



# Commission on Government Forecasting and Accountability

**MONTHLY BRIEFING**

**OCTOBER 2006**

<http://www.ilga.gov/commission/cgfa2006/home.aspx>

## SENATE

Jeffrey Schoenberg, Co-Chairman  
Don Harmon  
Christine Radogno  
Steven Rauschenberger  
David Syverson  
Donne Trotter

## HOUSE

Terry Parke, Co-Chairman  
Mark H. Beaubien, Jr.  
Frank J. Mautino  
Robert Molaro  
Richard Myers  
Elaine Nekritz

## EXECUTIVE DIRECTOR

Dan R. Long

## DEPUTY DIRECTOR

Trevor J. Clatfelter

## ECONOMY: Weak Start to FY 2007

Edward H. Boss, Jr., Chief Economist

The economy slowed sharply during the first quarter of fiscal 2007 according to the advance report on Gross Domestic Product (GDP) issued by the Commerce Department. As illustrated in the chart, real gross domestic product rose at an annual rate of 1.6%, the weakest performance in more than three years. This was down from the already slowed 2.6% rate of the previous quarter, which in turn was off from the stellar 5.6% rate in the three months ended last March. Several factors accounted for the deceleration in growth, but two in particular dominated -- the further falloff in residential investment and an increase in imports. Residential investment, or new housing, subtracted 1.12% from real GDP growth and imports reduced it by 1.28% further. These were major subtractions from the 4% contribution made from other sectors including consumer, business, and government spending, resulting in an overall real growth rate of 1.6% for the quarter.

## INSIDE THIS ISSUE

PAGE 1 - **ECONOMY:** Weak Start to FY 2007

PAGE 3: Illinois Economic Indicators

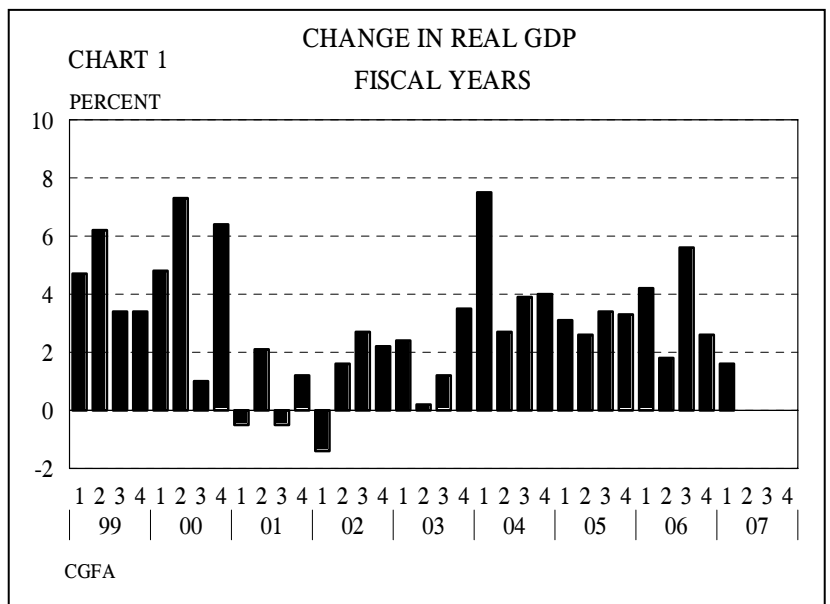
PAGE 3: Special Transfers

PAGE 6 - **REVENUE:** October Receipts Show Modest Improvement

PAGE 7-10: Revenue Tables

PAGE 11 - **PENSIONS:** The Financial Condition of the Cook County Pension Funds

.....  
703 Stratton Ofc. Bldg.  
Springfield, IL 62706



Residential investment has been declining for four consecutive quarters, building downward momentum. In the latest quarter real, or inflation-adjusted, residential spending fell at a 17.4% annual rate following an 11.1% annual rate drop in the previous quarter. The key question is whether or not housing is nearing a bottom or whether there is still more air to be let out of the housing bubble. Monthly data confirm the weakness in housing depicted in the GDP report. Sales of existing homes fell for the sixth straight month in September and the median sales price dropped by a record amount on an annual rate basis. At the same time, while there was a modest rise in sales of new homes last month, this was accomplished by a fall in prices that was the largest in 35 years. The median price of a new home was \$217,100 that was a 9.7% drop from a year earlier and the lowest median price recorded since September 2004. The weakness in housing has been wide spread.

**S**ales of existing homes fell last month in all sections of the country with the exception of a small gain in the South. Sales fell most in the Northeast, followed by sales in the West and then in the Midwest. Illinois has mirrored the national sales pattern. According to the Illinois Association of Realtors, year-to-date home sales through September were down 7.4% compared to the same period last year with September's level 19.5% below September 2005. At the same time Illinois' median home sales price in September was \$199,900, down 3.4% from \$207,900 a year earlier. A precursor to housing activity can be found in new permit data. As shown in the accompanying Table on Indicators of Illinois Economic Activity, single-family building permits dropped

18.2% from the previous month and are 35.4% below a year earlier. This suggests that housing has a way to go before a bottom is reached.

**T**he other major depressant in the quarter was the increase in imports, which are a subtraction in the calculation of GDP. It should be remembered, however, that the Commerce Department report is called the advance report because it is based on incomplete data and subject to further revisions. The lack of data is particularly relevant in the area of exports and imports where, because of the lag in reporting, only two months of statistics were available at the time of issue. A big factor behind the rise in imports has been the rise in energy imports where prices have skyrocketed. However, oil prices came down sharply in September, which is not reflected in the report and, therefore, the estimate for imports and their negative effect on GDP last quarter may have been overstated. This may be shown when the "preliminary estimates" based on more comprehensive data are released on November 29<sup>th</sup>.

Whether or not the sharp deceleration in economic activity in the past two quarters is temporary or foreshadows something direr is likely to depend once again on the behavior of consumers, who generally account for two-thirds of total spending. Continued low unemployment, a recent rise in consumer confidence, and lower gasoline prices would seem to suggest that slowing home sales and reduced home prices have not yet been sufficient deterrents to spending. This will have to continue to be the case, however, as we approach the important holiday shopping season if the economy is to resume a more substantial rate of expansion.

## INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

<u>INDICATORS</u>	<u>SEPT. 2006</u>	<u>AUG. 2006</u>	<u>SEPT. 2005</u>
Unemployment Rate (Average)	4.4%	4.7%	5.6%
Annual Rate of Inflation (Chicago)	-4.8%	6.6%	0.7%
<b>—————</b>			
	<u>LATEST</u>	<u>% CHANGE</u>	<u>% CHANGE</u>
	<u>MONTH</u>	<u>OVER PRIOR</u>	<u>OVER A</u>
		<u>MONTH</u>	<u>YEAR AGO</u>
Civilian Labor Force (thousands) (September)	6,636	0.8%	2.3%
Employment (thousands) (September)	6,342	1.1%	3.5%
New Car & Truck Registration (September)	53,122	-23.5%	-23.0%
Single Family Housing Permits (September)	2,966	-18.2%	-35.4%
Total Exports (\$ mil) (August)	3,526	8.7%	19.8%
Chicago Purchasing Managers Index (October)	53.5	-13.8%	-14.9%

### Special Transfers

Lynnae Kapp, Bond/Revenue Analyst

The second installment of fund sweeps occurred in early October in the amount of \$47.1 million, bringing the year to date fund sweep total to date to \$94.3 million. Added to the \$24.7 million of chargebacks from September, the total special transfers to date equal \$119.0 million. The following table lists totals by fund and type of transfer.

Special Transfers in FY 2007 YTD as of 9/30/06 [PA 94-0839]				
FUND #	FUND NAME	Chargebacks	Statute (Funds Sweep)	TOTAL
0014	Food & Drug Safety	\$111,300	\$210,500	\$321,800
0019	Grade Crossing Protection	\$2,160,000	\$2,000,000	\$4,160,000
0022	General Professions Dedicated Fund	\$768,600	\$2,500,000	\$3,268,600
0023	Economic Research and Information Fund		\$12,500	\$12,500
0024	IL Dept. of Ag. Laboratory Services Fund	\$62,400	\$50,000	\$112,400
0031	Drivers Education		\$450,000	\$450,000
0040	State Parks	\$893,900	\$523,000	\$1,416,900
0044	Lobbyist Registration Administration Fund	\$51,000		\$51,000
0057	IL State Pharmacy Disciplinary Fund	\$140,400	\$1,500,000	\$1,640,400
0059	Public Utility	\$400,000	\$220,000	\$620,000
0078	Solid Waste Management		\$100,000	\$100,000
0085	Illinois Gaming Law Enforcement	\$41,280	\$326,000	\$367,280
0089	Subtitle D Management Fund		\$150,000	\$150,000
0113	Community Health Center Care Fund		\$50,000	\$50,000
0130	School District Emergency Financial Assistance	\$55,900	\$662,500	\$718,400
0137	Plugging & Restoration	\$41,900		\$41,900
0145	Explosives Regulatory		\$11,500	\$11,500
0146	Aggregate Operation Regulatory		\$16,500	\$16,500

<b>Special Transfers in FY 2007 YTD as of 9/30/06 [PA 94-0839]</b>				
<b>FUND #</b>	<b>FUND NAME</b>	<b>Chargebacks</b>	<b>Statute (Funds Sweep)</b>	<b>TOTAL</b>
0147	Coal Mining Regulatory Fund		\$25,000	\$25,000
0151	Registered CPA Administration & Disciplinary Fund		\$500,000	\$500,000
0153	Agrichemical Incident Response Trust Fund		\$100,000	\$100,000
0163	Weights and Measures	\$236,200	\$300,000	\$536,200
0167	Registered Limited Liability Partnership Fund		\$277,500	\$277,500
0193	Local Government Health Insurance Reserve		\$500,000	\$500,000
0195	IPTIP Administrative Trust Fund		\$350,000	\$350,000
0215	Capital Development Board Revolving	\$217,125		\$217,125
0218	Professions Indirect Cost Fund		\$250,000	\$250,000
0222	State Police DUI Fund	\$50,200	\$75,000	\$125,200
0224	Asbestos Abatement Fund		\$250,000	\$250,000
0238	IL Health Facilities Planning Fund	\$138,900		\$138,900
0245	Fair & Exposition Fund	\$132,900	\$100,000	\$232,900
0246	State Police Vehicle		\$72,000	\$72,000
0251	Dept. of Labor Special State Trust Fund		\$81,000	\$81,000
0258	Nurse Dedicated & Professional Fund		\$1,500,000	\$1,500,000
0261	Underground Resource Conservation Enforcement	\$54,600	\$50,000	\$104,600
0262	Mandatory Arbitration Fund		\$453,000	\$453,000
0278	Income Tax Refund Fund		\$22,000,000	\$22,000,000
0285	Long-Term Care Monitor/Receiver Fund	\$75,900	\$150,000	\$225,900
0288	Community Water Supply Lab		\$100,000	\$100,000
0290	Fertilizer Control Fund	\$46,200		\$46,200
0294	Used Tire Management Fund		\$500,000	\$500,000
0298	Natural Areas Acquisition Fund	\$1,459,600	\$2,500,000	\$3,959,600
0299	Open Space Lands Acquisition and Development	\$3,408,800		\$3,408,800
0303	State Garage Revolving Fund		\$345,650	\$345,650
0304	Statistical Services Revolving Fund	\$1,000,000	\$115,800	\$1,115,800
0308	Paper and Printing Revolving Fund		\$4,950	\$4,950
0309	Air Transportation Revolving Fund		\$50,000	\$50,000
0310	Tax Recovery Fund		\$75,000	\$75,000
0312	Communications Revolving Fund	\$1,500,000	\$538,400	\$2,038,400
0314	Facilities Management Revolving Fund		\$55,950	\$55,950
0317	Professional Services Fund		\$532,400	\$532,400
0323	Motor Vehicle Review Board Fund	\$18,600		\$18,600
0331	Treasurer's Rental Fee Fund		\$50,000	\$50,000
0332	Workers Compensation Revolving Fund		\$265,400	\$265,400
0342	Audit Expense	\$1,528,800	\$900,000	\$2,428,800
0362	Securities Audit and Enforcement	\$718,700	\$347,500	\$1,066,200
0363	Dept. Business Service Spec. Ops Fund	\$440,000	\$3,825,000	\$4,265,000
0369	Feed Control Fund	\$76,000		\$76,000
0371	Innovations in Long-term Care Quality Demonstration Grants Fund	\$63,500	\$150,000	\$213,500
0372	Plumbing Licensure & Program Fund	\$128,100		\$128,100
0373	State Treasurer's Bank Service		\$2,500,000	\$2,500,000
0380	Corporate Franchise Tax Refund Fund		\$700,000	\$700,000
0384	Tax Compliance & Administration	\$134,008	\$214,700	\$348,708
0386	Appraisal Administration	\$48,000	\$500,000	\$548,000
0397	Trauma Center Fund	\$1,318,000	\$2,500,000	\$3,818,000
0421	Public Aid Recoveries Trust		\$4,305,500	\$4,305,500
0422	Alternative Fuels Fund	\$124,800		\$124,800
0436	Safety Responsibility Fund	\$76,000		\$76,000
0514	State Asset Forfeiture Fund	\$120,300	\$125,000	\$245,300
0524	Health Facility Plan Review Fund	\$132,700	\$83,000	\$215,700
0536	LEADS Maintenance		\$38,500	\$38,500
0537	State Offender DNA ID System Fund	\$247,300		\$247,300
0538	IL Historic Sites		\$67,200	\$67,200
0546	Public Pension Regulation Fund	\$56,000	\$25,000	\$81,000
0562	Pawnbroker Regulation Fund	\$11,600	\$50,000	\$61,600
0567	Charter Schools Revolving Fund		\$600,000	\$600,000

**Special Transfers in FY 2007 YTD as of 9/30/06 [PA 94-0839]**

<b>FUND #</b>	<b>FUND NAME</b>	<b>Chargebacks</b>	<b>Statute (Funds Sweep)</b>	<b>TOTAL</b>
0569	School Technology Revolving Loan fund	\$116,800		<b>\$116,800</b>
0571	Energy Efficiency Trust Fund	\$240,000		<b>\$240,000</b>
0576	Pesticide Control	\$124,000		<b>\$124,000</b>
0600	AG Whistleblower Reward & Protection Fund		\$500,000	<b>\$500,000</b>
0613	Wireless Carrier Reimbursement		\$4,000,000	<b>\$4,000,000</b>
0621	International Tourism Fund	\$608,000	\$1,500,000	<b>\$2,108,000</b>
0629	Real Estate Recovery Fund		\$100,000	<b>\$100,000</b>
0635	Death Certificate Surcharge	\$151,100	\$500,000	<b>\$651,100</b>
0637	State Police Wireless Service Emergency Fund	\$116,900		<b>\$116,900</b>
0643	Auction Recovery Fund		\$25,000	<b>\$25,000</b>
0649	Motor Carrier Safety Inspection		\$75,000	<b>\$75,000</b>
0705	Whistleblower Reward & Protection Fund	\$68,500	\$375,000	<b>\$443,500</b>
0712	Post Transplant Maintenance and Retention Fund		\$37,500	<b>\$37,500</b>
0733	Tobacco Settlement Recovery		\$9,950,000	<b>\$9,950,000</b>
0740	Medicaid Buy-In Program Revolving Fund		\$159,500	<b>\$159,500</b>
0746	Home Inspector Administration	\$88,000	\$100,000	<b>\$188,000</b>
0763	Tourism Promotion	\$2,837,800	\$2,000,000	<b>\$4,837,800</b>
0769	Lawyers Assistance Program Fund		\$16,800	<b>\$16,800</b>
0770	Digital Divide Elimination Fund	\$161,600		<b>\$161,600</b>
0776	Presidential Library and Museum Fund		\$375,000	<b>\$375,000</b>
0821	Dram Shop		\$56,000	<b>\$56,000</b>
0823	IL State Dental Disciplinary Fund		\$125,000	<b>\$125,000</b>
0879	Traffic & Criminal Conviction Surcharge		\$125,000	<b>\$125,000</b>
0888	Design Professionals Administration & Investigation	\$96,300	\$50,000	<b>\$146,300</b>
0903	State Surplus Property Revolving Fund		\$3,150	<b>\$3,150</b>
0906	State Police Services		\$100,000	<b>\$100,000</b>
0907	Health Insurance Reserve		\$10,500,000	<b>\$10,500,000</b>
0921	DHS Recoveries Trust		\$1,795,900	<b>\$1,795,900</b>
0922	Insurance Producer Administration		\$1,000,000	<b>\$1,000,000</b>
0925	Coal Technology Development Assistance Fund	\$907,400		<b>\$907,400</b>
0930	Senior Citizens Real Estate Deferred Tax Revolving Fund	\$400,000		<b>\$400,000</b>
0932	State Treasurer Court Ordered Escrow Fund		\$125,000	<b>\$125,000</b>
0944	Environmental Protection Permit & Inspection		\$90,500	<b>\$90,500</b>
0954	Illinois State Podiatric Disciplinary Fund		\$125,000	<b>\$125,000</b>
0962	Park & Conservation	\$473,600		<b>\$473,600</b>
0975	Large Business Attraction Fund	\$55,000		<b>\$55,000</b>
0982	IL Beach Marina		\$50,000	<b>\$50,000</b>
0984	International & Promotional Fund		\$35,000	<b>\$35,000</b>
0997	Insurance Financial Regulation		\$2,500,000	<b>\$2,500,000</b>
	<b>TOTAL</b>	<b>\$24,734,513</b>	<b>\$94,275,300</b>	<b>\$119,009,813</b>

## REVENUE

### October Receipts Show Modest Improvement

Jim Muschinske, Revenue Manager

Overall general funds revenues increased \$65 million in October. While the economic sources continued to post monthly gains, those increases were partly offset by a falloff in federal sources. October had one more receipting day than last fiscal year.

Of those sources most closely tied to the economy, sales tax led the advancers as receipts increased \$43 million. Gross personal income taxes increased \$34 million, or \$32 million net of refunds. Interest income, fueled by higher rates, rose by \$6 million. Inheritance tax receipts posted a gain of \$4 million, while gross corporate income taxes grew by \$3 million, or \$4 million net of refunds. Finally, insurance taxes and fees as well as other sources each increased by \$1 million.

Despite an overall increase in revenues, a few sources experienced declines. Corporate franchise taxes fell \$6 million, cigarette taxes dropped \$4 million due to a change in the tax distribution that went into effect this fiscal year, and liquor taxes declined \$4 million. Lastly, public utility taxes fell by \$1 million for the month.

Overall transfers grew by \$17 million in October. Other transfers increased \$11 million, while riverboat transfers gained \$5 million and lottery transfers rose a modest \$1 million. As mentioned earlier, federal sources experienced a decline with receipts off \$28 million.

## Year to Date

Overall receipts to the general funds are up \$336 million through the first third of the fiscal year. While most of the economically related sources continue to perform well, some of the smaller sources as well as certain transfers have struggled early on.

Gross personal income taxes are up \$196 million, or \$177 million net of refunds. Sales tax receipts are up \$91 million, while gross corporate income taxes have advanced by \$85 million, or \$80 million net of refunds. Interest income is ahead by \$26 million and inheritance tax receipts are up \$18 million. Finally, corporate franchise taxes are up \$1 million.

As expected, the Cook County IGT is down \$34 million to begin the year, while other sources are behind by \$17 million. Due to a change in tax distribution, cigarette taxes are off by \$16 million. Public utility taxes have fallen by \$7 million and liquor taxes have dipped by \$2 million.

Overall transfers are up by \$127 million. While other transfers are up \$165 million due mostly to a large July transfer from the Refund Fund as well as chargeback activity, a \$39 falloff in lottery transfers served to offset some of those gains. Finally, federal sources are down \$108 million during the first one-third of the fiscal year.

The Commission has scheduled a meeting for November 15<sup>th</sup>, 2006 to provide an update on FY 2007 revenues as well as a preliminary look at the FY 2008 revenue picture.

## GENERAL FUNDS RECEIPTS: OCTOBER

FY 2007 vs. FY 2006  
(\$ million)

<u>Revenue Sources</u>	<u>OCT. FY 2007</u>	<u>OCT. FY 2006</u>	<u>\$ CHANGE</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$651	\$617	\$34	5.5%
Corporate Income Tax (regular)	79	76	\$3	3.9%
Sales Taxes	618	575	\$43	7.5%
Public Utility Taxes (regular)	69	70	(\$1)	-1.4%
Cigarette Tax	29	33	(\$4)	-12.1%
Liquor Gallonage Taxes	9	13	(\$4)	-30.8%
Vehicle Use Tax	3	3	\$0	0.0%
Inheritance Tax (Gross)	23	19	\$4	21.1%
Insurance Taxes and Fees	2	1	\$1	100.0%
Corporate Franchise Tax & Fees	15	21	(\$6)	-28.6%
Interest on State Funds & Investments	17	11	\$6	54.5%
Cook County IGT	0	0	\$0	N/A
Other Sources	26	25	\$1	4.0%
<b>Subtotal</b>	\$1,541	\$1,464	\$77	5.3%
<b>Transfers</b>				
Lottery	45	44	\$1	2.3%
Riverboat transfers & receipts	60	55	\$5	9.1%
Other	69	58	\$11	19.0%
<b>Total State Sources</b>	\$1,715	\$1,621	\$94	5.8%
<b>Federal Sources</b>	\$347	\$375	(\$28)	-7.5%
<b>Total Federal &amp; State Sources</b>	\$2,062	\$1,996	\$66	3.3%
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$63)	(\$61)	(\$2)	3.3%
Corporate Income Tax	(\$14)	(15)	\$1	-6.7%
<b>Subtotal General Funds</b>	\$1,985	\$1,920	\$65	3.4%
<b>Short-Term Borrowing</b>	\$0	\$0	\$0	N/A
<b>Budget Stabilization Fund Transfer</b>	\$0	\$0	\$0	N/A
<b>Total General Funds</b>	\$1,985	\$1,920	\$65	3.4%

CGFA SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

2-Nov-06

**GENERAL FUNDS RECEIPTS: YEAR TO DATE**

**FY 2007 vs. FY 2006**

(\$ million)

<u>Revenue Sources</u>	<u>FY 2007</u>	<u>FY 2006</u>	<u>CHANGE FROM FY 2006</u>	<u>% CHANGE</u>
<b>State Taxes</b>				
Personal Income Tax	\$2,827	\$2,631	\$196	7.4%
Corporate Income Tax (regular)	495	410	\$85	20.7%
Sales Taxes	2,477	2,386	\$91	3.8%
Public Utility Taxes (regular)	331	338	(\$7)	-2.1%
Cigarette Tax	117	133	(\$16)	-12.0%
Liquor Gallonage Taxes	50	52	(\$2)	-3.8%
Vehicle Use Tax	13	13	\$0	0.0%
Inheritance Tax (Gross)	97	79	\$18	22.8%
Insurance Taxes and Fees	83	83	\$0	0.0%
Corporate Franchise Tax & Fees	65	64	\$1	1.6%
Interest on State Funds & Investments	68	42	\$26	61.9%
Cook County IGT	6	40	(\$34)	-85.0%
Other Sources	122	139	(\$17)	-12.2%
<b>Subtotal</b>	<b>\$6,751</b>	<b>\$6,410</b>	<b>\$341</b>	<b>5.3%</b>
<b>Transfers</b>				
Lottery	175	214	(\$39)	-18.2%
Riverboat transfers & receipts	225	224	\$1	0.4%
Other	321	156	\$165	105.8%
<b>Total State Sources</b>	<b>\$7,472</b>	<b>\$7,004</b>	<b>\$468</b>	<b>6.7%</b>
<b>Federal Sources</b>	<b>\$1,539</b>	<b>\$1,647</b>	<b>(\$108)</b>	<b>-6.6%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$9,011</b>	<b>\$8,651</b>	<b>\$360</b>	<b>4.2%</b>
<b>Nongeneral Funds Distribution:</b>				
<b>Refund Fund</b>				
Personal Income Tax	(\$275)	(\$256)	(\$19)	7.4%
Corporate Income Tax	(\$87)	(\$82)	(\$5)	6.1%
<b>Subtotal General Funds</b>	<b>\$8,649</b>	<b>\$8,313</b>	<b>\$336</b>	<b>4.0%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$276</b>	<b>\$276</b>	<b>\$0</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$8,925</b>	<b>\$8,589</b>	<b>\$336</b>	<b>3.9%</b>

SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding.

CGFA

2-Nov-06



**GENERAL FUNDS GROWTH NEEDED TO MEET ESTIMATE**  
**FY 2007 ESTIMATE vs. FY 2006 ACTUAL**  
(\$ million)

<b>Revenue Sources</b>	<b>July-06 ESTIMATE FY 2007</b>	<b>FYTD 2007</b>	<b>AMOUNT NEEDED FY 2007 EST.</b>	<b>FYTD 2006</b>	<b>GROWTH NEEDED</b>	<b>% CHANGE</b>
<b>State Taxes</b>						
Personal Income Tax	\$10,050	\$2,827	\$7,223	\$2,631	\$286	4.1%
Corporate Income Tax (regular)	1,873	495	\$1,378	410	\$4	0.3%
Sales Taxes	7,345	2,477	\$4,868	2,386	\$162	3.4%
Public Utility Taxes (regular)	1,074	331	\$743	338	\$7	1.0%
Cigarette Tax	350	117	\$233	133	(\$34)	-12.7%
Liquor Gallonage Taxes	153	50	\$103	52	\$3	3.0%
Vehicle Use Tax	34	13	\$21	13	\$0	0.0%
Inheritance Tax (Gross)	262	97	\$165	79	(\$28)	-14.5%
Insurance Taxes and Fees	320	83	\$237	83	\$3	1.3%
Corporate Franchise Tax & Fees	190	65	\$125	64	\$8	6.8%
Interest on State Funds & Investments	160	68	\$92	42	(\$19)	-17.1%
Cook County IGT	309	6	\$303	40	(\$7)	-2.3%
Other Sources	455	122	\$333	139	\$31	10.3%
<b>Subtotal</b>	<b>\$22,575</b>	<b>\$6,751</b>	<b>\$15,824</b>	<b>\$6,410</b>	<b>\$416</b>	<b>2.7%</b>
<b>Transfers</b>						
Lottery	670	175	\$495	214	\$39	8.6%
Riverboat transfers & receipts	700	225	\$475	224	\$10	2.2%
Other	880	321	\$559	156	(\$31)	-5.3%
<b>Total State Sources</b>	<b>\$24,825</b>	<b>\$7,472</b>	<b>\$17,353</b>	<b>\$7,004</b>	<b>\$434</b>	<b>2.6%</b>
<b>Federal Sources</b>	<b>\$4,803</b>	<b>\$1,539</b>	<b>\$3,264</b>	<b>\$1,647</b>	<b>\$186</b>	<b>6.0%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$29,628</b>	<b>\$9,011</b>	<b>\$20,617</b>	<b>\$8,651</b>	<b>\$620</b>	<b>3.1%</b>
<b>Nongeneral Funds Distribution:</b>						
<b>Refund Fund</b>						
Personal Income Tax	(\$980)	(\$275)	(\$705)	(\$256)	(\$28)	4.1%
Corporate Income Tax	(328)	(\$87)	(\$241)	(82)	\$33	-12.0%
<b>Subtotal General Funds</b>	<b>\$28,320</b>	<b>\$8,649</b>	<b>\$19,671</b>	<b>\$8,313</b>	<b>\$625</b>	<b>3.3%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,000)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$276</b>	<b>\$276</b>	<b>\$0</b>	<b>\$276</b>	<b>\$0</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$28,596</b>	<b>\$8,925</b>	<b>\$19,671</b>	<b>\$8,589</b>	<b>(\$375)</b>	<b>-1.9%</b>
<b>CGFA</b>						<b>2-Nov-06</b>

**GENERAL FUNDS PERFORMANCE TO DATE**  
**GOVERNOR'S OFFICE OF MANANGEMENT AND BUDGET**

FY 2007 ESTIMATE vs. FY 2006 ACTUALS

(\$ million)

	GOMB JUNE-06 Estimate FY 2007	FYTD 2007	AMOUNT NEEDED FY 2007 Est.	FYTD 2006	GROWTH NEEDED	% CHANGE
<b>Revenue Sources</b>						
<b>State Taxes</b>						
Personal Income Tax	\$9,844	\$2,827	\$7,017	\$2,631	\$80	1.2%
Corporate Income Tax (regular)	2,074	495	\$1,579	410	\$205	14.9%
Sales Taxes	7,280	2,477	\$4,803	2,386	\$97	2.1%
Public Utility Taxes (regular)	1,090	331	\$759	338	\$23	3.1%
Cigarette Tax	350	117	\$233	133	(\$34)	-12.7%
Liquor Gallonage Taxes	152	50	\$102	52	\$2	2.0%
Vehicle Use Tax	35	13	\$22	13	\$1	4.8%
Inheritance Tax (Gross)	255	97	\$158	79	(\$35)	-18.1%
Insurance Taxes and Fees	322	83	\$239	83	\$5	2.1%
Corporate Franchise Tax & Fees	196	65	\$131	64	\$14	12.0%
Interest on State Funds & Investments	143	68	\$75	42	(\$36)	-32.4%
Cook County IGT	309	6	\$303	40	(\$7)	-2.3%
Other Sources	505	122	\$383	139	\$81	26.8%
<b>Subtotal</b>	<b>\$22,555</b>	<b>\$6,751</b>	<b>\$15,804</b>	<b>\$6,410</b>	<b>\$396</b>	<b>2.6%</b>
<b>Transfers</b>						
Lottery	670	175	\$495	214	\$39	8.6%
Gaming Fund Transfer	692	225	\$467	224	\$2	0.4%
Other	933	321	\$612	156	\$22	3.7%
<b>Total State Sources</b>	<b>\$24,850</b>	<b>\$7,472</b>	<b>\$17,378</b>	<b>\$7,004</b>	<b>\$459</b>	<b>2.7%</b>
<b>Federal Sources</b>	<b>\$4,803</b>	<b>\$1,539</b>	<b>\$3,264</b>	<b>\$1,647</b>	<b>\$186</b>	<b>6.0%</b>
<b>Total Federal &amp; State Sources</b>	<b>\$29,653</b>	<b>\$9,011</b>	<b>\$20,642</b>	<b>\$8,651</b>	<b>\$645</b>	<b>3.2%</b>
<b>Nongeneral Funds Distribution:</b>						
<b>Refund Fund</b>						
Personal Income Tax	(\$960)	(\$275)	(\$685)	(\$256)	(\$8)	1.2%
Corporate Income Tax	(363)	(87)	(\$276)	(82)	(\$2)	0.7%
<b>Subtotal General Funds</b>	<b>\$28,330</b>	<b>\$8,649</b>	<b>\$19,681</b>	<b>\$8,313</b>	<b>\$635</b>	<b>3.3%</b>
<b>Short-Term Borrowing</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,000)</b>	<b>N/A</b>
<b>Budget Stabilization Fund Transfer</b>	<b>\$276</b>	<b>\$276</b>	<b>\$0</b>	<b>\$276</b>	<b>\$0</b>	<b>N/A</b>
<b>Total General Funds</b>	<b>\$28,606</b>	<b>\$8,925</b>	<b>\$19,681</b>	<b>\$8,589</b>	<b>(\$365)</b>	<b>-1.8%</b>
CGFA						2-Nov-06

**PENSIONS**

**The Financial Condition of the Cook County Pension Funds**

Dan Hankiewicz, Pension Manager

The Cook County Employees' Pension Fund covers all persons employed by Cook County whose salary or wage is paid in whole or in part by the County. The regular Cook County Employees' retirement formula is 2.4% of final average salary for each year of service credit, up to a maximum of 80% of final average salary. Members who participate in the regular formula can begin to receive an unreduced annuity at age 60 with at least 10 years of service credit or anytime after age 50 with at least 30 years of service credit. Cook County employees who participate in the regular formula contribute 8.5% of salary towards their pensions.

Members of the Cook County Police Department are eligible to receive a retirement annuity based on the following formula: 50% of final average salary after 20 years of service, plus 2% of final

average salary for each year in excess of 20, up to a maximum of 80% of final average salary. A Cook County police officer can begin to receive an unreduced retirement annuity upon attainment of age 50 with 20 years of service credit. Members of the Cook County Police Department contribute 9% of salary towards their pensions.

In addition to the regular and police formulas, an optional alternative annuity is available for elected Cook County officers. The formula is equal to 3% of final average salary for the first 8 years of service, plus 4% for the next four years of service, and 5% for each year thereafter, up to a maximum of 80% of final average salary. An elected Cook County officer who chooses this option can attain the maximum pension after 20 years of service. Elected County officers contribute 11.5% of salary towards their pensions.

A nine-year history of the financial condition of the Cook County Employees' Pension Fund is shown in Table 1 below:

<u>Fiscal Year</u>	<u>Accrued Liability</u>	<u>Net Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>
1997	\$4,426.8	\$4,002.7	\$424.1	90.4%
1998	4,942.2	4,535.3	406.9	91.8%
1999	5,555.7	5,273.2	282.5	94.9%
2000	6,070.3	5,707.0	363.3	94.0%
2001	6,678.2	5,935.5	742.7	88.9%
2002	7,846.3	5,861.2	1,985.1	74.7%
2003	8,781.0	5,929.2	2,851.8	67.5%
2004	9,450.8	6,700.8	2,750.0	70.9%
2005	9,270.0	7,027.5	2,242.4	75.8%

Table 2 below provides a statistical overview of active Cook County employees, employee annuitants, average salary, and average retirement annuity for the last nine years.

TABLE 2: Cook County Employees' Pension Fund Statistical Information				
Fiscal Year	Active Employees	Employee Annuitants	Average Salary	Average Annuity
1997	26,321	7,162	\$40,577	\$21,690
1998	26,271	8,707	\$40,595	\$24,632
1999	26,397	8,701	\$44,041	\$19,318
2000	26,767	8,684	\$47,112	\$19,775
2001	26,540	8,767	\$48,039	\$17,273
2002	26,571	8,814	\$50,072	\$18,621
2003	25,513	11,037	\$51,232	\$36,674
2004	25,848	11,174	\$53,062	\$33,094
2005	25,728	11,190	\$53,932	\$28,266

The Cook County Forest Preserve Employees' Pension fund offers a retirement formula identical to the regular Cook County Employee's Pension formula: 2.4% of final average salary for each year of service credit, up to a maximum of 80% of final average salary. Cook County Forest Preserve employees contribute 8.5% of salary towards their pensions.

A nine-year history of the financial condition of the Cook County Forest Preserve Employees' Pension Fund is shown in Table 3 below:

TABLE 3: Summary of Financial Condition Cook County Forest Preserve Employees' Pension Fund (\$ in Millions)				
Fiscal Year	Accrued Liability	Net Assets	Unfunded Liability	Funded Ratio
1997	\$121.6	\$112.6	\$8.9	92.7%
1998	136.4	124.0	12.3	91.0%
1999	158.5	167.1	(8.5)	105.4%
2000	171.6	177.9	(6.3)	103.7%
2001	184.4	180.7	3.7	98.0%
2002	212.0	173.0	39.1	81.6%
2003	218.7	176.4	42.3	80.6%
2004	245.3	186.5	58.8	76.0%
2005	217.6	189.1	28.5	86.9%

Table 4 below provides a statistical overview of active Cook County Forest Preserve employees, employee annuitants, average salary, and average retirement annuity for the last nine years.

TABLE 4: Cook County Forest Preserve Employees' Pension Fund Statistical Information				
Fiscal Year	Active Employees	Employee Annuitants	Average Salary	Average Annuity
1997	811	199	\$33,739	\$21,632
1998	813	236	\$33,782	\$19,521
1999	836	239	\$35,363	\$17,514
2000	885	241	\$36,397	\$23,016
2001	708	246	\$40,440	\$18,566
2002	614	257	\$41,989	\$21,016
2003	385	343	\$45,061	\$25,688
2004	368	367	\$45,208	\$22,368
2005	368	367	\$45,931	\$22,429