



The Civic Federation

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FOREST PRESERVE DISTRICT OF COOK COUNTY FY2012 EXECUTIVE BUDGET RECOMMENDATION:

Analysis and Recommendations

December 1, 2011

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The Civic Federation is an independent, non-partisan government research organization working to maximize the quality and cost-effectiveness of government services in the Chicago region and State of Illinois.

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EXECUTIVE SUMMARY

The Civic Federation **supports** the Forest Preserve District of Cook County FY2012 Executive Budget Recommendation totaling \$195.0 million, which includes both operating and capital expenditures. The proposed FY2012 budget represents a decrease of \$2.6 million, or 1.3%, from the FY2011 adopted budget. We commend the District for holding its property tax levy flat during a period of continued financial hardship for many Cook County residents and for taking steps toward more effective personnel management starting with a comprehensive desk audit. The District has also shown prudence by maintaining substantial reserves.

The Civic Federation is concerned by the continuing decline in the funded ratio of the pension plan as contributions have been insufficient to maintain the health of the fund. The Federation recommends the District develop a long-term financial plan would evaluate the pension plan and other financial pressures. The District should also evaluate whether non-core activities such as swimming pools, police and subsidized resident watchmen should continue to be provided by the District.

The Federation also continues to support the creation of a separate Board of Commissioners for the Forest Preserve District. The current board structure governing both the District and Cook County results in an unavoidable conflict of interest between the County's mission to provide economic development and the Forest Preserve District's mission to conserve land.

The Civic Federation offers the following **key findings** on the FY2012 proposed budget:

- Total appropriations will decrease by 1.3%, or \$2.6 million, from the FY2011 adopted appropriations of \$197.5 million to \$195.0 million in FY2012;
- Total Corporate Fund appropriations will increase by \$0.9 million, or 1.5%, from FY2011 to \$58.0 million in FY2012;
- Total resources for operating funds (Corporate Fund, Pension Fund and Bond and Interest Fund) will increase by \$0.9 million, or 1.3%, from \$72.3 million proposed in FY2011 to \$73.2 million in FY2012;
- The total budget for the Brookfield Zoo and Chicago Botanic Garden will be \$92.2 million, which represents 47.3% of the District's total budget;
- The District's property tax levy will remain flat at \$86.5 million;
- Total full-time equivalent (FTE) positions will increase by 5.3%, or 29.1 positions, from 544.5 FTEs in FY2011 to 573.6 FTEs in FY2012;
- The District's Corporate Fund balance at FY2010 year-end was \$35.3 million, and the FY2012 budget will utilize \$8.5 million of fund balance as a resource;
- The District's short-term liabilities in FY2010 increased by \$5.5 million, or 47.7%, from FY2009;
- The District's long-term debt burden decreased by 6.1% , or \$7.2 million, from \$117.5 million in FY2009 to \$110.3 million in FY2010 due to the retiring of outstanding long-term debts;
- The pension fund's unfunded liabilities rose to \$98.3 million in FY2010, up from \$3.7 million in FY2001; and
- The funded ratio for pensions declined from 98.0% to 65.2% over the same ten-year period.

The Civic Federation **supports** the following items contained in the District's budget:

- Holding the property tax levy flat from FY2011 to FY2012 at \$86.5 million;
- Adhering to its unreserved Corporate Fund fund balance policy; and
- Conducting a District-wide desk audit.

However, the Civic Federation has **concerns** about the FY2012 proposed budget including:

- Maintaining a pension fund that shows signs of declining fiscal health including increasing unfunded liabilities and a declining funded ratio that fell from 98.0% in FY2001 to 65.2% in FY2010;
- Maintaining a governance structure where District and Cook County share the same legislative body; and
- Presenting a Capital Improvement Plan that lacks details on capital projects, particularly for the Brookfield Zoo and Botanic Gardens.

The Civic Federation offers the following **recommendations** to improve the District's financial management:

- Elect a separate Board of Commissioners for the Forest Preserve District;
- Implement comprehensive pension reform including relating employer and employee contributions to the funded status of the plans;
- Develop and report performance measures as a part of a broader strategic planning practice;
- Enhance the transparency of rent subsidies for district employees living on district land;
- Implement a long-term financial planning process that is shared and reviewed with key policymakers and public stakeholders;
- Evaluate opportunities for alternative service delivery;
- Improve the Capital Improvement Plan and process with more specific information, increased public input and a focus on prioritization of projects;
- Provide current and prior year audited financial statements and budget documents on the District's website; and
- Improve the budget document with budget trends and actual data, complete information regarding proposed resources, aggregate object level expenditure data and an expansion of the Reader's Guide.

CIVIC FEDERATION POSITION

The Civic Federation **supports** the Forest Preserve District of Cook County FY2012 Executive Budget Recommendation totaling \$195.0 million, which includes both operating and capital expenditures. We commend the District for holding its property tax levy flat during a period of continued financial hardship for many Cook County residents and for taking steps toward more effective personnel management starting with a comprehensive desk audit. The District has also shown prudence by maintaining substantial reserves.

However, the District will need to begin long-term financial planning to ensure fiscal sustainability. The Civic Federation is concerned by the decline in the funded ratio of the pension plan from 98.0% in FY2001 to 65.2% in FY2010 as contributions have been insufficient to maintain the health of the fund. The Federation recommends the District develop a long-term financial plan would evaluate the pension plan and other financial pressures. The District should also evaluate whether non-core activities such as swimming pools, police and subsidized resident watchmen should continue to be provided by the District.

The Federation also continues to support the creation of a separate Board of Commissioners for the Forest Preserve District. The current board structure governing both the District and Cook County results in an unavoidable conflict of interest between the County's mission to provide economic development and the Forest Preserve District's mission to conserve land. In the past, the conflict has resulted in land use policy violations, poor oversight of District land holdings, inadequate transparency of District finances and delayed action on the FY2011 budget. The results of the recent desk audit also revealed deficiencies in personnel management spanning many years.

Issues the Civic Federation Supports

The Civic Federation supports the following issues related to the Forest Preserve District of Cook County FY2012 Executive Budget Recommendation.

Holding the Property Tax Levy Flat

The Forest Preserve District proposes to hold the property tax levy flat at \$86.5 million in FY2012. In addition, the Executive Recommendation includes no program fee increases. It is commendable to limit tax and fee increases as County residents continue to struggle with the aftermath of the recession.

Adhering to Fund Balance Policy

The District's fund balance policy requires a minimum unreserved fund balance totaling the sum of 5.5% of Corporate Fund gross revenues, 1% of Corporate Fund expenditures for unexpected expenditures and 8% of Corporate Fund expenditures to account for insufficient operating cash. The District continues to adhere to its fund balance policy. As of December 31, 2010, the District had a Corporate Fund fund balance of 96.1% of operating expenditures (72.0% net of transfers). By setting aside funds in prior years, the District will be able to draw on its fund balance in FY2012 to support the Corporate Fund and transfer additional monies to the Real Estate

Acquisition Fund and Self-Insurance Fund without raising the tax levy. The Civic Federation supports the District's prudent measure of adopting and adhering to a fund balance policy to provide fiscal stability. The District should also consider adding a maximum target to its fund balance policy to provide guidance on appropriate steps that should be taken should the fund balance continue to grow. A maximum target prevents the excessive accumulation of resources that could impact intergenerational equity.

Conducting District-Wide Desk Audit

The Civic Federation commends Cook County Board President Toni Preckwinkle and Forest Preserve District General Superintendent Arnold Randall for conducting a comprehensive desk audit of the District's operations. On October 12, 2011, the District released the Summary Report of the desk audit.¹ According to the audit, "one hundred percent of those interviewed communicated that they had not had a formal performance review in at least the last 15 years."² The findings exposed substantial operational inefficiencies with a lack of clarity on job descriptions, roles and responsibilities, policies and procedures and career advancement processes.³

Initiating the desk audit was a significant step toward more effective management and oversight of the Forest Preserve District's operations. The Federation urges President Preckwinkle and Superintendent Randall to continue their efforts by implementing the recommendations made in the Summary Report.

Civic Federation Concerns

The Civic Federation has the following concerns regarding the Forest Preserve District's FY2012 Executive Budget Recommendation.

Pension Fund Downward Trend

The funded ratio of the Forest Preserve District pension fund fell from 98.0% in FY2001 to 65.2% in FY2010. The District's unfunded liabilities rose from \$3.7 million in FY2001 to \$98.3 million in FY2010. The latest decline in the fund from FY2008 to FY2010 is partially the result of a change in actuarial assumptions. However, even without that change, the health of the fund would have continued to decline. The funded ratio is below a level considered financially sustainable. The enormous pension challenges facing many other northeastern Illinois governments should serve as a warning of how quickly a negative trend can turn into a crisis.

Improper Governance Structure

Currently the Forest Preserve District is governed by a dual structure Board of Commissioners that also acts as the legislative body for Cook County. This structure results in an unavoidable

¹ See the Forest Preserve District's website at <http://fpdcc.com/results-of-the-desk-audit> (last visited on November 17, 2011).

² AMD Business Solutions, Inc., "Summary Report for 2011 Desk Audit" August 3, 2011, pp. 2-3.

³ AMD Business Solutions, Inc., "Summary Report for 2011 Desk Audit" August 3, 2011, p. 5.

conflict of interest between the County's mission to provide economic development and the Forest Preserve District's mission to conserve land.

The Board's lack of adequate attention to the Forest Preserve District was evident in the FY2011 budget process. The proposed FY2011 budget was released on October 6, 2010, but the Board did not pass the final budget until March 5, 2011, more than thirteen weeks after the start of the fiscal year. While the Civic Federation commends Board President Preckwinkle and Superintendent Randall for undertaking the desk audit, that audit revealed an alarming lack of personnel management that had persisted unchecked for many years. In addition the District came under fire for various improper and illegal activities observed at the aquatic facilities and rental properties.⁴ In these and many other instances over the years it has been clear that the District is ill-served by the "double-duty" commissioners, who attention and meeting availability is often consumed by the demands of the general County's many fiscal and policy needs.

Details of Capital Improvement Plan

The Civic Federation commends the District for publishing an annually updated Capital Improvement Plan (CIP). However, the current CIP does not include valuable information on project status and associated operating costs that would increase the transparency of capital projects undertaken by the District, particularly for those projects within the Brookfield Zoo and the Chicago Botanic Garden. The capital projects for the Zoo and the Garden should be subjected to the same standards of disclosure as those initiated for the District, particularly those funded by taxpayer-supported bond issuances. The Zoo and the Garden have a "financially integrated relationship to the District" as the District owns the land sites and their annual property tax levy request is subject to Board approval. Furthermore, it is important that the District evaluate the potential operating costs or savings of new facilities before investing capital dollars. In order to do so, the District must describe how its capital needs are determined and identify where each project fits in terms of the prioritization criteria as well as whom the project will benefit.

Civic Federation Recommendations

The Civic Federation offers the following recommendations to support improved efficiency, governance and transparency.

Elect a Separate Board of Commissioners for the Forest Preserve District

In 2008 the Civic Federation and the Friends of the Forest Preserves issued a report calling for the creation of a separate board to oversee the operations of the Forest Preserve District of Cook County.⁵ The report highlighted the conflict of interest that arises from asking the same commissioners to consider economic development issues in one capacity and land preservation issues in another. The report stated that due to an organizational structure that creates an inherent

⁴ Cook County Office of the Independent Inspector General, "Forest Preserve Pool Investigation," public statement, March 25, 2011. Erika Slife, "Forest preserve guard accused of pot growing," *Chicago Tribune*, September 23, 2011.

⁵ Civic Federation and Friends of the Forest Preserves, *Forest Preserve District of Cook County: A Call for a Separate Board of Commissioners*, March 2008, http://www.civicfed.org/articles/civicfed_269.pdf (last visited on November 17, 2011).

conflict of interest and inhibits proper oversight, the District suffers from numerous problems that may be mitigated by installing a separate governing body.

In October 2010, the Civic Federation again called for a separate board as part of the Cook County Modernization Report.⁶ The Civic Federation recommended that the Forest Preserve be separated from Cook County government in 2012, year two of the incoming County administration. Other outside observers have concurred that a separate board would positively impact fiscal management. Fitch Ratings noted that the creation of a separate Board of Commissioners would provide the District greater autonomy to manage its financial resources, which Fitch would consider a positive credit factor.⁷

The Civic Federation and the Friends of the Forest Preserves strongly recommend that a separate elected Board of Commissioners be created for the Forest Preserve District of Cook County. This action would not create a new government entity and should not result in any additional costs because the new Board should be unpaid. The new Board should be elected county-wide via a non-partisan election and have a board president selected among and by the members of the board. A separate Board will allow voters to elect Commissioners on the basis of candidates' positions, credentials, experience and interest in forest preserve governance. It will also provide the necessary governance and oversight required for operating one of the largest forest preserve districts in the nation.

Implement Comprehensive Pension Reform

The Civic Federation offers the following specific recommendations to improve the long-term financial health of the Forest Preserve District's pension fund. These measures would require General Assembly authorization. The Civic Federation supported Public Act 96-0889, which created a different tier of benefits for many public employees hired on or after January 1, 2011. Over time these benefit changes for new hires will slowly reduce liabilities from what they would have been as new employees are hired and fewer members remain in the old benefit tier. However, the pension fund's actuarial funded ratio has already fallen to 65.2%. We strongly urge the District to seek approval for additional reforms.

Fund Pensions at the Annual Required Contribution Level

The District's employer contribution to its pension fund is a multiple of past employee contributions with no relationship to the funded status of the plan. The employee contributions are a fixed percentage of pay. The pension fund actuary estimates that in order to contribute an amount sufficient to meet the annual required contribution (ARC) in FY2011, the Forest Preserve would need a tax multiple of 4.95 rather than the 1.30 currently contributed.⁸ The Civic Federation recommends that employer and employee contributions be tied to actuarial liabilities and funded ratios, such that contributions are at levels consistent with the actuarially calculated

⁶ Civic Federation, *Cook County Modernization Report: A Roadmap for Cook County Government*, October 2010, <http://civicfed.org/sites/default/files/CookCountyModernizationReport.pdf> (last visited on November 17, 2011).

⁷ Fitch Ratings, "Fitch Upgrades Forest Preserve District of Cook County, Illinois' GOs to 'AA-'; Outlook Stable," September 9, 2009.

⁸ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2010, p. 17.

annual required contribution (ARC). This will require additional revenues or spending reductions.

The cost increase would be reduced if the ARC funding were shared with employees similar to the Chicago Transit Authority model, which is based on a 60%/40% employer/employee contribution structure.

Reduce Benefits for Current Employees

The pension fund's unfunded liabilities rose to \$98.3 million in FY2010, up from \$3.7 million in FY2001. The actuarially calculated annual required contribution (ARC) has jumped from 11.6% of payroll to 43.7% of payroll over the same period, although the District only contributed the equivalent of 10.9% of payroll in FY2010. To fund the pension and retiree healthcare plans at a level that would both cover normal cost and amortize the unfunded liability over 30 years, the Forest Preserve District would have needed to contribute an additional 32.8% of payroll, or \$8.0 million, in FY2010.

In order to reverse the deterioration of its pension fund, the District will likely need to reduce benefits not yet earned by its current employees. Retiree benefits are protected by the U.S. Constitution and new employee benefits were reduced by recent legislation. If the pension plan's funded ratio is allowed to deteriorate past the point of recovery, current employee benefits will have to be reduced.

Pension Fund Governance

The Forest Preserve District pension fund is governed by the nine-member Board of Trustees of the Cook County pension fund that is comprised of the County Comptroller and Treasurer or their delegates, four members elected by employees and three elected by annuitants. The proper role of a pension board is to safeguard the fund's assets and to oversee benefit administration. The Civic Federation recommends that the composition of the pension board of trustees be revised in three ways. First, the balance of employee and management representation on the board should be changed so that employees do not hold the majority of seats. Second, a tripartite structure should be created that includes independent citizen representation on the board. Finally, financial experts should be included on the pension board and financial training for non-expert members should be required.⁹

Develop and Report Performance Measures

For the past several years, the Civic Federation has recommended that the District collect key performance measurement data on its activities and consistently report the data in the budget document. Collecting performance data will provide management and policy-makers with objective information to utilize in strategic planning, allocating resources and improving operational efficiency. The data is also crucial to provide transparency and accountability to the

⁹ Government Finance Officers Association, "Best Practice: Governance of Public Employee Post-Retirement Benefits Systems (2010)." http://www.gfoa.org/downloads/GFOA_governanceretirementbenefitssystemsBP.pdf. See also Civic Federation, *Recommendations to Reform Public Pension Boards of Trustees in Illinois* (February 13, 2006).

public. All governments should evaluate the performance of the programs and services they provide to ensure that they are accomplishing their intended goals and making efficient use of resources. Evaluating and reporting on program results keeps all stakeholders aware of any variance between expectations and actual achievements.¹⁰

Forest Preserve District staff should work to support the development of performance measures to track the efficiency and effectiveness of management and operations. Adoption of a performance measurement system does not have to be done all at once; it can be implemented in steps and by department. The Government Finance Officers Association (GFOA) recommends the following for governments that are in the early stages of performance measurement:

- Develop service delivery units in terms of programs;
- Identify goals, short- and long-term, that contribute to the attainment of the mission;
- Identify program goals and objectives that are specific in timeframe and measurable to accomplish goals;
- Identify and track performance measures for a manageable number of services within programs;
- Identify program inputs in the budgeting process that address the amount of resources allocated to each program;
- Identify program outputs in the budgeting process that address the amount of service units produced;
- Identify program efficiencies in the budgeting process that address the cost of providing a unit of service;
- Identify program outcomes in the budgeting process that address the extent to which the goals of the program have been accomplished;
- Take steps to ensure that the entire organization is receptive to evaluation of performance;
- Integrate performance measurements into the budget that at a minimum contains, by program, the goals and input, output, efficiency and outcome measures; and
- Calculate costs and document changes that occur as a direct result of the performance management program in order to review its effectiveness.¹¹

Enhance Transparency of District Watchmen Program

In return for watching over District land and serving as a deterrent to crime or misuse, the Forest Preserve District rents housing on its property to employees at drastically discounted rates. On October 28th, 2011, the District announced plans to strengthen the program by implementing basic requirements for renters and increasing the fee structure of rental properties. The new fee structure makes rental properties available between 40% and 60% of fair market rent based on data from the U.S. Department of Housing and Urban Development.¹²

¹⁰ See Recommended Practice 11.1 “Monitor, Measure, and Evaluate Program Performance,” in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

¹¹ Government Finance Officers Association, Best Practice “Performance Management: Using Performance Measurement for Decision Making (2002 and 2007)” <http://www.gfoa.org/downloads/budgetperfmangement.pdf> (last visited on November 17, 2011).

¹² “Forest Preserve District Unveils Plans to Strengthen and Overhaul Resident Watchmen Program,” press release, October 28, 2011.

There are few details of this rental subsidy program within the District's budget document. The District should include a narrative description of the program within its budget document and report performance metrics on the value of the subsidy it is providing in relation to the services it is receiving. It should also benchmark its level of subsidy to other governmental organizations with similar programs. These steps will allow an evaluation of the effectiveness of the subsidy. The rental subsidy is a form of employee compensation and a fiscal policy of the District that should be completely transparent to the public.

Implement a Long-Term Financial Forecast and Planning Process

The National Advisory Council on State and Local Budgeting (NACSLB) and GFOA both recommend that all governments formally adopt a long-term financial plan as a key component of a sound budget process.¹³ The Civic Federation urges the Forest Preserve District to develop and implement a formal long-term financial plan that is shared with and reviewed by key policymakers and public stakeholders. The District should develop a comprehensive, formal long-term financial plan and the CIP should be integrated into that plan. Critical financial issues such as the significant growth in unfunded pension liabilities should be addressed in the plan, as well as evaluation of core and non-core District activities.

Evaluate Opportunities for Alternative Service Delivery

The Civic Federation recommends that as part of a long-term plan the District seriously evaluate transferring ownership and operation of its three swimming pools to local park districts of other operators whose missions are more closely aligned with pool operation.¹⁴ A serious lack of personnel management at the pools was discovered in 2011.¹⁵ Transferring them to other operators would allow the District to focus on its unique mission of restoring and retaining natural lands.

The Civic Federation also recommends that the District explore eliminating its Forest Preserve police department and transferring law enforcement duties to the Cook County Sheriff or municipal police forces. Cook County Sheriff Tom Dart has previously suggested that the Forest Preserve District law enforcement duties be transferred to his office.¹⁶ This may present an opportunity to reduce overall costs to taxpayers and eliminate duplicative efforts. Any transfer of policing duties should be done in an open and deliberative planning process.¹⁷

¹³ See Recommended Practice 9.1 "Conduct Long-Range Financial Planning," in National Advisory Council on State and Local Budgeting. *Recommended Budget Practices: A Framework for Improved State and Local Budgeting* (Chicago: GFOA, 1998).

¹⁴ For more detail on the pools see Civic Federation analysis of Forest Preserve District FY2011 proposed budget and prior years' budgets at www.civicfed.org.

¹⁵ Cook County Office of the Independent Inspector General, "Forest Preserve District Pool Investigation," public statement, March 25, 2011.

¹⁶ Presentation by Cook County Sheriff Tom Dart to the Civic Federation, November 12, 2009.

¹⁷ For more detail on transferring the duties of the Forest Preserve police see Civic Federation analysis of Forest Preserve District FY2011 proposed budget and prior years' budgets at www.civicfed.org.

Improve the Capital Improvement Plan and Process

The Civic Federation offers several recommendations for ways to continue to improve the CIP document and process:

- The capital projects undertaken by the Brookfield Zoo and the Chicago Botanic Garden should be subjected to the same standards of disclosure as those initiated for the District, particularly those projects funded by taxpayer-supported bond issuances. The Zoo and the Garden have a “financially integrated relationship to the District” as the District owns the land sites and their annual property tax levy request is subject to Board approval.¹⁸
- Each project page should have specific information about anticipated operating costs including the number of full-time equivalent positions (FTE) to be added or removed and dollar estimates of any changes in operating expenses. It is important that the District evaluate the potential operating costs or savings of new facilities before investing capital dollars.
- Each project page should have the current project status including whether it has been completed, it is in progress or has not yet begun.
- A reader’s guide should be added to explain the charts and terminology used in the report.
- The District should specifically describe how its capital needs are determined and identify on each project page where the project fits in terms of the prioritization criteria (guiding Principles) set out in the initial pages of the CIP in addition to whom it will benefit.
- The Board of Commissioners should formally approve the CIP, recognizing that it is a planning document; the time and date for this formal approval should be announced in the CIP.

Comprehensive Web Page for Budget Documents and Financial Statements

The District publishes its annual budget proposal and capital improvement plan on its website. In the interest of transparency and accessibility, the Civic Federation urges the District to incorporate a comprehensive web page within the Finance Department that would include the District’s audited financial statements. The Federation further recommends the District make prior years’ financial documents available so that the public may easily access and reference them at any time. The GFOA recommends that every government publish its budget document and financial statement on its website.¹⁹ Many governments in the Chicago area have CAFRs posted on their websites including Cook County, the City of Chicago, the Metropolitan Water Reclamation District and the Chicago Park District.

Budget Document Improvements

The format of the Forest Preserve District budget document has improved in recent years. Specifically, the budget document now includes:

- An improved executive summary that discusses some changes in each fund;
- Disclosure of the unreserved fund balance policy;

¹⁸ Forest Preserve District of Cook County, FY2010 Comprehensive Annual Financial Report, p. 19.

¹⁹ Government Finance Officers’ Association, “GFOA Recommended Practice: Using Websites to Improve Access to Budget Documents and Financial Reports (2003),” <http://www.gfoa.org/downloads/caafr-budgets-to-websites.pdf> (last visited on November 17, 2011).

- A multi-year history of staffing by function that is provided in terms of full-time equivalent positions and the breakdown of full-time positions and part-time or seasonal positions;
- A multi-year trend of the property tax levy by fund; and
- “Capital Asset Statistics” which includes some output data for two activities.

However, the Civic Federation is concerned that in several respects the budget document is still unclear. The Civic Federation offers the following recommendations to further improve the format of the Forest Preserve District budget document:

Budget Trends and Actual Data

Most areas of the budget document include budget data for only the current year appropriation and recommended budget. The document should also include a minimum of one year of actual prior year data in order to make meaningful comparisons. Actual data represents the expenditures made and revenues received in prior fiscal years, rather than budgeted appropriations and projected revenues. Ideally, five years of data would be included to provide the reader with a clear understanding of budgetary trends. This would consist of three actual years of data, the current budget and the proposed budget.

Projected Resources

A table should be added that includes aggregate total projected resources by type with details by fund and historical data. In addition, narratives describing revenue categories such as “other” and “miscellaneous” should be provided particularly when there are significant year-to-year changes in these figures.

Aggregate Object Level Expenditure Data

It is recommended that aggregate object level data be included in the budget document. The departmental section includes object level expenditures such as salaries and wages, hospital insurance, professional services and other expenses. These categories should be totaled District-wide to provide information on overall proposed expenditures, as well as past years’ actual expenditures.

Expand Reader’s Guide

The Reader’s Guide should be expanded to note any significant budget format changes so that the public and Forest Preserve District Commissioners may be able to make meaningful comparisons over time.

ACKNOWLEDGEMENTS

The Civic Federation would like to express its appreciation to General Superintendent Arnold Randall, Assistant Superintendent Mary Laraia and Chief Financial Officer Mark Thomas for providing information about the proposed budget.

APPROPRIATIONS

This section provides an analysis of the Forest Preserve District's proposed FY2012 appropriations. Proposed FY2012 appropriations are compared to FY2011 and FY2008 adopted appropriations.

All Funds Appropriations: Two-Year and Five-Year Trends

The District is proposing a total FY2012 budget of approximately \$195.0 million. This is a 1.3%, or \$2.6 million, decrease from the adopted FY2011 appropriation of \$197.5 million. The proposed FY2012 operating budget of \$165.4 million is a 3.3%, or \$5.2 million, increase from the adopted FY2011 budget. The proposed FY2012 capital budget of \$29.6 million is a 20.8%, or \$7.8 million, decrease from FY2011.

Corporate Fund budgeted appropriations will increase by 1.5%, or \$0.9 million, from \$57.1 million in FY2011 to \$58.0 million in FY2012. The Bond and Interest Fund appropriation will remain relatively flat at \$12.0 million. The Employee Annuity and Benefit Fund appropriation will increase by 1.4%, or \$44,000, from \$3.1 million in FY2011 to nearly \$3.2 million in FY2012. The annual property tax levy for the Fund is set by state statute at 1.3 times the annual employee contribution made two years prior.²⁰ The levy will increase by 1.4% in FY2012 over the FY2011 levy.²¹ This increase is due to the increase in the property tax levy for the Employee Annuity and Benefit Fund.

The appropriation for Brookfield Zoo will increase by 3.8%, or \$2.3 million. Appropriations for the Botanic Garden will experience the most significant percentage increase as its appropriations rise by 7.5%, or \$2.0 million, from nearly \$27 million in FY2011 to nearly \$29 million in FY2012. In FY2012 the Botanic Garden is expected to receive an additional \$0.8 million in government grants over FY2011.²²

The Real Estate Acquisition Fund has the largest appropriation reduction, decreasing by \$8.5 million, or 45.8%, to \$10.1 million in FY2012. This fund is not directly supported by a property tax levy, but appropriates from debt proceeds, contributions, grants, fund transfers, fund balance and investment income. The FY2012 appropriation includes a \$4.0 million transfer from the Corporate Fund.²³ The District currently owns over 68,000 acres and is authorized to acquire up to 75,000 acres.²⁴

²⁰ 40 ILCS 5/10-107.

²¹ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 16.

²² Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 149. The District appropriation includes the entire budgets of the Brookfield Zoo and Botanic Garden not just the portion that is tax supported.

²³ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 7.

²⁴ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, pp. IV and 112.

Appropriations for Construction & Development in FY2012 will remain flat from the previous year at \$5.7 million while Capital Improvements appropriations will increase by 5.6%, or \$0.7 million.

Forest Preserve District All Funds Appropriations: FY2011 & FY2012				
Fund	FY2011 Appropriated	FY2012 Recommended	\$ Change	% Change
Operating				
Corporate	\$ 57,138,086	\$ 58,013,404	\$ 875,318	1.5%
Bond & Interest	\$ 12,009,596	\$ 12,001,306	\$ (8,290)	-0.1%
Employee Annuity & Benefit	\$ 3,144,432	\$ 3,188,505	\$ 44,073	1.4%
Zoological	\$ 60,955,699	\$ 63,253,944	\$ 2,298,245	3.8%
Botanic Garden	\$ 26,913,166	\$ 28,924,166	\$ 2,011,000	7.5%
Subtotal Operating	\$ 160,160,979	\$ 165,381,325	\$ 5,220,346	3.3%
Capital				
Construction & Development	\$ 5,739,520	\$ 5,739,520	\$ -	0.0%
Capital Improvements	\$ 13,050,000	\$ 13,780,000	\$ 730,000	5.6%
Real Estate Acquisition	\$ 18,596,104	\$ 10,082,000	\$ (8,514,104)	-45.8%
Subtotal Capital	\$ 37,385,624	\$ 29,601,520	\$ (7,784,104)	-20.8%
Grand Total	\$ 197,546,603	\$ 194,982,845	\$ (2,563,758)	-1.3%

Note: Totals may differ from budget documents due to rounding.

Source: Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 13.

The next exhibit shows the five-year appropriations trend for all funds. Between FY2008 and FY2012 total appropriations will increase by 10.4%, or \$18.4 million. Operating fund appropriations will increase by 7.9%, or \$12.1 million, while capital funds appropriations will rise by 27.1%, or \$6.3 million. The largest operating percentage increase will occur in the Employee Annuity & Benefit fund as it grows by 45.1%, or nearly \$1.0 million, over the five-year period. The largest operating dollar increase will take place in the Corporate Fund where appropriations will rise by nearly \$8.1 million, or 16.1%. Between FY2008 and FY2010, Corporate Fund appropriations rose by 16.7%, they fell by 1.9% between FY2010 and FY2011 and are expected to rise again by 1.5% between FY2011 and FY2012.

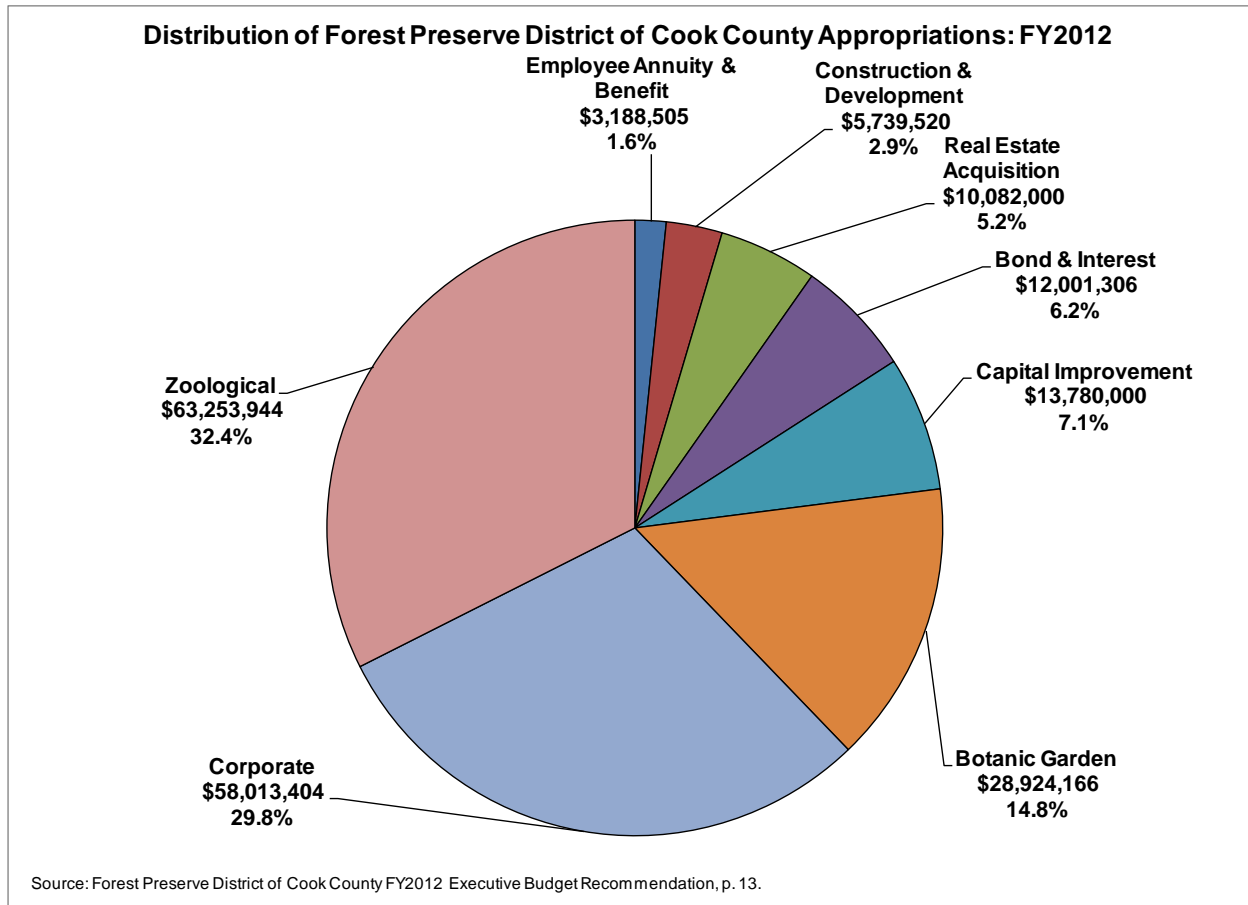
Capital Improvements and Real Estate Acquisition appropriations will also increase in the five-year span by 60.2% and 16.6%, respectively.

Forest Preserve District All Funds Appropriations: FY2008-FY2012							
Fund	FY2008 Adopted	FY2009 Adopted	FY2010 Adopted	FY2011 Appropriated	FY2012 Recommended	\$ Change	% Change
Operating							
Corporate	\$ 49,967,378	\$ 52,670,820	\$ 58,252,889	\$ 57,138,086	\$ 58,013,404	\$ 8,046,026	16.1%
Bond & Interest	\$ 13,308,743	\$ 13,302,237	\$ 12,008,168	\$ 12,009,596	\$ 12,001,306	\$ (1,307,437)	-9.8%
Employee Annuity & Benefit	\$ 2,198,000	\$ 2,583,000	\$ 2,754,970	\$ 3,144,432	\$ 3,188,505	\$ 990,505	45.1%
Zoological	\$ 59,515,921	\$ 62,889,471	\$ 59,772,551	\$ 60,955,699	\$ 63,253,944	\$ 3,738,023	6.3%
Botanic Garden	\$ 28,336,462	\$ 28,969,344	\$ 27,265,166	\$ 26,913,166	\$ 28,924,166	\$ 587,704	2.1%
Subtotal Operating	\$ 153,326,504	\$ 160,414,872	\$ 160,053,744	\$ 160,160,979	\$ 165,381,325	\$ 12,054,821	7.9%
Capital							
Construction & Development	\$ 6,041,600	\$ 6,041,000	\$ 5,739,520	\$ 5,739,520	\$ 5,739,520	\$ (302,080)	-5.0%
Capital Improvements	\$ 8,600,000	\$ 9,725,000	\$ 13,050,000	\$ 13,050,000	\$ 13,780,000	\$ 5,180,000	60.2%
Real Estate Acquisition	\$ 8,650,000	\$ 17,075,000	\$ 19,385,000	\$ 18,596,104	\$ 10,082,000	\$ 1,432,000	16.6%
Subtotal Capital	\$ 23,291,600	\$ 32,841,000	\$ 38,174,520	\$ 37,385,624	\$ 29,601,520	\$ 6,309,920	27.1%
Grand Total	\$ 176,618,104	\$ 193,255,872	\$ 198,228,264	\$ 197,546,603	\$ 194,982,845	\$ 18,364,741	10.4%

Note: Actual expenditures were not used due to unavailability in the budget documents. Totals may differ from budget documents due to rounding.

Source: Forest Preserve District of Cook County Executive Budget Recommendations, FY2009-FY2012.

The distribution of Forest Preserve District FY2012 appropriations by fund is shown in the next exhibit. The greatest amount of appropriations of 32.4% is for the Zoological Fund. The Botanic Garden represents 14.8% of appropriations in FY2012. As illustrated in the revenue section, a significant portion of the zoo and garden operations are funded through program income. The District's Corporate Fund appropriation of \$58.0 million will make up 29.8% of appropriations.



Corporate Fund Appropriations: Two-Year and Five-Year Trends

The FY2012 proposed Corporate Fund budget is \$58.0 million, an increase of 1.5%, or nearly \$0.9 million, over adopted FY2011 appropriations. The largest dollar increase will occur in General Maintenance expenditures, which will grow by \$1.9 million, or 10.3%. Recreation, Volunteer Resources & Permits will increase by the largest percentage, rising by 60.7%, or \$1.0 million. This increase is primarily attributed to funding for a new volunteer resource program.²⁵

There will be no Corporate Fund transfer to the Capital Improvement Fund in FY2012, whereas in FY2011, \$2.0 million was transferred to the Capital Improvement Fund. As in FY2011, \$3.0 million is expected to be transferred to the Self Insurance Fund in FY2012. In FY2012 the transfer made to the Real Estate Acquisition fund will decrease by \$0.5 million, or 11.2%, to \$4.0 million from \$4.5 million in FY2011. In FY2012 Human Resources will be separated from

²⁵ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 7.

Finance and Administration to create its own department. The District created a Human Resources Department in FY2007, however the department was consolidated back to Finance and Administration after one year.²⁶ When combined, Finance and Administration and Human Resources appropriations total \$2.4 million in FY2012 compared to the FY2011 Finance and Administration appropriation total of \$2.3.

Forest Preserve District Corporate Fund Appropriations: FY2011 & FY2012				
Category/Department	FY2011 Adopted	FY2012 Recommended	\$ Change	% Change
General Office	\$ 1,699,292	\$ 2,100,290	\$ 400,998	23.6%
Finance and Administration	\$ 2,321,168	\$ 1,832,990	\$ (488,178)	-21.0%
Human Resources	\$ -	\$ 575,493	\$ 575,493	-
Resource Management	\$ 8,376,706	\$ 7,986,645	\$ (390,061)	-4.7%
General Maintenance	\$ 18,155,884	\$ 20,027,575	\$ 1,871,691	10.3%
Resident Watchman Facilities	\$ 500,000	\$ 200,000	\$ (300,000)	-60.0%
Recreation, Volunteer Resources & Permits	\$ 1,678,212	\$ 2,696,564	\$ 1,018,352	60.7%
Law Enforcement	\$ 9,579,300	\$ 9,633,492	\$ 54,192	0.6%
Legal Department	\$ 1,459,162	\$ 1,429,731	\$ (29,431)	-2.0%
Planning and Development	\$ 1,902,751	\$ 1,735,303	\$ (167,448)	-8.8%
District Wide Programs*	\$ 1,959,507	\$ 2,795,321	\$ 835,814	42.7%
Operating Transfer to Capital	\$ 2,000,000	\$ -	\$ (2,000,000)	-100.0%
Operating Transfer to Real Estate Acq.	\$ 4,506,104	\$ 4,000,000	\$ (506,104)	-11.2%
Operating Transfer to Self Insurance	\$ 3,000,000	\$ 3,000,000	\$ -	0.0%
Total	\$ 57,138,086	\$ 58,013,404	\$ 875,318	1.5%

*District Wide Programs includes Professional Contractual Services, Employee Benefits, Combined Services (Telephone Service and Office and Computer Equipment), Other Expenses (Education Programs and Volunteer Development) and Intergovernmental Agreements. Forest Preserve District of Cook County, FY2012 Executive Budget Recommendation, p. 105. Previously, Professional Contractual Services, Other Expenses and some employee benefits were included under Fixed Charges. As of the FY2012 budget, Fixed Charges has been replaced with District Wide Programs.

Notes: Human Resources was included in Finance and Administration in the FY2011 budget. Forest Preserve District FY2011 Executive Budget Recommendation, p. 14. Recreation, Volunteer Resources & Permits was referred to as Permit & Recreation Activities Administration in previous budgets. Totals may differ from budget documents due to rounding.

Source: Forest Preserve District of Cook County FY2011 Executive Budget Recommendation, p. 41 and FY2012, pp. 24, 32, 39, 45, 57, 65, 66, 75, 82, 90, 103, 105, 107, 112 and 121.

²⁶ Forest Preserve District of Cook County FY2007 Executive Budget Recommendation, p. 7; communication between Marlo Kemp and the Civic Federation, October 17, 2007.

The next exhibit shows the five-year appropriation trend for the Corporate Fund. Between FY2008 and FY2012 total appropriations will increase by 16.2%, or \$8.1 million. The largest dollar increase will occur in General Maintenance as its appropriations rise by 29.5%, or \$4.6 million, from \$15.5 million in FY2008 to \$20.0 million in FY2012. Recreation, Volunteer Resources & Permits will increase by 132.0%, or \$1.5 million, over the five-year span. The Operating Transfer to Capital decreased by 100.0% as there is no Operating Transfer to Capital projected for FY2012.

Forest Preserve District Corporate Fund Appropriations: FY2008-FY2012							
Category/Department	FY2008 Adopted*	FY2009 Adopted*	FY2010 Adopted*	FY2011 Adopted	FY2012 Recommended	\$ Change	% Change
General Office	\$ 1,515,153	\$ 1,749,319	\$ 1,582,307	\$ 1,699,292	\$ 2,100,290	\$ 585,137	38.6%
Finance and Administration	\$ 1,838,660	\$ 2,187,721	\$ 2,296,794	\$ 2,321,168	\$ 1,832,990	\$ (5,670)	-0.3%
Human Resources	\$ -	\$ -	\$ -	\$ -	\$ 575,493	\$ 575,493	-
Resource Management	\$ 6,505,078	\$ 7,540,644	\$ 7,591,540	\$ 8,376,706	\$ 7,986,645	\$ 1,481,567	22.8%
General Maintenance	\$ 15,462,068	\$ 17,395,662	\$ 17,849,646	\$ 18,155,884	\$ 20,027,575	\$ 4,565,507	29.5%
Resident Watchman Facilities	\$ -	\$ 500,000	\$ 500,000	\$ 500,000	\$ 200,000	\$ 200,000	-
Recreation, Volunteer Resources & Permits	\$ 1,162,110	\$ 1,564,481	\$ 1,659,317	\$ 1,678,212	\$ 2,696,564	\$ 1,534,454	132.0%
Law Enforcement	\$ 8,514,913	\$ 8,628,763	\$ 9,477,830	\$ 9,579,300	\$ 9,633,492	\$ 1,118,579	13.1%
Legal Department	\$ 1,102,336	\$ 1,235,383	\$ 1,472,084	\$ 1,459,162	\$ 1,429,731	\$ 327,395	29.7%
Planning and Development	\$ 1,769,420	\$ 2,160,171	\$ 1,999,422	\$ 1,902,751	\$ 1,735,303	\$ (34,117)	-1.9%
District Wide Programs**	\$ 2,745,140	\$ 2,433,676	\$ 5,073,949	\$ 1,959,507	\$ 2,795,321	\$ 50,181	1.8%
Operating Transfer to Capital	\$ 6,800,000	\$ 4,275,000	\$ 5,750,000	\$ 2,000,000	\$ -	\$ (6,800,000)	-100.0%
Operating Transfer to Real Estate Acquisition	\$ 2,500,000	\$ 3,000,000	\$ 3,000,000	\$ 4,506,104	\$ 4,000,000	\$ 1,500,000	60.0%
Operating Transfer to Self Insurance	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	-
Total	\$49,914,878	\$52,670,820	\$58,252,889	\$57,138,086	\$ 58,013,404	\$ 8,098,526	16.2%

*Actual expenditures were not used due to unavailability in the budget documents.

**District Wide Programs includes Professional Contractual Services, Employee Benefits, Combined Services (Telephone Service and Office and Computer Equipment), Other Expenses (Education Programs and Volunteer Development) and Intergovernmental Agreements. Forest Preserve District of Cook County, FY2012 Executive Budget Recommendation, p. 105. Previously, Professional Contractual Services, Other Expenses and some employee benefits were included under Fixed Charges. As of the FY2012 budget, Fixed Charges has been replaced with District Wide Programs.

Notes: Recreation, Volunteer Resources & Permits was referred to as Permit & Recreation Activities Administration in previous budgets. Operating Transfer to Real Estate Acquisition is based on FY2011 Executive Budget Recommendations, p. 41. Totals may differ from budget documents due to rounding.

Source: Forest Preserve District of Cook County Executive Budget Recommendations, FY2008-FY2012.

RESOURCE AND REVENUE TRENDS

The following Forest Preserve District resource and revenue exhibits show two- and five-year trends in the District's operating funds, as well as the Zoological and Botanic Funds.

Recommended resources are used for year-to-year comparisons because the District does not provide actual or updated data for prior year resources in the budget book.

The District also maintains a Self-Insurance Fund, which functions as an internal service fund to account for future estimated claims and judgments. In FY2012 the budgeted premium for the Self-Insurance Fund will stay flat from the FY2011 appropriation of \$3.0 million.²⁷

Operating Funds

The Forest Preserve District resources for operating funds (Corporate Fund, Pension Fund and Bond and Interest Fund) will increase by 1.3% in FY2012.²⁸ This represents a \$0.9 million increase from \$72.3 million in FY2011 to \$73.2 million in FY2012.

- Corporate Fund resources will increase by 1.5%, or \$0.9 million, to \$58.0 million in FY2012;
- Non-tax revenues in the Corporate Fund are expected to increase by nearly \$0.7 million, or 17.1%, while the net property tax levy will increase by \$0.5 million, or 1.2%, and personal property replacement tax (PPRT) will increase by \$0.4 million, or 8.2%. Corporate Fund resources will be discussed in more detail in the following section;²⁹
- The Pension Fund property tax levy will increase by 1.4% to nearly \$2.9 million; and
- Bond and Interest Fund (debt service fund) resources will remain relatively flat at \$12.0 million.

Forest Preserve District Total Budgeted Resources Operating Funds: FY2011 & FY2012				
	FY2011	FY2012		
Corporate Fund	Recommended	Recommended	\$ Change	% Change
Property Tax Levy (Net)	\$ 39,324,969	\$ 39,795,167	\$ 470,198	1.2%
PPRT	\$ 4,807,742	\$ 5,200,000	\$ 392,258	8.2%
Non-Tax Revenues	\$ 3,830,500	\$ 4,486,670	\$ 656,170	17.1%
Fund Balance Contribution	\$ 9,174,876	\$ 8,531,566	\$ (643,310)	-7.0%
Corporate Fund Total	\$ 57,138,087	\$ 58,013,403	\$ 875,316	1.5%
Pension Fund				
Property Tax Levy	\$ 2,829,675	\$ 2,869,336	\$ 39,661	1.4%
PPRT	\$ 314,758	\$ 319,169	\$ 4,411	1.4%
Pension Fund Total	\$ 3,144,433	\$ 3,188,505	\$ 44,072	1.4%
Bond & Interest Fund				
Property Tax Levy	\$ 12,009,596	\$ 12,001,306	\$ (8,290)	-0.1%
Bond & Interest Fund Total	\$ 12,009,596	\$ 12,001,306	\$ (8,290)	-0.1%
Total	\$ 72,292,116	\$ 73,203,214	\$ 911,098	1.3%

Source: Forest Preserve District of Cook County Executive Budget Recommendation FY2011 and FY2012, Attachment A; FY2012, p. 23.

²⁷ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 121.

²⁸ The analysis of the Zoological and Botanic Funds will be presented in a separate section.

²⁹ The net property tax levy is the gross levy minus an allowance for uncollectible taxes and tax refunds.

In the five-year period between FY2008 and FY2012, operating funds resources will increase by approximately \$7.8 million, or 11.9%.

- Corporate Fund resources will increase by 16.2%, rising by \$8.1 million from \$49.9 million to \$58.0 million. Net property tax revenues, which include deferred taxes and refunds, will have risen by 2.1% or by \$0.8 million, while non-tax revenues such as fines, fees and permits, license fees and golf privatization fees will increase by 1.9%. Personal property replacement tax (PPRT) will decrease by 20.6% or \$1.4 million.
- The Pension Fund property tax levy will increase by 45.1%, rising from \$2.0 million to \$2.9 million.
- The Bond and Interest Fund property tax levy will decrease from \$13.3 million in FY2008 to \$12.0 million in FY2012. This reflects a significant decline in FY2010 due to the expiration of the Master Loan Agreement with Cook County in FY2009. The Master Loan program allowed the District to fund capital projects with money borrowed from Cook County.³⁰

Forest Preserve District Total Budgeted Resources Operating Funds: FY2008-FY2012							
	FY2008	FY2009	FY2010	FY2011	FY2012	Five-Year	Five-Year
Corporate Fund	Recommended	Recommended	Recommended	Recommended	Recommended	\$ Change	% Change
Property Tax Levy (Net)	\$ 38,959,968	\$ 40,285,478	\$ 39,659,279	\$ 39,324,969	\$ 39,795,167	\$ 835,199	2.1%
PPRT	\$ 6,550,410	\$ 6,525,333	\$ 4,846,728	\$ 4,807,742	\$ 5,200,000	\$ (1,350,410)	-20.6%
Non-Tax Revenues	\$ 4,404,500	\$ 5,220,215	\$ 4,392,360	\$ 3,830,500	\$ 4,486,670	\$ 82,170	1.9%
Fund Balance Contribution	\$ -	\$ 639,791	\$ 9,354,520	\$ 10,676,290	\$ 8,531,566	\$ 8,531,566	-
Corporate Fund Total	\$ 49,914,878	\$ 52,670,817	\$ 58,252,887	\$ 58,639,501	\$ 58,013,403	\$ 8,098,525	16.2%
Pension Fund							
Property Tax Levy	\$ 1,977,980	\$ 2,324,442	\$ 2,479,198	\$ 2,829,675	\$ 2,869,336	\$ 891,356	45.1%
PPRT	\$ 220,020	\$ 258,558	\$ 275,772	\$ 314,758	\$ 319,169	\$ 99,149	45.1%
Pension Fund Total	\$ 2,198,000	\$ 2,583,000	\$ 2,754,970	\$ 3,144,433	\$ 3,188,505	\$ 990,505	45.1%
Bond & Interest Fund							
Property Tax Levy	\$ 13,308,743	\$ 13,302,237	\$ 12,008,168	\$ 12,009,596	\$ 12,001,306	\$ (1,307,437)	-9.8%
Bond & Interest Fund Total	\$ 13,308,743	\$ 13,302,237	\$ 12,008,168	\$ 12,009,596	\$ 12,001,306	\$ (1,307,437)	-9.8%
Total	\$ 65,421,621	\$ 68,556,054	\$ 73,016,025	\$ 73,793,530	\$ 73,203,214	\$ 7,781,593	11.9%

Source: Forest Preserve District Executive Budget Recommendation FY2008-FY2012, Attachment A.

³⁰ Forest Preserve District of Cook County FY2010 Executive Budget Recommendation, pp. 8 and 122.

Corporate Fund Resources

The next exhibit compares Corporate Fund resources in FY2011 and FY2012. The 1.5% increase from \$57.1 million to \$58.0 million reflects the overall increases in tax revenues and non-tax revenues in FY2012. When looking only at Corporate Fund revenues, there will be an increase of \$1.5 million, or 3.2%. The FY2012 fund balance contribution represents 14.7% of Corporate Fund total resources.

Corporate Fund revenues are generally increasing, including a 59.2%, or nearly \$0.7 million increase in license agreements. This increase is due to the District’s efforts to more aggressively enforce encroachments on District property and to identify expired or expiring licenses for renewal.³¹ Golf privatization fees are expected to decrease by \$50,000, or 5.3%, and investment earnings are expected to decrease by \$20,000, or 28.6%.

The FY2012 fund balance contribution to the Corporate Fund will be \$8.5 million. This reflects a 7.0%, or \$0.6 million, decrease from the FY2011 fund balance contribution.

Forest Preserve District Budgeted Resources Corporate Fund: FY2011 & FY2012				
Resources	FY2011 Recommended	FY2012 Recommended	\$ Change	% Change
Property Tax Levy (Net)	\$ 39,324,969	\$ 39,795,167	\$ 470,198	1.2%
PPRT	\$ 4,807,742	\$ 5,200,000	\$ 392,258	8.2%
Subtotal Tax Revenues	\$ 44,132,711	\$ 44,995,167	\$ 862,456	2.0%
Fines, Fees & Permits*	\$ 1,540,000	\$ 1,585,000	\$ 45,000	2.9%
License Agreements	\$ 1,100,000	\$ 1,751,670	\$ 651,670	59.2%
Golf Privatization Fees	\$ 950,000	\$ 900,000	\$ (50,000)	-5.3%
Concessions	\$ 145,500	\$ 150,000	\$ 4,500	3.1%
Investment Earnings	\$ 70,000	\$ 50,000	\$ (20,000)	-28.6%
Miscellaneous Income	\$ 25,000	\$ 50,000	\$ 25,000	100.0%
Subtotal Non-Tax Revenue	\$ 3,830,500	\$ 4,486,670	\$ 656,170	17.1%
Total Appropriated Revenues	\$ 47,963,211	\$ 49,481,837	\$ 1,518,626	3.2%
Fund Balance Contribution	\$ 9,174,876	\$ 8,531,566	\$ (643,310)	-7.0%
Total Resources	\$ 57,138,087	\$ 58,013,403	\$ 875,316	1.5%

*Fines, Fees & Permits include picnic permit and special use fees, equestrian licenses, winter sport fees, pool fees, land use fees and fines.

Source: Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 23.

³¹ Information provided by the Forest Preserve District, November 21, 2011.

Between FY2008 and FY2012 total Corporate Fund appropriated resources will increase by 16.2% or \$8.1 million. The net property tax levy will rise by \$0.8 million, or 2.1% during this five-year period. During the same time period, PPRT revenue will decline by nearly \$1.4 million, or by 20.6%.

License agreements will increase significantly by nearly \$1.3 million, or 250.3%. Fines and fees will grow by 11.6%, or \$165,000. Golf privatization revenues will decrease significantly by 31.3%, or \$0.4 million, over the five-year period. Investment income will also decrease from \$750,000 in FY2008 to \$50,000 in FY2012. This is largely due to the District's use of existing bond proceeds and a significant drop in the rate of return on investments.³² Miscellaneous income will experience a substantial decline, falling by 81.8%, or \$225,000. However, the higher revenue in FY2008 reflects the District's auctioning of salvage vehicles and equipment to begin modernizing its fleet.³³

Forest Preserve District Budgeted Resources Corporate Fund: FY2008-FY2012							
Resources	FY2008	FY2009	FY2010	FY2011	FY2012	\$ Change	% Change
Property Tax Levy (Net)	\$ 38,959,968	\$ 40,285,478	\$ 39,659,279	\$ 39,324,969	\$ 39,795,167	\$ 835,199	2.1%
PPRT	\$ 6,550,410	\$ 6,525,333	\$ 4,846,728	\$ 4,807,742	\$ 5,200,000	\$ (1,350,410)	-20.6%
Subtotal Tax Revenues	\$ 45,510,378	\$ 46,810,811	\$ 44,506,007	\$ 44,132,711	\$ 44,995,167	\$ (515,211)	-1.1%
Fines, Fees & Permits*	\$ 1,420,000	\$ 1,475,000	\$ 1,556,188	\$ 1,540,000	\$ 1,585,000	\$ 165,000	11.6%
License Agreements	\$ 500,000	\$ 1,700,000	\$ 1,500,000	\$ 1,100,000	\$ 1,751,670	\$ 1,251,670	250.3%
Golf Privatization Fees	\$ 1,309,500	\$ 1,270,215	\$ 1,016,172	\$ 950,000	\$ 900,000	\$ (409,500)	-31.3%
Concessions	\$ 150,000	\$ 150,000	\$ 150,000	\$ 145,500	\$ 150,000	\$ -	0.0%
Investment Earnings	\$ 750,000	\$ 500,000	\$ 70,000	\$ 70,000	\$ 50,000	\$ (700,000)	-93.3%
Miscellaneous Income	\$ 275,000	\$ 125,000	\$ 100,000	\$ 25,000	\$ 50,000	\$ (225,000)	-81.8%
Subtotal Non-Tax Revenue	\$ 4,404,500	\$ 5,220,215	\$ 4,392,360	\$ 3,830,500	\$ 4,486,670	\$ 82,170	1.9%
Total Appropriated Revenues	\$ 49,914,878	\$ 52,031,026	\$ 48,898,367	\$ 47,963,211	\$ 49,481,837	\$ (433,041)	-0.9%
Fund Balance Contribution	\$ -	\$ 639,791	\$ 9,354,520	\$ 9,174,876	\$ 8,531,566	\$ 8,531,566	100.0%
Total Resources	\$ 49,914,878	\$ 52,670,817	\$ 58,252,887	\$ 57,138,087	\$ 58,013,403	\$ 8,098,525	16.2%

*Fines, Fees & Permits include picnic permit and special use fees, equestrian licenses, winter sport fees, pool fees, land use fees and fines.

Source: Forest Preserve District FY2008 Executive Budget Recommendation, p. 40; FY2009, p. 42; FY2010, p. 41; FY2012, p. 23.

³² Information provided by the Forest Preserve District, November 21, 2011.

³³ Information provided by the Forest Preserve District, November 21, 2011.

Zoological and Botanic Funds

The resources for the Zoological Fund and the Botanic Fund will increase by 6.5% in FY2012. This represents a \$5.6 million increase from \$86.5 million in estimated revenue for FY2011 to \$92.2 million in FY2012. The increase is due entirely to projected increases in self-generated resources: program income for the Zoological Fund will increase by \$4.5 million, or 10.3%, and funding provided by the Garden for the Botanic Fund will increase by \$1.1 million, or 6.0%. There are no changes in the property tax levy and PPRT for these funds.

Forest Preserve District Total Budgeted Resources Zoological and Botanic Funds: FY2011 & FY2012				
	FY2011	FY2012		
Zoological Fund	Estimated	Recommended	\$ Change	% Change
Property Tax Levy	\$ 14,884,927	\$ 14,884,927	\$ -	0.0%
PPRT	\$ 615,000	\$ 615,000	\$ -	0.0%
Program Income	\$ 43,887,366	\$ 48,398,263	\$ 4,510,897	10.3%
Reserves	\$ (744,246)	\$ (744,246)	\$ -	0.0%
Deferred Collections	\$ 100,000	\$ 100,000	\$ -	0.0%
Zoological Fund Total	\$ 58,743,047	\$ 63,253,944	\$ 4,510,897	7.7%
Botanic Fund				
Property Tax Levy	\$ 9,348,070	\$ 9,348,070	\$ -	0.0%
PPRT	\$ 262,500	\$ 262,500	\$ -	0.0%
Provided by Garden	\$ 18,660,000	\$ 19,781,000	\$ 1,121,000	6.0%
Reserves	\$ (467,404)	\$ (467,404)	\$ -	0.0%
Botanic Fund Total	\$ 27,803,166	\$ 28,924,166	\$ 1,121,000	4.0%
Total	\$ 86,546,213	\$ 92,178,110	\$ 5,631,897	6.5%

Source: Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, pp. 133 and 148.

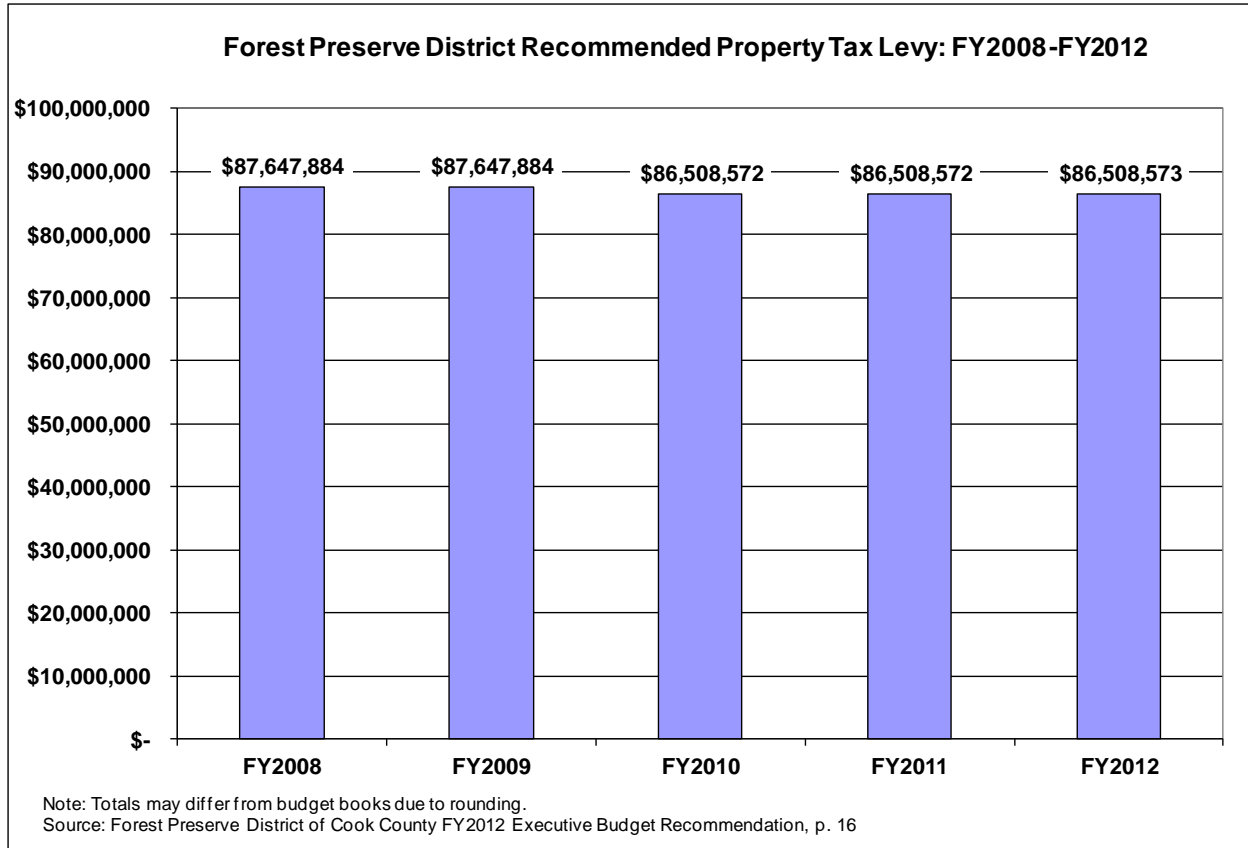
Between FY2008 and FY2012 total Zoological Fund and Botanic Fund resources will grow by 6.5%, or \$5.6 million. The property tax levy will remain flat at \$14.9 million for the Zoological Fund and \$9.3 million for the Botanic Fund for the five-year period. During the same time, PPRT revenue will decline by 25.0% for both funds. Zoological Fund resources will increase by 7.4%, or \$4.4 million, due to expected increases in program income. Similarly, the Botanic Fund will increase by 4.6%, or \$1.3 million, due to projected increases in funds generated by the Garden.

Forest Preserve District Total Budgeted Resources							
Zoological and Botanic Funds: FY2008-FY2012							
Zoological Fund	FY2008 Estimated	FY2009 Estimated	FY2010 Estimated	FY2011 Estimated	FY2012 Recommended	\$ Change	% Change
Property Tax Levy	\$ 14,884,927	\$ 14,884,927	\$ 14,884,927	\$ 14,884,927	\$ 14,884,927	\$ -	0.0%
PPRT	\$ 820,000	\$ 820,000	\$ 615,000	\$ 615,000	\$ 615,000	\$ (205,000)	-25.0%
Program Income	\$ 43,448,295	\$ 44,660,701	\$ 44,259,540	\$ 43,887,366	\$ 48,398,263	\$ 4,949,968	11.4%
Reserves	\$ (446,548)	\$ (446,548)	\$ (744,246)	\$ (744,246)	\$ (744,246)	\$ (297,698)	66.7%
Deferred Collections	\$ 169,300	\$ 150,550	\$ 100,000	\$ 100,000	\$ 100,000	\$ (69,300)	-
Zoological Fund Total	\$ 58,875,974	\$ 60,069,630	\$ 59,115,221	\$ 58,743,047	\$ 63,253,944	\$ 4,377,970	7.4%
Botanic Fund							
Property Tax Levy	\$ 9,348,070	\$ 9,348,070	\$ 9,348,070	\$ 9,348,070	\$ 9,348,070	\$ -	0.0%
PPRT	\$ 350,000	\$ 350,000	\$ 262,500	\$ 262,500	\$ 262,500	\$ (87,500)	-25.0%
Provided by Garden	\$ 18,104,000	\$ 16,590,000	\$ 17,954,000	\$ 18,660,000	\$ 19,781,000	\$ 1,677,000	9.3%
Reserves	\$ (137,550)	\$ (143,726)	\$ (467,404)	\$ (467,404)	\$ (467,404)	\$ (329,854)	239.8%
Botanic Fund Total	\$ 27,664,520	\$ 26,144,344	\$ 27,097,166	\$ 27,803,166	\$ 28,924,166	\$ 1,259,646	4.6%
Total	\$ 86,540,494	\$ 86,213,974	\$ 86,212,387	\$ 86,546,213	\$ 92,178,110	\$ 5,637,616	6.5%

Source: Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, pp. 142 and 153; FY2010, pp. 142 and 153; FY2011, pp. 138 and 150; FY2012, pp. 133 and 148.

Property Tax Levy

The Forest Preserve District proposes to maintain its gross property tax levy at \$86.5 million in FY2012. The District has held its total property tax levy at the same level since lowering it by \$1.1 million, or 1.3%, in FY2010.



The next exhibit shows the distribution of gross property tax revenues by fund from FY2008 to FY2012. Corporate Fund gross property tax revenues will decrease from \$42.1 million in FY2008 to \$41.4 million in FY2012.³⁴ During the five-year period, the Pension Fund levy will increase by 45.1%, or nearly \$0.9 million, to \$2.9 million in FY2012. The amount of property tax dollars earmarked for debt service payments through the Bond and Interest Fund will decline by \$1.3 million, or 9.8%. The levies for the Brookfield Zoo, the Chicago Botanic Garden and the Construction and Development Fund have been held flat since FY2008.

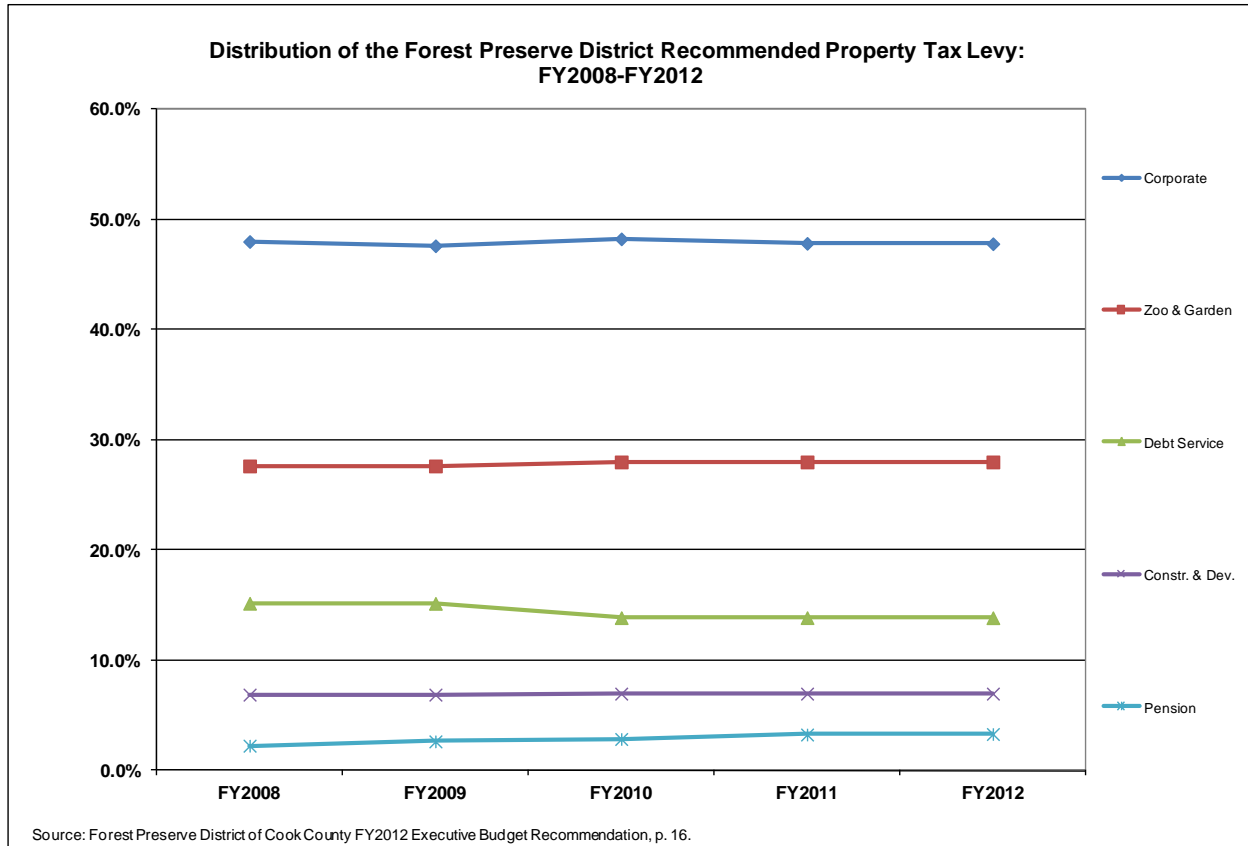
Forest Preserve District Gross Property Tax Levy by Fund: FY2011 & FY2012							
Fund	FY2008	FY2009	FY2010	FY2011	FY2012	\$ Change	% Change
	Recommended	Recommended	Recommended	Recommended	Recommended		
Corporate	\$ 42,086,564	\$ 41,746,608	\$ 41,746,609	\$ 41,394,704	\$ 41,363,334	\$ (723,230)	-1.7%
Zoological and Botanic	\$ 24,232,997	\$ 24,232,997	\$ 24,232,997	\$ 24,232,997	\$ 24,232,997	\$ -	0.0%
Bond & Interest	\$ 13,308,743	\$ 13,302,237	\$ 12,008,168	\$ 12,009,596	\$ 12,001,306	\$ (1,307,437)	-9.8%
Construction & Development	\$ 6,041,600	\$ 6,041,600	\$ 6,041,600	\$ 6,041,600	\$ 6,041,600	\$ -	0.0%
Pension	\$ 1,977,980	\$ 2,324,442	\$ 2,479,198	\$ 2,829,675	\$ 2,869,336	\$ 891,356	45.1%
Total	\$ 87,647,884	\$ 87,647,884	\$ 86,508,572	\$ 86,508,572	\$ 86,508,573	\$ (1,139,311)	-1.3%

Note: Totals may differ from budget books due to rounding.

Source: Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 16.

³⁴ The gross property tax levy does not subtract allowances for uncollectible taxes and tax refunds.

The distribution by purpose of the District’s property tax levy over a five-year period reveals that the share of the levy dedicated to the Corporate Fund will decrease slightly from 48.0% of the total in FY2008 to 47.8% of the total in FY2012. Property taxes earmarked for Debt Service will decrease from 15.2% of the total in FY2008 to 13.9% in FY2012. The share of the levy dedicated to pension payments will increase by 1.1 percentage points over the five-year period, from 2.3% of the total levy in FY2008 to 3.3% in FY2012.



PERSONNEL AND PERSONNEL SERVICES APPROPRIATIONS

In the FY2012 budget the Forest Preserve District will add 29.1 full-time equivalent (FTE) positions for a total of 573.6 FTEs. This is a 5.3% increase from FY2011 FTEs. This includes an additional 16.0 full-time positions and part-time or seasonal positions are equivalent to 13.1 additional full-time positions.

In FY2012, 5.0 full-time positions will be transferred from Finance & Administration to the newly created Human Resources department. The department was created to implement a more transparent and accountable human resource function for District employees.³⁵ After initially creating a Human Resources Department in FY2007, the District disbanded the department and shifted personnel to Finance and Administration.³⁶

³⁵ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 42.

³⁶ Forest Preserve District of Cook County FY2007 Executive Budget Recommendation, p. 7; communication between Marlo Kemp and the Civic Federation, October 17, 2007.

The District will add 11.0 full-time positions to the Recreation, Volunteer Resources and Permits Department. This department issues licenses and permits for use of District properties and monitors concessions. In FY2012 the department is expanding to administer the newly implemented volunteer resources program, which aims to recruit volunteer stewards to support ecosystem management.³⁷ The General Maintenance department will increase its workforce by 9.0 full-time positions and 13.0 full-time equivalent seasonal positions, which will predominantly be full-time and seasonal servicemen and laborers.³⁸

Forest Preserve District Corporate Fund Full-Time Equivalent Positions Summary: FY2011 & FY2012				
Department	FY2011 Appropriated	FY2012 Recommended	# Change	% Change
General Maintenance	194.0	203.0	9.0	4.6%
Part-Time/Seasonal	17.0	30.0	13.0	76.5%
Law Enforcement	122.0	122.0	0.0	0.0%
Resource Management	98.0	92.0	(6.0)	-6.1%
Part-Time/Seasonal	11.0	9.0	(2.0)	-18.2%
Recreation, Volunteer, Resources & Permits	10.0	21.0	11.0	110.0%
Part-Time/Seasonal	26.0	24.0	(2.0)	-7.7%
Finance & Administration	21.0	16.0	(5.0)	-23.8%
Planning & Development	19.0	18.0	(1.0)	-5.3%
Part-Time/Seasonal	0.0	0.5	0.5	-
General Office	13.0	16.0	3.0	23.1%
Legal	13.0	13.0	0.0	0.0%
Part-Time/Seasonal	0.5	0.3	(0.2)	-40.0%
Human Resources*	0.0	5.0	5.0	-
Part-Time/Seasonal	0.0	3.8	3.8	-
Sub-Total Full-Time FTEs	490.0	506.0	16.0	3.3%
Sub-Total Part-Time/Seasonal FTEs	54.5	67.6	13.1	23.9%
Total	544.5	573.6	29.1	5.3%

Note: Totals may differ from budget books due to rounding.

*Human Resources functions were transferred from Finance & Administration to their own department in FY2012.

Source: Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 14.

³⁷ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, pp. v and 68.

³⁸ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 63.

Over the five-year period from FY2008 to FY2012, the District will gain 48.9 FTE positions, an increase of 9.3% of the District's workforce. Much of this growth is due to personnel increases in FY2012, particularly for General Maintenance and new programming in recreation and special events. Since FY2008, reductions in personnel appear in Finance and Administration and the Department of Planning and Development. However, the decline in Finance and Administration is due to transferring five FTEs to the newly created Human Resources department in FY2012.

Forest Preserve District Corporate Fund Full-Time Equivalent Positions Summary: FY2008-FY2012							
Department	FY2008 Appropriated	FY2009 Appropriated	FY2010 Appropriated	FY2011 Appropriated	FY2012 Recommended	# Change	% Change
General Maintenance	210.0	211.0	211.0	211.0	233.0	23.0	11.0%
Law Enforcement	121.0	121.0	121.0	122.0	122.0	1.0	0.8%
Resource Management	94.5	102.5	103.5	109.0	101.0	6.5	6.9%
Recreation, Volunteer, Resources & Permits	32.1	34.5	35.5	36.0	45.0	12.9	40.2%
Finance & Administration	20.0	20.0	21.0	21.0	16.0	(4.0)	-20.0%
Planning & Development	21.0	21.0	20.0	19.0	18.5	(2.6)	-12.1%
General Office	14.0	14.0	12.0	13.0	16.0	2.0	14.3%
Legal	12.0	12.0	13.5	13.5	13.3	1.3	10.8%
Human Resources*	0.0	0.0	0.0	0.0	8.8	8.8	-
Total	524.6	536.0	537.5	544.5	573.6	48.9	9.3%

Note: Totals may differ from budget books due to rounding.

*Human Resources functions were transferred from Finance & Administration to their own department in FY2012.

Source: Forest Preserve District of Cook County FY2009 Executive Budget Recommendation, p. 44; FY2010, p. 43; FY2011 Revised, p. 42; FY2012, p. 14.

Personnel Services Appropriations

The following exhibit presents Corporate Fund appropriations for salaries and wages from FY2008 through FY2012. Salaries will increase by \$6.2 million, or 26.9%, over the five-year period. The largest year-to-year increase occurs in FY2009 when salaries and wages grew by \$3.5 million, or 15.2%. In FY2009 the District added eight FTEs to Resource Management personnel and 23 additional part-time and seasonal positions to staff two renovated pools.³⁹

Forest Preserve District Corporate Fund Salaries and Wages: FY2008-FY2012			
	Total	\$ Change	% Change
FY2008	\$ 23,103,977	-	-
FY2009	\$ 26,610,512	\$ 3,506,535	15.2%
FY2010	\$ 27,483,782	\$ 873,270	3.3%
FY2011	\$ 27,781,543	\$ 297,761	1.1%
FY2012	\$ 29,309,439	\$ 1,527,896	5.5%
Five-Year Change		\$ 6,205,462	26.9%

Source: Forest Preserve District of Cook County FY2009-FY2012 Executive Budget Recommendation.

³⁹ Forest Preserve District FY2009 Executive Budget Recommendation, p. 7.

Recommended Corporate Fund personnel services appropriations will represent approximately 69.8% of total recommended Corporate Fund expenditures in FY2012. This is a significant increase from 45.8% in FY2008. Personnel services appropriations include salary, hospital and life insurance, dental and vision plans and appropriation services adjustments.⁴⁰ During the five-year period, personnel services appropriations appear to increase by \$17.6 million, or 77.2%, while Corporate Fund total appropriations increase by \$8.1 million, or 16.2%. In FY2011 the new administration transferred personnel-related expenses, such as health and life insurance and appropriation services adjustments, from other charges to the personnel services category.⁴¹

Forest Preserve District Corporate Fund Personnel Services Appropriations: FY2008-FY2012							
	FY2008	FY2009	FY2010	FY2011	FY2012	Five-Year	Five-Year
	Recommended	Recommended	Recommended	Recommended	Recommended	\$ Change	% Change
Personnel Services	\$ 22,848,416	\$ 26,653,111	\$ 27,483,782	\$ 38,346,948	\$ 40,481,992	\$17,633,576	77.2%
Other Charges	\$ 27,066,462	\$ 26,017,706	\$ 30,769,105	\$ 18,791,605	\$ 17,531,411	\$ (9,535,051)	-35.2%
Total Appropriations	\$ 49,914,878	\$ 52,670,817	\$ 58,252,887	\$ 57,138,553	\$ 58,013,403	\$ 8,098,525	16.2%
% of Total	45.8%	50.6%	47.2%	67.1%	69.8%		

Source: Forest Preserve District of Cook County FY2008 Executive Budget Recommendation, p. 41; FY2009, p. 43; FY2010, p. 42; Revised FY2011 Executive Budget Recommendation, p. 41; FY2012, p. 24.

A. Forest Preserve District Employee Benefit Expenses

Expenses for employee benefits will increase by \$1.3 million, or 17.1%, from \$7.6 million in FY2008 to \$8.8 million in FY2012. During this five-year period, all of the District's employee benefits will grow between 15.0% and 19.2%. The largest dollar increase will be for hospital insurance, which will increase by 17.0%, or \$1.2 million, to \$8.4 million in FY2012. This growth is most significant between FY2011 and FY2012 when the District proposes to add 16.0 additional full-time positions.

Forest Preserve District Benefit Expenses*: FY2008-FY2012							
	FY2008	FY2009	FY2010	FY2011	FY2012		
	Appropriation	Appropriation	Appropriation	Appropriation	Recommended	\$ Change	% Change
Hospital Insurance	\$ 7,178,179	\$ 7,377,750	\$ 7,682,746	\$ 7,912,231	\$ 8,400,226	\$ 1,222,047	17.0%
Life Insurance	\$ 86,081	\$ 87,536	\$ 91,894	\$ 95,072	\$ 99,020	\$ 12,939	15.0%
Dental Care Plan	\$ 215,615	\$ 225,024	\$ 235,402	\$ 243,015	\$ 254,904	\$ 39,289	18.2%
Vision Plan	\$ 72,722	\$ 75,262	\$ 80,057	\$ 82,656	\$ 86,699	\$ 13,977	19.2%
Total Benefits	\$ 7,552,597	\$ 7,765,572	\$ 8,090,099	\$ 8,332,974	\$ 8,840,849	\$ 1,288,252	17.1%

*These figures represent expenses for the District only, not the Garden & Zoo.

Note: These figures do not include expenses for Appropriation Adjustments for Personal Services or Medicare Payments.

Source: Forest Preserve District of Cook County FY2009-FY2012 Executive Budget Recommendation Corporate Fund detail pages.

⁴⁰ Appropriation Services Adjustments is a term the District uses to budget expenses for retroactive payments that cover a late resolution of union contracts.

⁴¹ Information provided by the Forest Preserve District, November 30, 2011.

FUND BALANCE

Fund balance is commonly used to describe the net assets of a governmental fund and serves as a measure of financial resources.⁴² The *unreserved* fund balance refers to resources that do not have any external legal restrictions or constraints.

Fund Balance Policy

The Government Finance Officers Association (GFOA) recommends “at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.” Two months of operating expenditures is approximately 17%.⁴³

The Forest Preserve District’s policy on unreserved fund balance requires the District to annually budget a minimum unreserved fund balance totaling the sum of:

- 5.5% of Corporate Fund gross revenues to account for revenue fluctuations;
- 1% of Corporate Fund expenditures to account for unexpected expenditures; and
- 8% of Corporate Fund expenditures to account for insufficient operating cash.⁴⁴

This policy was introduced in FY2005, when \$6.5 million was earmarked as unreserved Corporate Fund fund balance. The structure of the policy implemented by the District is based on the revenue fluctuations it experienced prior to 2005. This policy is slightly below the current GFOA recommendation, but within its past guidelines. Previously the GFOA had recommended a general fund balance of 5 to 15%.

The unreserved fund balance policy is meant to ensure that the District will have adequate operating cash. According to the District, the amount of cash can be at risk from 1) revenue fluctuations; 2) emergency expenditures; and 3) temporary periods of negative cash flow.⁴⁵

Corporate Fund Balance Level

The following chart outlines the District’s Corporate Fund fund balance as a ratio of actual operating expenditures. It should be noted that the Corporate Fund does not include operating expenditures for the Zoological or Botanic Garden Funds. Since FY2006 the District’s fund balance has continued to grow. A portion of the large increases in the fund balance since FY2006 can be attributed to a continuing decrease in the amount that needed to be transferred to the Self

⁴² Government Finance Officers Association, *Appropriate Level of Unrestricted Fund Balance in the General Fund* (Adopted October 2009).

⁴³ Government Finance Officers Association, *Appropriate Level of Unrestricted Fund Balance in the General Fund* (Adopted October 2009).

⁴⁴ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 5.

⁴⁵ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 5.

Insurance Fund based on claim experience.⁴⁶ The transfer out to the Self Insurance Fund decreased each year between FY2006 and FY2009. In FY2006 the transfer was \$12.6 million, in FY2007 it was \$6.9 million, in FY2008 it was \$1.0 million and it reached zero in FY2009.⁴⁷ In FY2010 the transfer to the Self Insurance Fund increased to \$3.0 million.

At FY2010 year-end the Forest Preserve District Corporate Fund had \$35.3 million, or 96.1%, of operating expenditures in reserves. This is an increase of \$9.1 million, or 24.3%, from FY2009. This is a large fund balance that significantly exceeds the GFOA recommended minimum balance.

Forest Preserve District of Cook County Corporate Fund Balance Ratio: FY2006-FY2010			
	Unreserved Corporate Fund Balance	Operating Expenditures	Ratio
FY2006	\$ 1,304,552	\$ 27,261,512	4.8%
FY2007	\$ 9,891,750	\$ 31,212,640	31.7%
FY2008	\$ 19,774,805	\$ 33,868,166	58.4%
FY2009	\$ 26,299,152	\$ 36,631,265	71.8%
FY2010	\$ 35,349,895	\$ 36,776,238	96.1%

Source: Forest Preserve District of Cook County CAFRs, FY2006-FY2010.

The District is different from many other governments in that much of its Corporate Fund resources are transferred out to other funds. The majority of the transfers out have been to the Real Estate Acquisition Fund, Capital Improvement Fund and Self Insurance Fund. With the high level of transfers out, analyzing only operating expenditures does not give a full picture of the Corporate Fund usage. Therefore, the Civic Federation calculated an alternative fund balance ratio that includes both expenditures and transfers out. The ratio was calculated by dividing the fund balance by the sum of operating expenditures and transfers out. This ratio also indicates a sustained high level of fund balance for the District since FY2007.

⁴⁶ Phone communication between the Civic Federation and Marlo Kemp, Chief Financial Officer, December 16, 2010.

⁴⁷ Forest Preserve of Cook County Comprehensive Annual Financial Reports, FY2006-FY2010.

One of the largest contributors to the District’s Corporate Fund unreserved fund balance is the annual savings from vacant personnel positions. The District anticipates that future years will not have as significant of an increase in Corporate Fund unreserved fund balance with increased efforts to fill more vacancies more rapidly.⁴⁸

Forest Preserve District of Cook County				
Corporate Fund Balance Ratio: FY2006-FY2010				
	Unreserved Corporate Fund Balance	Operating Expenditures	Transfer Out	Alternative Ratio
FY2006	\$ 1,304,552	\$ 27,261,512	\$ 37,220,000	2.0%
FY2007	\$ 9,891,750	\$ 31,212,640	\$ 10,300,000	23.8%
FY2008	\$ 19,774,805	\$ 33,868,166	\$ 10,300,000	44.8%
FY2009	\$ 26,299,152	\$ 36,631,265	\$ 7,275,000	59.9%
FY2010	\$ 35,349,895	\$ 36,776,238	\$ 12,333,181	72.0%

Source: Forest Preserve District of Cook County CAFRs, FY2006-FY2010.

Many fund balance policies direct a unit of government to maintain a level of fund balance on an actual basis. However, the Forest Preserve policy refers specifically to the fund balance amount budgeted.

PENSION FUND

The Civic Federation analyzed four indicators in its evaluation of the fiscal health of the Forest Preserve District’s pension fund: funded ratios, unfunded actuarial accrued liabilities, investment rate of return and annual required employer contributions. This section presents multi-year data for those indicators and describes the Forest Preserve District pension benefits.

Plan Description

The Forest Preserve District Employees’ Annuity and Benefit Fund of Cook County is a single employer defined benefit pension plan for full-time employees of the Forest Preserve District of Cook County. It was created in 1931 by Illinois State statute to provide retirement, death and disability benefits for employees and their dependents.⁴⁹ Plan benefits and contribution amounts can only be amended through state legislation.⁵⁰

The Forest Preserve pension fund is governed by the nine-member Board of Trustees of the Cook County pension fund, and it is administered by the staff of the Cook County pension fund.

In FY2010 the fund had 448 active employees and 514 beneficiaries for a ratio of 0.87 active members for every beneficiary. This ratio fell from 1.80 in FY2001 to 0.7 in FY2004 as the number of active members declined and the number of beneficiaries rose. Such a trend puts

⁴⁸ Information provided by the Forest Preserve District, November 21, 2011.

⁴⁹ Forest Preserve District Employees’ Annuity and Benefit Fund, Financial Statements as of December 31, 2010, p. 7.

⁵⁰ The Forest Preserve District pension article is 40 ILCS 5/10, but the fund is also governed by other parts of the pension code, such as 40 ILCS 5/1-160 which defines the changes to benefits for new employees enacted in Public Act 96-0889.

financial stress on the fund as there are fewer employees contributing to the fund and more annuity payments to make. The ratio subsequently rose to 0.87 in FY2010.

Forest Preserve District Pension Fund Membership: FY2001-FY2010			
Fiscal Year	Active Employees	Beneficiaries	Ratio of Active to Beneficiary
FY2001	708	394	1.80
FY2002	614	405	1.52
FY2003	385	491	0.78
FY2004	368	522	0.70
FY2005	373	509	0.73
FY2006	394	509	0.77
FY2007	418	503	0.83
FY2008	442	506	0.87
FY2009	461	509	0.91
FY2010	448	514	0.87
10-Year Change	-260	120	-0.9
10-Year % Change	-36.7%	30.5%	-51.5%

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements FY2001-FY2010.

Pension Benefits

Public Act 96-0889, enacted in April 2010, creates a new tier of benefits for many public employees hired on or after January 1, 2011, including new members of the Forest Preserve District pension fund. This report will refer to "Tier 1 employees" as those persons hired before the effective date of Public Act 96-0889 and "Tier 2 employees" as those persons hired on or after January 1, 2011.

Tier 1 employees are eligible for full retirement benefits once they reach age 60 and have at least ten years of employment at the District. The amount of retirement annuity is 2.4% of final average salary multiplied by years of service. Final average salary is the highest average monthly salary for any 48 consecutive months within the last 10 years of service. The maximum annuity amount is 80% of final average salary. Employees with ten years of service may retire as young as age 50 but their benefit is reduced by 0.5% for each month they are under age 60. This reduction is waived for employees with 30 or more years of service, such that a 50 year-old with 30 years of service may retire with an unreduced benefit.

The following table compares Tier 1 benefits to Tier 2 benefits enacted in Public Act 96-0889. The major changes are the increase in full retirement age from 60 to 67 and early retirement age from 50 to 62; the reduction of final average salary from the highest four-year average to the highest eight-year average; the \$106,800 cap on final average salary; and the reduction of the automatic annual annuity increase from 3% (compounded) to the lesser of 3% or one half of the increase in Consumer Price Index not compounded.

Major Forest Preserve District Benefit Provisions for Regular Employees		
	Tier 1 Employees (hired before 1/1/2011)	Tier 2 Employees (hired on or after 1/1/2011)
Full Retirement Eligibility: Age & Service	age 60 with 10 years of service, or age 50 with 30 years of service	age 67 with 10 years of service
Early Retirement Eligibility: Age & Service	age 50 with 10 years of service	age 62 with 10 years of service
Final Average Salary	highest average monthly salary for any 48 consecutive months within the last 10 years of service	highest average monthly salary for any 96 consecutive months within the last 10 years of service; capped at \$106,800*
Annuity Formula	2.4% of final average salary for each year of service	
Early Retirement Formula Reduction	0.5% per month under age 60	0.5% per month under age 67
Maximum Annuity	80% of final average salary	
Annuity Automatic Increase on Retiree or Surviving Spouse Annuity	3% compounded; begins at year after age 60 is reached, or year of first retirement anniversary if have 30 years of service	lesser of 3% or one-half of the annual increase in CPI-U, not compounded; begins at the later of age 67 or the first anniversary of retirement

*The \$106,800 maximum final average salary automatically increases by the lesser of 3% or one-half of the annual increase in the CPI-U during the preceding 12-month calendar year.

Note: Tier 2 employees are prohibited from simultaneously receiving a salary and a pension from any public employers covered by the State Pension Code ("double-dipping").

Sources: Forest Preserve District Employees' Annuity and Benefit Fund of Cook County Actuarial Valuation as of December 31, 2010; 40 ILCS 5/9; Comprehensive Annual Financial Report for the Year Ending December 31, 2010; and Public Act 96-0889.

Members of the Forest Preserve District pension fund do not participate in the federal Social Security program so they are not eligible for Social Security benefits related to their District employment when they retire.

An additional optional Forest Preserve District pension fund benefit existed between 1985 and 2005. The optional pension plan was created in 1985 by the General Assembly and renewed several times before it was allowed to sunset on July 1, 2005.⁵¹ It permitted employees to make additional contributions equal to 3% of salary in exchange for an additional 1% of final average salary benefit for each year for which the additional contribution was paid.

Other Post Employment Benefits

State statute permits the Forest Preserve District pension fund to pay all or a portion of the health insurance premium for retirees who choose to participate in one of the District's employee health

⁵¹ 40 ILCS 5/9-179.3. See also the legislative history provided in Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2009, p. 31.

insurance plans.⁵² The pension fund currently subsidizes roughly 55% of retiree premiums (including dependent coverage) and 70% of surviving spouse premiums (including dependent coverage). The remaining premium amount is paid by the participant.⁵³ The subsidy is funded on a pay-as-you-go basis; an irrevocable trust or a 401(h) trust has not been established to pre-fund the retiree health insurance subsidy.

In FY2010 there were 275 retiree and surviving spouse participants whose health plan costs were subsidized by the pension fund. This is a decrease from 304 participants in FY2006.

Forest Preserve District Pension Fund Retiree Health Plan Participants: FY2006-FY2010					
	FY2006	FY2007	FY2008	FY2009	FY2010
Retiree and Surviving Spouse Participants	304	291	279	282	275

Source: Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements FY2007, p. 16; FY2008, p. 17 and FY2010, p. 18.

The Forest Preserve District government does not directly contribute to the retirees' premium costs. However, as the employer sponsor of the pension plan, the District is required to report other post employment benefit (OPEB) liabilities in its financial statements. The OPEB plan is treated as another pension benefit and does not have a separate contribution rate or asset pool associated with it. The employer contribution for OPEB reported in the District's financial statements is assumed to equal the cost of the premium subsidy for that period.⁵⁴

The actuarial accrued liability for District retiree healthcare benefits was \$43.1 million in FY2010, the same amount as in FY2009. The plan has no assets because it is funded on a pay-as-you-go basis; thus all liabilities are unfunded and the funded ratio is 0%.

Funded Ratios

This report uses two measurements of pension plan funded ratio: the actuarial value of assets measurement and the market value of assets measurement. These ratios show the percentage of pension liabilities covered by assets. The lower the percentage, the more difficulty a government may have in meeting future obligations. Although there is no official industry standard for an acceptable funded ratio, a ratio below 80% is typically a cause for concern.

The actuarial value of assets measurement presents the ratio of assets to liabilities and accounts for assets by recognizing unexpected gains and losses over a period of three to five years.⁵⁵ The market value of assets measurement presents the ratio of assets to liabilities by recognizing investments only at current market value. Market value funded ratios are more volatile than actuarial funded ratios due to the smoothing effect of actuarial value. However, market value

⁵² 40 ILCS 5/9-239. The statute also specifies that this group health benefit shall not be considered a pension benefit as defined by the Illinois Constitution, Section 5 Article XIII.

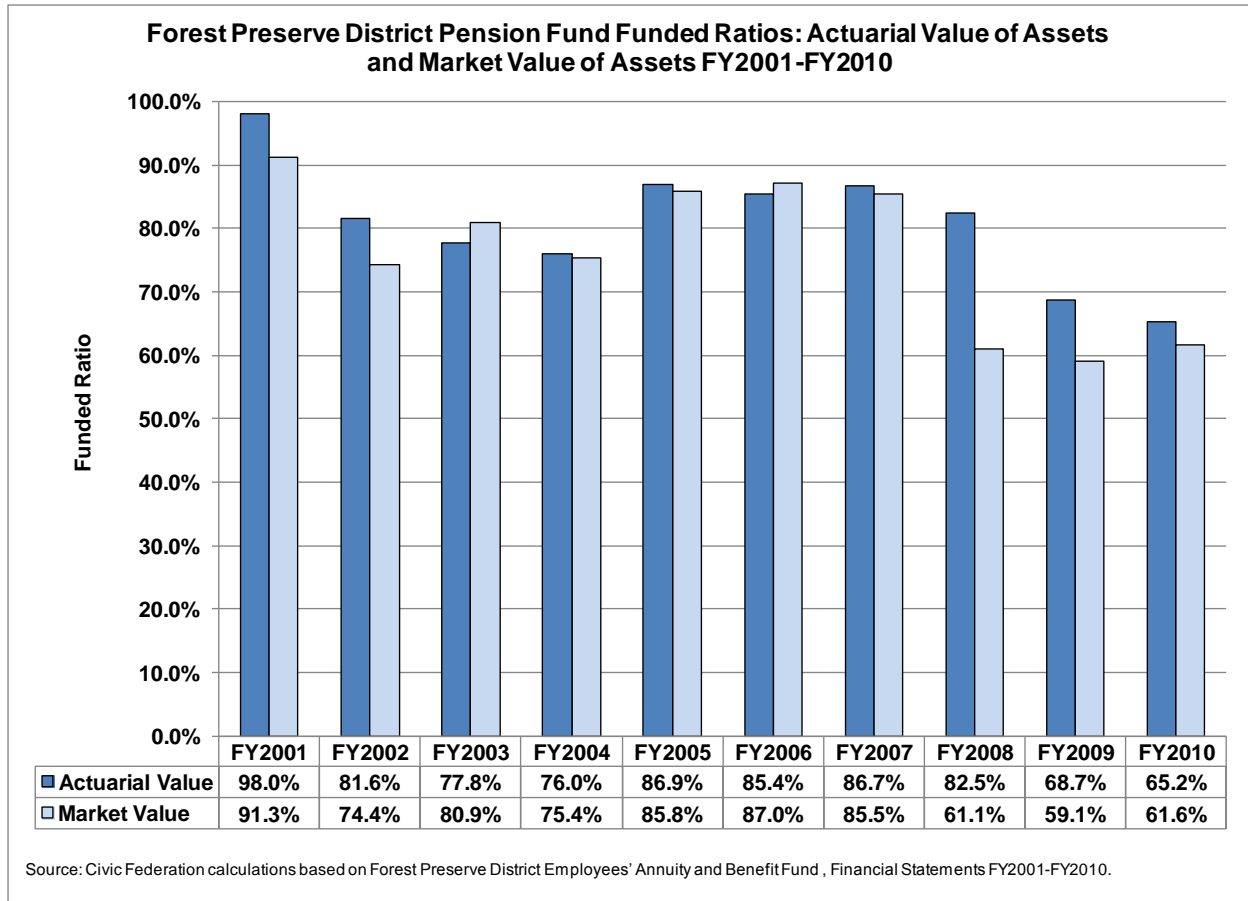
⁵³ Forest Preserve District Employees' Annuity and Benefit Fund, Financial Statements as of December 31, 2010, pp. 17-18 and Forest Preserve District Comprehensive Annual Financial Report for the Year Ended December 31, 2010, pp. 48-49.

⁵⁴ Forest Preserve District Comprehensive Annual Financial Report for the Year Ended December 31, 2010, p. 48.

⁵⁵ For more detail on the actuarial value of assets, see Civic Federation, *Status of Local Pension Funding FY2009*, February 10, 2011.

funded ratios represent how much money is actually available at the time of measurement to cover actuarial accrued liabilities.

The following exhibit shows the actuarial and market value funded ratios for the Forest Preserve District pension fund over the last ten years. The actuarial value funded ratio fell from a high of 98.0% in FY2001 to 65.2% in FY2010. The market value funded ratio fell from a high of 91.3% in FY2001 to a low of 59.1% in FY2009 before rebounding slightly to 61.6% in FY2010. The sizeable difference between FY2008 actuarial and market value funded ratios is due to the fact that FY2008 investment returns were much lower than the smoothed returns over five years.



It is important to note that the apparent increase in FY2005 was due almost entirely to changes in actuarial methods. In FY2004 Cook County and the Forest Preserve changed actuaries. The new actuary used a different method for smoothing asset value than the previous actuary.⁵⁶ These changes resulted in a decrease of \$34.4 million in unfunded liabilities for the Forest Preserve District.⁵⁷ Without this change, the FY2005 actuarial value funded ratio would have been 75.0% rather than 86.9%. The decrease in FY2009 is partly the result of changes in actuarial

⁵⁶ The previous actuary used a 5-year smoothed average ratio of market to book value while the new actuary used a 5-year smoothing of unexpected investment gains or losses (market value only), a more common method.

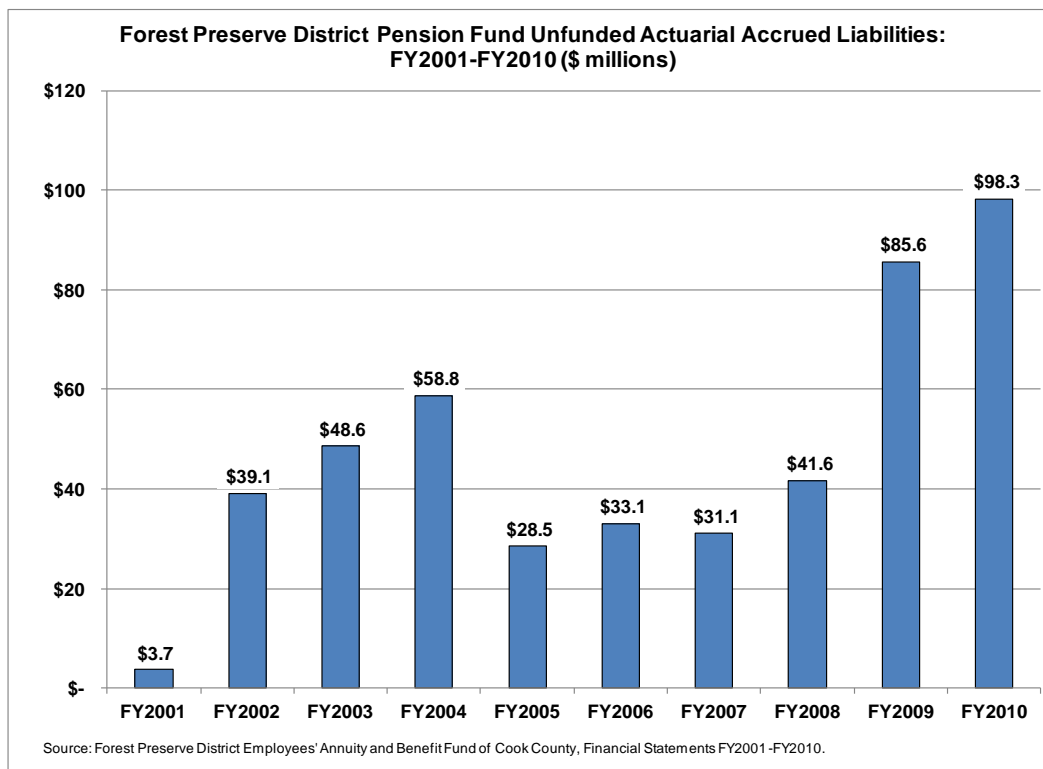
⁵⁷ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County: Financial Statements as of December 31, 2005, p. 3a.

assumptions based on Fund experience.⁵⁸ This increased the Fund’s total actuarial liability by \$24.7 million.⁵⁹ Without this change the FY2009 ratio would have been 75.6%, still a decline from FY2008 levels.

Unfunded Actuarial Accrued Liability

Unfunded actuarial accrued liability (UAAL) is the dollar value of accrued liabilities not covered by the actuarial value of assets. Unfunded liability for the Forest Preserve District pension fund totaled \$98.3 million in FY2010, up from \$3.7 million in FY2001.

There have been considerable increases and decreases in unfunded liabilities over the ten-year period. The largest contributor to the \$69.8 million growth in unfunded liabilities between the beginning of FY2006 and the end of FY2010 was investment returns failing to meet the 7.5% expected rate of return.⁶⁰ This added \$36.8 million to the UAAL. The second largest contributor was the change in actuarial assumptions in FY2009, which added \$24.7 million, followed closely by the shortfall in employer contributions as compared to the annual normal cost plus interest on the UAAL, which added \$21.4 million to the UAAL over five years.⁶¹



⁵⁸ The mortality assumption, termination rates and rates of retirement were adjusted. See Forest Preserve District Employees’ Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2009, p. 11.

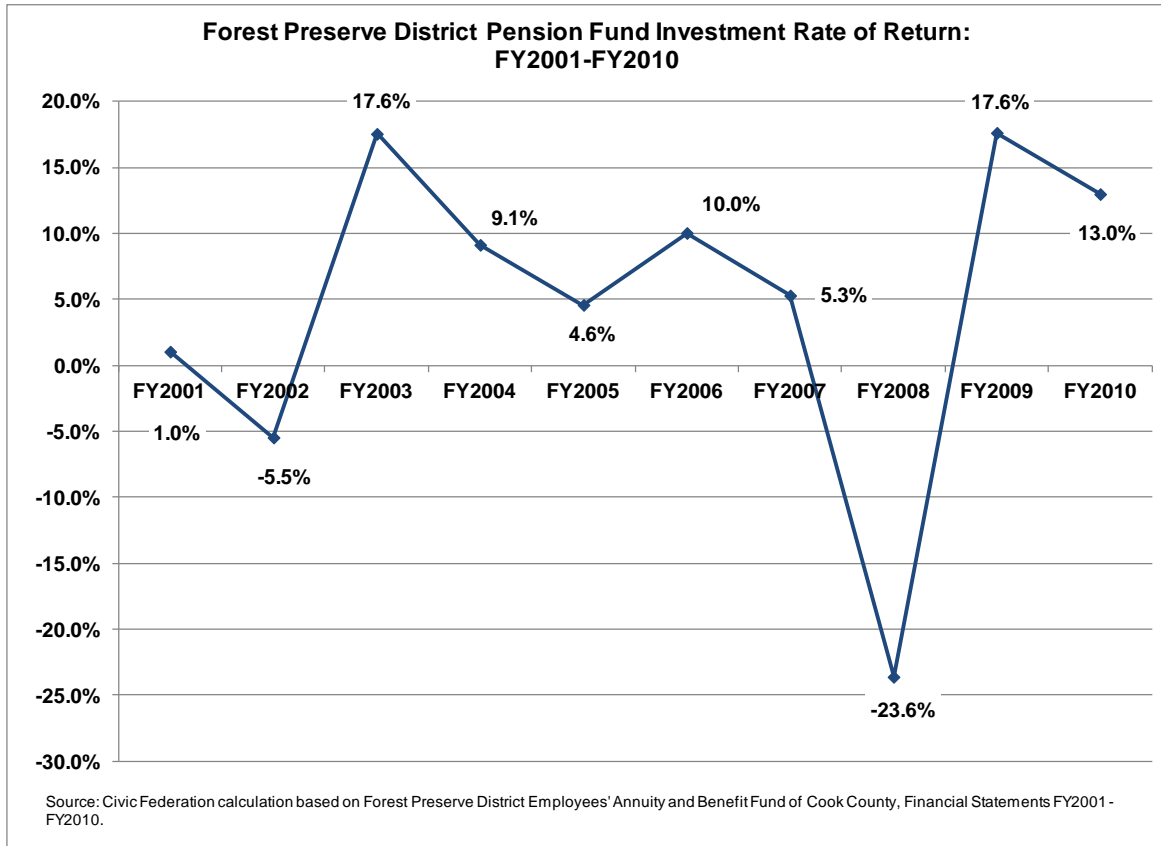
⁵⁹ Forest Preserve District Employees’ Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2009, p. 13.

⁶⁰ The UAAL reflects investment gains and losses smoothed over a five-year period, so it does not match the annual investment results shown later in this report. For more information on asset smoothing see Civic Federation, *Status of Local Pension Funding Fiscal Year 2009*, February 11, 2011.

⁶¹ See annual actuarial valuations section “Reconciliation of Change in Unfunded Liability.”

Investment Rates of Return

Investment income typically provides a significant portion of the funding for pension funds. Thus, declines over a period of time can have a negative impact on pension assets. Between FY2001 and FY2010 the pension fund average annual rate of return was 4.9%.⁶² Returns ranged from highs of 17.6% in FY2003 and FY2009 to a low of -23.6% in FY2008.



Employer Annual Required Contribution

The financial reporting requirements for public pension funds and their associated governments are set by the Governmental Accounting Standards Board (GASB). The standards require disclosure of an Annual Required Contribution (ARC), which is an amount equal to the sum of (1) the employer's "normal cost" of retirement benefits earned by employees in the current year and (2) the amount needed to amortize any existing unfunded accrued liability over a period of not more than 30 years. Normal cost is the portion of the present value of pension plan benefits and administrative expenses that is allocated to a given valuation year and is calculated using one

⁶² The Civic Federation calculates investment rate of return using the following formula: $\text{Current Year Rate of Return} = \frac{\text{Current Year Gross Investment Income}}{0.5 * (\text{Previous Year Market Value of Assets} + \text{Current Year Market Value of Assets} - \text{Current Year Gross Investment Income})}$. This is not necessarily the formula used by the pension fund's actuary and investment managers, thus investment rates of return reported here may differ from those reported in a fund's actuarial statements. However, it is a standard actuarial formula. Gross investment income includes income from securities lending activities, net of borrower rebates. It does not subtract out related investment and securities lending fees, which are treated as expenses.

of six standard actuarial cost methods. Each of these methods provides a way to calculate the present value of future benefit payments owed to active employees. The methods also specify procedures for systematically allocating the present value of benefits to time periods, usually in the form of the normal cost for the valuation year and the actuarial accrued liability (AAL). The actuarial accrued liability is that portion of the present value of benefits which is not covered by future normal costs.

ARC is a financial reporting requirement but not a funding requirement. The statutorily required Forest Preserve District contribution to its pension fund is set in the state pension code. However, because paying the normal cost and amortizing the unfunded liability over a period of 30 years does represent a reasonably sound funding policy, the ARC can be used as an indicator of how well a public entity is actually funding its pension plan. The District is required to make an annual employer contribution equivalent to 1.30 times the total employee contribution made two years earlier.⁶³ The District levies a property tax for this purpose and the pension amount appears as a separate line on tax bills.

Before examining the ARC and actual employer contributions to the Forest Preserve District pension fund, it is important to note some reporting changes. GASB Statement 43 required the retirement systems of large governments—those with over \$100 million in annual revenue—to begin reporting any OPEB liability information separately for the fiscal year beginning after December 15, 2005. It also required that for those governments that fund retiree health care on a pay-as-you-go basis rather than through a designated trust fund, OPEB liabilities be valued using a discount rate assumption that reflects the rate of return earned on the actual assets used to pay the benefits. If OPEB is not prefunded in a designated trust, that discount rate is expected to reflect the interest rate earned on the plan sponsor's assets—often a long-term money market rate of roughly 4.5%.

In order to comply with these accounting standards, the Forest Preserve District pension fund produces three separate actuarial valuations: one valuation of pension liabilities using a 7.5% discount rate, another valuation of OPEB liabilities using a 4.5% discount rate and a “combined” valuation using a 7.5% discount rate for both pension and OPEB liabilities. The Forest Preserve District pension fund considers the “combined” valuation to be the best reflection of its assets and liabilities because the pension and OPEB benefits are paid from the same asset pool.⁶⁴ However, the separate pension and OPEB valuations done for GASB purposes are the ones used to compute the net pension and OPEB obligations of Forest Preserve District government that appear on the District's balance sheet.

The table below shows only the “combined” valuation comparison of the ARC to the actual Forest Preserve District contribution over the last ten years. The employer contribution did not equal 100% of the ARC in any of the years FY2001 through FY2010. In FY2002 the \$4.0 million employer contribution represented 77.3% of the ARC, meaning that \$1.2 million more would need to have been contributed to meet the ARC that year. Employer contributions have generally trended downward in the past ten years due to personnel reductions. In FY2010 the

⁶³ 40 ILCS 5/10-107.

⁶⁴ Information provided by Daniel Degnan, Executive Director, Cook County Employees' and Officers' Annuity and Benefit Fund of Cook County, February 14, 2011.

\$2.7 million employer contribution represented only 25.0% of the ARC for the “combined” valuation of pension and OPEB, for a shortfall of \$8.0 million that year. The cumulative ten-year difference between ARC and actual employer contribution for “combined” pension and OPEB is a \$38.4 million shortfall. In 2010 the combined ARC for pension and OPEB was \$10.7 million, or nearly four times the actual employer contribution of only \$2.7 million.

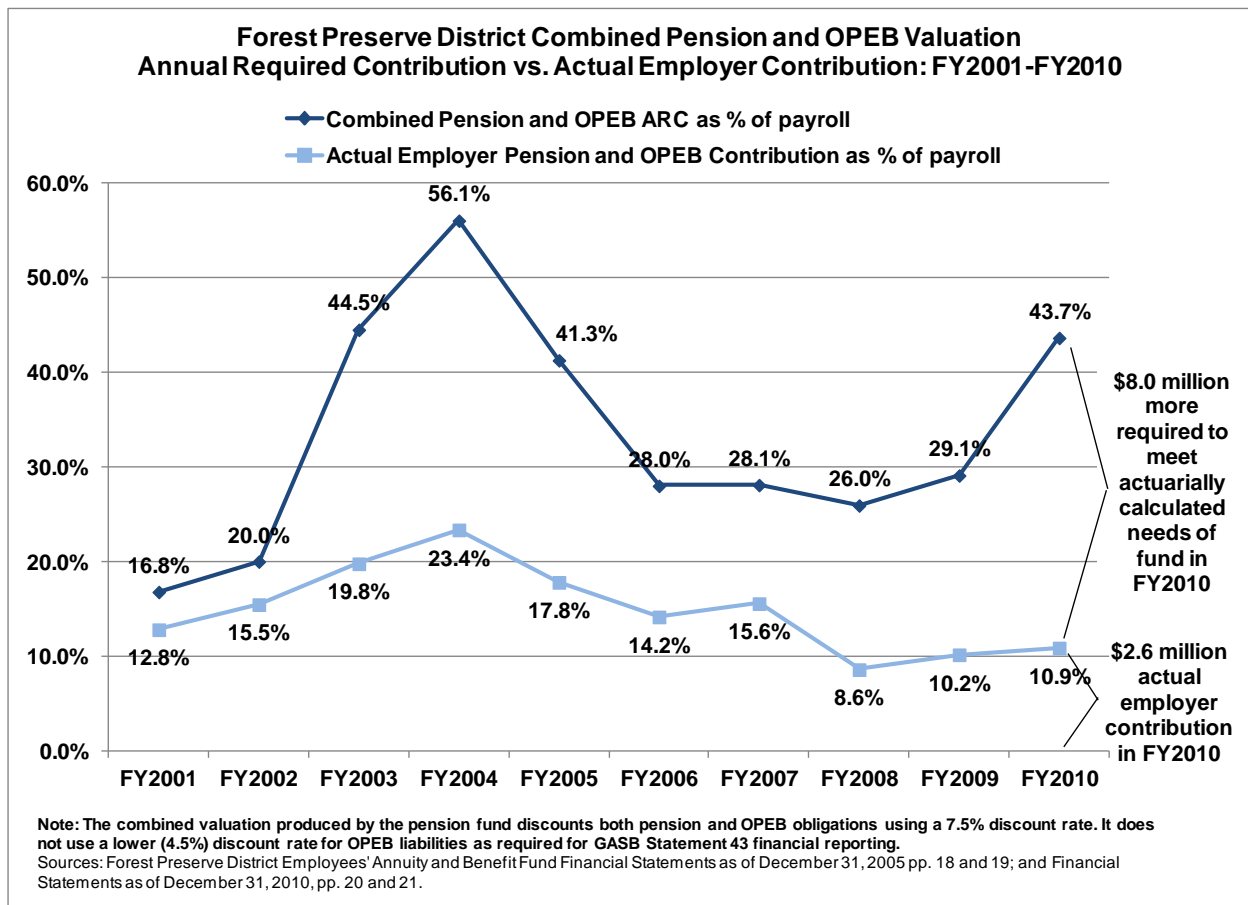
Expressing ARC as a percent of payroll provides a sense of scale and affordability. In FY2001 the ARC was 16.8% of payroll while the actual employer contribution was 12.8% of payroll. In FY2010 the “combined” pension and OPEB ARC was 43.7% of payroll, while the actual employer contribution was 10.9% of payroll.

Forest Preserve District Pension Fund Schedule of Employer Contributions--COMBINED Pension and OPEB Valuation							
Fiscal Year	Employer Annual Required Contribution (1)	Actual Employer Contribution (2)	Shortfall (1-2)	% of ARC contributed	Payroll	ARC as % of payroll	Actual Employer Contribution as % of payroll
2001	\$ 4,816,346	\$ 3,675,320	\$ 1,141,026	76.3%	\$ 28,631,232	16.8%	12.8%
2002	\$ 5,165,491	\$ 3,993,607	\$ 1,171,884	77.3%	\$ 25,781,400	20.0%	15.5%
2003	\$ 7,725,882	\$ 3,436,122	\$ 4,289,760	44.5%	\$ 17,348,472	44.5%	19.8%
2004	\$ 9,326,465	\$ 3,890,142	\$ 5,436,323	41.7%	\$ 16,635,794	56.1%	23.4%
2005	\$ 7,466,836	\$ 3,224,743	\$ 4,242,093	43.2%	\$ 18,077,621	41.3%	17.8%
2006	\$ 5,375,366	\$ 2,720,013	\$ 2,655,353	50.6%	\$ 19,172,756	28.0%	14.2%
2007	\$ 5,927,422	\$ 3,287,040	\$ 2,640,382	55.5%	\$ 21,078,316	28.1%	15.6%
2008	\$ 6,094,316	\$ 2,023,448	\$ 4,070,868	33.2%	\$ 23,474,621	26.0%	8.6%
2009	\$ 7,273,214	\$ 2,543,694	\$ 4,729,520	35.0%	\$ 24,967,115	29.1%	10.2%
2010	\$ 10,653,889	\$ 2,660,034	\$ 7,993,855	25.0%	\$ 24,397,376	43.7%	10.9%

Note: This combined valuation produced by the pension fund discounts both pension and OPEB obligations using a 7.5% discount rate. It does not use a lower (4.5%) discount rate for OPEB liabilities as required for GASB Statement 43 financial reporting.

Sources: Forest Preserve District Employees' Annuity and Benefit Fund Financial Statements as of December 31, 2006, pp. 18 and 19; and Financial Statements as of December 31, 2010, pp. 20 and 21.

The graph below illustrates the growing gap between the “combined” pension and OPEB ARC as a percent of payroll and the actual employer contribution as a percent of payroll. The spread between the two amounts has grown from 4.0% of payroll, or \$1.1 million, in FY2001 to 32.8% of payroll in FY2010. In other words, to fund the pension and retiree health care plans at a level that would both cover normal cost and amortize the unfunded liability over 30 years the Forest Preserve District would have needed to contribute an additional 32.8% of payroll, or \$8.0 million, in FY2010.



The District has consistently levied and contributed its statutorily required amount of 1.30 times the employee contribution made two years prior. However, that amount has been less than the ARC for each of the last ten years. The pension fund actuary estimates that in order to contribute an amount sufficient to meet the ARC in FY2011, the District would need to levy property taxes equal to a tax multiple of 4.95 rather than 1.30.⁶⁵

⁶⁵ Forest Preserve District Employees' Annuity and Benefit Fund of Cook County, Actuarial Valuation as of December 31, 2010, pp. 17-18.

SHORT-TERM LIABILITIES

Forest Preserve District short-term liabilities are financial obligations related to governmental activities that must be satisfied within one year. They can include short-term debt, accounts payable, accrued payroll and other current liabilities. The Forest Preserve District reported the following short-term liabilities in the Statement of Net Assets in its annual Comprehensive Annual Financial Report (CAFR) over the past five years:

- Accounts Payable: unpaid bills owed to vendors for goods and services carried over into the new fiscal year;
- Accrued Payroll: employee compensation, related payroll taxes and benefits that have been earned by the District employees but have not yet been paid or recorded in the District's accounts;
- Claims Payable: includes settlements and legal liabilities payable in the next fiscal year;
- Intergovernmental Payable: funds to be paid to other governments or agencies carried over from the previous fiscal year;
- Unearned Revenue: revenues from program fees and other sources received before a good or service has been provided.⁶⁶
- Other Liabilities: include self-insurance funds, unclaimed property and other unspecified liabilities; and
- Deposits: funds held by the District or its agents to collateralize other investment risks.

⁶⁶ The Civic Federation does not include unearned revenue in short-term liability trend analyses for the following reasons: unearned revenue is revenue from program fees and other sources received before a good or service has been provided; it is classified as a current liability on the balance sheet until it is recognized as earned during the accounting cycle; and for the governments we analyze unearned revenue usually refers to property tax revenues levied but not sent. It is a matter related to the timing of property tax collections and not fiscal stress.

In FY2010 the District's short-term liabilities increased from FY2009 by about \$5.5 million, or 47.7%. Since FY2006 short-term liabilities have increased by \$8.8 million, or 108.8%. The increase is driven by a large 181.5%, or \$7.7 million, increase in accounts payable over this five-year period as well as a \$1.4 million, or 134.6%, rise in claims payable. Much of the increase in accounts payable was due to the addition of \$7.0 million at the end of 2010 for land acquisition; the payment for that amount was subsequently made in 2011. The claims payable increase was primarily driven by District Compliance Administrator fees and settlements related to the Shakman consent decree.⁶⁷ The following chart shows short-term liabilities by category and the percent change between FY2006 and FY2010.

Cook County Forest Preserve District Short-Term Liabilities: FY2006-FY2010							
(in \$ thousands)							
Type	FY2006	FY2007	FY2008	FY2009	FY2010	5-year Change	5-year % Change
Accounts Payable	\$ 4,248.7	\$ 6,512.7	\$ 8,450.2	\$ 6,981.9	\$ 11,960.6	\$ 7,711.9	181.5%
Accrued Payroll	\$ 1,142.7	\$ 1,530.9	\$ 1,681.7	\$ 944.4	\$ 976.8	\$ (165.9)	-14.5%
Claims Payable	\$ 1,012.5	\$ 4,513.0	\$ 1,405.0	\$ 2,154.5	\$ 2,375.5	\$ 1,363.0	134.6%
Intergovernmental Payable	\$ 325.1	\$ 103.3	\$ 64.3	\$ 55.0	\$ 298.1	\$ (27.0)	-8.3%
Other liabilities	\$ 1,353.9	\$ 1,272.0	\$ 1,234.5	\$ 1,310.3	\$ 1,332.1	\$ (21.8)	-1.6%
Deposits	\$ 49.0	\$ 61.5	\$ 49.8	\$ 51.1	\$ 34.5	\$ (14.5)	-29.6%
Total	\$ 8,131.9	\$ 13,993.4	\$ 12,885.5	\$ 11,497.2	\$ 16,977.6	\$ 8,845.8	108.8%

Source: Forest Preserve District of Cook County CAFRs, FY2006-FY2010.

Short-Term Liabilities as a Percentage of Operating Revenues

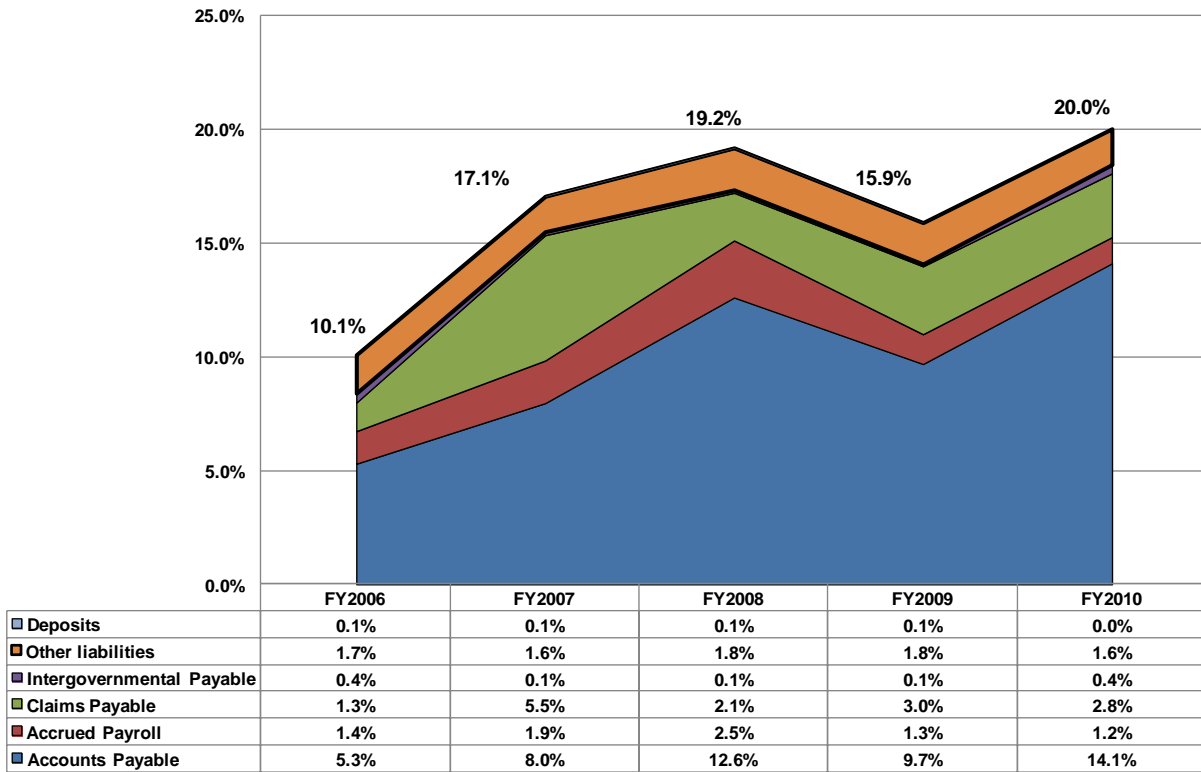
Increasing current liabilities in a government's operating funds at the end of the year as a percentage of net operating revenues may be a warning sign of possible future financial difficulties.⁶⁸ This indicator, developed by the International City/County Management Association (ICMA), is a measure of budgetary solvency or a government's ability to generate enough revenue over the course of a fiscal year to meet its expenditures and avoid deficit

⁶⁷ Information provided in communication from the Forest Preserve District Office of Finance and Administration, October 21, 2011.

⁶⁸ Operating funds are those funds used to account for general operations – the General Fund, Special Revenue Funds and the Debt Service Fund. See Karl Nollenberger, Sanford Groves and Maureen G. Valente. *Evaluating Financial Condition: A Handbook for Local Government* (International City/County Management Association, 2003), pp. 77 and 169.

spending. The ratio has fluctuated over time, rising from 10.1% in FY2006 to 19.2% in FY2008 before falling to 15.9% in FY2009 and rising again to 20.0% in FY2010. The average ratio over this five-year period was 16.5%.

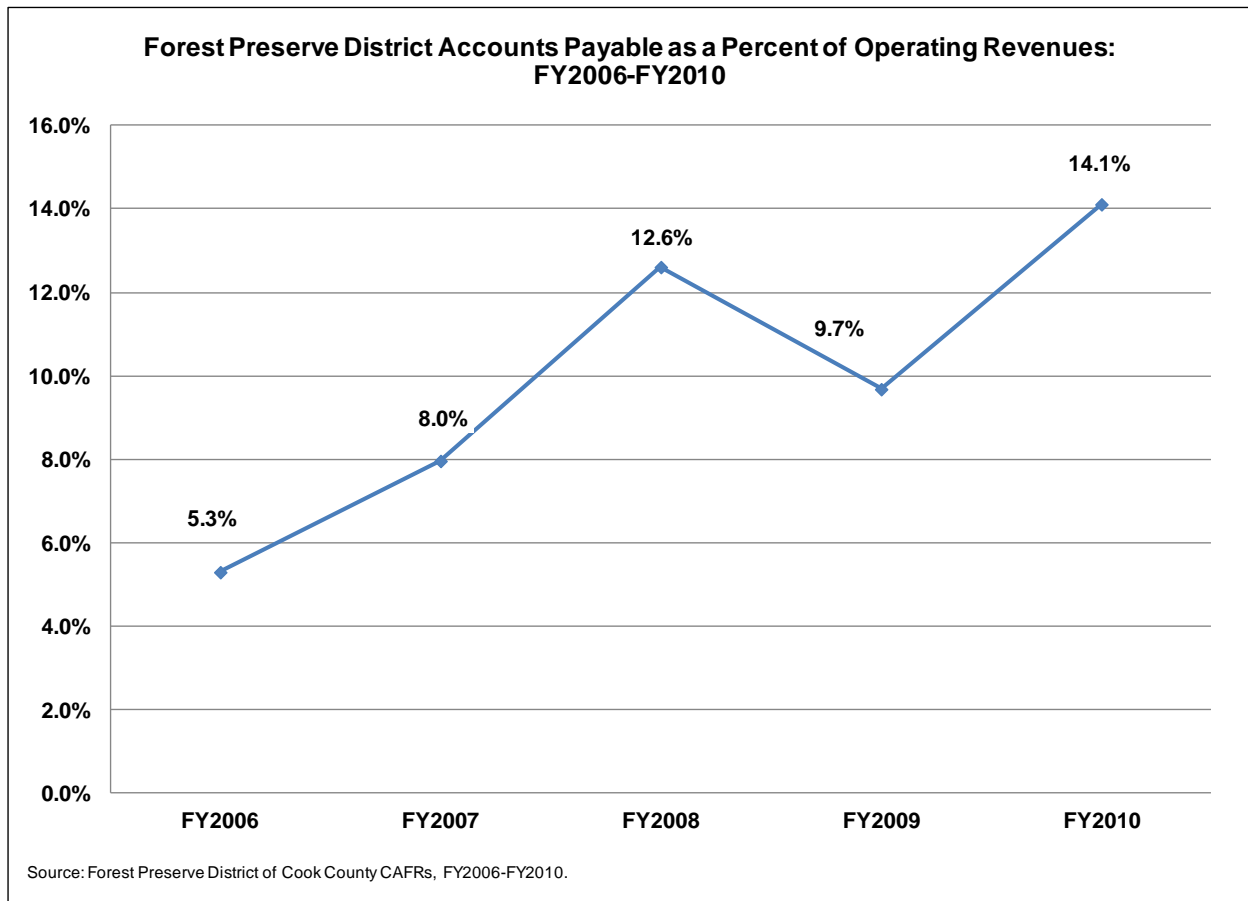
Forest Preserve District Short-Term Liabilities as a % of Operating Revenues



Source: Forest Preserve District of Cook County CAFRS, FY2006-FY2010.

Accounts Payable

Over time, rising amounts of accounts payable may indicate a government's difficulty in controlling expenses or keeping up with spending pressures. Between FY2006 and FY2010, the Forest Preserve District's ratio of accounts payable to revenues increased from 5.3% to 14.1%, a very large 166.5% increase. After increasing steadily from FY2006 to 12.6% in FY2008, the ratio decreased in FY2009 to 9.7%. But then it rose sharply to 14.1% in FY2010. The five-year increase is a cause for concern.



Current Ratio

The current ratio is a measure of liquidity. It assesses whether the government has enough cash and other liquid resources to meet its short-term obligations as they come due. A ratio of 1.0 means that current assets are equal to current liabilities and are sufficient to cover obligations in the near term. Generally, a government's current ratio should be close to 2.0 or higher.⁶⁹

In addition to the short-term liabilities listed above, the current ratio formula uses the current assets of the District, including:

⁶⁹ Steven A. Finkler. *Financial Management for Public, Health and Not-for-Profit Organizations*. (Upper Saddle River, NJ, 2001), p. 476.

- *Cash and cash equivalents*: assets that are cash or can be converted into cash immediately, including petty cash, demand deposits and certificates of deposit;
- *Investments*: any investments that the government has made that will expire within one year, including stocks and bonds that can be liquidated quickly;
- *Interest*: Amounts received in interest payments on savings; and
- *Receivables*: monetary obligations owed to the government including property taxes and interest on loans.

The Forest Preserve District's current ratio was 2.3 in FY2010, the most recent year for which data is available. In the past five years, the District's current ratio averaged 2.3, which is above the preferred benchmark of 2.0 and thus demonstrates a healthy level of liquidity. From FY2006 to FY2010, the current ratio increased slightly from 2.2 to 2.3.

Forest Preserve District Current Ratio in the Governmental Funds: FY2006-FY2010 (in \$ thousands)							
	FY2006	FY2007	FY2008	FY2009	FY2010	5-year \$ Change	5-year % Change
Current Assets							
Cash and cash equivalents	\$ 5,601	\$ 21,544	\$ 38,039	\$ 50,533	\$ 27,507	\$ 21,906	391.1%
Short-term investments	\$ 115,416	\$ 105,580	\$ 92,782	\$ 85,707	\$ 103,699	\$ (11,717)	-10.2%
Accrued interest	\$ 1,138	\$ 523	\$ 325	\$ 35	\$ 16	\$ (1,122)	-98.6%
Property taxes receivable	\$ 55,625	\$ 65,922	\$ 66,092	\$ 65,881	\$ 70,934	\$ 15,309	27.5%
Intergovernmental receivable	\$ 1,926	\$ 971	\$ 742	\$ 802	\$ 1,066	\$ (860)	-44.7%
Grant receivable	\$ 589	\$ 373	\$ 230	\$ 205	\$ 58	\$ (531)	-90.2%
Golf receivable	\$ 1,208	\$ 1,084	\$ 977	\$ 696	\$ 715	\$ (493)	-40.8%
Concession Receivable	\$ 60	\$ 153	\$ 159	\$ 102	\$ 83	\$ 23	38.3%
Other receivables	\$ 1,300	\$ 281	\$ -	\$ 3,213	\$ 3,482	\$ 2,182	167.8%
Total Current Assets	\$ 182,863	\$ 196,431	\$ 199,346	\$ 207,174	\$ 207,560	\$ 24,697	13.5%
Current Liabilities							
Accounts Payable	\$ 4,249	\$ 6,513	\$ 8,450	\$ 6,982	\$ 11,961	\$ 7,712	181.5%
Accrued Payroll	\$ 1,143	\$ 1,531	\$ 1,682	\$ 944	\$ 977	\$ (166)	-14.5%
Claims Payable	\$ 1,013	\$ 4,513	\$ 1,405	\$ 2,155	\$ 2,376	\$ 1,363	134.6%
Intergovernmental Payable	\$ 325	\$ 103	\$ 64	\$ 55	\$ 298	\$ (27)	-8.3%
Other liabilities	\$ 1,354	\$ 1,272	\$ 1,235	\$ 1,310	\$ 1,332	\$ (22)	-1.6%
Unearned Revenues	\$ 73,205	\$ 77,314	\$ 71,912	\$ 71,688	\$ 72,078	\$ (1,127)	-1.5%
Deposits	\$ 49	\$ 62	\$ 50	\$ 51	\$ 35	\$ (15)	-29.6%
Total Current Liabilities	\$ 81,337	\$ 91,307	\$ 84,798	\$ 83,185	\$ 89,056	\$ 7,719	9.5%
Current Ratio	2.2	2.2	2.4	2.5	2.3		

Sources: Forest Preserve District of Cook County CAFRs, FY2006-FY2010.

LONG-TERM LIABILITIES

This section of the analysis examines trends in the Forest Preserve District's long-term liabilities. This includes a review of long-term debt trends, long-term debt per capita trends and total long-term liability trends.

Long-Term Liabilities

Long-term liabilities are all of the liabilities owed by a government. Increases in long-term obligations over time could be a sign of fiscal stress. They include long-term debt as well as:

- *Compensated absences*: liabilities owed for employees' time off with pay for vacations, holidays and sick days.

- Provisions for settlement of tort: liabilities owed as a result of claims for tort liability and property judgments.
- Net pension obligations (NPO): The cumulative difference, since the effective date of GASB Statement 27, between the annual pension cost and the employer's contributions to the pension plan. This includes the pension liability at transition (beginning pension liability) and excludes short term differences and unpaid contributions that have been converted to pension-related debt.⁷⁰
- Net Other Post Employment Benefit (OPEB) obligations: The cumulative difference, since the effective date of GASB Statement 45, between the annual OPEB (employee health insurance) cost and the employer's contributions to its OPEB plan.

Between FY2009 and FY2010, total Forest Preserve District long-term obligations rose by 1.0%, increasing from \$140.7 million to \$142.1 million. Over the five-year period between FY2006 and FY2010, long-term obligations fell by 9.5%, or \$14.9 million. The largest increase for the five-year period was for net pension/net post employment obligations, which rose by \$21.6 million, or 257.8%.

Forest Preserve District long-term debt includes tax supported debt issues of the Forest Preserve District as well as bond premium and issuance costs. All Forest Preserve District long-term debt is general obligation debt. Between FY2006 and FY2010, long-term general obligation debt for the Forest Preserve District decreased by 19.6%, or \$26.9 million. In the two-year period between FY2009 and FY2010, long-term debt outstanding fell by 6.1%, or nearly \$7.2 million. Debt levels are falling as the District retires its outstanding long-term debt, including the \$35.3 million G.O. Refunding Series A and B bonds issued in 2001 and the \$100 million 2004 G.O. Bond issue.⁷¹

Forest Preserve District Long-Term Liabilities: FY2006-FY2010							
	FY2006	FY2007	FY2008	FY2009	FY2010	5-Year \$ Change	5-Year % Change
General Obligation Bond Series 2001 A & B	\$ 30,455,000	\$ 27,945,000	\$ 25,330,000	\$ 22,620,000	\$ 19,810,000	\$ (10,645,000)	-35.0%
General Obligation Bond Series 2004	\$ 96,730,000	\$ 93,325,000	\$ 89,775,000	\$ 86,045,000	\$ 82,125,000	\$ (14,605,000)	-15.1%
Bond Premium and Issuance Costs	\$ 10,019,032	\$ 9,643,852	\$ 9,249,390	\$ 8,834,651	\$ 8,398,587	\$ (1,620,445)	-16.2%
Subtotal Long-Term Debt	\$137,204,032	\$130,913,852	\$124,354,390	\$117,499,651	\$110,333,587	\$ (26,870,445)	-19.6%
Compensated Absences	\$ 1,404,366	\$ 1,656,098	\$ 1,796,201	\$ 1,890,488	\$ 1,828,772	\$ 424,406	30.2%
Provision for Settlement of Tort	\$ 10,015,000	\$ 170,000	\$ 150,000	\$ -	\$ -	\$ (10,015,000)	N/A
Net Pension/Post Employment Obligations	\$ 8,379,152	\$ 10,965,900	\$ 15,987,613	\$ 21,310,270	\$ 29,978,879	\$ 21,599,727	257.8%
Total	\$157,002,550	\$143,705,850	\$142,288,204	\$140,700,409	\$142,141,238	\$ (14,861,312)	-9.5%

Sources: Forest Preserve District of Cook County CAFRs, FY2006-FY2010.

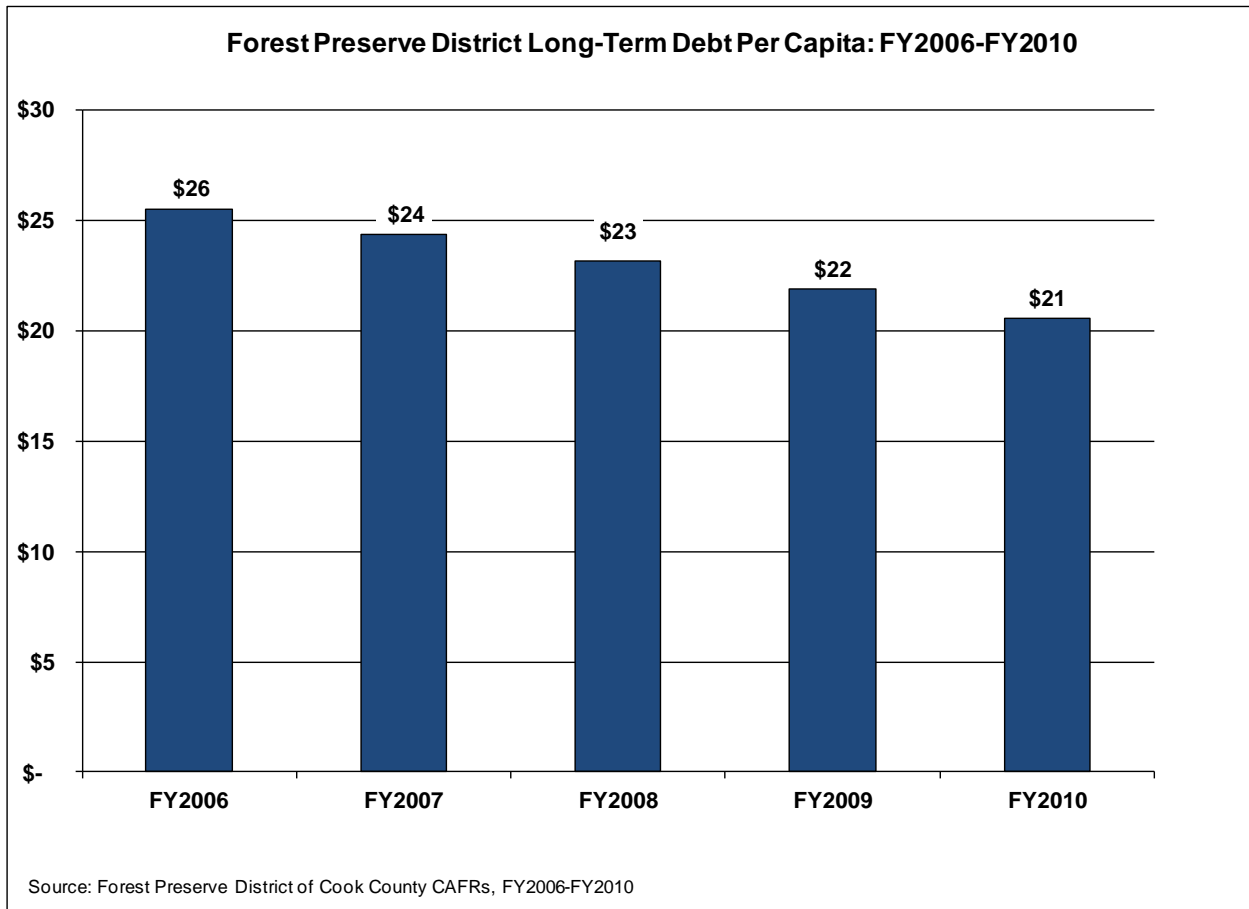
Long-Term Debt Per Capita

A common ratio used by rating agencies and other public finance analysts to evaluate long-term debt trends is direct debt per capita. This ratio reflects the premise that the entire population of a

⁷⁰Governmental Accounting Standards Boards, "Summary of Statement No. 27 Accounting for Pensions by State and Local Governmental Employers (Issued 11/94), <http://www.gasb.org/st/summary/gstsm27.html> (Last Visited on December 17, 2010).

⁷¹ Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 42.

jurisdiction benefits from infrastructure improvements. This analysis takes the total long-term debt amount reported in Note #7 of the District’s audited financial statements and divides them by population. The Forest Preserve District’s long-term debt includes general obligation bonds payable and bond premium and issuance costs. Increases in this indicator bear watching as a potential sign of growing financial risk. The District’s long-term debt burden decreased by 19.6% between FY2006 and FY2010, falling from \$26 to \$21 per capita. Between FY2009 and FY2010, long-term debt per capita declined slightly, from \$22 to \$21.



Debt Service Appropriations as a Percentage of Total Appropriations

The ratio of debt service expenditures as a percentage of total Governmental Fund expenditures is frequently used by rating agencies to assess debt burden. Debt service payments at or exceeding 15-20% of all appropriations are considered high by the rating agencies.⁷²

Forest Preserve District debt service appropriations in the proposed budget for FY2012 constitute 6.2% of the District’s total of nearly \$195.0 million in total appropriations. The District will spend \$12.0 million for debt service this year. Since FY2008 the percentage appropriated for

⁷² Standard & Poor’s, *Public Finance Criteria 2007*, p. 64. See also Moody’s, *General Obligation Bonds Issued by U.S. Local Governments*, October 2009, p. 18.

debt service as a percentage of total appropriations has been consistently below the 15-20% threshold.

Forest Preserve District Debt Service Appropriations as a Percentage of Total Appropriations: FY2008-FY2012					
	FY2008	FY2009	FY2010	FY2011	FY2012
Debt Service Appropriations	\$ 13,308,743	\$ 13,302,237	\$ 12,008,168	\$ 12,009,596	\$ 12,001,306
Total Appropriations	\$ 176,565,604	\$ 193,225,871	\$ 198,228,262	\$ 197,546,604	\$ 194,982,844
Debt Service as a % of Total Appropriations	7.5%	6.9%	6.1%	6.1%	6.2%

Source: Forest Preserve District Budgets, Comparative Appropriation Summaries.

Bond Ratings

The Forest Preserve District has the following credit ratings:

Forest Preserve District of Cook County Bond Ratings	
Standard & Poor's	AA-
Moody's	Aa2
Fitch	AA

Source: Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 7.

FY2012-FY2016 Capital Plan

The Forest Preserve District has published a FY2012-FY2016 Capital Improvement Plan (CIP).⁷³ Its FY2012 budget includes additional information about capital expenditures. The District proposes \$105.4 million in projects over that five-year period. Of that amount, \$99.6 million is not yet funded and \$5.7 million is funded.⁷⁴ The CIP provides information on capital projects for FY2012-FY2016 by location, category and timing. Opportunities were provided for public input on the CIP at six different County locations. Additional meetings were held with stakeholders and advocates in August 2011 and public comments have been posted on the District website.

Forest Preserve District Capital Improvement Plan: FY2012-FY2016	
Funds Carried Forward	
FY2007-FY2011	\$ 12,424,323
FY2012	\$ 5,739,520
FY2013	\$ 35,025,966
FY2014	\$ 20,486,000
FY2015	\$ 21,212,000
FY2016	\$ 10,490,000
Total	\$ 105,377,809

Source: Forest Preserve District of Cook County FY2012 Executive Budget Recommendation, p. 109.

⁷³ <http://fpdcc.com/preliminary-capital-improvement-plan-2012-2016-posted>.

⁷⁴ There is a discrepancy between the capital improvement plan figures on p. 109 of the FY2012 FPD Budget and those on p. 7 of the CIP. This is because the preliminary CIP was submitted before the cutoff for the Budget Recommendation was printed. The CIP was finalized after the cutoff. The District will submit amended figures to the Forest Preserve Board of Commissioners and the final Appropriation Ordinance will have the same numbers as the CIP. Information provided in communication from the Forest Preserve District Office of Finance and Administration, October 21, 2011.