportation and Public Works (23.0% or \$73.2 million). The third largest spending category is Social Services with 11.5% of the total or \$36.7 million. The “Other” category, which consumed 4.1% of all expenditures, includes spending for housing, utilities, and environmental protection.

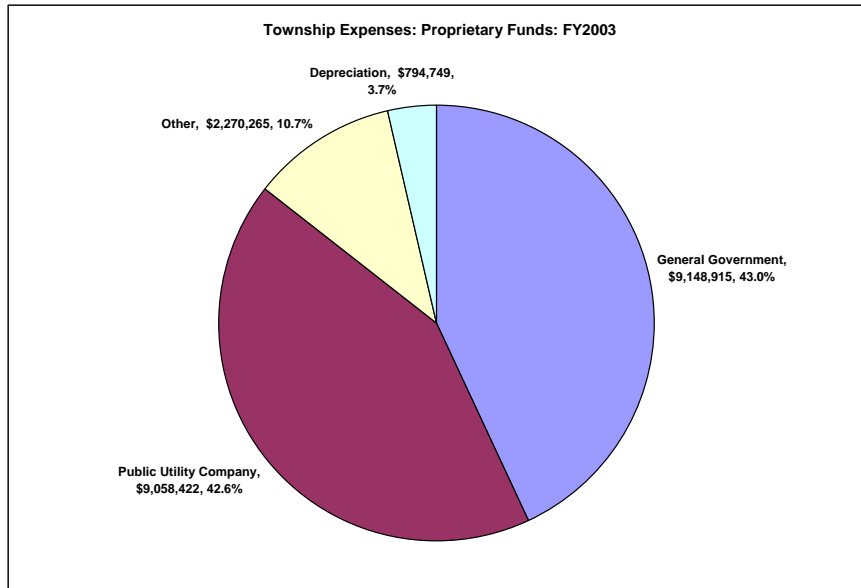


### Proprietary Fund Expenses

Township Proprietary Fund expenses increased by 27.7% between FY2000 and FY2003 from \$16.6 million to \$21.2 million. Most of these expenses were from the Town of Cicero. In FY2000 94.7% of all Proprietary Fund expenses were reported by Cicero; the percentage rose to 96.5% four years later.



Most of township Proprietary Fund expenses were used for General Government (43.0%) or public utility companies (42.6%).

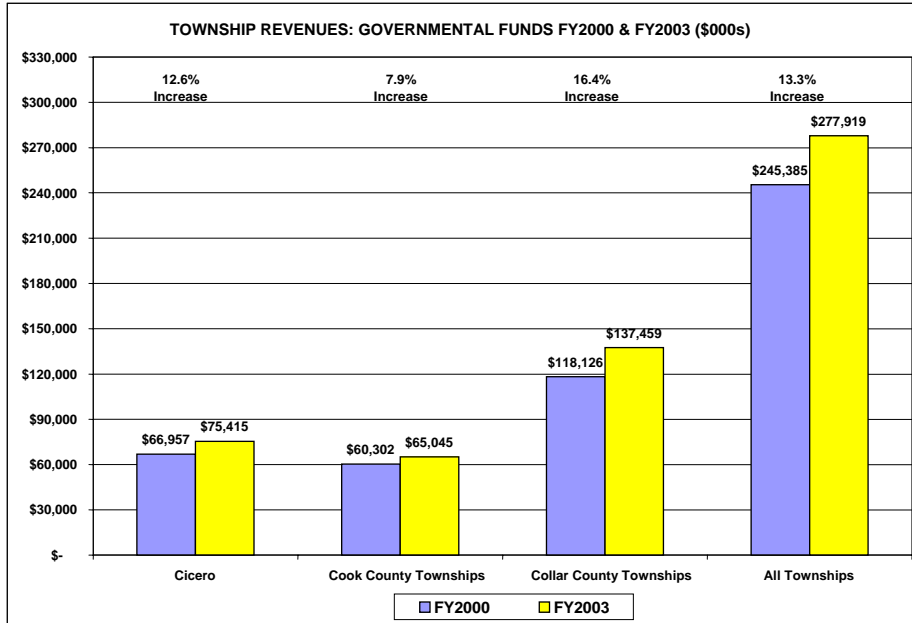


### Revenue Trends and Distribution by Major Category

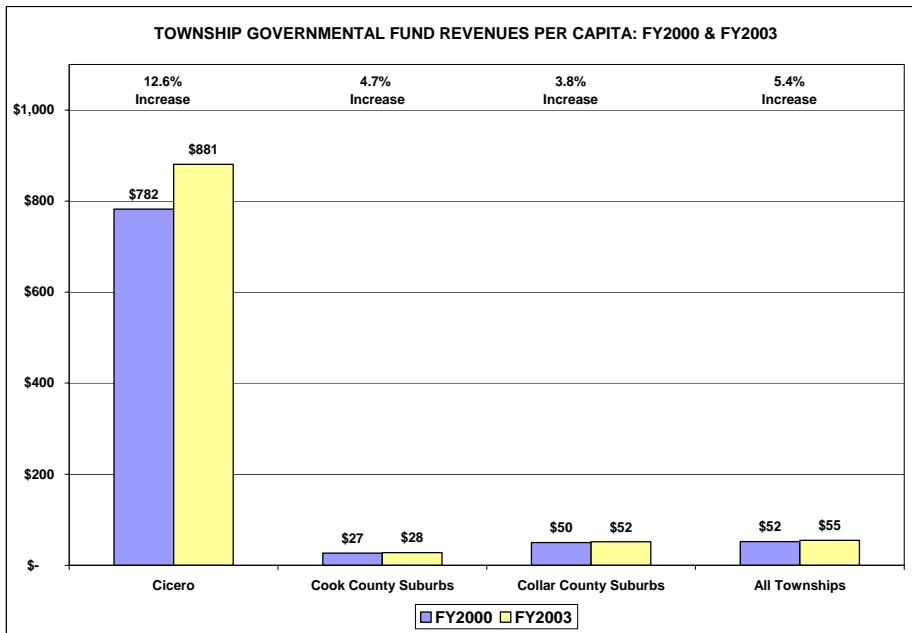
The next group of exhibits presents information about park district revenue trends for the four Governmental Funds and Proprietary Funds.

#### Governmental Fund Revenues

Total township revenues for all four Governmental Funds rose from \$245.3 million to \$277.9 million between FY2000 and FY2003. The collar county share of all township revenues during the four-year period increased slightly from 48.1% to 49.5%.



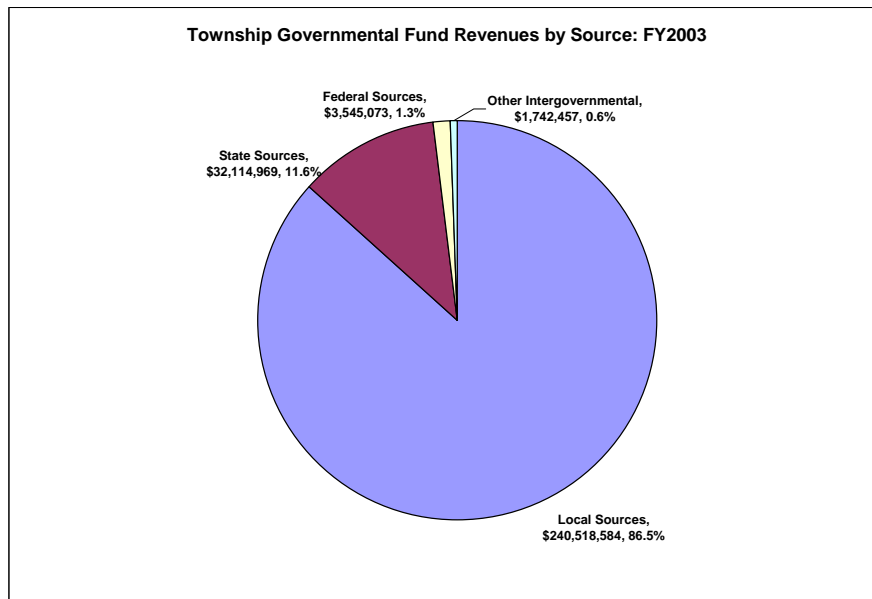
The next exhibit, township revenues per capita, shows changes in revenues relative to changes in population. Over the four years of this study, Governmental Fund revenues per capita for all Governmental Fund revenues increased by 13.3%. Cicero revenues per capita increased by the largest percentage amount: 12.6% or from \$782 to \$881.



The following exhibit presents information about major categories of Governmental Fund revenues for FY2003. Property taxes are the largest source of township revenues in northeastern Illinois. They accounted for 71.1% or \$197.5 million of all township revenues in FY2003. Other significant sources of township revenues are miscellaneous revenue (\$12.7 million), the state personal property replacement tax (\$8.1 million), and charges for services (\$6.2 million).

Township Revenues by Type: Governmental Funds FY2000 & FY2003				
	FY2000	FY2003	\$ CHG	% CHG
Property Tax	\$ 163,082,653	\$ 197,588,583	\$ 34,505,930	21.2%
Miscellaneous	\$ 13,790,072	\$ 12,711,836	\$ (1,078,236)	-7.8%
Other state sources	\$ 3,906,962	\$ 9,761,527	\$ 5,854,565	149.8%
State replacement tax	\$ 10,441,426	\$ 8,176,260	\$ (2,265,166)	-21.7%
Total charges for services	\$ 5,492,645	\$ 6,230,102	\$ 737,457	13.4%
States sales tax	\$ 4,327,759	\$ 5,945,876	\$ 1,618,117	37.4%
State income tax	\$ 5,405,233	\$ 5,228,015	\$ (177,218)	-3.3%
Interest	\$ 12,005,515	\$ 5,040,485	\$ (6,965,030)	-58.0%
Utility tax total	\$ 4,249,001	\$ 5,004,592	\$ 755,591	17.8%
Other local taxes	\$ 3,398,177	\$ 4,164,355	\$ 766,178	22.5%
All licenses and permits	\$ 2,449,778	\$ 4,147,681	\$ 1,697,903	69.3%
Total federal revenue	\$ 5,591,879	\$ 3,545,073	\$ (2,046,806)	-36.6%
Sales tax (local)	\$ 4,821,095	\$ 3,349,470	\$ (1,471,625)	-30.5%
State motor fuel tax	\$ 2,426,345	\$ 2,995,291	\$ 568,946	23.4%
Fines and forfeitures	\$ 2,310,050	\$ 2,281,480	\$ (28,570)	-1.2%
Other Intergovernmental	\$ 1,688,332	\$ 1,742,457	\$ 54,125	3.2%
Gaming income	\$ -	\$ 8,000	\$ 8,000	100.0%
<b>GRAND TOTAL</b>	<b>\$ 11,398,413,590</b>	<b>\$ 12,781,302,986</b>	<b>\$ 1,382,889,396</b>	<b>12.1%</b>

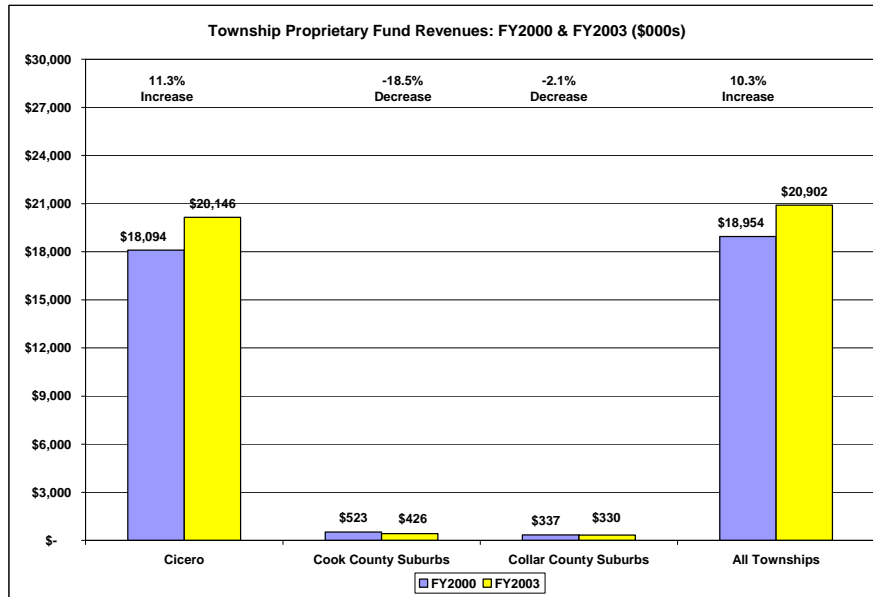
Township revenues derive from three major sources: local taxes, other local sources, and state sources. Over 86% of all revenues in FY2003—\$240.5 million—were locally based. Approximately 11.6% or \$32.1 million was derived from state sources.



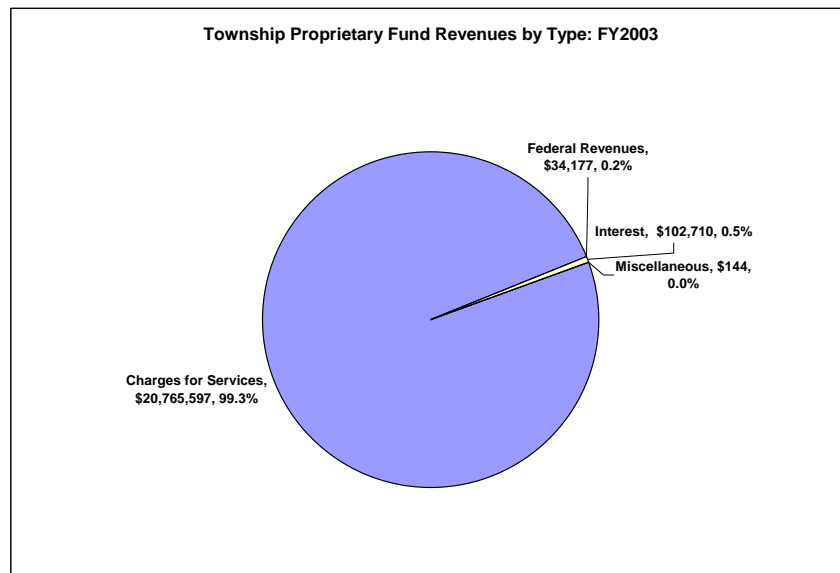
### Proprietary Fund Revenues

The next exhibit shows Proprietary Fund revenues in FY2000 and FY2003 for all reporting townships in the region, including Cicero, Cook County suburban townships, and collar county townships. Overall, Proprietary Fund revenues increased by 10.3% or from \$18.9 million to

\$20.9 million. Proprietary Fund revenues for Cook County townships and collar county townships fell by 18.4% and 2.1% respectively. The overwhelming majority of Proprietary Fund revenues were reported by the Town of Cicero: 95.5% in FY2000 and 96.4% four years later.

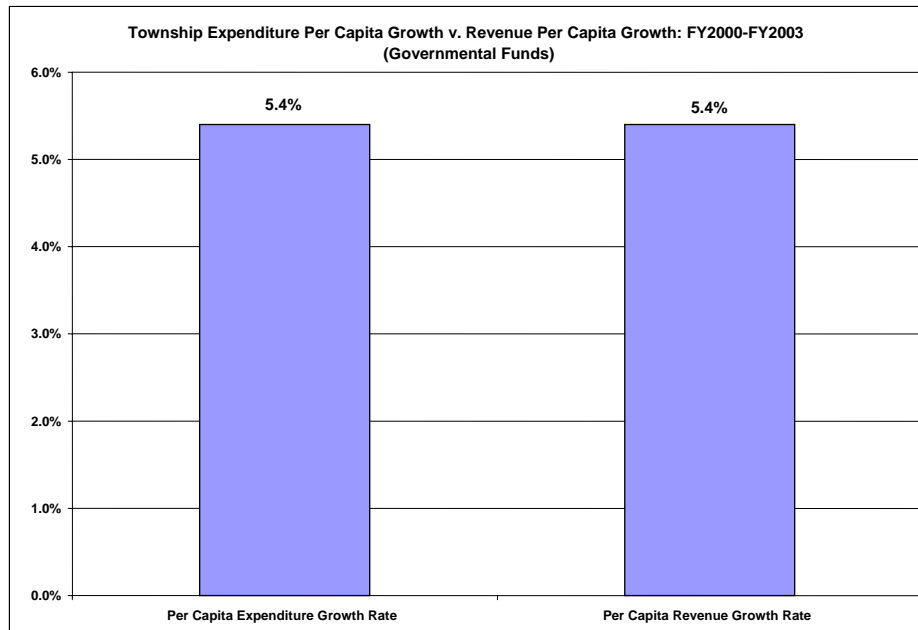


Almost all township Proprietary Fund revenues—99.3% of the total—are derived from charges for services. The remaining 0.7% comes from federal revenues, interest earnings, and miscellaneous revenues.



## Governmental Funds Expenditure Growth vs. Revenue Growth

A comparison of township Governmental Fund expenditure and revenue per capita growth rates shows that expenditures grew at precisely the same rate as revenues.



## Fund Balance: FY2000 and FY2003

The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

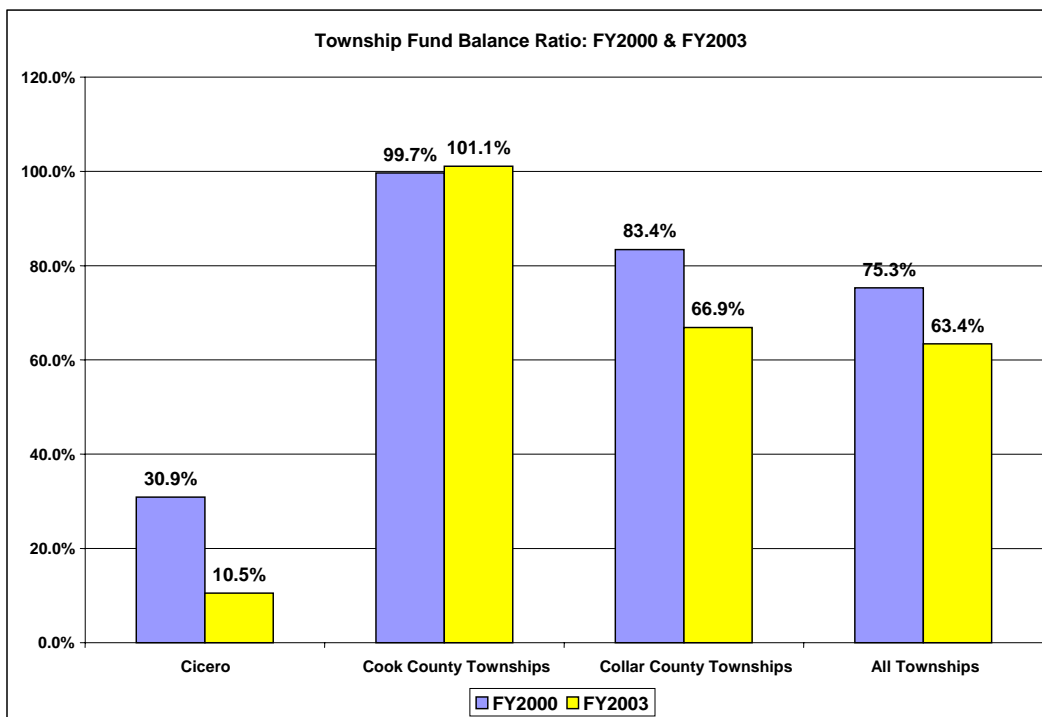
The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a

“High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

As the exhibit shows, townships in the region in the aggregate posted a “High” current fund balance ratio in FY2000 and FY2003 even as the ratio fell from 75.3% to 63.4%. Suburban Cook County township current fund balance ratio rose from 99.7% in FY2000 to 101.1% four years later, placing them in the “High” category in both years. The collar county townships also registered in the “High” category with an 83.4% ratio in FY2000 and a 66.9% ratio in FY2003. The current fund balance ratio for Cicero, however, tumbled dramatically from 30.9% to 10.5%, declining from a “Substantial” to an “Adequate” rating.

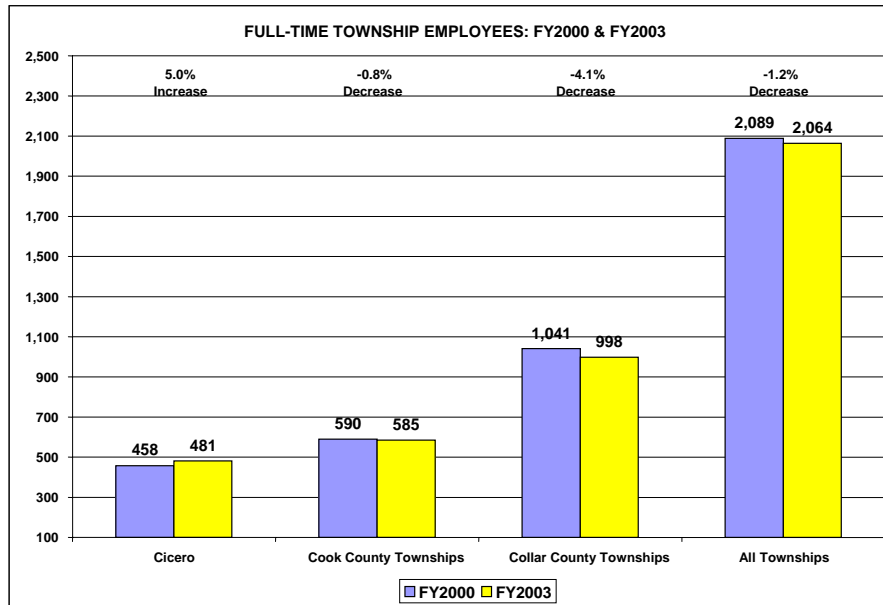
Because their fund balances are so large, the Cook County suburban and collar county townships should consider adjusting the income streams feeding the funds to bring income into line with current spending requirements. The Illinois Supreme Court has ruled that if a government has unencumbered assets on hand (i.e., a fund surplus) at the beginning of the tax year that are two times or more the average amount of expenditures for the past three years, there should not be a property tax levy.<sup>13</sup> If a taxpayer objects in court, the government must show cause as to why a levy should be made. Taxpayers proving their case are entitled to their share of the fund balance.



<sup>13</sup> *Central Illinois Public Service v. Miller* 42 Ill2d 542 (1969).

## Personnel Trends

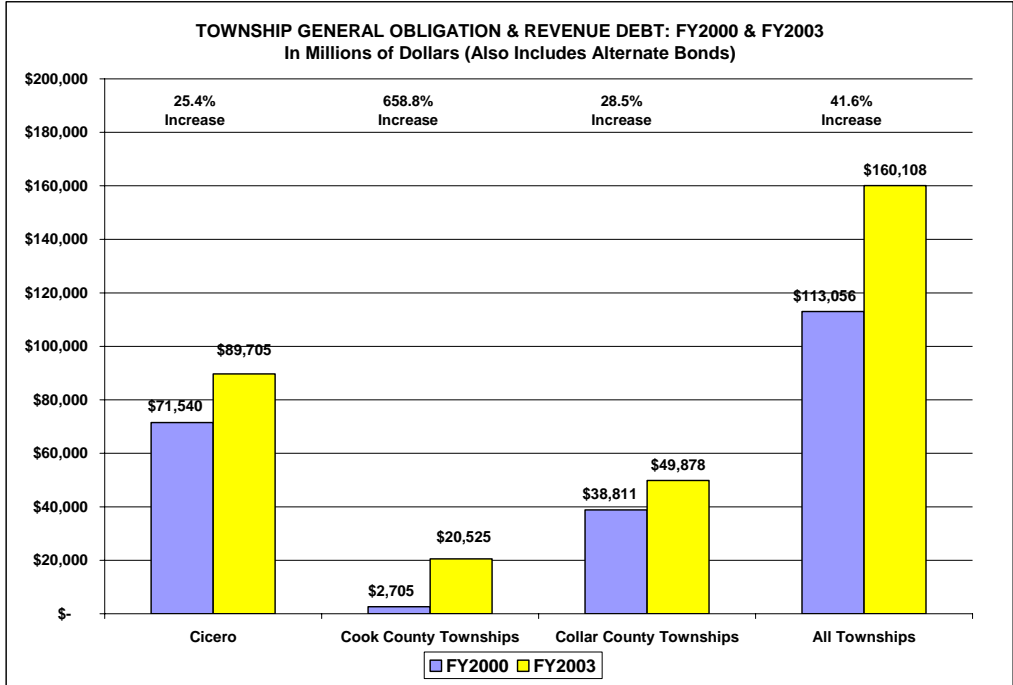
The next exhibit shows the number of full time township employees in the northeastern Illinois region as measured in full time equivalent positions. The number of employees showed a 1.2% decline from FY2000 to FY2003, falling from 2,089 to 2,064. Approximately half of the region's FTEs were employed by the collar county townships.



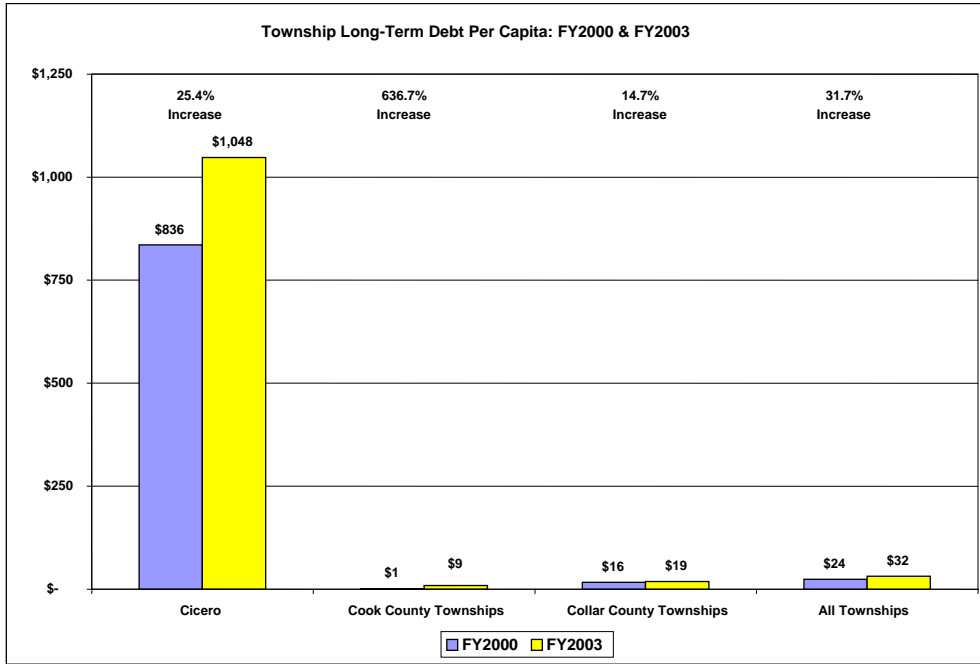
## Long-Term Debt Trends

The next exhibit shows increases in township General Obligation and Special Revenue debt outstanding at the end of the year for FY2000 and FY2003. Overall, the long-term debt burden increased by 41.6% from \$113.0 million to \$160.1 million. The majority of township debt was issued by the Town of Cicero in both years; in FY2000 Cicero long term debt was 63.2% of all township debt. Four years later, it was 56.0%. The suburban Cook County townships reported a nearly 659% increase in long-term debt. However, the total debt burden for these governments was relatively small in terms of absolute dollars, representing only 12.8% of General Obligation and Special Revenue debt in FY2003.





Township General Obligation and Special Revenue debt per capita is shown below in the final chapter exhibit. It increased by 31.7% from \$24 to \$32. This increase was propelled largely by Cicero debt issuance, which rose from \$836 to \$1,048 between FY2000 and FY2003.



## MUNICIPALITIES

Municipalities in Illinois are defined in law as any city, village, or incorporated town having power to legislate on matters included under the Illinois Municipal Code, Chapter 65, Articles 1-11, of the Illinois Compiled Statutes. Typical municipal functions include police and fire protection, street construction and maintenance, water and sewerage services, and zoning and planning. In 2002, according to the U.S. Census Bureau’s *Census of Governments*, there were a total of 1,291 municipalities in Illinois.<sup>14</sup>

Villages and incorporated towns elect a president, trustees and a clerk. Boards of Trustees usually consist of six members. Cities are governed by an elected mayor, a council of aldermen, a city clerk, and a city treasurer.<sup>15</sup> Cities with populations smaller than ten thousand can elect to have an appointed treasurer. Most city councils vary in size between six and twenty, depending on population.<sup>16</sup> The city of Chicago has a fifty-member council.

### Financial Summary

Summary statistics for the municipalities in northeastern Illinois that were analyzed are presented in the following sections. The data presented include information on expenditures and revenues from municipal Governmental Funds and Proprietary Funds.

The U.S. Census Bureau reported that there were 269 municipalities in the six-county northeastern Illinois region in 2002, the last year for which data are available. However, not all of these governments reported data to the state comptroller in 2000 and 2003. Also, individual governments may report data in one year and fail to do so in other years. Therefore, in order to ensure consistency, this analysis included only expenditure and revenue data from the 245 municipalities that reported data in both years.

The population figures used to calculate per capita statistics were derived from the figures reported to the state comptroller in 2000 and 2003 for the 245 municipalities reporting consistent expenditure and revenue data. The municipalities consistently reporting data to the comptroller reported a total population of 7.2 million in FY2003, a 3% increase from FY2000. The suburban Cook County municipalities grew by 2%, the collar county population rose by 8%, and Chicago’s population did not increase.

<b>Municipal Population Changes: FY2000- FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
<b>Chicago</b>	2,896,016	2,896,016	-	0.0%
<b>Cook County Suburbs</b>	2,027,422	2,068,212	40,790	2.0%
<b>Collar County Municipalities</b>	2,086,768	2,254,665	167,897	8.0%
<b>All Municipalities</b>	<b>7,010,206</b>	<b>7,218,893</b>	<b>208,687</b>	<b>3.0%</b>

<sup>14</sup> United States Census Bureau. “Local Governments in Individual County Areas: 2002,” pp. 29-30.

<sup>15</sup> 65 ILCS 5/3.1-15-10.

<sup>16</sup> 65 ILCS 5/3.1-20-20-10 and ILCS 5/3.1-25-5.

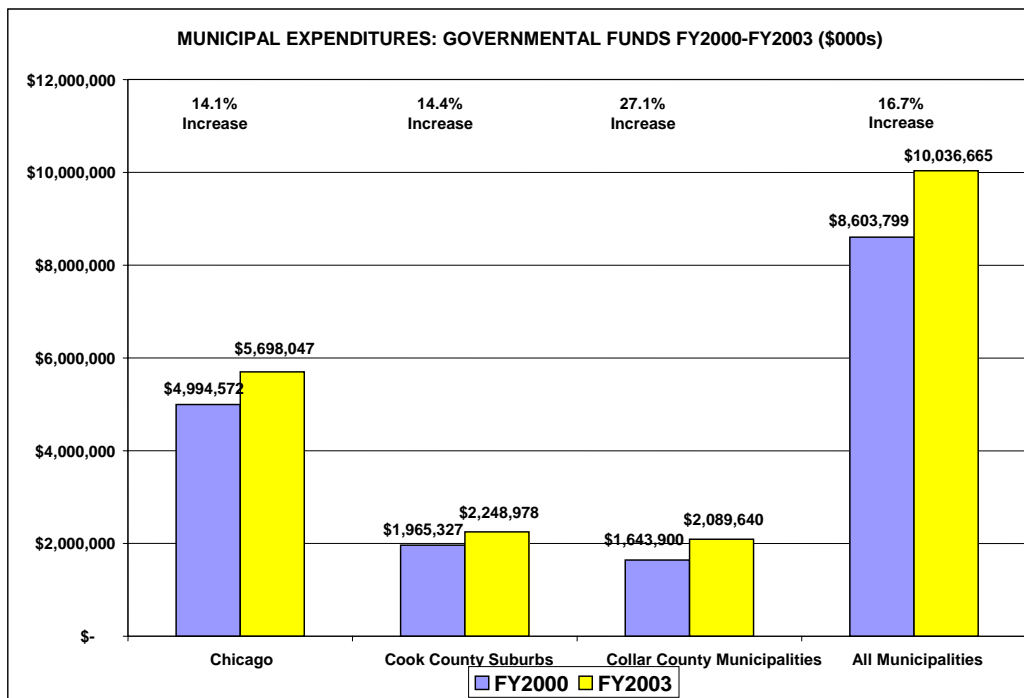
## Expenditures: Trends and Distribution by Major Category

Data are presented separately for Governmental and Proprietary Fund expenditures and revenues. They cannot be combined because they use different bases of accounting. The Governmental Funds, which account for most operations of a typical government, employ the modified accrual basis of accounting. However, the Proprietary Funds, which account for activities that are financed and operated in a manner similar to a private business such as airports and parking garages, use full accrual accounting. This non-uniformity in accounting methods makes accurate comparisons impossible.

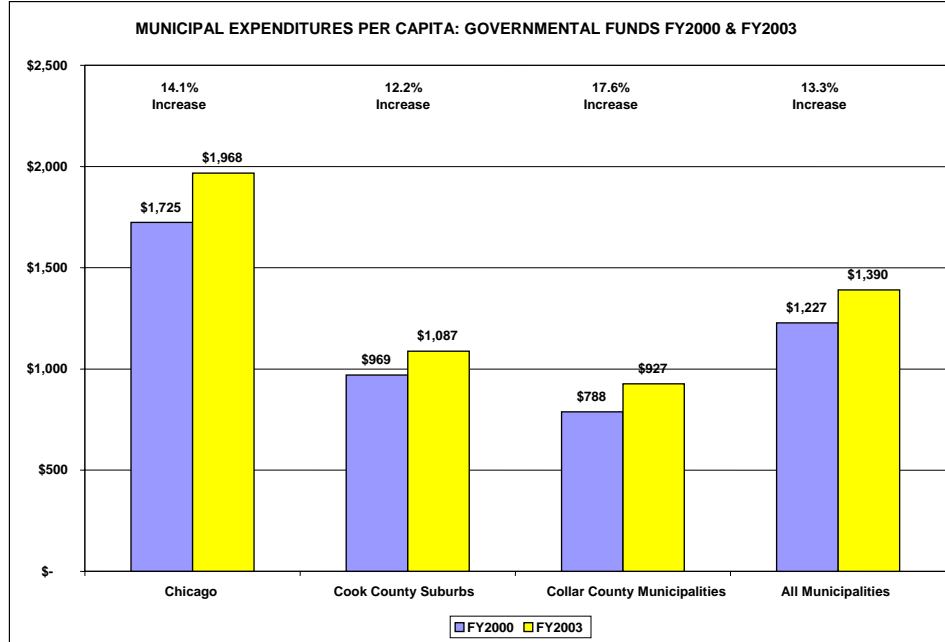
### Governmental Fund Expenditures

The exhibits that follow present spending trends for the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures. Expenditures for all municipalities for the Governmental Funds rose by 16.7% between FY2000 and FY2003. That represents a \$1.4 billion increase from \$8.8 billion to \$10.0 billion. Several interesting statistics emerge from an analysis of the total expenditure figures:

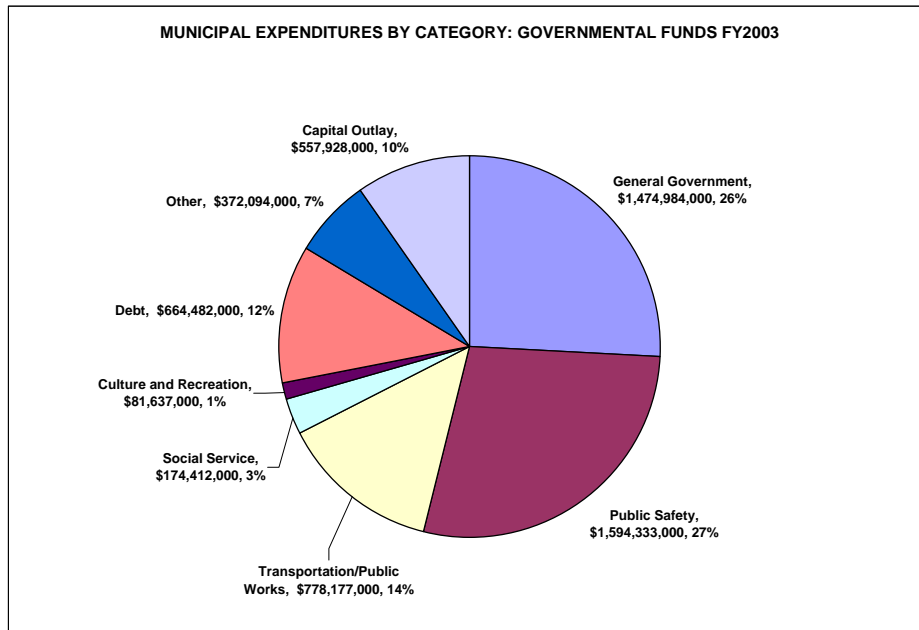
- Municipal expenditures rose over five times faster than the region's municipal population (16.7% versus 3.0%);
- Chicago's portion of total expenditures dropped from 58.1% in 1997 to 56.8% four years later; and
- Expenditures for the municipalities outside of Chicago grew at a faster rate (27.1%) than did Chicago spending (14.1%).



Per capita municipal spending in FY2000 and FY2003 for the Governmental Funds is shown in the next exhibit. Overall, per capita spending during this four-year period rose by 13.1% from \$1,227 to \$1,390. Spending per capita rose fastest in the collar counties, increasing by 17.6% or from \$788 to \$927.

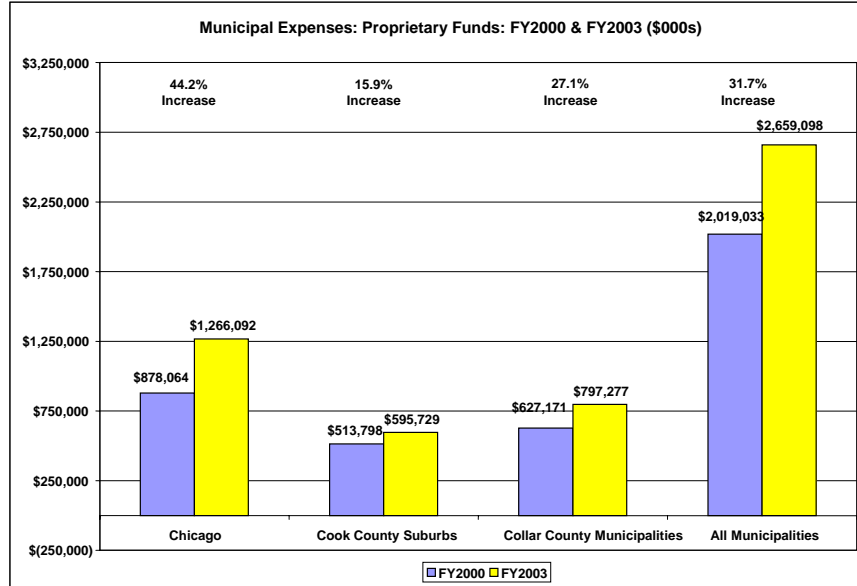


Municipal expenditures in FY2003 were devoted overwhelmingly to public safety (27% or nearly \$1.6 billion) and general government activities (26% or approximately \$1.4 billion). The third largest spending category was transportation and public works with 14% of the total or \$778 million. Debt consumed 12% of all expenditures or \$664 million. Debt consumed 12% of all expenditures or \$664 million.

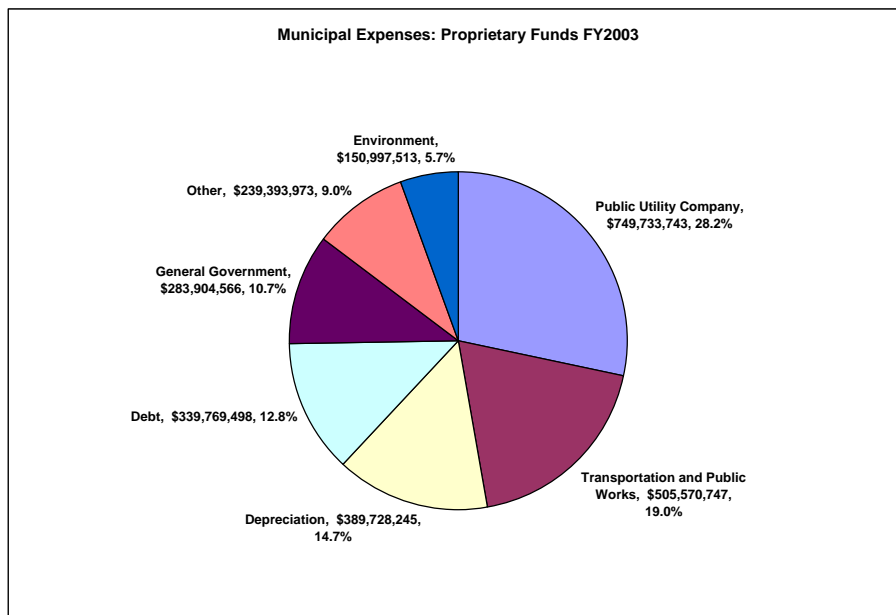


## Proprietary Fund Expenses

The next exhibit presents data on municipal Proprietary Fund expenses. Over the four-year period of this study, expenses for municipal business-type enterprises increased by 31.7% in the six-county region, rising from \$2.0 billion to \$2.6 billion. Expenses grew more rapidly in Chicago (44.2%) than in the collar county municipalities (27.1%). Chicago Proprietary Fund expenses accounted for 43.5% of all regional Proprietary Fund spending in FY2000 and 47.6% four years later.



Public utility companies were the top municipal Proprietary Fund expense in FY2003 at 28.2%, followed by Transportation and Public Works at 19.0%, and depreciation at 14.7%.

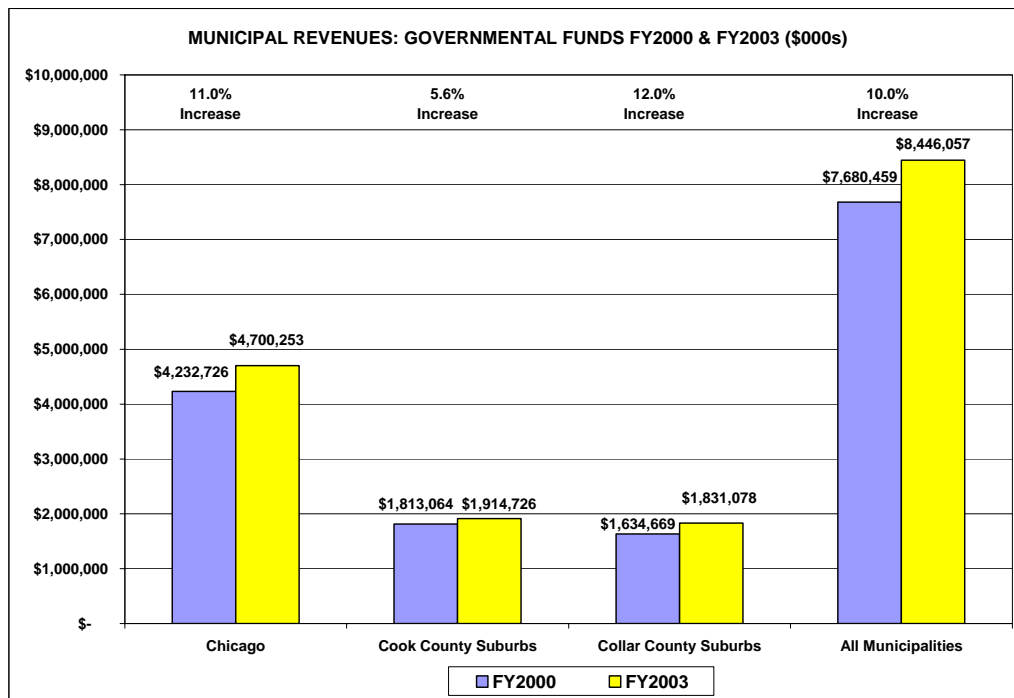


## Revenue Trends and Distribution by Major Category

The next exhibits present information on municipal revenues in the Chicagoland region for the Governmental and Proprietary Funds.

### Governmental Fund Revenues

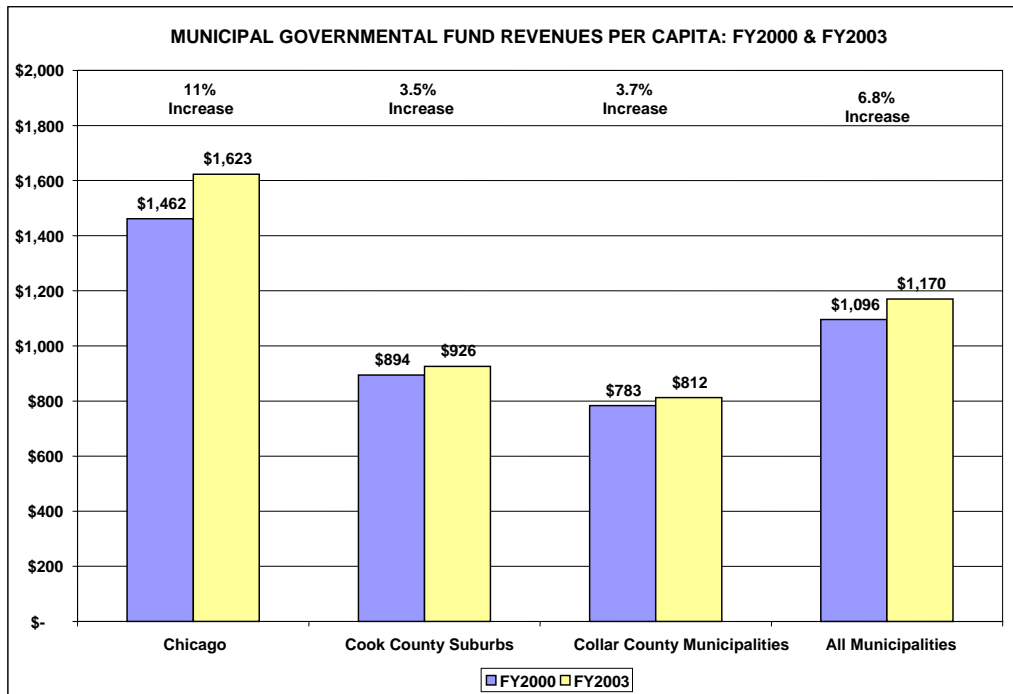
Total municipal revenues for all four Governmental Funds rose from \$7.6 billion to \$8.4 billion between FY2000 and FY2003, a 10.0% increase. During this time period, suburban Cook County municipal revenues increased by 5.6%, collar county municipal revenues rose by 12.0%, and Chicago revenues rose by 11.0%. The Chicago share of all municipal revenues remained fairly constant at just above 55% in both years.



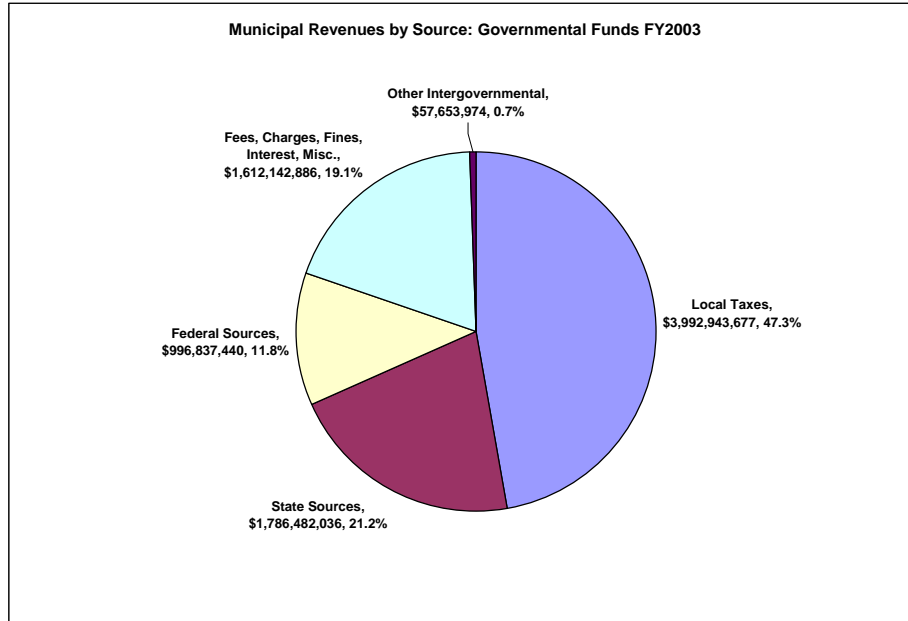
Municipal revenues derive from a wide variety of federal, state, and local sources. The home rule status of many municipalities ensures that they have greater access to a greater diversity of revenue sources than other units of local governments such as special districts. The following exhibit presents information about major categories of municipal Governmental Fund revenues for FY2000 and FY2003. Property taxes were the largest single individual municipal revenue source in both years. In FY2003 municipalities collected \$1.7 billion in property taxes, 21.1% of all revenues. Utility taxes were the next largest revenue source, raising over \$1.0 billion. Federal revenues provided municipalities with the third largest source of funds in FY2003, bringing in \$996.8 million. This was followed closely by state sales taxes, which generated \$926.2 million.

<b>Municipal Revenues by Type: Governmental Funds FY2000 &amp; FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>\$ CHG</b>	<b>% CHG</b>
Property Tax	\$ 1,564,471,735	\$ 1,789,589,225	\$ 225,117,490	14.4%
Utility tax total	\$ 682,936,436	\$ 1,029,726,534	\$ 346,790,098	50.8%
Federal	\$ 772,228,485	\$ 996,837,440	\$ 224,608,955	29.1%
States sales tax	\$ 939,873,338	\$ 926,233,603	\$ (13,639,735)	-1.5%
Other local taxes	\$ 947,333,956	\$ 834,399,950	\$ (112,934,006)	-11.9%
Miscellaneous	\$ 590,959,706	\$ 625,009,290	\$ 34,049,584	5.8%
State income tax	\$ 564,128,919	\$ 535,259,235	\$ (28,869,684)	-5.1%
Sales tax (local)	\$ 277,838,822	\$ 339,227,968	\$ 61,389,146	22.1%
Total charges for services	\$ 262,305,279	\$ 316,201,191	\$ 53,895,912	20.5%
All licenses and permits	\$ 243,424,851	\$ 302,347,065	\$ 58,922,214	24.2%
Fines and forfeitures	\$ 201,851,034	\$ 271,923,314	\$ 70,072,280	34.7%
State motor fuel tax	\$ 112,031,083	\$ 120,785,116	\$ 8,754,033	7.8%
Interest	\$ 247,587,699	\$ 93,647,047	\$ (153,940,652)	-62.2%
Other State Sources	\$ 54,553,156	\$ 73,707,268	\$ 19,154,112	35.1%
Gaming income	\$ 68,149,396	\$ 66,994,382	\$ (1,155,014)	-1.7%
State replacement tax	\$ 106,260,156	\$ 63,502,432	\$ (42,757,724)	-40.2%
Other Intergovernmental	\$ 42,645,665	\$ 57,653,974	\$ 15,008,309	35.2%
Drainage Assessment	\$ 1,879,731	\$ 3,014,979	\$ 1,135,248	60.4%
<b>Total</b>	<b>\$ 7,681,367,823</b>	<b>\$ 8,446,060,013</b>	<b>\$ 764,692,190</b>	<b>10.0%</b>

The next exhibit, municipal revenues per capita, shows changes in revenues relative to changes in population. Over the four years of this study, Governmental Fund revenues per capita rose from \$1,088 to \$1,170 (6.8%). Revenues per capita increased at a rate that exceeded the region's 3.0% population growth.

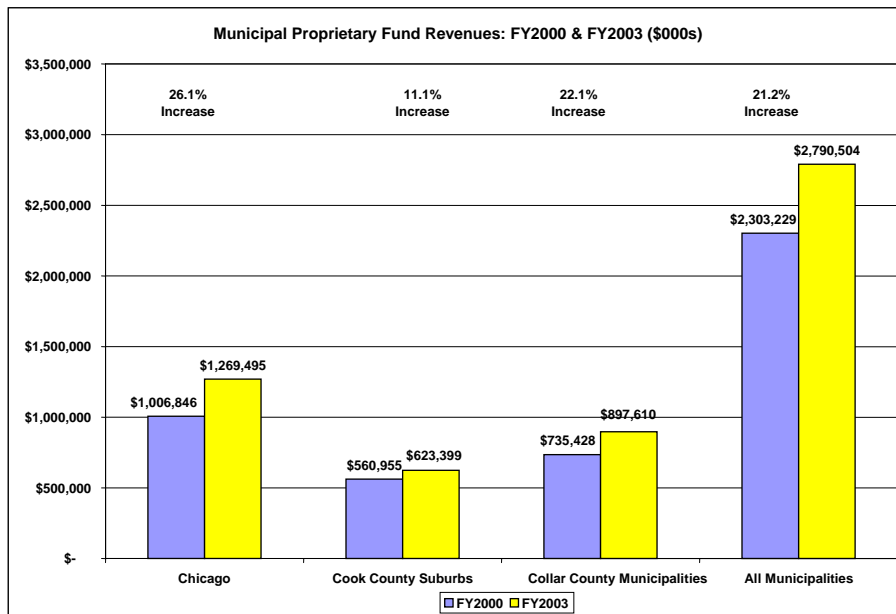


Over 66% of all municipal revenues in FY2003— \$5.6 billion—were locally based. Nearly \$1.8 billion or 21.2% was derived from state sources. Federal sources provided \$996.8 million.



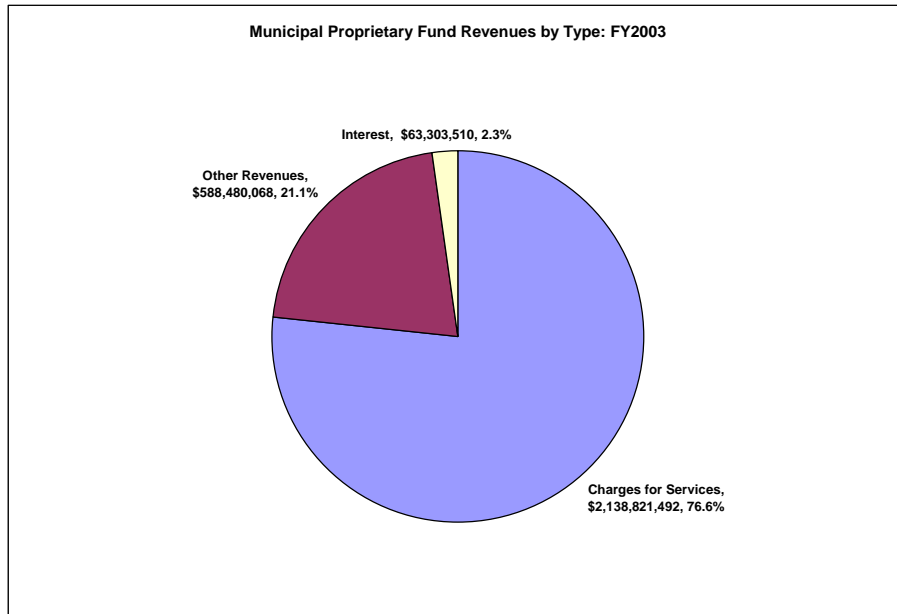
### Proprietary Fund Revenues

Proprietary Fund revenues for all 245 municipalities reporting data to the state comptroller rose by 21.2% between FY2000 and FY2003 from \$2.3 billion to \$2.7 billion. The rate of growth for Chicago Proprietary Fund revenues rose the fastest of the three subcategories reviewed, increasing 26.1% or from \$1.0 billion to \$1.2 billion. Chicago's share of all Proprietary Fund revenues rose slightly from 43.7% to 45.5% over the four-year review period.



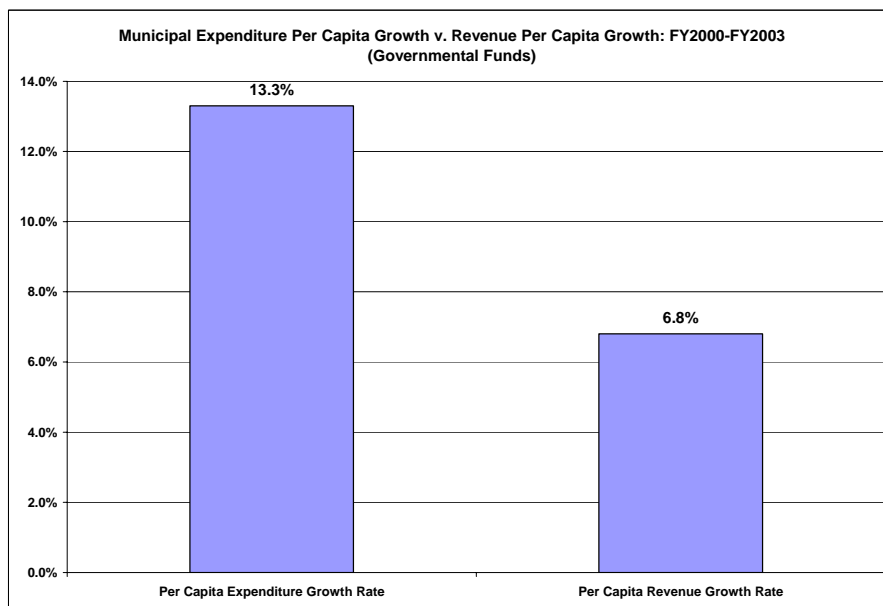


The vast majority of Proprietary Fund revenues, 76.6% of the total, were derived from charges for services. The rest came from tax revenues and various intergovernmental sources and interest earnings.



### Governmental Fund Expenditure Growth vs. Revenue Growth

A comparison of Governmental Fund municipal expenditure and revenue per capita growth rates shows that expenditure growth outstripped revenue growth by nearly a two to one ratio. This suggests that municipalities were entering in a financial situation which, if not remedied in subsequent years, would lead to fiscal stress as resources would be insufficient to fund municipal budget priorities.



### **Fund Balance: FY2000 and FY2003**

The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

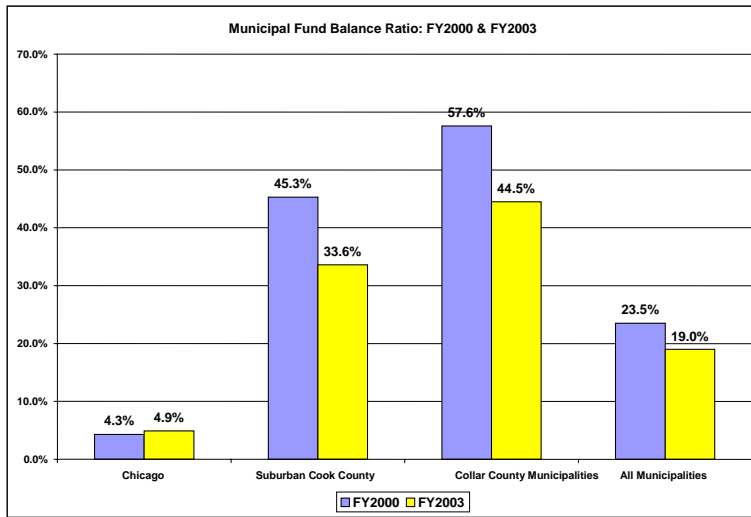
- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

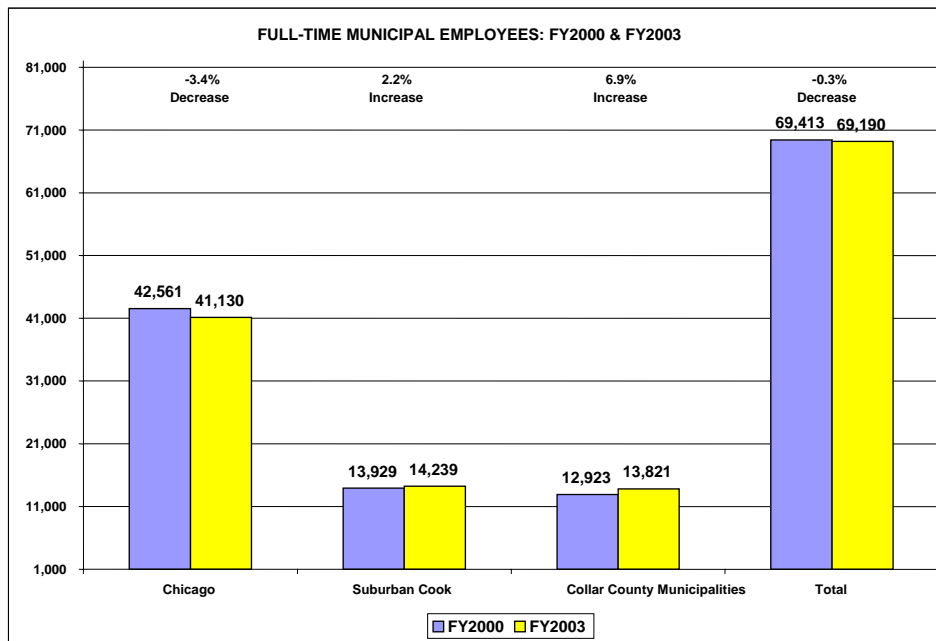
As the exhibit shows, the municipalities in the region in the aggregate posted an “Adequate” current fund balance ratio in both FY2000 and FY2003. The current fund balance ratios for all municipalities, Cook County suburban municipalities, and the collar county municipalities all fell in FY2003; this drop is possibly related to the faster growth rate of expenditures versus revenues for municipalities over the four-year course of this study. Governments may have shrunk the size of their fund balances to meet spending obligations.

The Cook County suburban municipalities had a 45.3% current fund balance ratio in FY2003 and a 33.6% ratio four years later, placing it in the upper reaches of the “Substantial” category. collar county municipalities had a “High” rating in FY2000 at 57.6%; however, the ratio dropped to 44.5% four years later, a “Substantial” rating. Chicago registered in the “Low” category in both years with a 4.3% current fund balance ratio in FY2000 rising to 4.9% in FY2003.



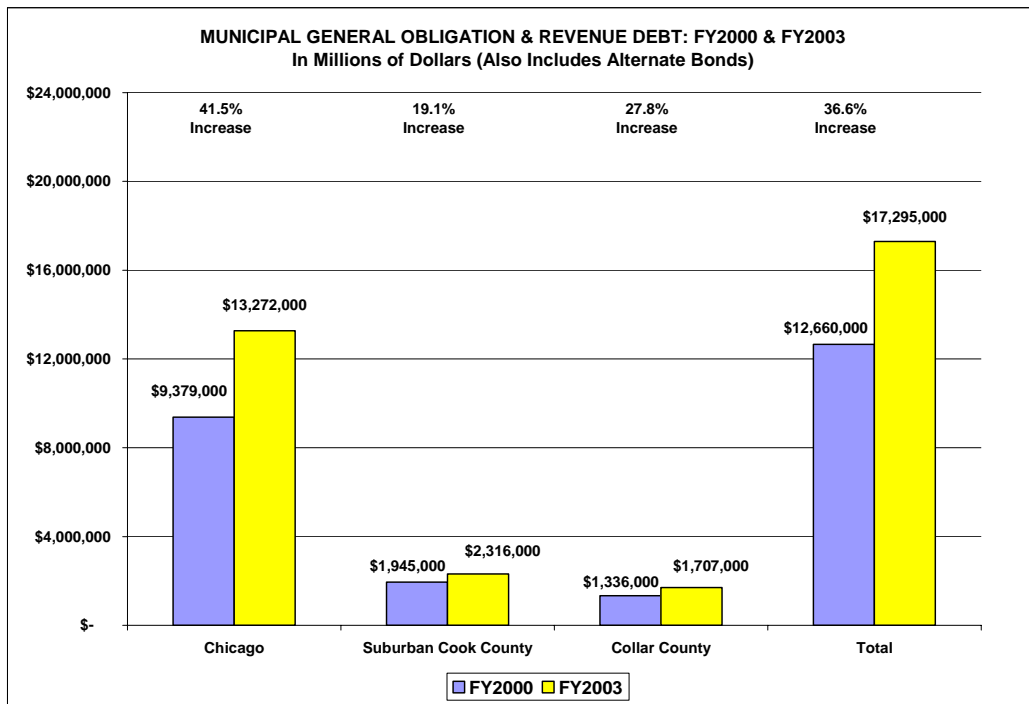
### Personnel Trends

The next exhibit shows the number of municipal employees in the northeastern Illinois region as measured in full time equivalent positions. The number of employees remained relatively static from FY2000 to FY2003, dropping from 69,413 to 69,190. This represents a 0.3% or 223 FTE decrease. The number of FTEs in Chicago dropped by 1,431 or 3.4%. In the suburban Cook County and collar county municipalities, the number of FTEs increased by 2.2% and 6.9% respectively.

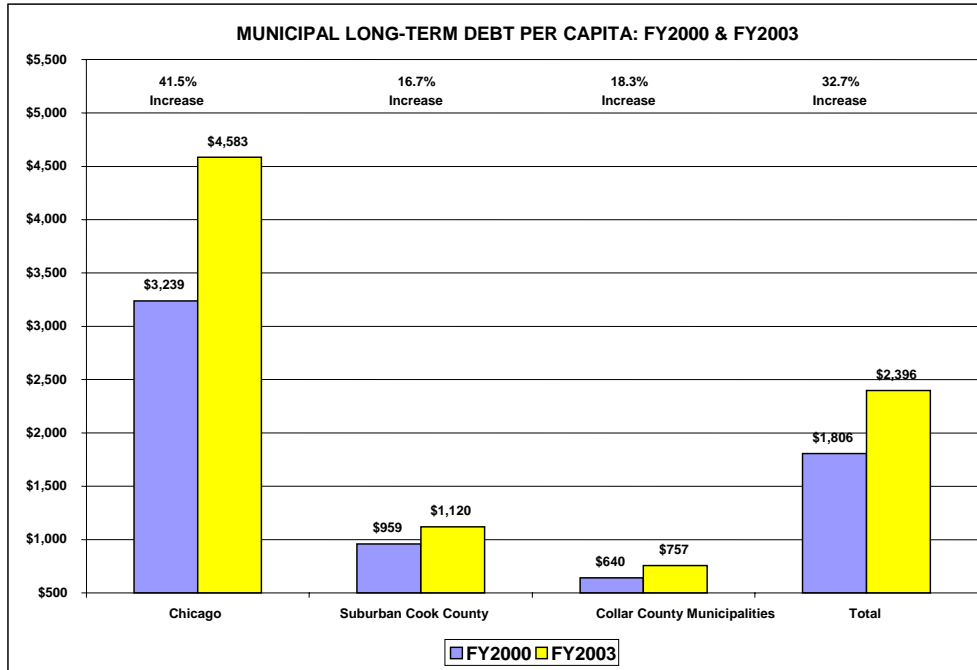


## Long-Term Debt Trends

The next exhibit shows increases in municipal General Obligation and Special Revenue debt outstanding at the end of the year for FY2000 and FY2003. Chicago's long-term debt outstanding at year-end grew by 41.5% between FY2000 and FY2003 from \$9.3 billion to \$13.2 billion. This rate of increase outstripped the growth rate for all municipalities, suburban Cook County municipalities, and collar county municipalities. The city's share of all regional long-term General Obligation and Special Revenue debt increased from 74.1% in FY2000 to 76.7% four years later. Thus, the majority of the overall increase in the region's long-term debt load can be attributed to Chicago.



Municipal debt per capita for the entire region, Chicago, and all other municipalities is shown below. Overall, long-term debt per capita region-wide increased by 32.7%, propelled by the 41.6% increase from Chicago.



## SCHOOL DISTRICTS

School districts may be organized as an elementary district (grades K-8), a high school district (grades 9-12), or a unit district (grades K-12). There were 290 elementary, high school, and unit school districts in the six counties of northeastern Illinois in the years under analysis.

Most Illinois school districts are governed by elected three or seven member boards of directors.<sup>17</sup> The Chicago Public Schools' seven-member board, however, is appointed by the mayor.

### Financial Summary

Summary statistics for the school districts in northeastern Illinois are presented in the following sections. Revenue, Expenditure, and Debt statistics are presented in categories that correspond to the funds utilized by the other governments in this analysis:

- General Fund = Education, Operations, and Maintenance categories;
- Special Revenue Fund = Transportation and Working Cash categories;
- Debt Service Fund = Bond and Interest category; and
- Capital Projects Fund = Site Construction/Capital Improvements, Rent and Fire Prevention, and Safety categories.

This chapter analyzes data from the region's 290 school districts in FY2000 and FY2003. Because these districts encompass much of the territory in the six-county region, this analysis uses region-wide population figures for computing per capita statistics. Population figures for the Chicago Public Schools are the same as those for the city of Chicago, with which the district is coterminous. Between FY2000 and FY2003, the regional population living within these district boundaries rose by 3.7%, the population living within the boundaries of suburban Cook County school districts increased by 1.4%, and the population of collar county school districts rose by 12.1%

<b>School District Population Changes: FY2000- FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
<b>Chicago Public Schools</b>	2,896,016	2,896,016	-	0.0%
<b>Cook County Suburbs</b>	2,030,192	2,057,614	27,422	1.4%
<b>Collar County Suburbs</b>	1,844,235	2,067,303	223,068	12.1%
<b>All Park Districts</b>	<b>6,770,443</b>	<b>7,020,933</b>	<b>250,490</b>	<b>3.7%</b>

Because the school districts did not report any data for Proprietary Funds in FY2000 and FY2003, the information in this chapter is for the equivalent of Governmental Funds only. The financial data in the following sections are drawn from the Illinois School District Annual Financial Reports that all school districts in the state reported to the Illinois State Board of Education (ISBE) for FY2000 and FY2003.

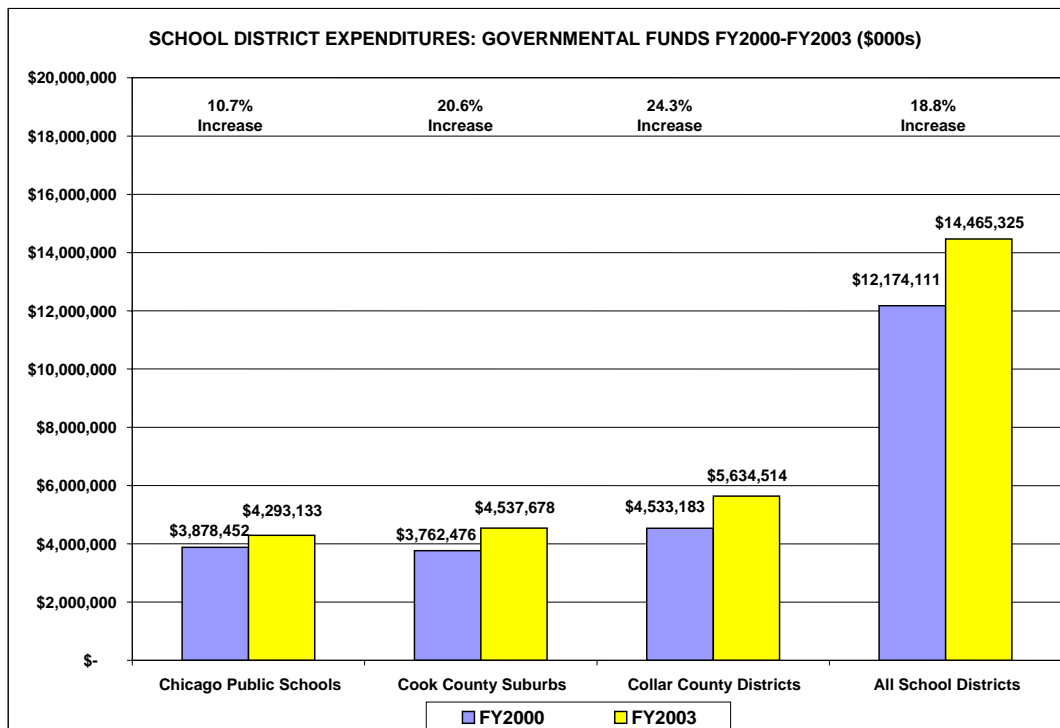
<sup>17</sup> 105 ILCS 5/10-1 and 105 ILCS 5/10-10.

## Expenditures: Trends and Distribution by Major Category

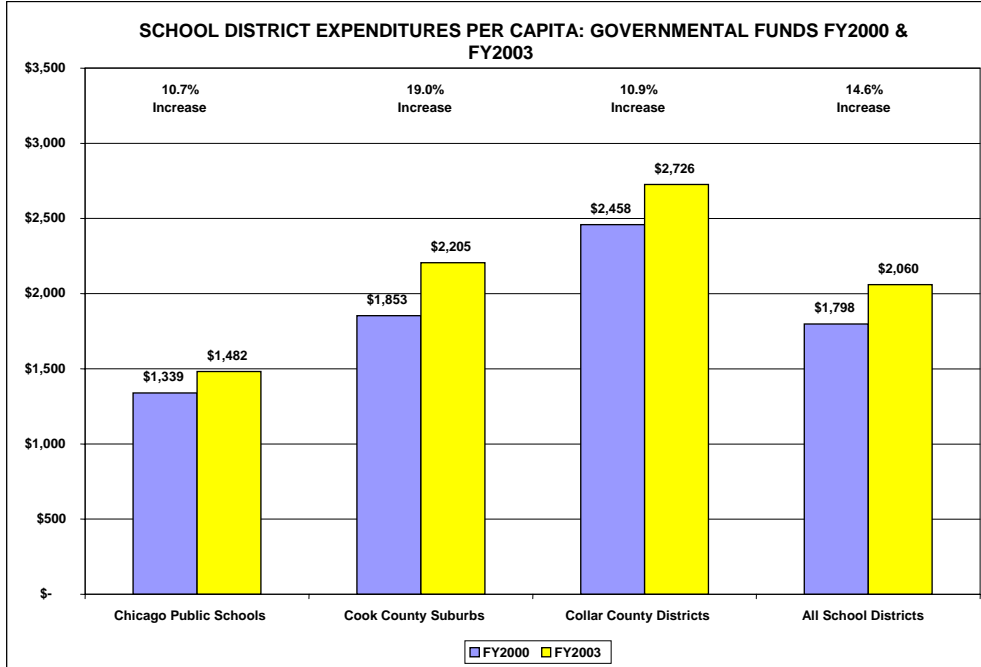
The following exhibits present information on the amount spent by all school districts in the six-county region in their General (Education, Operations, and Maintenance Funds) and Special Revenue (Transportation and Working Cash) Funds.

### Governmental Fund Expenditures

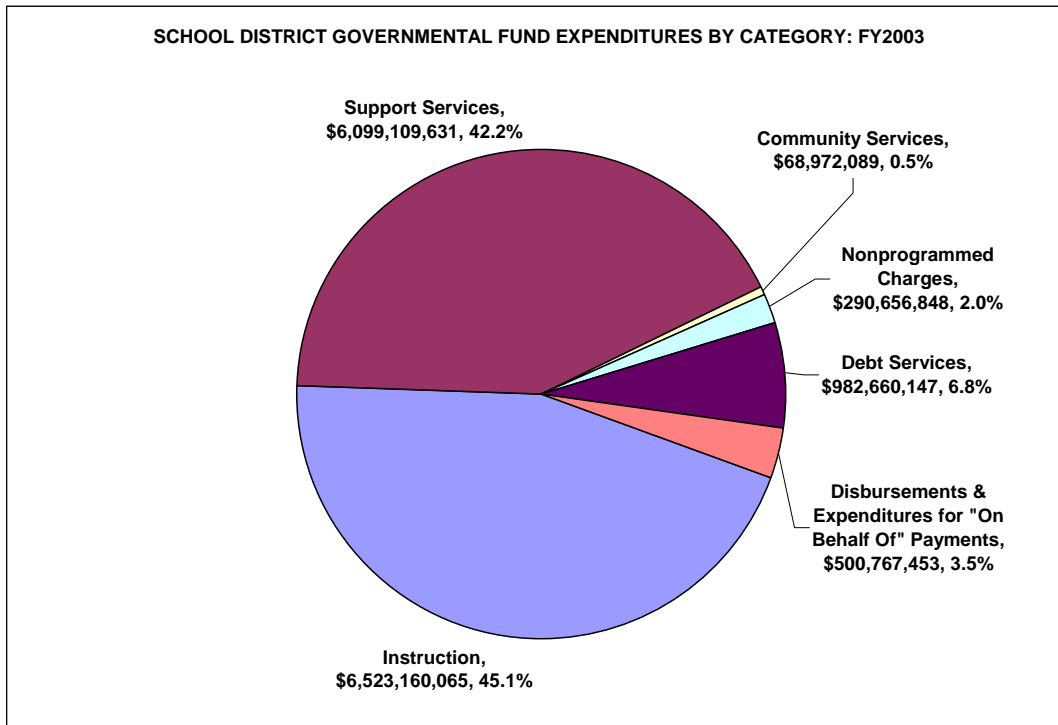
The exhibits that follow present spending trends for the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures. Total school district expenditures for their Governmental Funds increased 18.8% between FY2000 and FY2003 from \$12.1 billion to nearly \$14.5 billion. Spending by Suburban Cook County and collar county school districts rose by 20.6% and 24.3% respectively. Spending for the Chicago Public Schools lagged far behind, rising by 10.7%.



School district expenditure per capita statistics show the correlation between increases in spending and growth in population for the region. Governmental Funds spending per capita for all 290 school districts rose from \$1,798 to \$2,060 over the four-year period. This represents a 14.6% increase. Suburban Cook County districts had the largest percentage increase in spending, with a 19.0% increase from \$1,853 to \$2,205. The collar county districts reported the highest per capita totals: \$2,548 in FY2000 and \$2,726 four years later. The Chicago Public Schools reported that per capita spending rose by 10.7% in this same time period.



Approximately 87.3% of school district spending is used on instruction and support services, 45.1% or \$6.5 billion of which is earmarked for instruction and 42.2% or nearly \$6.1 billion used for support services. Debt service consumed 6.8% of all spending or \$982.6 million.



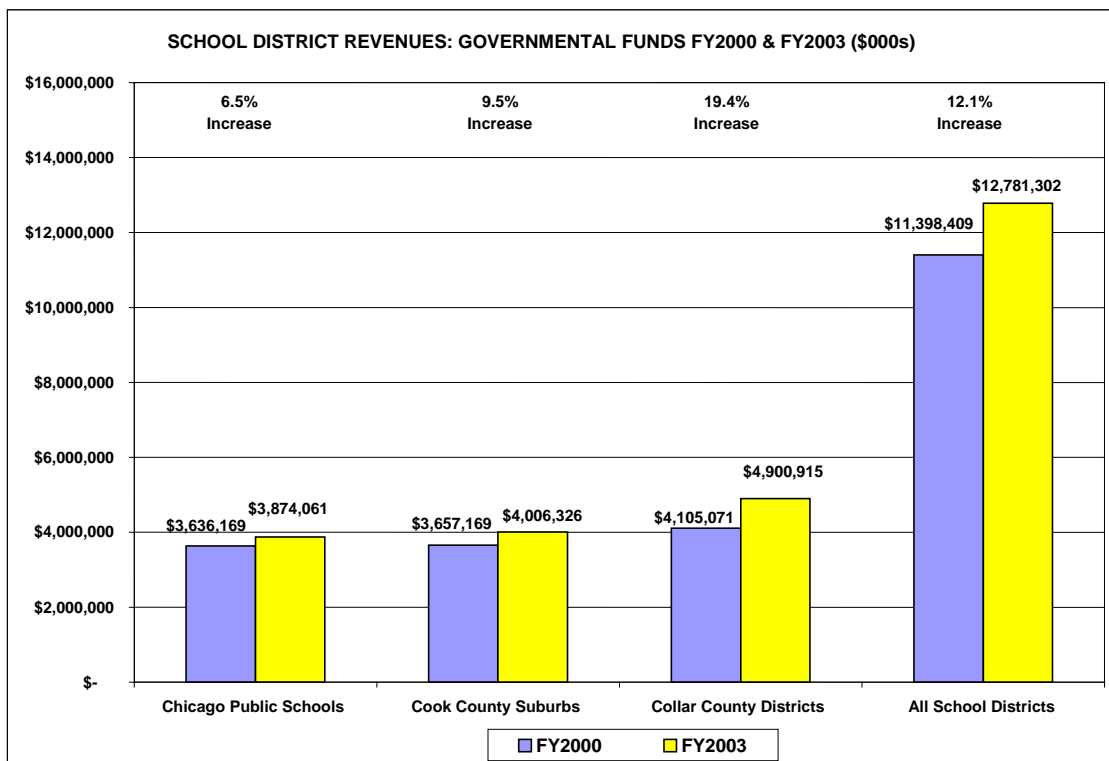


## Revenues: Trends and Distribution by Major Category

The next set of exhibits present information on school district revenues in the northeastern Illinois region for the Governmental and Proprietary Funds.

### Governmental Fund Revenues

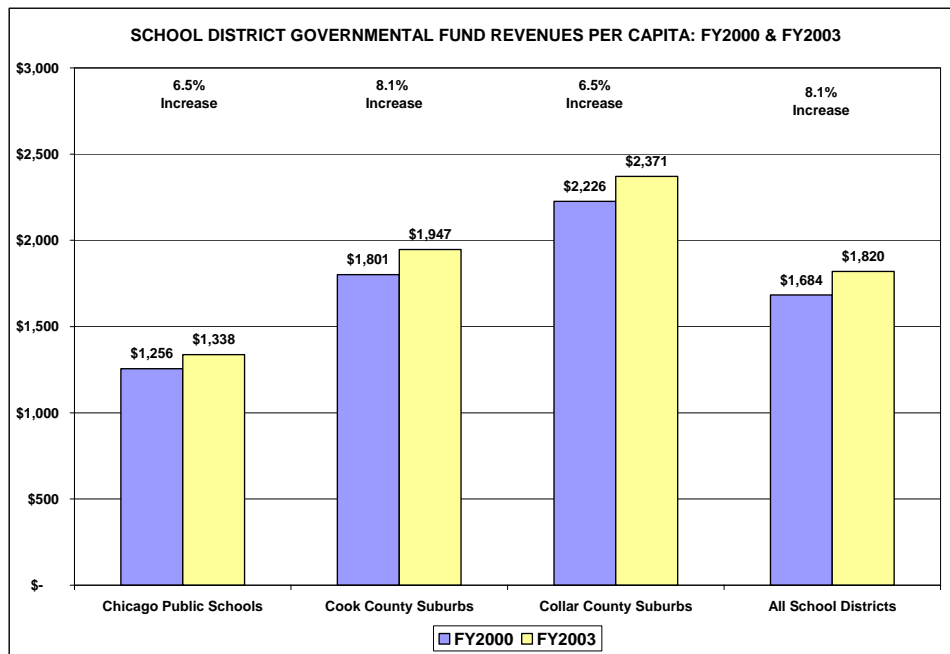
Total school district revenues for the four Governmental Funds rose by 12.1% between FY2000 and FY2003 from \$11.3 billion to approximately \$12.7 billion. Chicago Public Schools revenues increased at the lowest rate of the four groupings presented in the exhibit that follows with revenues rising by 6.5% from approximately \$3.6 billion to \$3.8 billion. Cook County suburban school district revenues increased by 9.5%, and collar county school district revenues rose at the fastest rate, increasing by 12.1%.



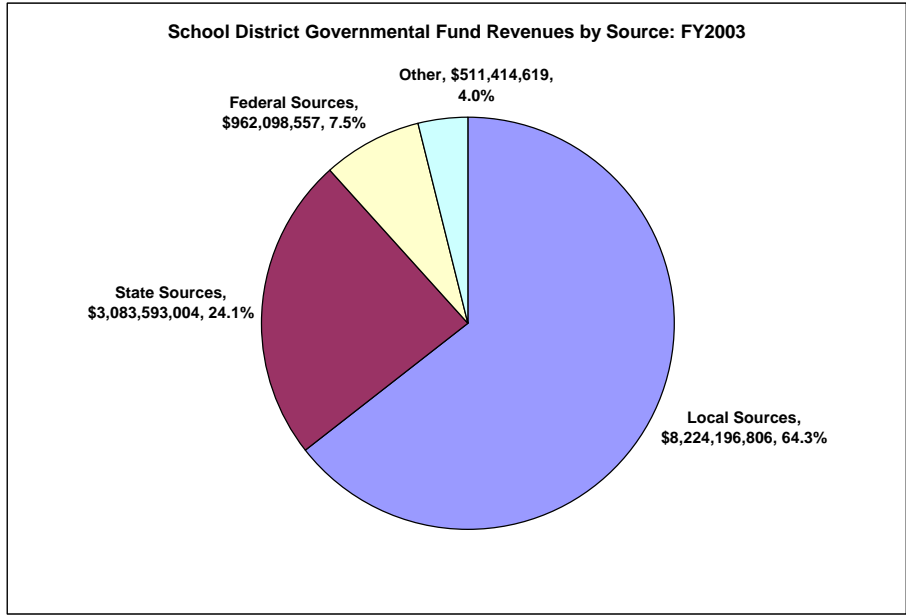
The following exhibit presents information about major categories of operating revenues for FY2000 and FY2003. Property taxes are the most important source of school district revenue. Over 57% or \$7.3 billion of school revenues were derived from real estate taxes. This is an increase from FY2000 when 55.0% of all school district revenues came from real estate taxes. State source revenues, including general state aid, accounted for 24.1% of all revenues, down from 24.5% four years before. The remaining revenues were derived from federal funds, flow through receipts, and on behalf of payments from other entities such as authorities issuing debt or holding leases.

<b>School District Revenues by Type: Governmental Funds FY2000 &amp; FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>\$ CHG</b>	<b>% CHG</b>
Property Taxes	\$ 6,265,155,119	\$ 7,329,600,351	\$ 1,064,445,232	17.0%
Other Local Sources	\$ 1,082,338,866	\$ 894,596,455	\$ (187,742,411)	-17.3%
<b>Subtotal All Local Sources</b>	<b>\$ 7,347,493,985</b>	<b>\$ 8,224,196,806</b>	<b>\$ 876,702,821</b>	<b>11.9%</b>
<b>Flow through Receipts</b>	<b>\$ 12,113,044</b>	<b>\$ 10,647,166</b>	<b>\$ (1,465,878)</b>	<b>-12.1%</b>
Unrestricted Grants	\$ 1,506,977,644	\$ 1,667,741,177	\$ 160,763,533	10.7%
Restricted Grants	\$ 1,042,163,320	\$ 1,415,851,827	\$ 373,688,507	35.9%
Other State Sources	\$ 248,924,618	\$ -	\$ (248,924,618)	-100.0%
<b>Subtotal State Sources</b>	<b>\$ 2,798,065,582</b>	<b>\$ 3,083,593,004</b>	<b>\$ 285,527,422</b>	<b>10.2%</b>
<b>Total All Federal Sources</b>	<b>\$ 809,046,101</b>	<b>\$ 962,098,557</b>	<b>\$ 153,052,456</b>	<b>18.9%</b>
<b>"On Behalf Of" Payments</b>	<b>\$ 431,694,878</b>	<b>\$ 500,767,453</b>	<b>\$ 69,072,575</b>	<b>16.0%</b>
<b>GRAND TOTAL</b>	<b>\$ 11,398,413,590</b>	<b>\$ 12,781,302,986</b>	<b>\$ 1,382,889,396</b>	<b>12.1%</b>

The next exhibit, school district revenues per capita, shows changes in revenues relative to changes in population. Governmental Funds revenue per capita increased by 8.1% between FY2000 to FY2003, rising from \$1,684 to \$1,820. Collar county school districts reported the highest per capita figures overall; their revenues increased by 6.5% from \$2,226 to \$2,371.

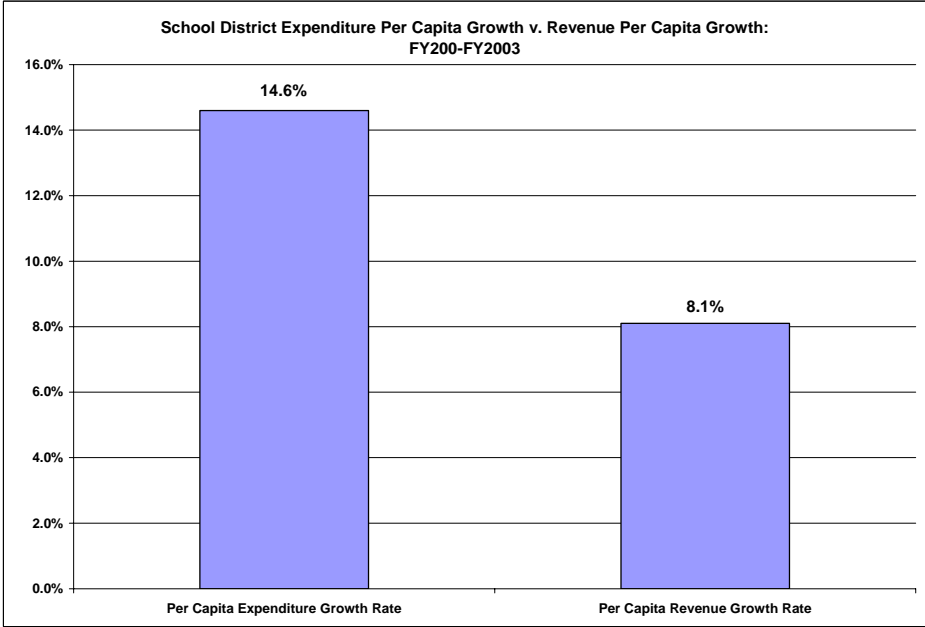


Approximately 64.3% of school district Governmental Fund Revenues in northeastern Illinois derive from local sources, primarily property taxes. State sources are the second largest revenue source with 24.1% of all school district revenues. Federal sources and other revenues make up the remaining 11.5% of school district resources.



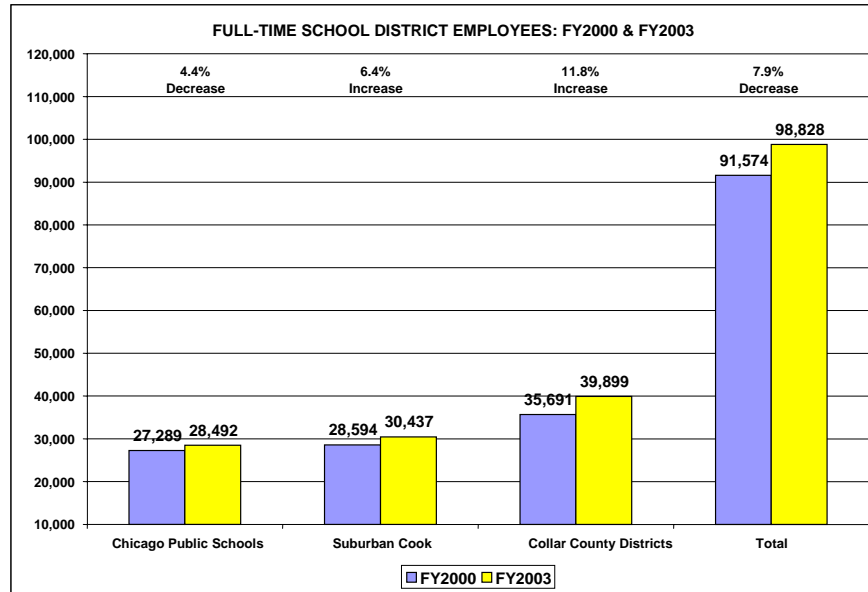
**Governmental Fund Expenditure Growth vs. Revenue Growth**

A comparison of Governmental Fund school district expenditure and revenue per capita growth rates shows that expenditure growth outpaced revenue growth between FY2000 and FY2003. During this four-year period, revenues grew by 8.1% while expenditures rose much faster—by 14.6%. This suggests school districts were entering into a situation of fiscal stress at the end of this period.



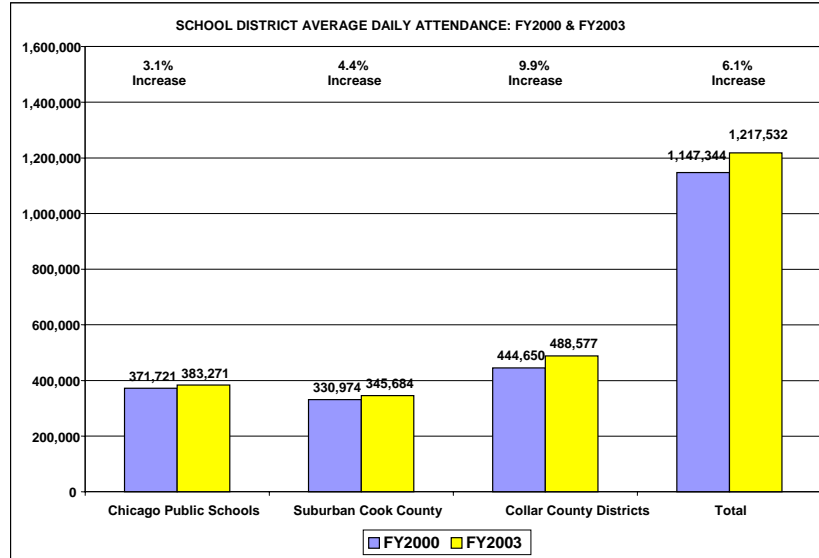
## Personnel Trends

The next exhibit shows the number of full time school district employees in the northeastern Illinois region as measured in full time equivalent positions. Between FY2000 and FY2003, the number of FTEs increased by 7.9% or from 91,574 to 98,828.



## Student Average Daily Attendance

The next exhibit presents data for student average daily attendance (ADA) for the school districts in the northeastern Illinois region. The ADA for the entire region rose by 6.1% between FY2000 and FY2003, increasing from 1,147,344 to 1,217,532. The largest percentage increase came in the collar county school districts, where ADA rose by 9.9% to 488,577.



### **Fund Balance: FY2000 and FY2003**

The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

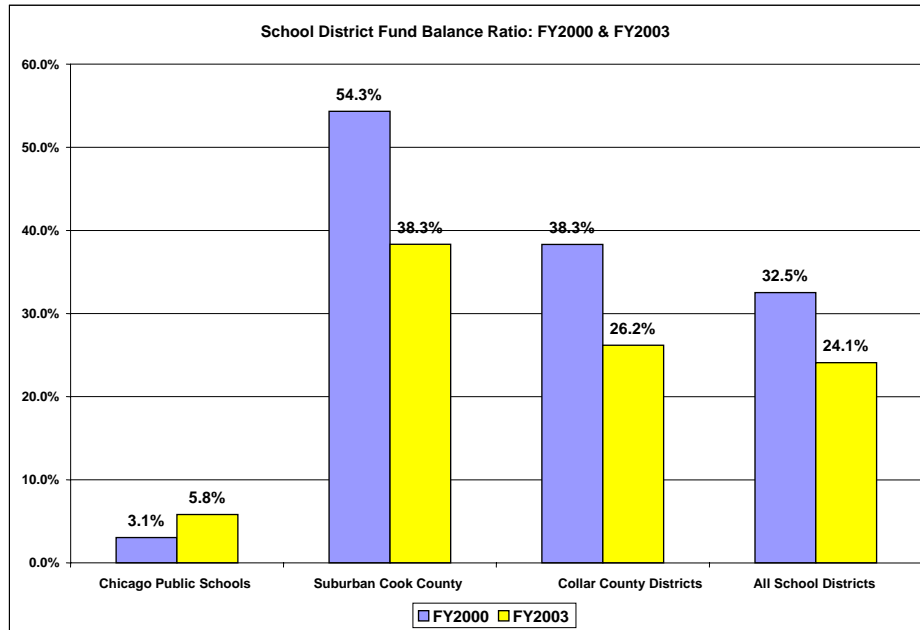
- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

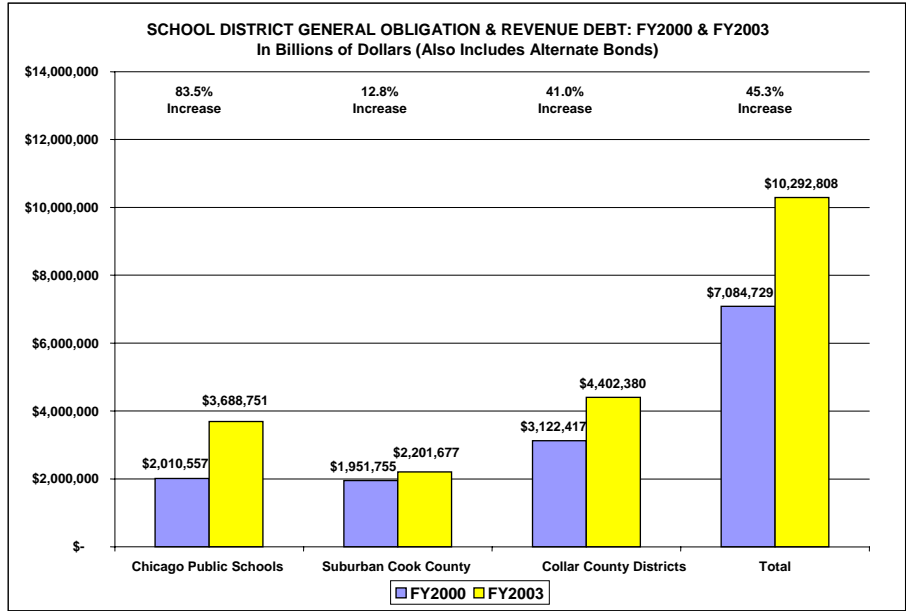
As the exhibit shows, school districts in the region in the aggregate posted an “Adequate” 32.5% current fund balance ratio in FY2000. However, the ratio dropped to 24.1% in FY2003. The current fund balance ratios for all school districts, Cook County suburban districts, and the collar county districts fell in FY2003. This drop is possibly related to districts drawing down their fund

balances to meet outstanding spending obligations. The Cook County suburban district fund balance ratio is noteworthy in that it fell from a “High” ratio of 54.3% to a “Substantial” ratio of 38.3%. The Chicago Public Schools fund balance ratio increased over the four-year period analyzed, rising from 3.1% to 5.8%. However, in both years the CPS ratio was quite low; only in FY2003 did it meet the GFOA best practice standard of a minimum fund balance ratio of 5%.

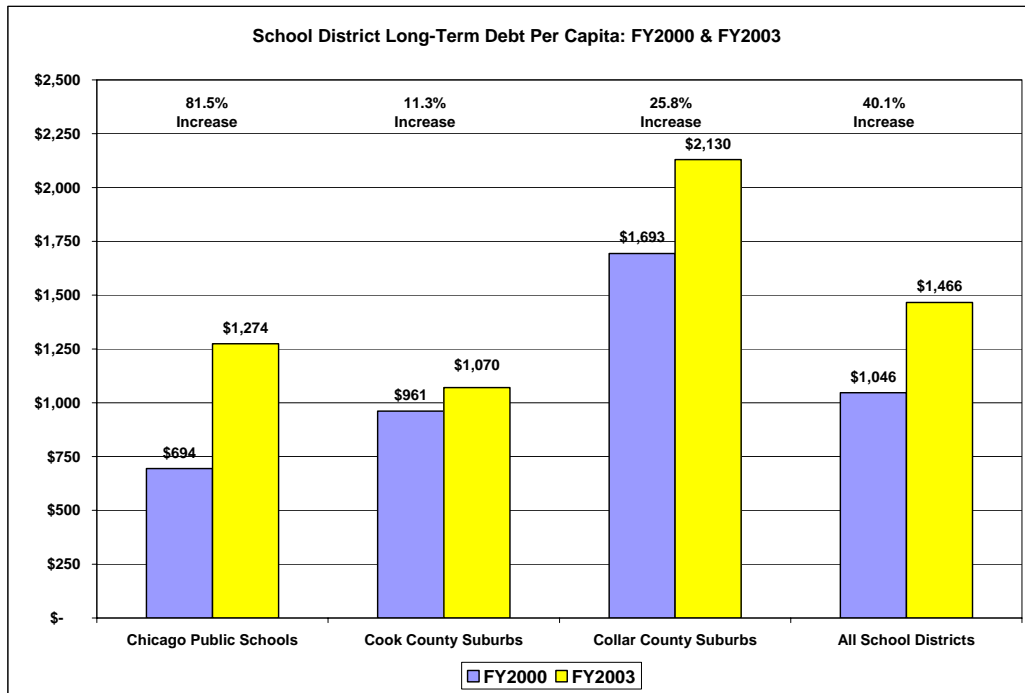


### Long-Term Debt Trends

The exhibit below shows that long-term debt increased substantially between FY2000 and FY2003, rising 45.3% for all districts analyzed. This represented a \$1.6 billion increase from \$7.0 billion to \$10.2 billion. Chicago Public Schools’ long-term debt rose most dramatically, up 83.5%. The large increase was due to the Chicago Board of Education’s extensive capital campaign. The collar county school districts increased their debt burden by 41.0% or from \$3.1 billion to \$4.4 billion. Suburban Cook County school districts’ long-term debt rose at a relatively modest rate, increasing by 12.8% over the time of the study.



Long-term debt per capita in FY2000 and FY2003 is shown next for the Chicago Public Schools, suburban Cook County districts, collar county school districts, and all northeastern Illinois school districts. This indicator shows changes in debt burden relative to changes in population. In the entire six-county region of northeastern Illinois, long-term debt rose by 40.1% from \$1,046 to \$1,466 over the four-year period of the study. Chicago Public School debt burden rose most dramatically from \$694 to \$1,271, an 81.5% increase. The collar county school district debt increased by 25.8% during the same time period. Suburban Cook County school district debt rose by just 11.3% from \$961 to \$1,070.



## PARK DISTRICTS

Park districts, as providers of recreational facilities and programs for area residents, have the power to plan, establish, and maintain recreational programs, to levy property taxes, and to issue debt. As non-home rule units of government, they are subject to tax caps on property tax extension increases.

Park districts do not service residents of all communities. In many municipalities, a municipally-operated parks department, rather than a separate district, provides recreational services.

Township park districts are governed by three-member boards of commissioners.<sup>18</sup> Other park districts are governed by five- or seven-member boards of commissioners.<sup>19</sup> The Chicago Park District, which has boundaries coterminous with those of the city of Chicago, is governed by a seven-member board appointed by the mayor.

### Financial Summary

The following sections present summary statistics for the park districts in northeastern Illinois. These data include information on expenditures and revenues from park district Governmental Funds and the districts' Proprietary Funds. Data are presented separately for all park districts in the six-county region, the Chicago Park District (CPD), Cook County suburban park districts, and collar county park districts.

This chapter analyzes data from 157 park districts in FY2000 and FY2003. Because park districts encompass much of the territory in the six-county region, this analysis uses region-wide population figures for computing per capita statistics. Population figures for the Chicago Park District are the same as those for the city of Chicago, with which the district is coterminous. Between FY2000 and FY2003, the regional population living within these park district boundaries rose by 3.7%, the population living within the boundaries of suburban Cook County park districts increased by 1.4%, and the population of collar county park districts rose by 12.1%.

<b>Park District Population Changes FY2000-FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
Chicago Park District	2,896,016	2,896,016	-	-
Cook County Suburbs	2,030,192	2,057,614	27,422	1.4%
Collar County Districts	1,844,235	2,067,303	223,068	12.1%
<b>All Park Districts</b>	<b>6,770,443</b>	<b>7,020,933</b>	<b>250,490</b>	<b>3.7%</b>

<sup>18</sup> 70 ILCS 1205/2-19

<sup>19</sup> 70 ILCS 1205/210 and 1205/2-10a.

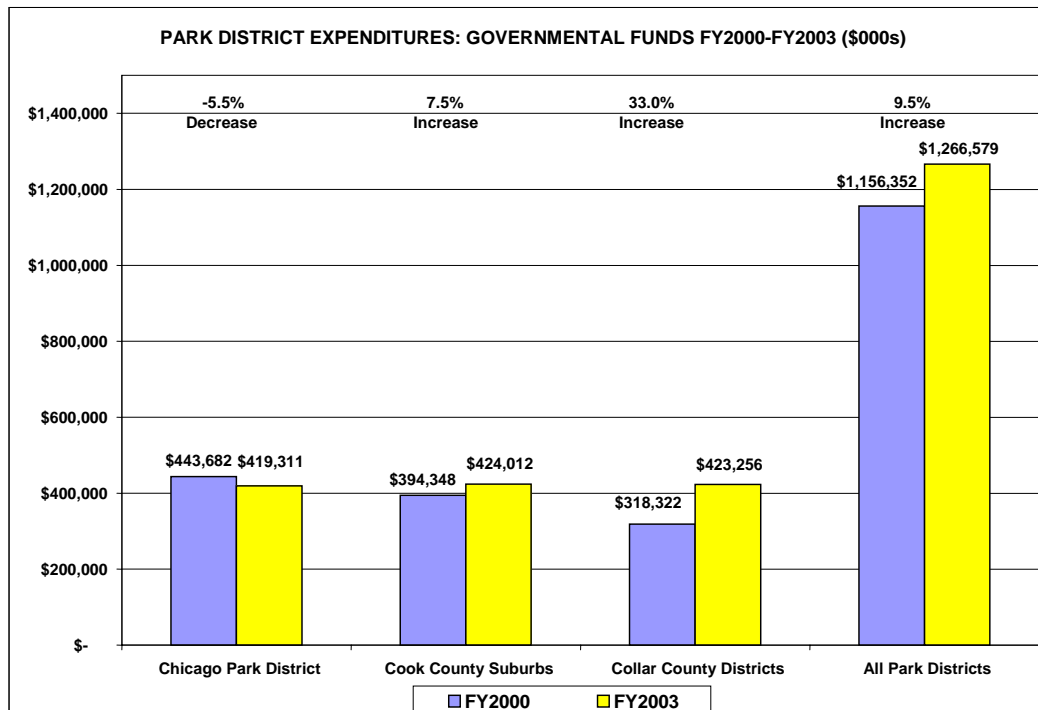


## Expenditures: Trends and Distribution by Major Category

Data are presented separately for Governmental and Proprietary Fund expenditures and revenues. They cannot be combined because they use different bases of accounting. The Governmental Funds, which account for most operations of a typical government, employ the modified accrual basis of accounting. However, the Proprietary Funds, which account for activities that are financed and operated in a manner similar to a private business such as airports and parking garages, use full accrual accounting. This non-uniformity in accounting methods makes accurate comparisons impossible.

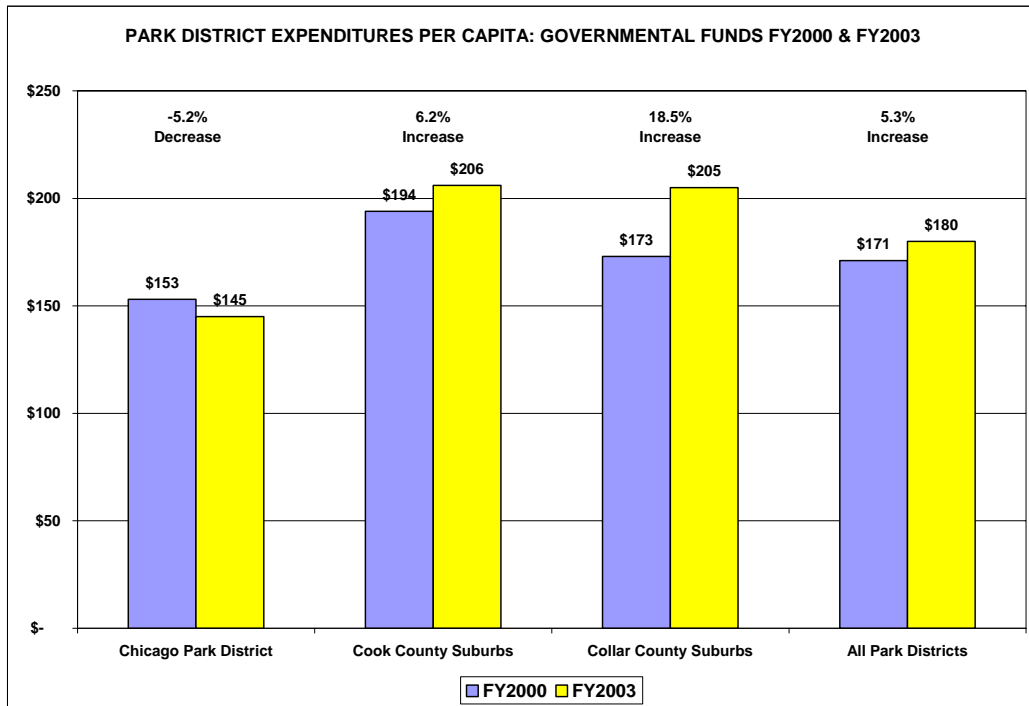
### Governmental Fund Expenditures

Park district Governmental Fund expenditures rose by \$110.2 million or 9.5% between FY2000 and FY2003. These figures represent spending for the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures. The Chicago Park District reported a slight decrease of 5.5% during this four-year time period. The largest increase came in the collar county park districts, which registered a 33.0% increase from \$318.3 million to \$423.2 million.

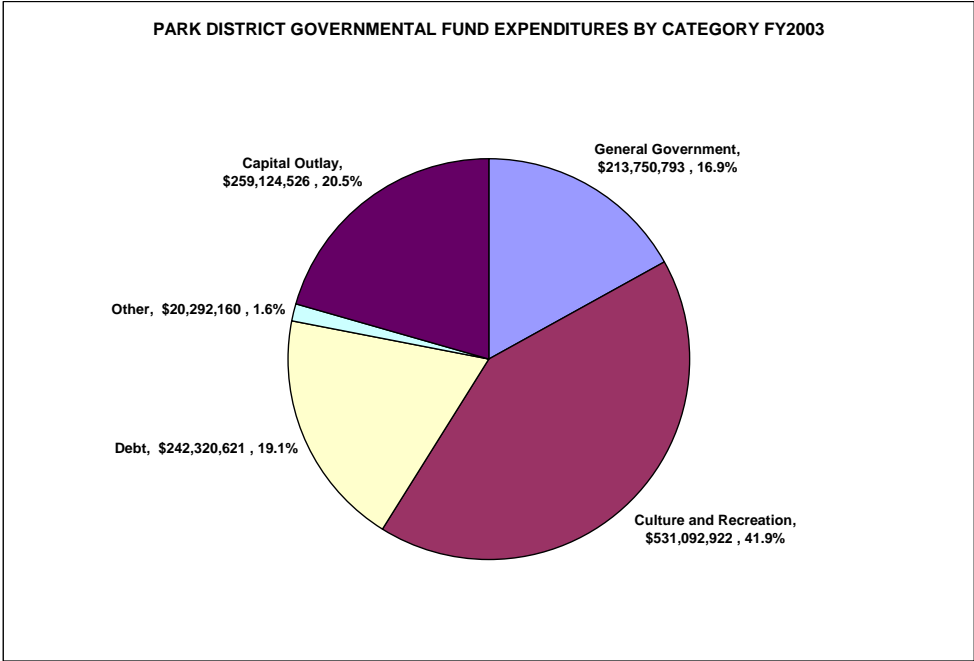


Park district Governmental Fund per capita expenditure trends increased slightly over the four-year period of this study, rising by 5.3%. During the same period:

- Chicago Park District per capita spending declined by 5.2% from \$153 to \$145;
- Per capita spending increased for Cook County suburban districts by 6.2% from \$194 to \$206;
- Collar county park district Governmental Fund spending increased by 18.5%.

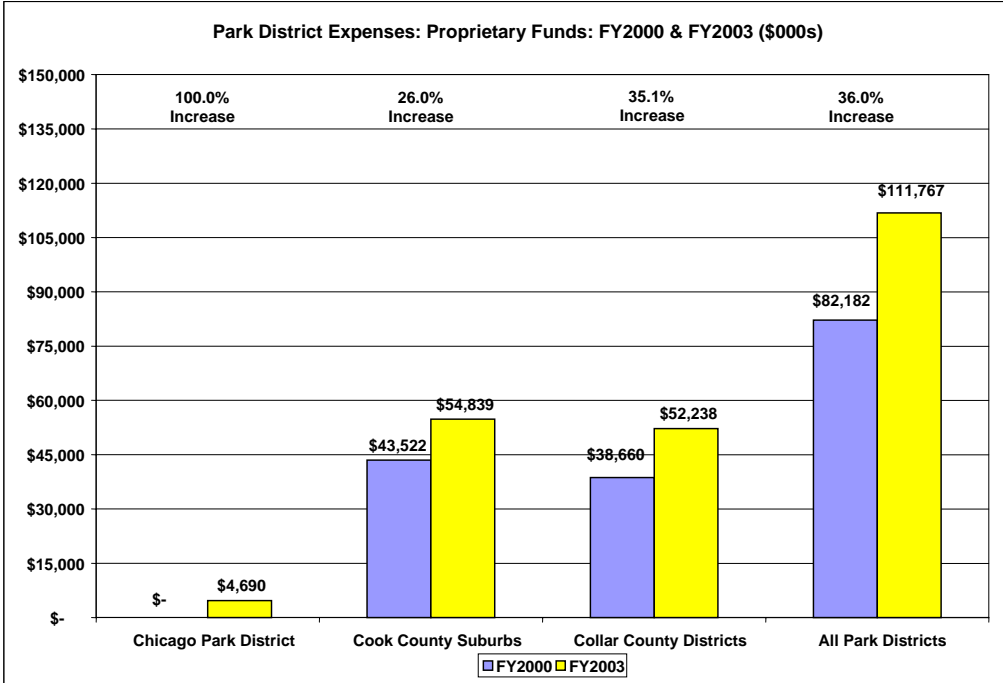


The most significant portion of park district expenditures are earmarked for culture and recreation with 41.9% of all operating expenditures devoted to those types of activities. Debt service consumes the next largest amount of expenditures, 19.1% of the total. Lesser percentages are expended on general government and capital outlay.

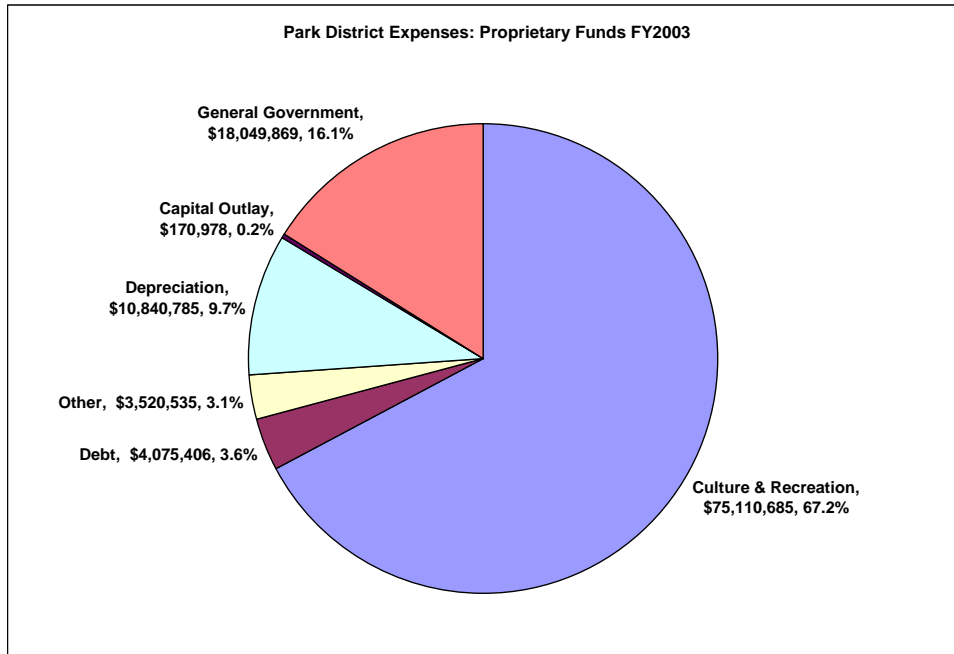


Proprietary Fund Expenses

The next exhibit presents data on park district Proprietary Fund expenses. Over the four-year period of this study, expenses for park district business-type enterprises increased by 36.0% in the six-county region, rising from \$82.1 million to \$111.7 million.



Culture and recreation was the number one park district Proprietary Fund expense in FY2003 at 67.2% or \$75.1 million. It was followed by General Government at 16.1%.

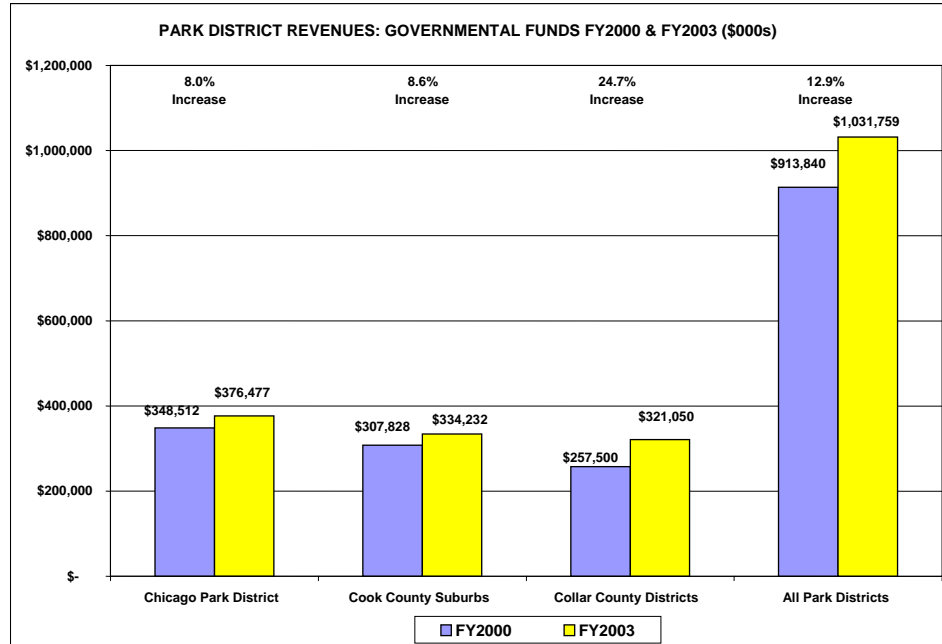


### Revenues: Trends and Distribution by Major Category

The next group of exhibits presents information about park district revenue trends for the four Governmental Funds and Proprietary Funds.

#### Governmental Fund Revenues

Governmental Fund revenues rose by 12.9% or from \$913.8 million to just over \$1.0 billion between FY2000 and FY2003. In dollar terms, this represents a \$117.9 million increase. In this four-year period, CPD revenues rose by 8.0%, revenues for Cook County suburban districts rose by 8.6%, and collar county park district revenues increased by 24.7%.



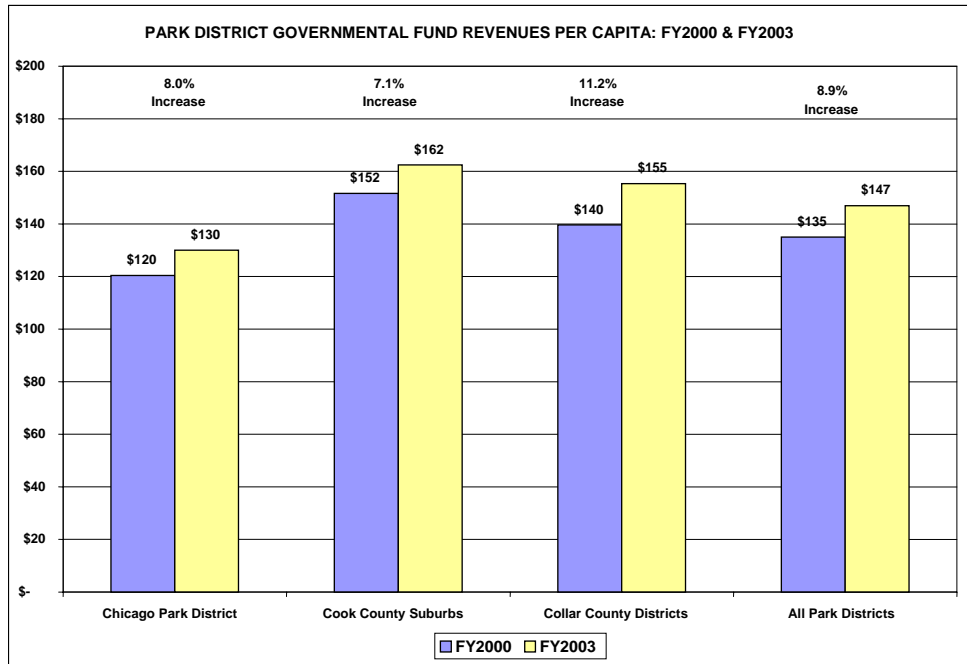
The next exhibit shows four-year trends in park district revenues by type. Property tax revenues, the largest single revenue source, increased by 14.6% during the four years studied, rising from \$544.1 million to \$623.8 million. Charges for services, the second largest revenue source, rose at a much faster rate, increasing by 22.3%. Together, property taxes and charges for services constituted 85.5% of all park district revenues in FY2003.

<b>Park District Revenues by Type: Governmental Funds FY2000 &amp; FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>\$ CHG</b>	<b>% CHG</b>
Property Tax	\$ 544,146,055	\$ 623,807,290	\$ 79,661,235	14.6%
Total charges for services	\$ 211,527,548	\$ 258,600,977	\$ 47,073,429	22.3%
Miscellaneous	\$ 37,220,772	\$ 55,732,749	\$ 18,511,977	49.7%
Total other state sources	\$ 25,115,597	\$ 40,554,222	\$ 15,438,625	61.5%
State replacement tax	\$ 51,157,552	\$ 35,240,030	\$ (15,917,522)	-31.1%
Interest	\$ 36,475,047	\$ 10,359,883	\$ (26,115,164)	-71.6%
Other Intergovernmental	\$ 4,704,217	\$ 4,095,545	\$ (608,672)	-12.9%
Total federal revenue	\$ 147,050	\$ 1,543,778	\$ 1,396,728	949.8%
Gaming income	\$ 688,239	\$ 742,539	\$ 54,300	7.9%
Other local taxes	\$ 1,973,325	\$ 737,308	\$ (1,236,017)	-62.6%
All licenses and permits	\$ 46,880	\$ 284,822	\$ 237,942	507.6%
Fines and forfeitures	\$ 639,298	\$ 60,168	\$ (579,130)	-90.6%
<b>Total</b>	<b>\$ 913,841,580</b>	<b>\$ 1,031,759,311</b>	<b>\$ 117,917,731</b>	<b>12.9%</b>

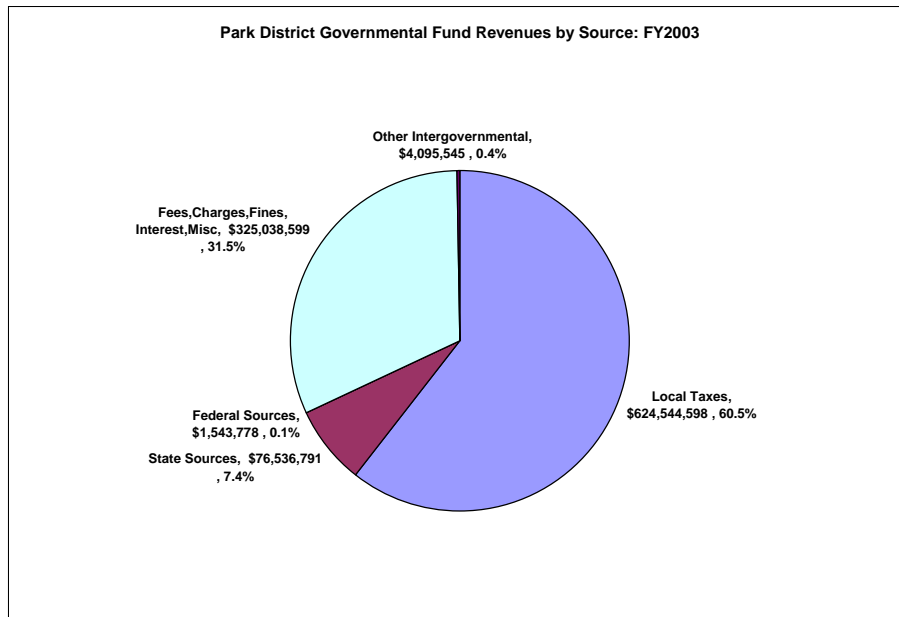
Revenues per capita for park district Governmental Funds increased by 8.9% between FY2000 and FY2003, rising from \$135 to \$147. Per capita revenues increased in each of the categories analyzed:

- Chicago Park District revenues per capita rose by 8.0%;
- Cook County suburban park district revenues per capita increased from \$152 to \$162 or 7.1%; and

- Collar county park district per capita revenues rose by the largest percentage: 11.2% or from \$140 to \$155.

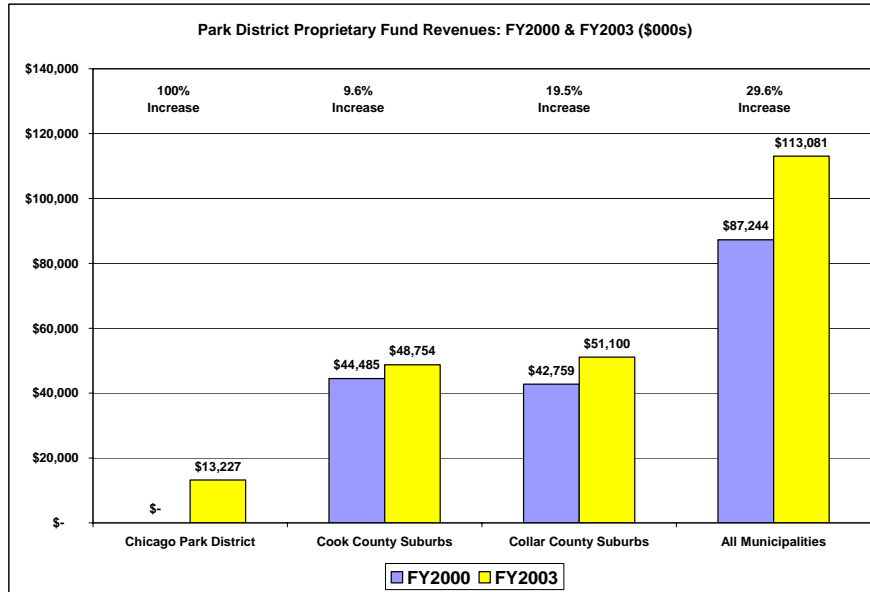


Park district revenues derive from five major sources: local taxes; other local sources such as fees, charges, fines, and interest; state sources; federal sources; and other intergovernmental sources. Approximately 60.5% or \$624.5 million of district revenues in FY2003 were derived from local taxes, primarily property taxes. Other local sources such as fees generated 31.5% or \$325.0 million. State source revenues, or 7.4% of the total, were the third largest source of revenues.

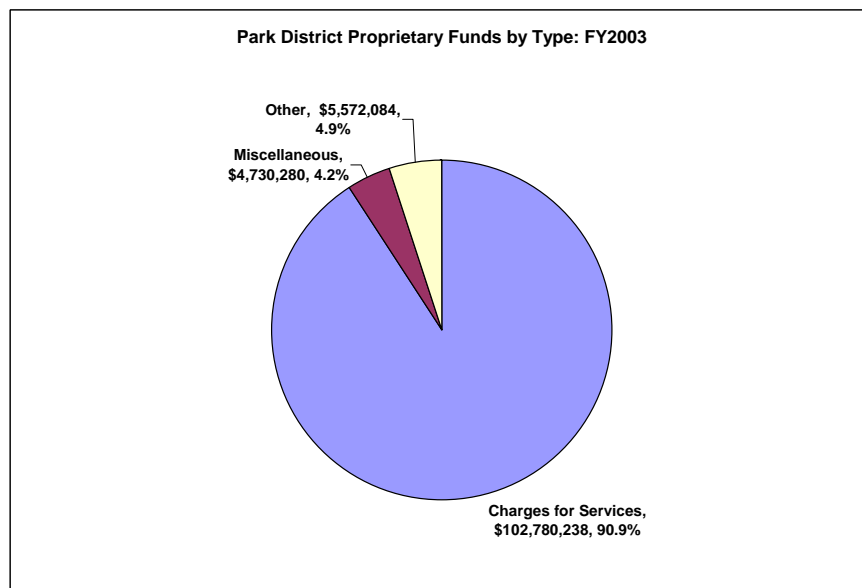


## Proprietary Fund Revenues

The next exhibit shows Proprietary Fund revenues in FY2000 and FY2003 for all reporting park districts in the region: the Chicago Park District, Cook County suburban park districts, and collar county park districts. Overall, Proprietary Fund revenues increased a robust 29.6% or from \$87.2 million to \$113.0 million. The CPD did not report any Proprietary Fund revenues in FY2000 and over \$13 million four years later. Cook County suburban park district Proprietary Fund revenues and collar county revenues rose by 9.6% and 19.5% respectively in that time period.

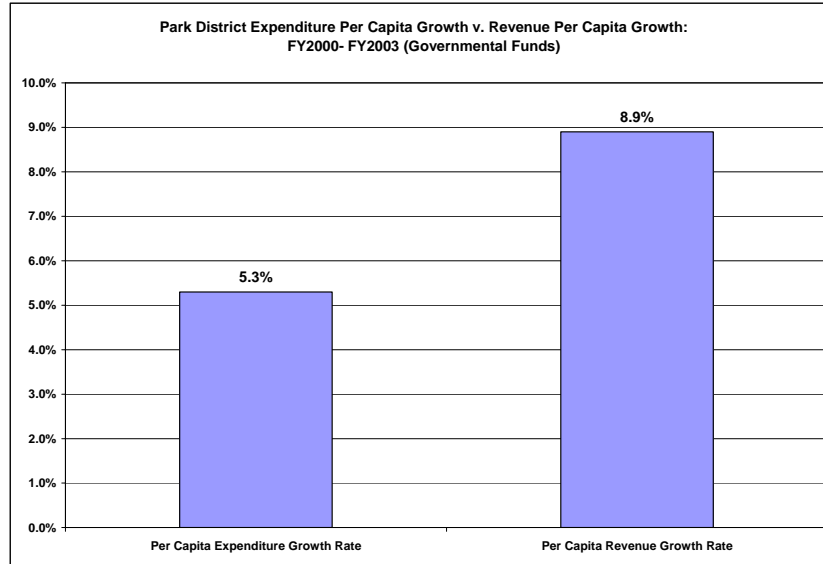


Proprietary Fund revenues were overwhelmingly derived from charges for services in FY2003. Approximately 90.9% of the \$113.0 million collected from Proprietary Fund revenues or \$102.7 million came from this source.



## Governmental Fund Expenditure Growth vs. Revenue Growth

Park district revenues grew at a faster rate than expenditures between FY2000 and FY2003 as the next exhibit demonstrates. During this four-year period, revenues per capita grew by 8.9% while expenditures rose by 5.3%. This suggests that park districts were in an excellent financial situation at the close of the period.



## Fund Balance: FY2000 and FY2003

The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

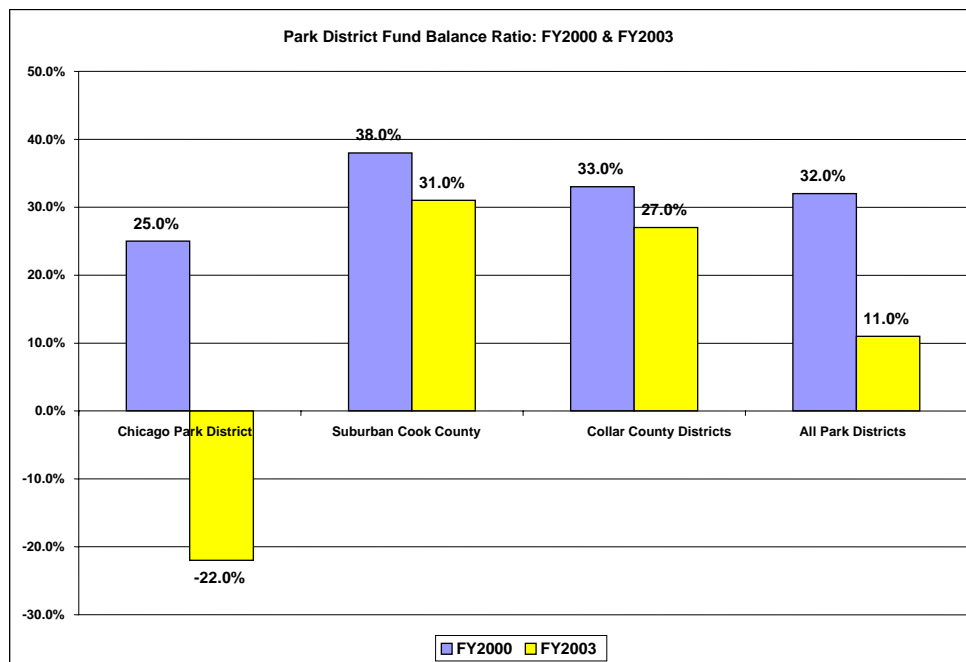
The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.



The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

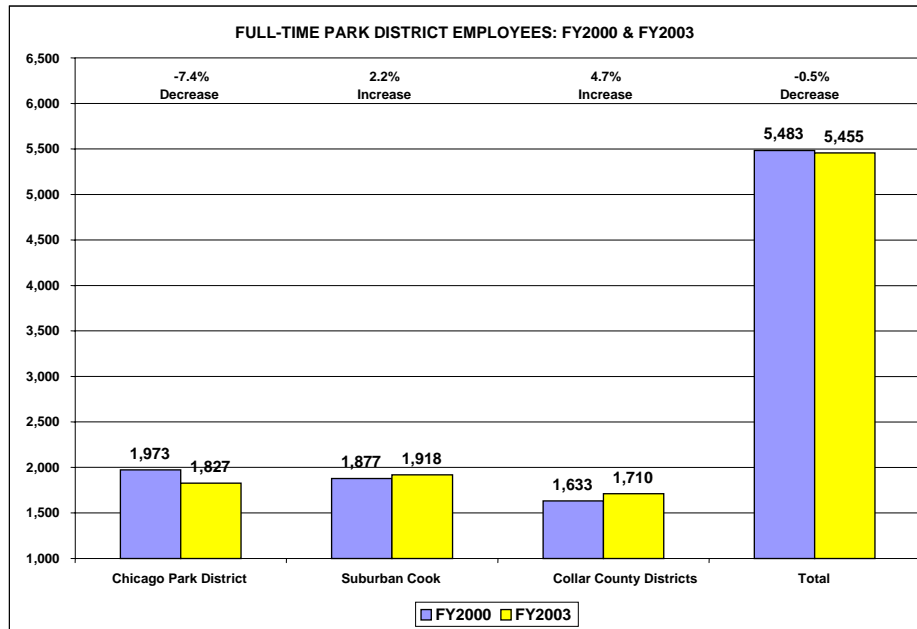
As the next exhibit shows, park districts in the region in the aggregate posted a “Substantial” 32.0% current fund balance ratio in FY2000. However, the ratio declined precipitously to 11.0% and a rating of “Adequate” in FY2003. The current fund balance ratios for all park districts, Cook County suburban districts, and the collar county districts fell in FY2003; this drop is possibly related to districts drawing down their fund balances to meet outstanding spending obligations.

The Cook County suburban park districts had a 38.0% current fund balance ratio in FY2000, dropping slightly to a 31.0% ratio four years later. Collar county park districts had a “Substantial” rating in FY2000 at 33.0% and 27.0% four years later. Chicago registered in the “Adequate” category in FY2000 at 25% but plummeted to -22% four years later because the District eliminated its Working Cash Fund and transferred all assets and liabilities of that fund into its General Fund. Interfund receivables and payables were eliminated with the transfer. The fund balance of the former Working Cash Fund was then shown as a reserved fund amount under the fund balance of the General Fund. The reserved amount for this and contributions for other organizations exceeded the amount of fund balance available for that year, thereby producing a deficit situation.



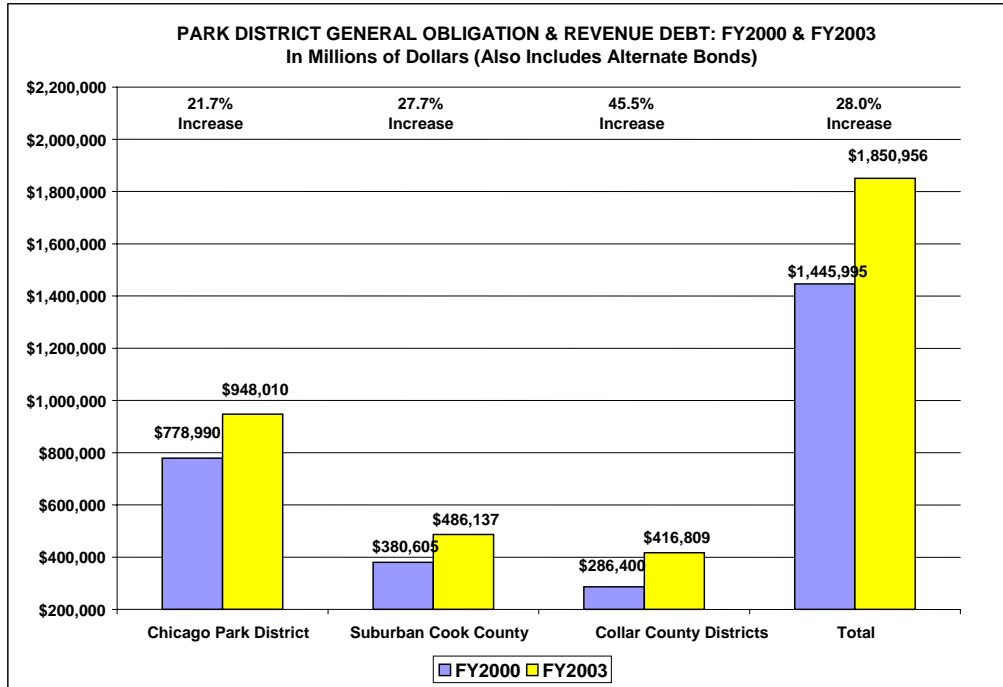
## Personnel Trends

The number of full-time park district employees decreased slightly by 0.5% between FY2000 and FY2003 from 5,483 to 5,455. Much of the decrease was due to a 7.4% reduction in the number of full-time Chicago Park District employees. Suburban Cook County and collar county park districts reported 2.2% and 4.7% respective increases in personnel.

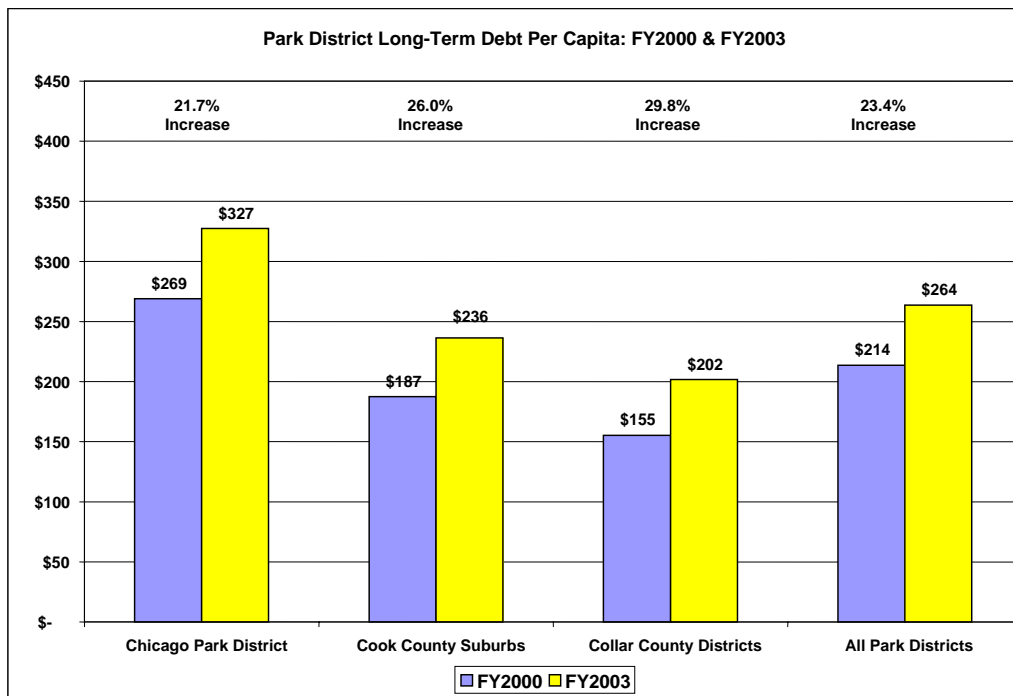


## Long-Term Debt Trends

The next exhibit shows increases in park district General Obligation and Special Revenue debt outstanding at the end of the year for FY2000 and FY2003. The biggest percentage increase in long-term debt was the 45.5% increase for the collar county park districts, which represented a \$104.9 million rise from \$286.4 million to \$416.8 million. The Chicago Park District reported a 21.7% increase in debt, raising that government's debt outstanding burden from \$778.9 million to \$948.0 million. Overall, the region's park district debt rose by 28.0%, an increase of nearly \$405 million.



The next exhibit shows General Obligation and Special Revenue debt per capita for the Chicago Park District, suburban Cook County districts, collar county districts, and the entire northeastern Illinois region. Regionally, debt per capita rose by 23.4% from \$214 to \$264. Chicago Park District debt increased from \$269 to \$327. The largest increase, 29.8% over the four-year period studied, came in the collar county park districts. Per capita long-term debt in those jurisdictions rose from \$155 to \$202.



## SPECIAL DISTRICTS

There are a wide variety of special districts in northeastern Illinois. They include:

- Sanitary Districts;
- Library Districts;
- Cemetery Districts;
- Fire Protection Districts;
- Home Equity Districts;
- Hospital Districts;
- Mental Health Districts;
- Mosquito Abatement Districts;
- Multi-Township Assessment Districts;
- Public Health Districts;
- River Conservancy Districts;
- Street Lighting Districts;
- Surface Water Protection Districts; and
- Tuberculosis Sanitarium Districts.

These districts provide a single service or group of related services; they are often referred to as special purpose districts. Most of them are small, with appropriations of \$200,000 or less. For the purposes of this analysis, the Civic Federation relied on data reported to the state comptroller. Thus, it excludes data from districts such as drainage districts that do not levy a property tax and districts with appropriations under \$5,200. A total of 287 single purpose special districts in the six counties of the Chicagoland region that collected property taxes reported data to the state comptroller in FY2000 and FY2003. Of this total, 102 special districts were located in Cook County and 185 were in the five collar counties.

The largest sanitary district in the region is the Metropolitan Water Reclamation District of Greater Chicago, commonly referred to as the MWRD. The district services approximately 92% of the area of Cook County. Many of the sanitary districts in Cook and the collar counties do not treat waste but rather receive and convey sewage from municipal sewer systems to the MWRD for treatment and disposal. Because it is the largest special district, information about the MWRD is presented separately in this chapter.

Special districts are governed by elected boards of trustees. Elected three- or five-member boards of trustees govern sanitation districts, depending on the population of the district.<sup>20</sup> The MWRD is governed by a nine-member board of commissioners that is elected for six-year staggered terms.<sup>21</sup> As non-home rule units of government, they are subject to tax caps on property tax extension increases.

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<sup>20</sup> 70 ILCS 2205/5 and 70 ILCS 2405/3.

<sup>21</sup> 70 ILCS 2605/3.

## Financial Summary

Summary statistics for special districts in northeastern Illinois are presented in the following sections. The data include information on expenditures and revenues from special districts' Governmental and Proprietary Funds. For purposes of analysis, data are presented separately for the MWRD, suburban Cook County districts, collar county districts, and the entire six-county region of northeastern Illinois.

The population figures used to calculate per capita statistics were derived from the figures reported to the state comptroller in 2000 and 2003 for the 287 special districts reporting consistent expenditure and revenue data. Since several of these special districts have overlapping jurisdictions, a person may live in one or several of these special districts. Therefore, calculations involving population will use the overall populations of the six counties in northeastern Illinois less the population of the city of Chicago, which is overlapped only by minor special district boundaries. The special districts that consistently reported data to the Comptroller documented a total population of 5.4 million in FY2003, a 4.2% increase over FY2000. The MWRD reported an 8.5% population increase, the collar county districts' population rose by 8.1%, and the suburban Cook County area population did not increase.

<b>Special District Population Changes: FY2000- FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
MWRD	5,000,000	5,425,000	425,000	8.5%
Cook County Suburbs	2,480,725	2,480,725	-	0.0%
Collar County Districts	2,714,623	2,933,605	218,982	8.1%
<b>All Special Districts</b>	<b>5,195,348</b>	<b>5,414,330</b>	<b>218,982</b>	<b>4.2%</b>

## Expenditures: Trends and Distribution by Major Category

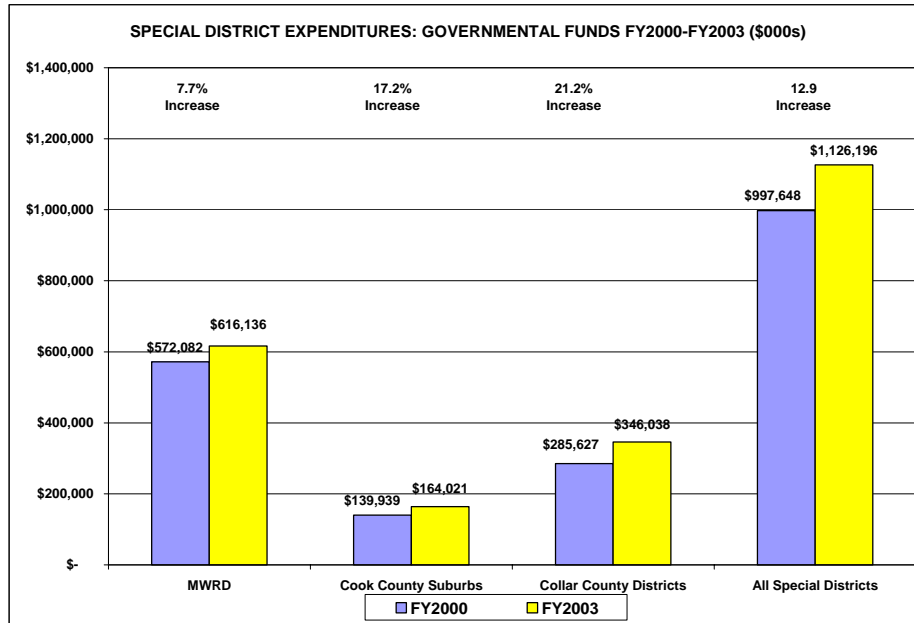
Data are presented separately for Governmental and Proprietary Fund expenditures and revenues. They cannot be combined because they use different bases of accounting. The Governmental Funds, which account for most operations of a typical government, employ the modified accrual basis of accounting. However, the Proprietary Funds, which account for activities that are financed and operated in a manner similar to a private business such as airports and parking garages, use full accrual accounting. This non-uniformity in accounting methods makes accurate comparisons impossible.

### Governmental Fund Expenditures

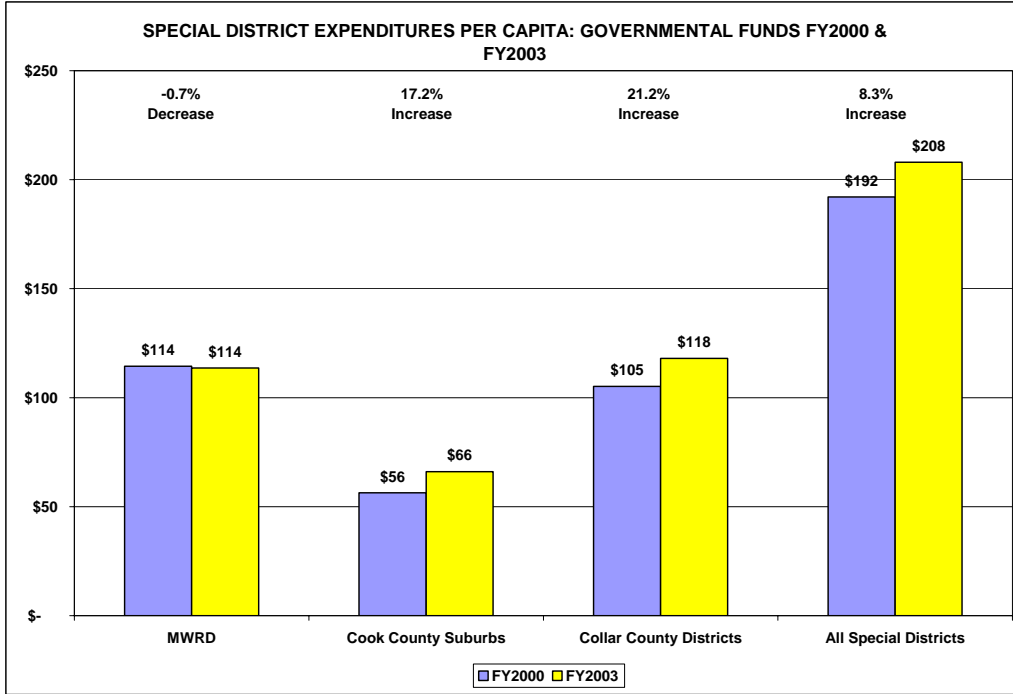
The exhibits that follow present spending trends for the General, Special Revenue, Debt Service, and Capital Projects Funds. Thus, they include both operating and capital expenditures.

Special district expenditures for special district Governmental Funds rose by 12.9% between FY2000 and FY2003, representing a \$128.5 million increase from \$997.6 million to \$1.1 billion. Several interesting statistics emerge from an analysis of the total expenditure figures:

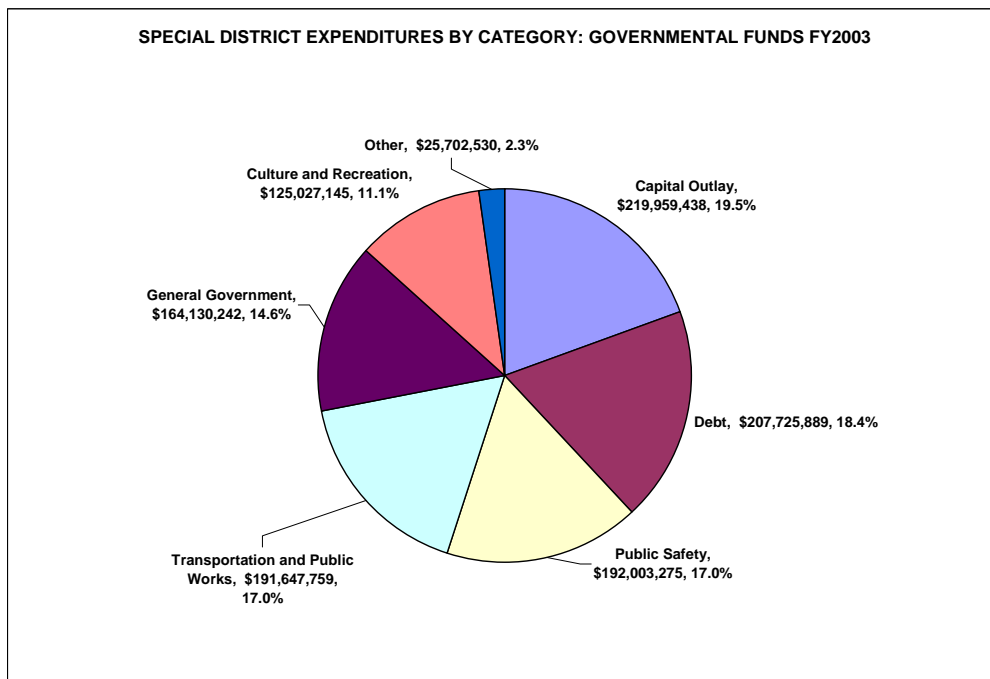
- All special district expenditures rose nearly three times as fast as the region’s population (12.9% versus 4.2%);
- The MWRD’s portion of total expenditures increased from 57.3% in FY2000 to 69.2% four years later;
- Cook County special districts (the MWRD and suburban districts combined) represented 71.3% of all Governmental Fund spending in FY2000 and 69.2% in FY2003;
- Expenditures for collar county special districts grew by 21.2%, outpacing the suburban Cook County spending rate increase of 17.2%.



Per capita special district spending for the four Governmental Funds (General, Special Revenue, Debt Service, and Capital Projects Funds) rose by 8.3% between FY2000 and FY2003 from \$192 to \$208.

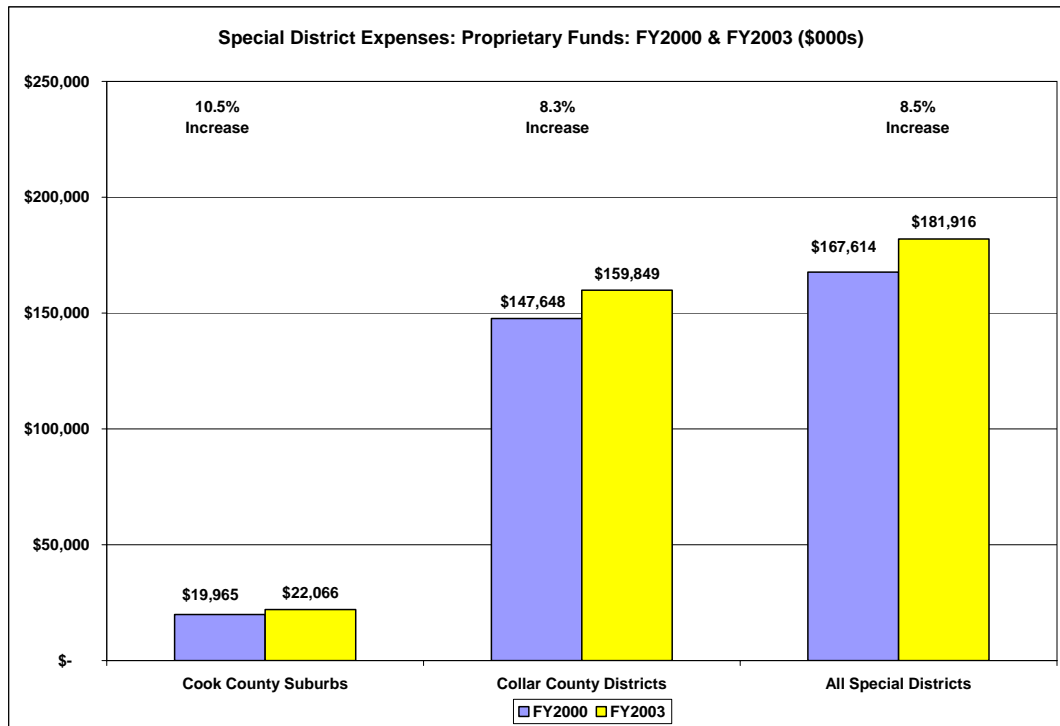


The number one use of special district Governmental Fund expenditures in FY2003 was capital outlay, which consumed 19.5% of total spending or \$219.9 million. The second largest spending category was debt service (18.4% or \$207.7 million). Public safety and transportation/public works each registered 17.0% of spending. General government expenditures were next with 14.6% or \$164.1 million. The “other” category, which consumed 2.3% of all expenditures, includes spending for environment, judiciary, and legal services.



## Proprietary Fund Expenses

The special districts in this study reported a \$14.3 million, 8.5% increase in Proprietary Fund expenses between FY2000 and FY2003. Approximately 88% of all Proprietary Fund expenses were made by collar county special districts. The MWRD reported no Proprietary Fund expenses in either fiscal year.



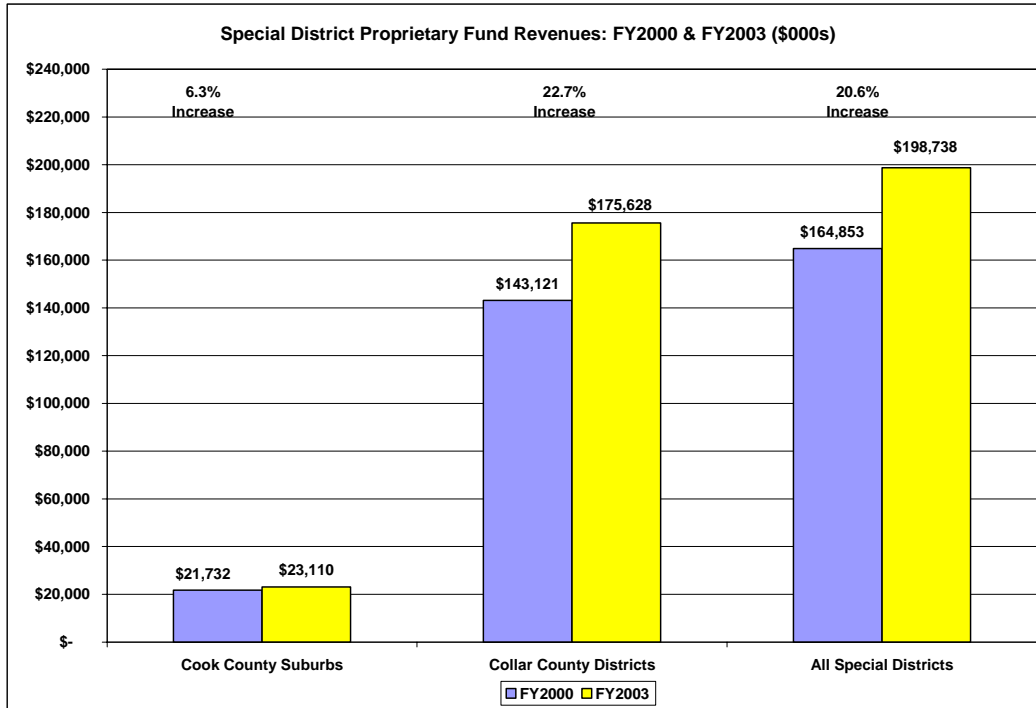
## **Revenue Trends and Distribution by Major Category**

The next group of exhibits presents information about special district revenue trends for the four Governmental Funds and Proprietary Funds.

### Governmental Fund Revenues

Total special district revenues for all four Governmental Funds rose from \$923.5 million to \$983.6 million between FY2000 and FY2003. MWRD revenues increased by the smallest percentage of all the sub-groups examined—just 2.1%. Cook County suburban revenues increased by 17.2%, a much faster rate than the 8.6% increase for the collar county districts. Overall, the Cook County special districts (MWRD and suburban Cook County districts combined) accounted for over 68% of all special district revenues in both FY2000 and FY2003.

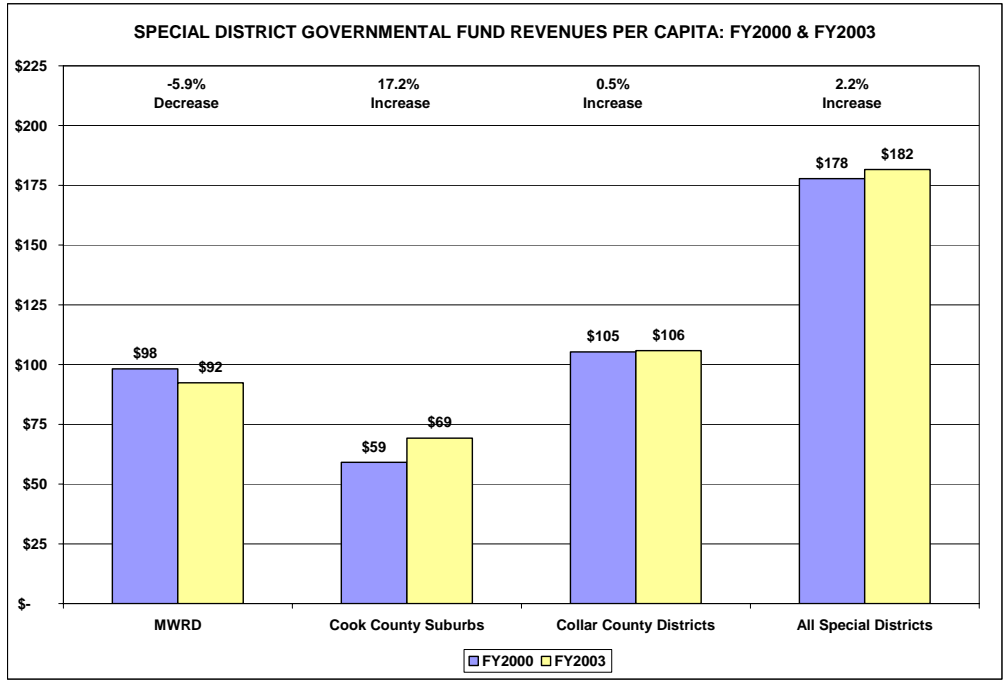




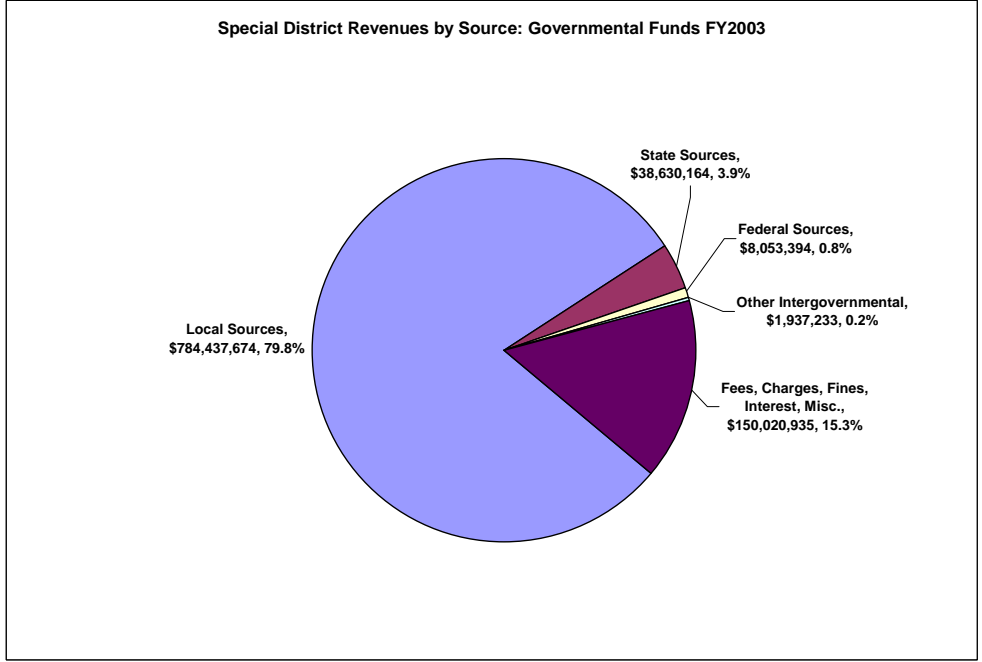
The next exhibit presents information about major categories of Governmental Fund revenues for FY2000 and FY2003. Property tax revenues provided the majority of special district revenues in northeastern Illinois in both years. They accounted for 59.5% or \$544.1 million in FY2000 and 60.5% or \$623.8 four years later. Charges for services was the second largest source of revenue with 23.1% or \$211.5 million of all special district revenues in FY2000 and \$258.6 million or 25.1% of all revenues in FY2003. The remaining revenues combined constituted just 17.3% of all special district revenues in FY2000 and declined to 14.5% four years later.

<b>Special District Revenues by Type: Governmental Funds FY2000 &amp; FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>\$ CHG</b>	<b>% CHG</b>
Property Tax	\$ 544,146,055	\$ 623,807,290	\$ 79,661,235	14.6%
Charges for services	\$ 211,527,548	\$ 258,600,977	\$ 47,073,429	22.3%
Miscellaneous	\$ 37,220,772	\$ 55,732,749	\$ 18,511,977	49.7%
Other state sources	\$ 25,115,597	\$ 40,554,222	\$ 15,438,625	61.5%
State replacement tax	\$ 51,157,552	\$ 35,240,030	\$ (15,917,522)	-31.1%
Interest	\$ 36,475,047	\$ 10,359,883	\$ (26,115,164)	-71.6%
Other Intergovernmental	\$ 4,704,217	\$ 4,095,545	\$ (608,672)	-12.9%
Federal revenue	\$ 147,050	\$ 1,543,778	\$ 1,396,728	949.8%
Gaming income	\$ 688,239	\$ 742,539	\$ 54,300	7.9%
Other local taxes	\$ 1,973,325	\$ 737,308	\$ (1,236,017)	-62.6%
All licenses and permits	\$ 46,880	\$ 284,822	\$ 237,942	507.6%
Fines and forfeitures	\$ 639,298	\$ 60,168	\$ (579,130)	-90.6%
<b>TOTAL</b>	<b>\$ 913,841,580</b>	<b>\$ 1,031,759,311</b>	<b>\$ 117,917,731</b>	<b>12.9%</b>

The next exhibit, special district Governmental Fund revenues per capita, shows changes in revenues relative to changes in population. Over the four years of this study, revenues per capita rose from \$178 to \$182 or by 2.2%. This is less than the region's 2.7% rate of population growth.

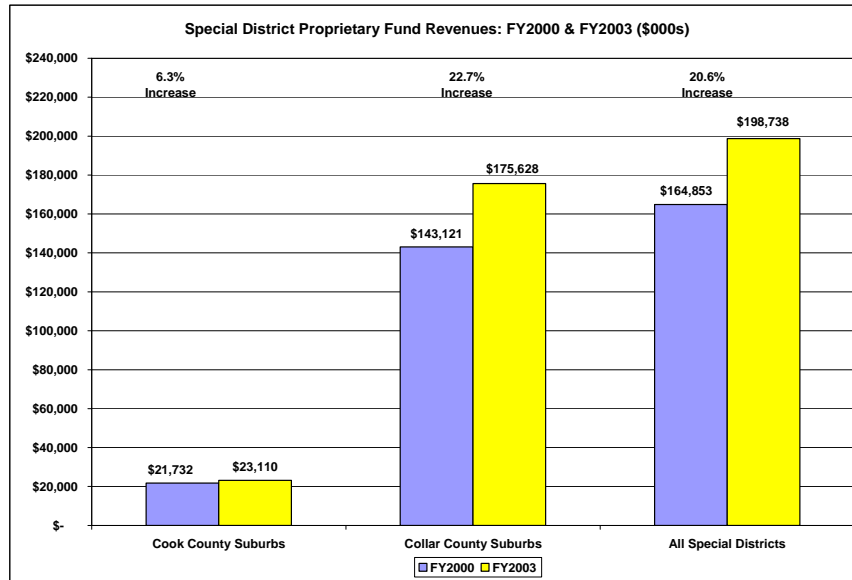


Special district revenues derive primarily from local taxes and local sources. Approximately 79.8% of all revenues in FY2003—\$784.4 million—were locally based. Fees, charges, fines, interest, and miscellaneous local revenues generated an additional 15.3% of total special district revenues. The remaining 4.9% or \$48.6 million was derived from state sources, other intergovernmental revenues, and federal sources.

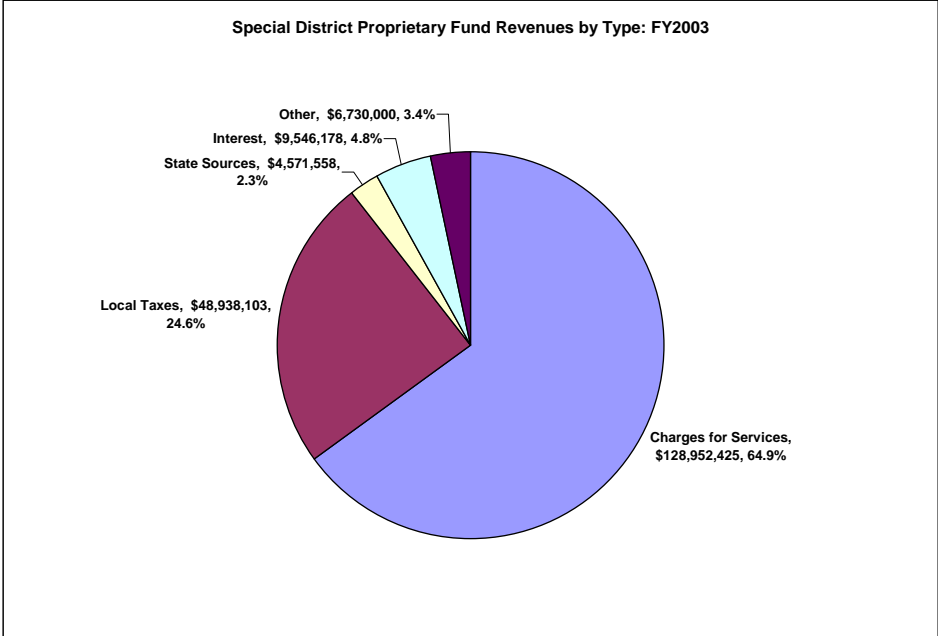


## Proprietary Fund Revenues

Proprietary Fund revenues for the special districts reporting data to the state comptroller rose by 20.6% between FY2000 and FY2003 from \$164.8 million to \$198.7 million. The rate of growth for collar county special district Proprietary Fund revenues rose the fastest of the subcategories reviewed, rising by 22.7% or from \$143.1 million to \$175.6 million. Suburban Cook County districts reported only a 6.3% increase in revenues. The MWRD reported no Proprietary Fund revenues in FY2000 or FY2003.

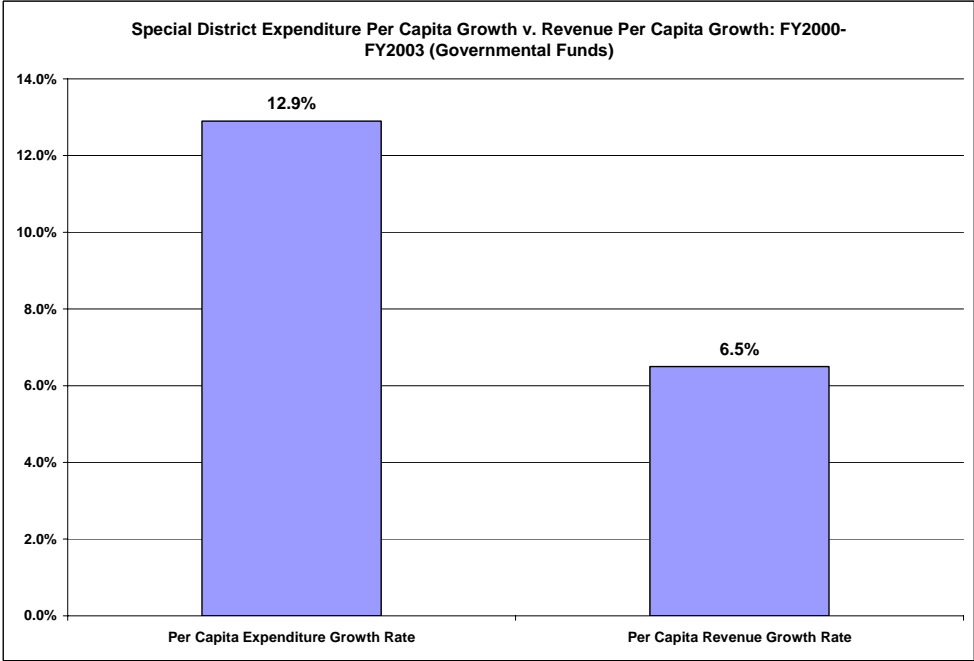


Most special district Proprietary Fund revenues, or 64.9% of the total, derived from charges for services. Local taxes, including property taxes, accounted for an additional 24.6% of revenues or \$48.9 million.



**Governmental Fund Expenditure Growth vs. Revenue Growth**

Special district Governmental Fund expenditure growth outpaced revenue growth between FY2000 and FY2003. While expenditures rose by 12.9%, revenues only grew by 6.5%. This suggests that special districts were entering in a financial situation, which if not remedied in subsequent years, would lead to fiscal stress as resources would be insufficient to fund their budget priorities.



### **Fund Balance: FY2000 and FY2003**

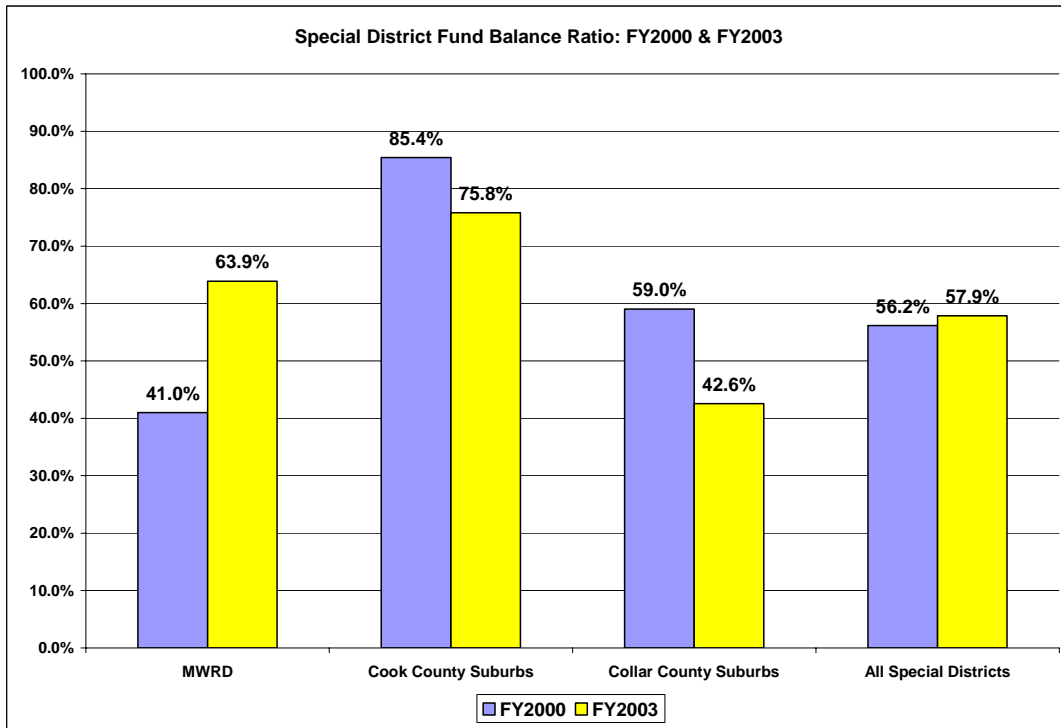
The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

- If the current fund balance ratio is less than 10%, the government can be said to have “Low” cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have “Adequate” cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have “Substantial” cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have “High” cash solvency.

The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

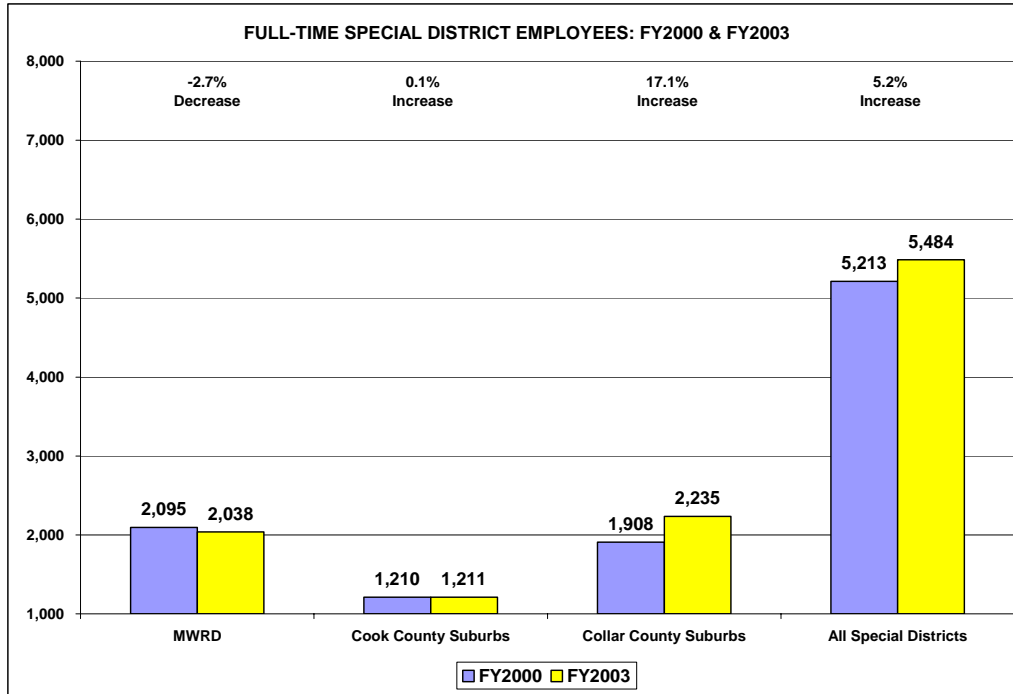
The Civic Federation believes that governments should maintain a prudent reserve to meet contingent situations. Thus, it considers the GFOA standard reasonable. However, the Federation also cautions governments against maintaining excessive fund balances. A government with a “High” fund balance ratio (50% or above) should consider retiring debt or other liabilities or adjusting the income streams feeding the fund to bring income more in line with current spending requirements.

All categories of special districts reported large fund balance ratios in both FY2000 and FY2003. In the aggregate, the districts posted a “High” current fund balance ratio in both FY2000 and FY2003. The MWRD had a 41.0% current fund balance ratio in FY2003 and a 63.9% ratio four years later, moving it from the “Substantial” to “High” category. Collar county municipalities had a “High” rating in FY2000 at 59.0%; however, the ratio dropped to 42.6% four years later, a “Substantial” rating. The suburban Cook County special districts reported a “High” category in both years with an 85.4% current fund balance ratio in FY2000 and a 75.8% ratio four years later.



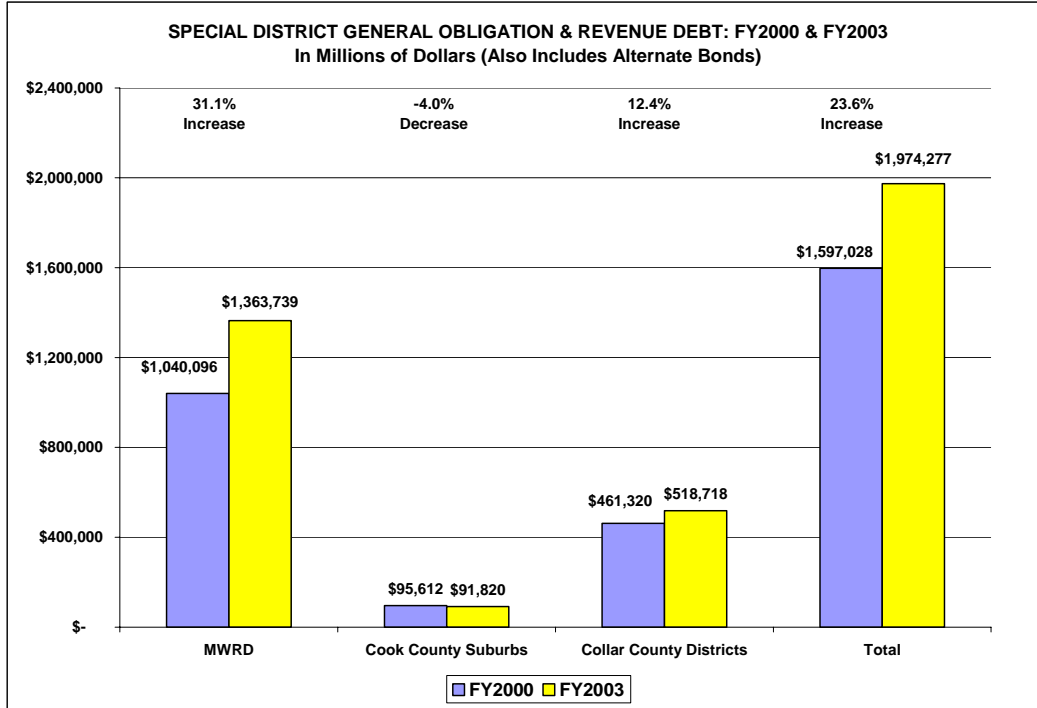
### Personnel Trends

The next exhibit shows the number of full time employees in the northeastern Illinois region as measured in full time equivalent positions. The number of employees increased between FY2000 and FY2003 from 5,231 to 5,484. This represents a 5.2% or 271 FTE increase. The number of FTEs at the MWRD decreased slightly from 2,095 to 2,038; this reflects the district policy of reducing its staff over time by attrition to approximately 2,000 employees. The number of collar county FTEs rose by 17.1% from 1,908 to 2,235, while only one FTE was added to the suburban Cook Country special district payroll.

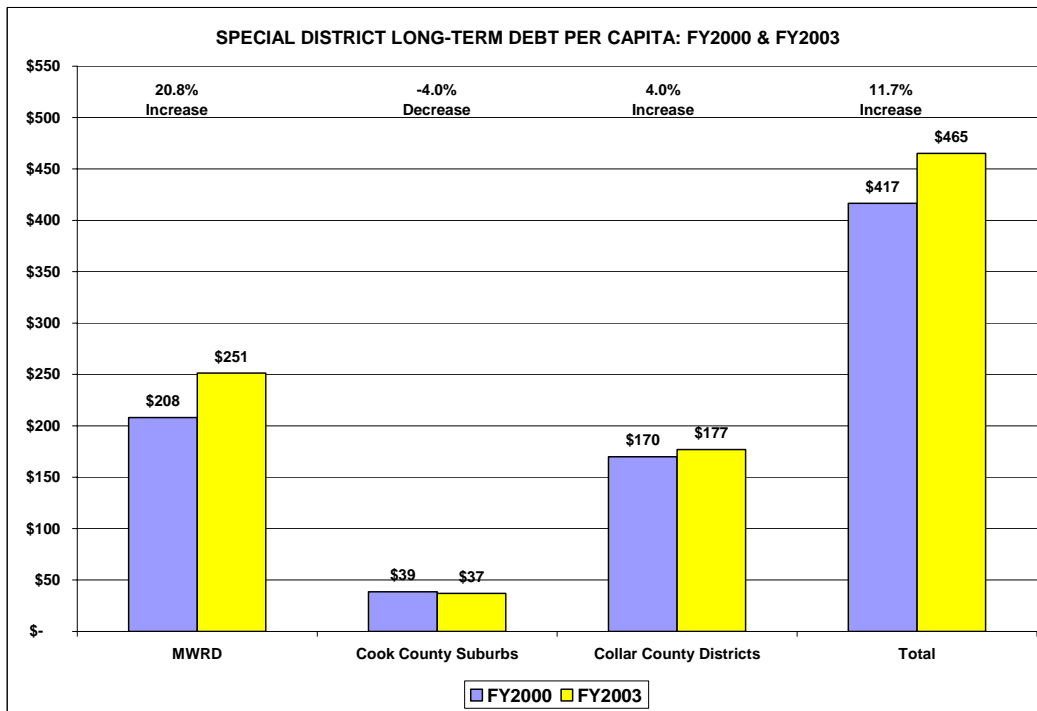


### Long-Term Debt Trends

The exhibit below shows that there was a 23.6% increase in the issuance of special district long-term debt between FY2000 and FY2003. Overall, long-term debt rose from nearly \$1.6 billion to \$1.9 billion. Over 65% of all special district long-term debt issued in both years reviewed was MWRD debt. The MWRD reported a 31.1% increase from \$1.0 billion to \$1.3 billion. Suburban Cook County special district debt, which constituted less than 10% of all debt for these governments, declined by 4.0% between FY2000 and FY2003. Collar county long-term debt rose by 12.4% or from \$461.1 million to \$518.7 million.



Special district debt per capita for the entire region, the MWRD, suburban Cook County districts, and the collar county districts is shown below. Overall, long-term debt per capita region-wide increased by 11.7%, propelled in large part by the 20.8% increase from the MWRD. Cook County suburban special district per capita debt fell by 4.0% (from \$39 to \$37) while collar county debt per capita rose by 4.0% (\$170 to \$177).





## COMMUNITY COLLEGE DISTRICTS

Community colleges offer a wide variety of academic and non-academic educational, technical and vocational programs. Each district provides a different mix of programs depending on demand and need. Academic programs include college preparatory curricula leading to an associate degree; certification programs in business, technical, and health occupations; and remedial, basic, and secondary education courses. Typically, a wide variety of non-academic programs also are offered, ranging from non-credit courses for personal and social development to vocational training to specialized training programs for businesses through contractual arrangements.<sup>22</sup>

The Illinois Community College Board (ICCB) is the state coordinating body for community colleges in Illinois. The board, whose twelve members are appointed by the governor, approves all locally funded capital projects for which state monies are required and approves or disapproves new units of instruction, research, or public service submitted by district boards of trustees. All of the individual districts are required to report financial data to ICCB annually.

Community college districts may be established by referendum if at least 500 voters sign a petition in a contiguous and compact territory not already included in another community college district that has an equalized assessed valuation of at least \$15 million and a population of at least 60,000.<sup>23</sup>

There are a total of fourteen community college districts in northeastern Illinois. Nonpartisan, elected boards of Trustees govern thirteen of the districts. The City Colleges of Chicago (Community College District #508) are governed by a board appointed by the mayor and approved by the City Council. Trustees serve for six-year terms. Community College District #508 contains seven colleges, while each of the other districts contains one college.

### Financial Summary

Summary statistics for the community college districts in northeastern Illinois are presented in the following sections for FY2000 and FY2003. Population figures for the City Colleges of Chicago are the same as those for the city of Chicago, with which the district is coterminous. Between FY2000 and FY2003, the regional population living within these boundaries remained flat while the population living within the boundaries of suburban districts rose by 5.0%.

<b>Community College District Population Changes: FY2000- FY2003</b>				
	<b>FY2000</b>	<b>FY2003</b>	<b>CHG</b>	<b>% CHG</b>
<b>City Colleges of Chicago</b>	2,896,016	2,896,016	-	0.0%
<b>Suburban Colleges</b>	5,158,544	5,557,597	399,053	7.7%
<b>All Districts</b>	<b>8,054,560</b>	<b>8,453,613</b>	<b>399,053</b>	<b>5.0%</b>

<sup>22</sup> See Woods Bowman. *Evaluating Local Government Financial Health: Financial Indicators for Community Colleges in Northeastern Illinois*. (Chicago: The Civic Federation, 2001), p. 3.

<sup>23</sup> 110 ILCS 805/3-1.

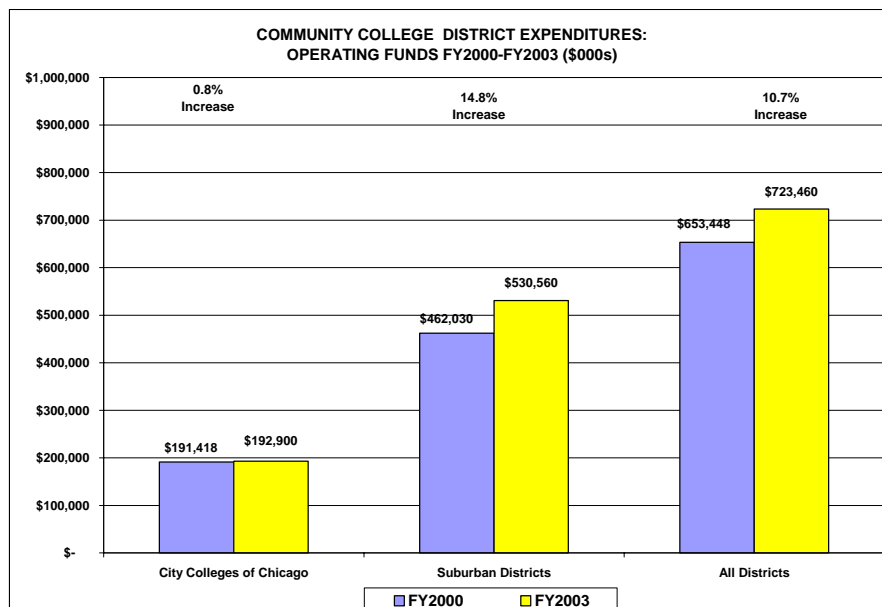
The data in the following sections are drawn from information published in the *Data and Characteristics* report published annually by the Illinois Community College Board (ICCB) for FY2000 and FY2003. This chapter also does not report debt or fund balance trends because those types of data are not reported to the ICCB. This analysis only presents information for the Operating Funds as other data not reported to the Illinois Community College Board. Operating funds include the Education and Operations and Maintenance Funds. These funds correspond to the General Funds of other types of government.

### Expenditures: Trends and Distribution by Major Category

The next section presents summary statistics for the City Colleges of Chicago and the community college districts in northeastern Illinois. It includes information for operating expenditures, operating revenues, full time equivalent employees and students, and personnel expenditures.

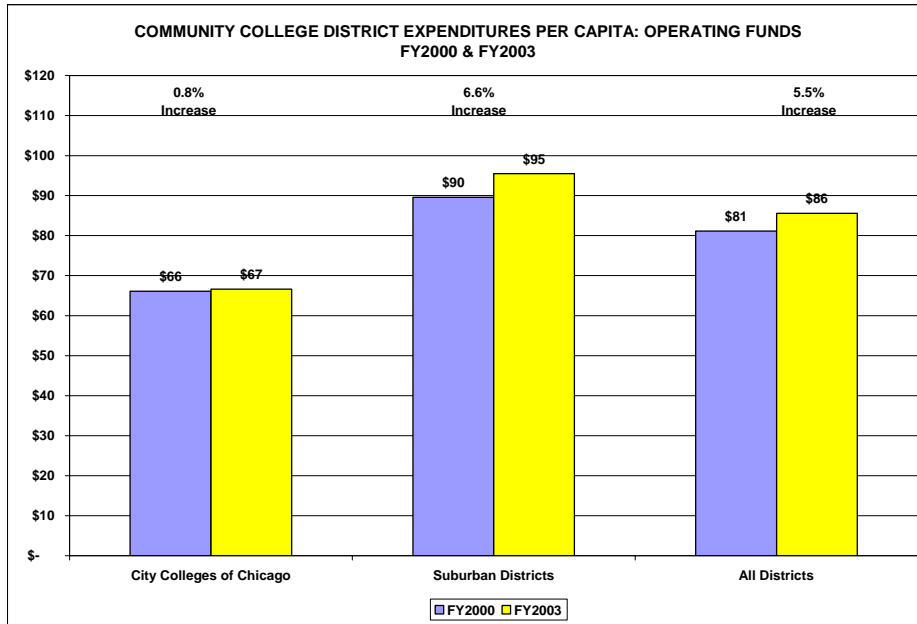
#### Operating Fund Expenditures

The first exhibit shows total operating fund expenditures for all fourteen northeastern Illinois community college districts compared to all districts in the state. Expenditures in the region rose by 10.7% in the four-year period from FY2000 to FY2003 from \$653.4 million to \$723.4 million. Total operating expenditures for the City Colleges of Chicago rose from \$191.1 million to \$192.9 million. Suburban college spending increased from 70.7% of all expenditures in FY2000 to 73.3% four years later.

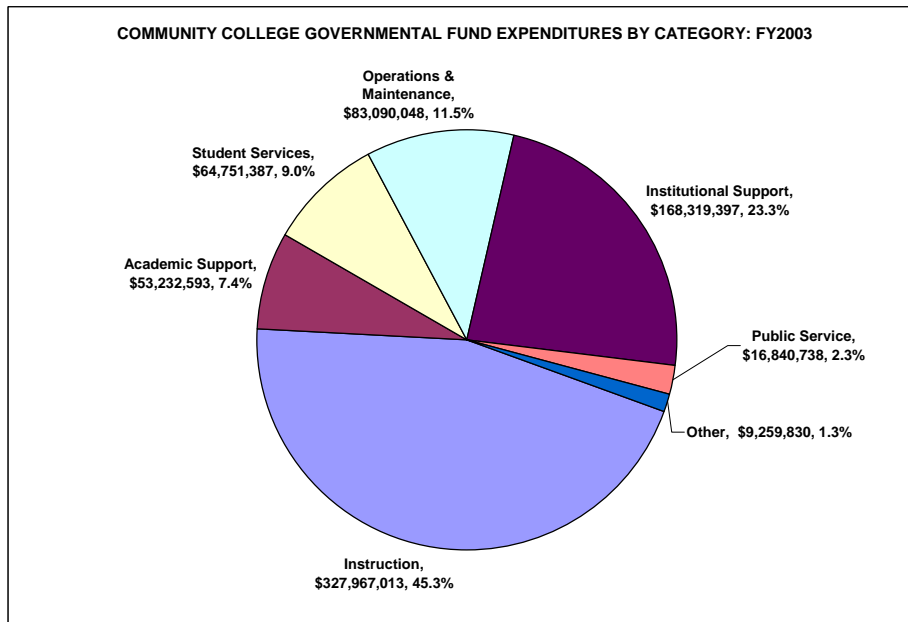


The next exhibit presents expenditure per capita data. It shows that community college operating expenditures in the region rose from \$81 to \$86 in the four-year period of this study. City Colleges of Chicago per capita spending increased by just 0.8% in the same time period.

However, operating expenditures per capita for the suburban districts rose by 6.6% from \$90 to \$95.

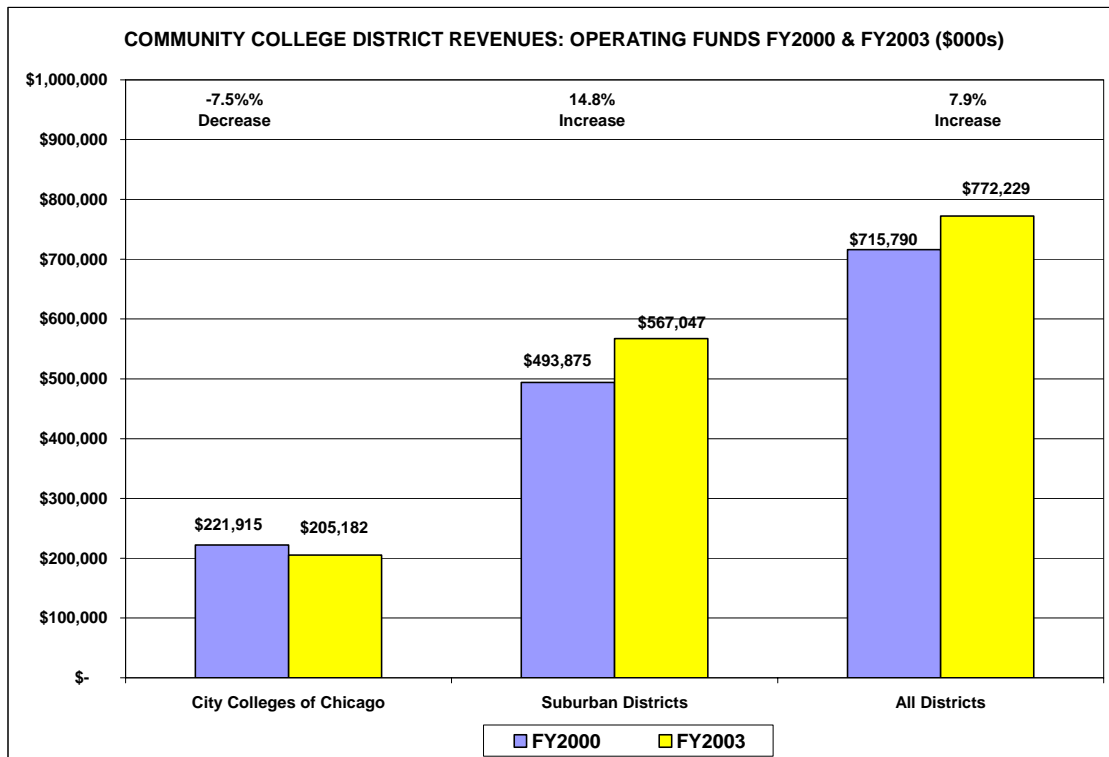


The third exhibit presents a snapshot of how community college operating expenditures for all colleges in the region were spent. In FY2003 76.0% of all expenditures or \$549.5 million were earmarked for instruction and academic or institutional support services. Of that amount, 45.3% was used for instructional purposes, 23.3% for institutional support, and 7.4% for academic support. The remaining 24.0% was spent on a wide variety of items, including public service, operations and maintenance, and student services.



## Operating Fund Revenues

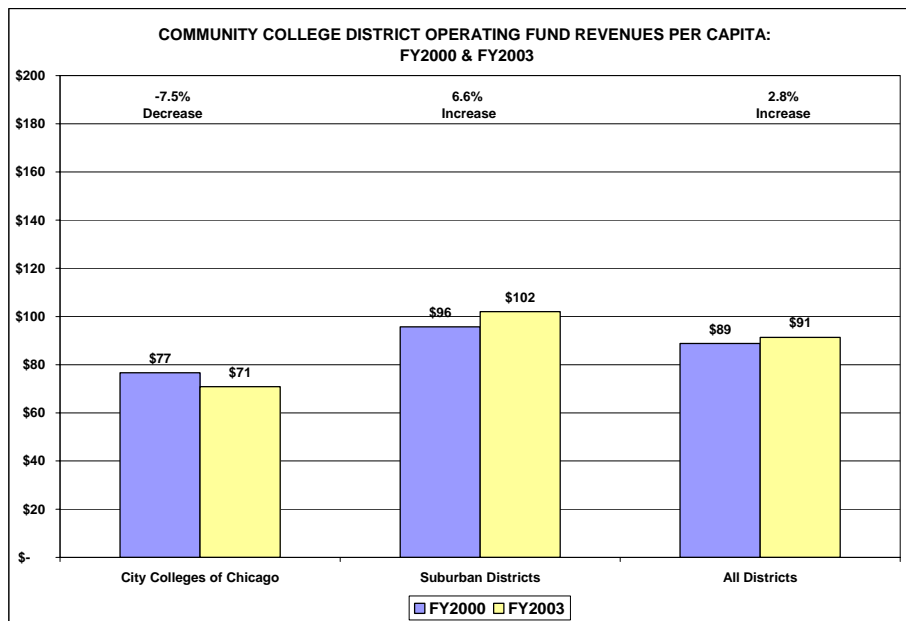
The information shown in the following exhibits presents operating revenue trends in the six-county region. The community colleges in the six-county region collected approximately \$772.2 million in revenues in FY2003, a 7.9% increase from the nearly \$715.8 million collected four years before. The increase was driven primarily by the 14.8%, \$73.1 million revenue increase in the suburban community college districts. In contrast, the City Colleges of Chicago reported a 7.5% decrease in operating revenues during the four-year period. In that district, revenues fell from \$221.9 million to \$205.1 million.



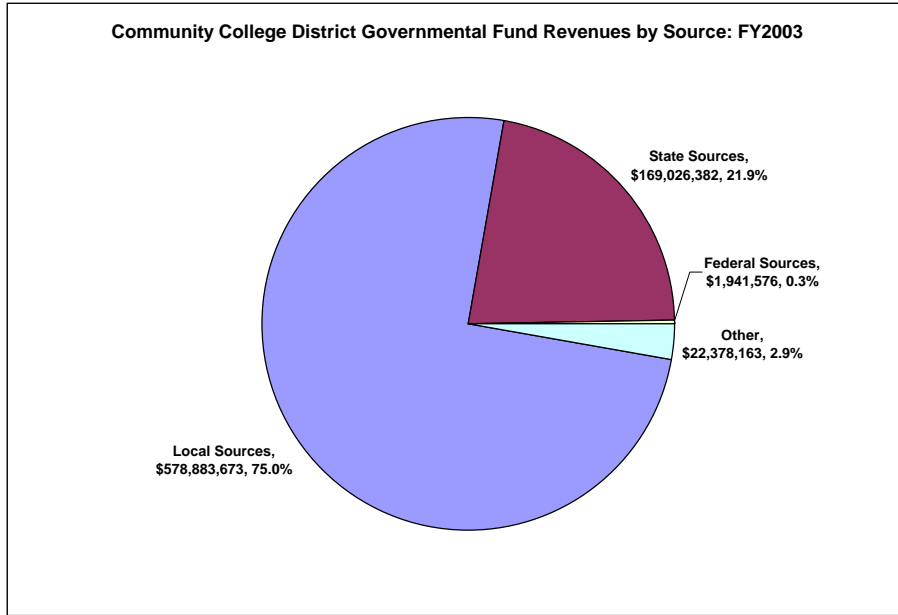
The following exhibit presents information about major categories of operating revenues for northeastern Illinois community college districts for FY2000 and FY2003. Local taxes and charges, including property taxes, are the most important source of school district revenue. Approximately 46.5% or \$358.8 million of district revenues were derived from local taxes and charges in FY2003, which represents an increase from FY2000 when 45.3% of all district revenues came from these sources. All local sources, including tuition and student fees, accounted for 69.7% of operating revenues in FY2000 and 75.0% four years later. Student fee revenues increased by 158.8% during this period, which is the largest single increase for any revenue source. State source revenues, including grants from the Illinois Community College Board and personal property replacement taxes (PPRT), accounted for 21.9% of all revenues, up from 20.1% four years before. The remaining revenues were derived from other sources, including federal funds. The large 66.8% decrease in other sources is primarily due to a \$37.9 million reduction in other revenues (from \$43.9 million to \$5.9 million) for the City Colleges of Chicago. The ICCB reports, however, do not provide the source of this decrease.

Community College District Revenues by Type: Operating Funds FY2000 & FY2003				
	FY2000	FY2003	\$ CHG	% CHG
Local Taxes & Charges	\$ 324,446,890	\$ 358,897,485	\$ 34,450,595	10.6%
Student Tuition	\$ 164,229,575	\$ 193,594,558	\$ 29,364,983	17.9%
Student Fees	\$ 10,198,907	\$ 26,391,630	\$ 16,192,723	158.8%
<b>Subtotal Local Sources</b>	<b>\$ 498,875,372</b>	<b>\$ 578,883,673</b>	<b>\$ 80,008,301</b>	<b>16.0%</b>
ICCB Grants	\$ 122,278,036	\$ 125,486,485	\$ 3,208,449	2.6%
Other State Sources	\$ 13,440,169	\$ 29,203,285	\$ 15,763,116	117.3%
PPRT	\$ 7,856,186	\$ 14,336,612	\$ 6,480,426	82.5%
<b>Subtotal State Sources</b>	<b>\$ 143,574,391</b>	<b>\$ 169,026,382</b>	<b>\$ 25,451,991</b>	<b>17.7%</b>
<b>Other Sources</b>	<b>\$ 73,341,699</b>	<b>\$ 24,319,739</b>	<b>\$ (49,021,960)</b>	<b>-66.8%</b>
<b>GRAND TOTAL</b>	<b>\$ 715,791,462</b>	<b>\$ 772,229,794</b>	<b>\$ 56,438,332</b>	<b>7.9%</b>

Revenues rose by 2.8% on a per capita basis in the four-year period between FY2000 and FY2003 from \$89 to \$91. Per capita operating revenues for the City Colleges of Chicago decreased by 7.5% during the same period from \$77 to \$71. Suburban operating revenues per capita rose by 6.6% during the period evaluated from \$96 to \$102.

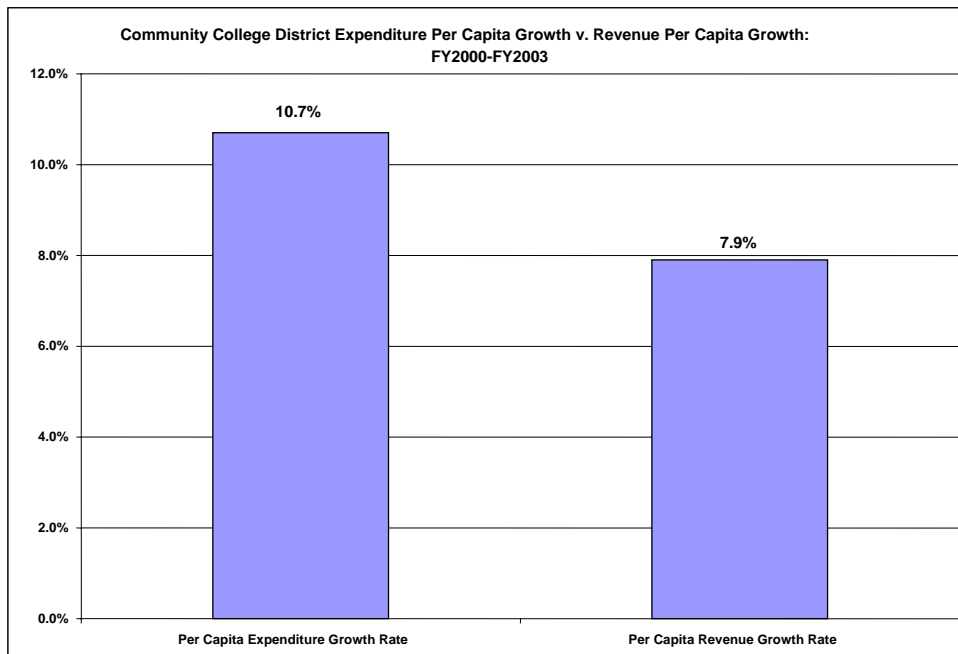


The next exhibit shows that 75.0% of all community college revenues were derived from local sources in FY2003. Approximately 21.9% of all revenues came from state sources. Federal sources only accounted for 0.3% or \$1.9 million of district revenues, making these governments some of the least dependent on federal revenues.



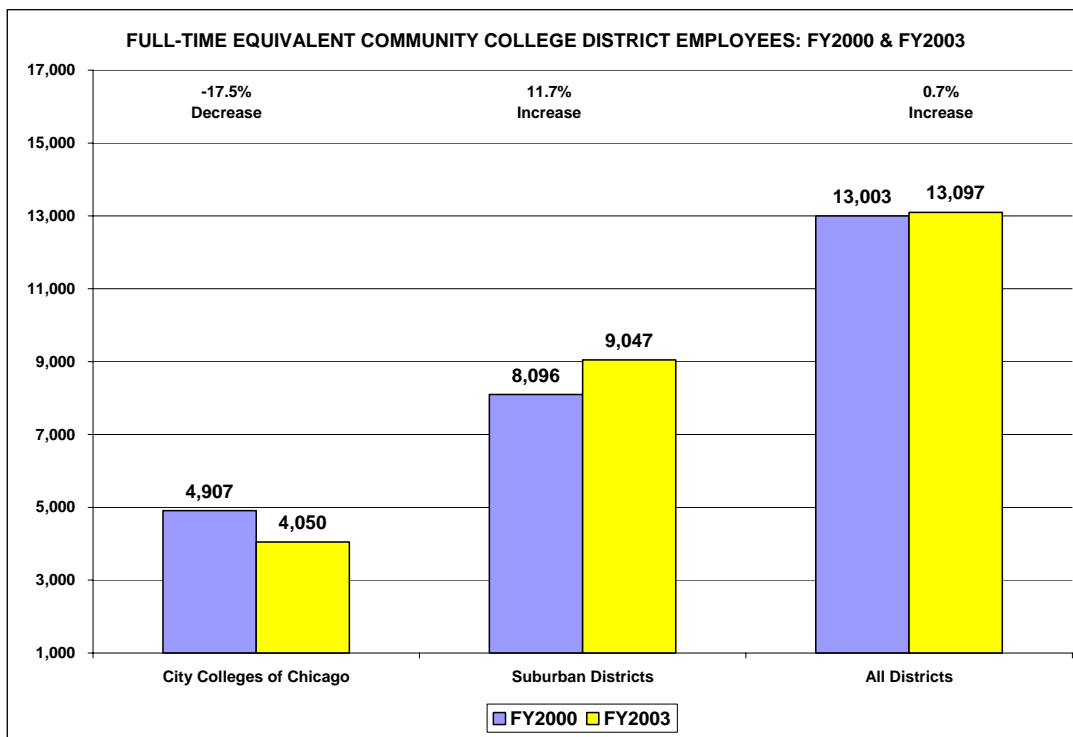
### Expenditure Growth vs. Revenue Growth

Comparing northeastern Illinois community college expenditure and revenue per capita growth rates shows that revenues grew by 7.9% at the same time expenditures increased by 10.7%. This suggests that the districts were headed for financial stress unless revenues increased or spending growth was curtailed.



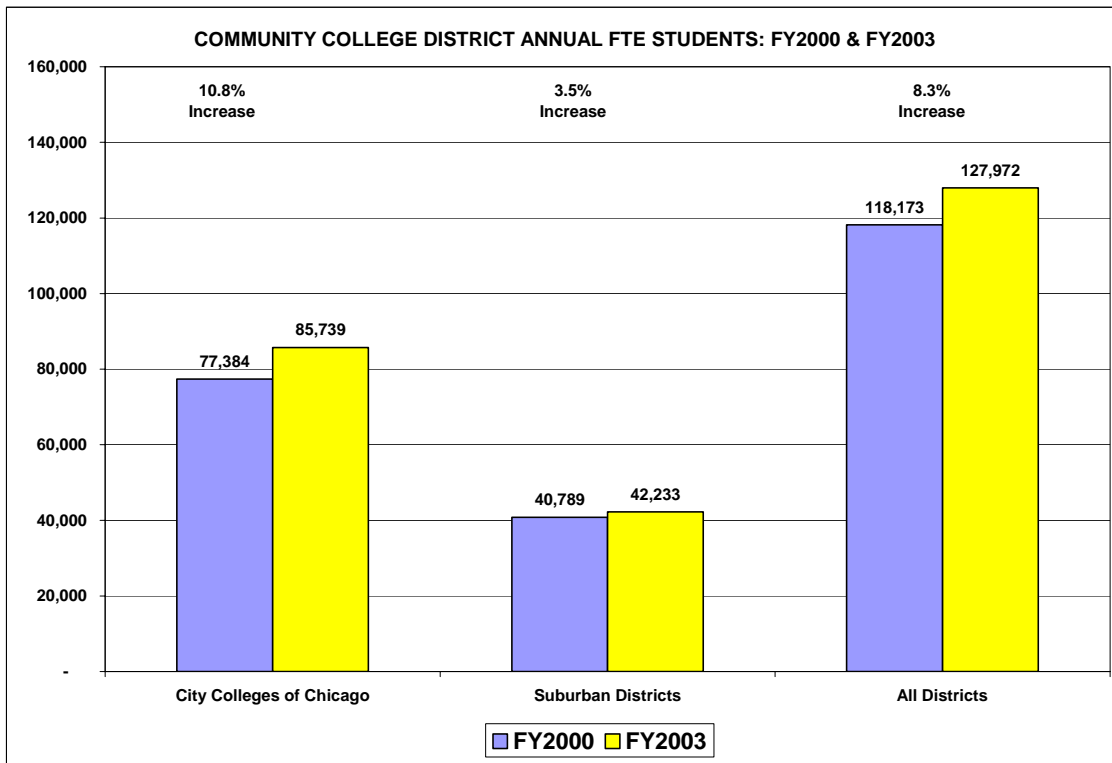
## Personnel Trends

The next exhibit presents the total number of full time equivalent employees for the City Colleges of Chicago, the suburban community college districts, and all colleges in the northeastern Illinois region. It utilizes data drawn from Tables II-1, II-2, II-3, and II-4 in *Data and Characteristics of the Illinois Public Community College System*. As the exhibit shows, the number of employees rose very slightly by 0.7% in the region between FY2000 and FY2003 from 13,003 to 13,097. The number of FTEs in the City Colleges of Chicago fell by 17.5% as a result of reductions in both full-time and part-time employees. In the suburban districts, the reverse trend occurred, with the number of full time employees rising by 11.7% from 8,096 to 9,047. The proportion of FTEs at the City Colleges of Chicago fell from 37.7% in FY2000 to 30.9% four years later.



## Student Full Time Equivalent Enrollment

During the four years of this study, community college enrollment, as measured by student FTEs, rose in both the six-county region and in the City Colleges of Chicago. Throughout the region, FTEs increased by 9,799, an 8.3% increase. In the Chicago community college district, FTEs rose at a greater rate. The positions increased by 10.8% or from 77,384 to 85,739. Suburban community college district enrollments rose by 3.5% from 40,789 to 42,233. City Colleges of Chicago enrollments were approximately 65.5% of the all enrollments in the region in FY2000 and 70.0% in FY2003.





## CONCLUSION

*Local Government Finance in Northeastern Illinois: FY2000-FY2003* illustrates the continuation of several ominous trends in local government finance first identified by our previous study, *A Snapshot of Local Government Finance in Northeastern Illinois*, which examined the fiscal years 1997 and 2000. Five major findings emerge from the trend analysis:

1. The rate of growth in government expenditures outstripped the growth in revenue by 6.2%. This raises concerns that unless governments found new revenues, cut spending, or transferred fund balances they would soon be entering into a period of fiscal stress. In fact, many of the major governments analyzed by the Civic Federation experienced significant budget deficits in FY2004, FY2005, and FY2006.
2. There is some evidence that governments were beginning to reduce their fund balances to accommodate increased expenditures. Aggregate fund balance ratio declined from 31.6% to 24.6% between FY2000 and FY2003. The fund balance ratio is an indicator of how much the government has reserved for contingencies. Thus, it is likely that many local governments (aside from townships and special districts) “raided” their contingency funds to compensate for the acceleration of expenditure growth without matching revenue growth.
3. Per capita local government expenditures grew five times as fast as population between FY2000 and FY2003. It is a matter of concern when expenditures increase faster than revenues and there are fewer citizens to pay for them.
4. Long-term debt increased significantly over the period of this study, rising by 33%. A rising amount of debt per capita can be a warning sign of financial stress if the rate of growth for that debt is rising faster than revenues are being allocated to pay for it.
5. The number of government employees increased in the aggregate by 2.7% over the period examined in this report even though two large local governments, the city of Chicago and the Chicago Public Schools, reduced staffing levels in an attempt to alleviate budget deficits.

The continuation and expansion of worrying local government financial trends in northeastern Illinois seems to indicate that the current area budget woes are likely to continue without strong counter-action from local governments. While the Civic Federation has proffered three methods of remedying such stressors: increasing revenues, transferring fund balances, and implementing spending controls, the last is the best method to both remedy current ills and prevent their continuation and escalation. Local governments have only so many ways to increase revenue and with property taxes making up a large and growing portion of their revenue streams at 44.5%, it will be difficult to convince taxpayers to foot further tax increases. Contingency funds will only last so long before they are tapped out. It is therefore imperative for the local governments of northeastern Illinois to forget the halcyon days of the 1990s when they could increase spending without having to worry about revenue and embrace fiscal responsibility by investigating methods of curbing expenditures in the future.

## GLOSSARY

**Counties.** Counties are units of local government in Illinois that are responsible for significant law enforcement activities, including the operation of the circuit courts, the sheriff's office, the state's attorney's and public defender's offices, and the county jails. Counties play a key role in assessing property, collecting property taxes, and disbursing tax monies to local units of government. They are also responsible for elections, public health, recording of vital records such as deaths, births, and property deeds; county road systems; and zoning in unincorporated areas.

**Fiscal Report Cards.** The State of Illinois Fiscal Responsibility Report Card Act requires most local governments to file an annual financial report with the Office of the State Comptroller. The comptroller uses the data provided to compile data on taxes, receipts expenditures, and expenses and provides those summaries in annual reports. School districts and community college districts are required to report similar financial information to the Illinois State Board of Education and the Illinois Community College Board respectively.

**Forest Preserve Districts.** Forest preserve districts are non-home rule units of local government that are responsible for conserving open lands and providing recreational facilities and programs for area residents.

**Full-Time Equivalent (FTE) Positions.** An FTE is the percentage of time a staff member works represented as a decimal. An FTE of 1.0 means that the person is equivalent to a full-time worker.

**Fund Balance Ratio.** The amount of unreserved fund balance divided by expenditures for general operations. The current fund balance ratio developed by the Civic Federation measures how well a government is prepared to meet contingencies. It is calculated by dividing General and Special Revenue Fund operating expenditures by the unreserved fund balances in those funds. Ratios resulting from the calculation are classified as follows:

- If the current fund balance ratio is less than 10%, the government can be said to have "Low" cash solvency;
- If the current fund balance ratio is at least 10% but less than 25% of spending, the government can be said to have "Adequate" cash solvency;
- If the current fund balance ratio is greater than 25% but less than 50%, the government can be said to have "Substantial" cash solvency; and
- If the current fund balance ratio is greater than 50%, the government can be said to have "High" cash solvency.

The Government Finance Officers Association (GFOA) recommends that general purpose and larger special purpose governments maintain a fund balance of ratio of between 5% and 15%.

**Government Expenditures, Revenues or Debt per Capita.** Per capita measures illustrate changes in revenues, expenditures, debt, or other fiscal indicators relative to changes in population.

**Governmental Funds.** Governmental Funds account for the general operations and activities of a government in its audited financial statements. There are four Governmental Funds – the General, Special Revenue, Debt Service, and Capital Projects Funds. Information reported in these funds includes data for include both operating and capital revenues and expenditures.

**Home Rule Status.** The Illinois Constitution allows counties and municipalities with a population over 25,000 to opt for home rule status. This status gives these governments to exercise those powers not expressly forbidden by the state constitution or by statute. It gives these governments the ability to levy certain taxes and provides an exemption from tax caps on property tax extension increases.

**Long-Term Debt.** Long-term debt is defined in this report as General Obligation and Special Revenue debt outstanding at the end of each fiscal year. A rising amount of debt per capita can be a warning sign of fiscal stress unless increasing amounts of resources are being allocated to pay for that debt.

**Municipalities.** Municipalities in Illinois are defined in law as any city, village, or incorporated town having power to legislate on matters included under the Illinois Municipal Code, Chapter 65, Articles 1-11, of the Illinois Compiled Statutes. Typical municipal functions include police and fire protection, street construction and maintenance, water and sewerage services, and zoning and planning. Municipalities may have home rule or non-home rule status.

**Non-Home Rule Status.** Non-home rule units of government may only exercise those powers that are permitted by the state or statute. They are subject to a number of tax restrictions, including tax caps on property tax extension increases.

**Park Districts.** Park districts are non-home rule units of local government that provide recreational facilities and programs for area residents, have the power to plan, establish, and maintain recreational programs, to levy property taxes, and to issue debt.

**Proprietary Funds.** Proprietary Funds account for the business type activities of a government in its audited financial statements.

**School Districts.** School districts are non-home rule units of local government that may be organized as an elementary district (grades K-8), a high school district (grades 9-12), or a unit district (grades K-12).

**Special Districts.** Special districts are non-home rule units of local government that provide a single service or group of related services.

**Townships.** Illinois townships have three primary functions: 1) to determine the value of property for taxation; 2) to maintain certain roads; and 3) to distribute assistance to poor residents not eligible for other welfare programs. They may offer additional services if residents approve, including health services, public cemetery maintenance, waterworks, sewage services, and refuse collection. In Cook County, the County Assessor is responsible for the assessment of property; township assessors primarily provide information and taxpayer assistance services.